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**ST.JOSEPH’S UNIVERSITY, BENGALURU -27**

**M.Com – I SEMESTER**

**SEMESTER EXAMINATION: OCTOBER 2023**

**(Examination conducted in November /December 2023)**

**MCO 7120: Financial Reporting and Standards**

**(For current batch students only)**

**Time: 2 Hours Max Marks: 50**

**This paper contains FOUR printed pages and THREE parts**

**PART-A**

**ANSWER ANY TWO QUESTIONS (2 X 5 MARKS = 10 MARKS)**

1. Write short notes with an example
   1. Going concern
   2. Materiality concept
   3. Off-setting
   4. Accrual basis of accounting
2. Innovative Limited purchased an asset for Rs 2,50,000 and the following expenses were made
3. Total Wages paid (15% included in asset) Rs 50,000
4. Site preparation cost Rs 25,000
5. Office expenses for installation of machine Rs 2,500
6. Fee paid to professionals Rs.6,000
7. Refundable taxes Rs 2,000

Calculate asset value to be recognized in the book

* 1. Explain the measurement criteria of Research and Development expenses as per Indian Accounting Standard 38.
  2. State the objective of Indian Accounting Standard 115

**PART-B**

**ANSWER ANY TWO QUESTIONS (2 X 15 MARKS = 30 MARKS)**

* 1. Discuss the implementation roadmap of Indian Accounting Standards by companies.(5 marks)
  2. The accounting standards in India are drafted by the Institute of chartered accountant of India (ICAI). The institute is committed to the convergence of its standards with IFRS. However; there are some differences between local standards and IFRS due to some unavoidable reasons
     1. Discuss the differences between Ind AS and IFRS with two examples ( 5 marks)
     2. How ICAI and ASB formulate Accounting Standards in India? Explain ( 5marks)

2. X Co. Limited purchased goods at the cost of Rs.40 lakhs in October, 2022. Till March, 2023, 75% of the stocks were sold. The company wants to disclose closing stock at Rs.10 lakhs. The expected sale value is Rs.11 lakhs and a commission at 10% on sale is payable to the agent.

Advise, what is the correct closing stock to be disclosed as at 31.3.2023 ( 3 marks)

1. As per IND AS 2 on Valuation of Inventories, calculate correct closing stock to be disclosed in the Balance sheet.

|  |  |  |
| --- | --- | --- |
| Raw Materials | Cost Price | NRV |
| RM A | 40 | 28 |
| RM B | 32 | 32 |
| RM C | 16 | 24 |

( 2 marks)

1. State the objectives of ten of converged Indian Accounting Standards notified by Ministry of Corporate Affairs (MCA). **(10 marks)**
2. From the following particulars, prepare Statement of profit and loss for the year ending March 2023 (10 marks)

|  |  |  |
| --- | --- | --- |
| **Balances** | **Rs** | **Rs** |
| Plant and Machinary | 1,60,000 |  |
| Land | 6,74,000 |  |
| Depreciation on Plant and Machinery | 16,000 |  |
| Purchases | 4,00,000 |  |
| Closing stock | 1,50,000 |  |
| Wages | 1,20,000 |  |
| Sales |  | 10,00,000 |
| Salaries | 60,000 |  |
| Bank overdraft |  | 2,00,000 |
| 10% Debentures (issued on 1st April 2022) |  | 1,00,000 |
| Equity share Capital |  | 2,00,000 |
| 6% Preference Share Capital |  | 1,00,000 |
|  | 16,00,000 | 16,00,000 |

**Additional information**

(i) Equity dividend @ 10% declared on paid up capital.

(ii) Dividend on the preference share capital paid in full.

(iii) Rs. 2,00,000 transferred to general reserve.

**PART-C**

**COMPULSORY QUESTION ( 10 marks)**

1. From the given particulars of Shine and Bright Co. Ltd. as at March 31, 2013, prepare balance sheet in accordance to the Companies Act 2013

|  |  |
| --- | --- |
| **Particulars** | **Amount** |
| Preliminary expenses | 2,40,000 |
| Goodwill | 30,000 |
| Discount on Issue of shares | 20,000 |
| Loose Tools | 12,000 |
| 10% Debentures | 2,00,000 |
| Motor vehicles | 4,75,000 |
| Stock in trade | 1,40,000 |
| Provision for tax | 16,000 |
| Cash at bank | 1,35,000 |
| Bills receivables | 1,20,000 |

Assume that discount on issue of debentures is not written-off in the next 12 months of the reporting period

**--- END OF THE QUESTION PAPER ---**