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Register Number:

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**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**

**B.Com – VI SEMESTER**

**SEMESTER EXAMINATION: APRIL 2018**

BCDEA6516 : International Financial Reporting Standards (IFRS)

ELECTIVE

Time-2 ½ hrs Max Marks-70

**This paper contains 3 (Three) printed pages and four parts**

**SECTION A**

**Answer any Five (5) of the following (5 \* 2 Marks = 10 Marks)**

1. Explain GAAP and IFRS?
2. **Explain any two objectives of IFRS.**
3. **What are Government Grants?**
4. **Explain current assets according to IFRS.**
5. **Explain the concept of Group according to IFRS.**
6. Parent plc acquires 90% of equity shares of Child plc on 1st January 2016. On the date paid up capital of Child plc was 15000 equity shares of Rs 9 each. Accumulated reserve balance was Rs 80,000. H limited paid Rs 2,00,000 to acquire 85% of the interest in S limited. Assets of S limited was revalued on 1.1.2016 and revaluation profit of Rs 50,000 was ascertained. Calculate the book value of shares and Goodwill of S limited.
7. **Define EPS and DPS according to Ind As 33.**

**Section B**

**Answer any THREE questions (3 x 5 marks = 15 marks)**

1. Discuss the need for international reporting standards and possible barriers to their development.
2. Explain the measurement criteria for Property, Plant and Equipment according to Indian Accounting Standards
3. Tom plc acquired 100% of the 10,000 Rs 1 common shares in Jerry plc for Rs 1.50 per share in cash and gained control. The fair value of the net assets of Jerry plc at that date was the same as the book value. The individual balance sheets immediately after the acquisition and the group accounts at that date were as follows:

 BCDEA6516-A-18

|  |  |  |
| --- | --- | --- |
|  | *Rose plc* | Tulip plc |
| **Assets** |  |  |
| Non-current assets  | 40,000 | 22,000 |
| Investment in Jerry | 30,000 |  |
| Net current assets | 16,000 | 6,000 |
| **Net assets** | **86,000** | **28,000** |
| **Liabilities** |  |  |
| Equity share capital | 32,000 | 20,000 |
| Retained earnings | 54,000 | 8,000 |
| **Net liabilities** | **86,000** | **28,000** |

You are required to prepare:

1. Calculate the goodwill for inclusion in the group accounts
2. Prepare Consolidated financial statements for Tom plc
3. Explain the five elements of financial statements.
4. You are given the following extracts of ledger balances taken from Bhima ltd for the year ending 31.3.2017 prepare a statement of Profit & Loss

|  |  |
| --- | --- |
|  | Rs.  |
| Revenue from operationsOther incomeAdvertisingSalariesDepreciationInsuranceInterest on debenturesPreliminary expenses written offBad debtsDiscountPrinting and stationaryCost of materials consumed | 98,0002,0005,25027,0002,8001,0001,0001,0005005001,00025,000 |

**Section C**

**Answer ANY THREE (3 x 10 marks = 30 marks)**

1. “The goal of IFRS is to provide a global framework for how public companies prepare and disclose their financial statements. IFRS provides general guidance for the preparation of financial statements, rather than setting rules for industry-specific reporting.”

Provide brief history of Ind AS and process of setting Ind AS in accordance with IFRS.

1. List any 10 Ind As with number and title.
2. X Company ltd acquired 4000 equity shares of Y ltd., as on 1.4.2016. the following are the balancesheet of the two companies as on 31.3.2017.

|  |  |  |
| --- | --- | --- |
|  | X ltd | Y ltd |
| Land & buildingInvesements:Share in Y ltdSundry debtorsInventoriesBills receivablesCash  | 5,00,0005,00,00050,00075,00040,0002,50,000 | 4,50,000--60,00050,0005,0001,60,000 |

Calculate Non-controllable interest and goodwill/capital reserves

1. Explain the interrelationship of ownership with three companies in the following cases. In which of these three cases is X also part of the group?

**Case 1**

P owns 60% of the voting shares of S1, which in turn owns 38 per cent of the voting shares of X. P also owns directly 19 per cent of the voting shares of X.

**Case 2**

P owns 100 per cent of the voting shares of S1, which in turn owns 32 per cent of X. P also owns 75 per cent of S2, which in turn owns 25 per cent of X. Explain the interrelationship of ownership with four companies

**Case 3**

P owns 90 per cent of the voting shares of S1, which in turn owns 20 per cent of the voting shares of X. H also owns directly 20 per cent of the voting shares of X. Explain the interrelationship of ownership with four companies.

**Case 4**

P owns 51 per cent of the voting shares of S1 and 99% of S2. S1 hold 49% of X and S2 owns 5 per cent of X. Explain the interrelationship of ownership with four companies

1. Briefly explain the scope and disclosure requirements of Earning per share according to Indian Accounting Standards.

**Section D (1 x 15 marks = 15 marks)**

**Compulsory question**

1. Revenue is often the largest single amount in the financial statements of a company and therefore it is very important to establish appropriate criteria for its recognition and measurement. – Revenue – was issued to establish such criteria.

**Required:**

1. State the meaning of the term ‘revenue’ as it is used in Ind As and describe the requirements of IAS 18 for the measurement of revenue
2. Summarise the criteria that need to be satisfied before revenue from the sale of goods can be recognised and identify any additional criteria that need to be satisfied in order to recognise revenue from the rendering of services.

**END OF THE QUESTION PAPER**