

**IV Semester M.Com. Examination, November 2022**  
**(CBCS Scheme)**  
**COMMERCE**

**AT 4.2 : Corporate Reporting Practices and Ind AS**

Time : 3 Hours

Max. Marks : 70

**SECTION – A**

Answer **any 7** sub-questions out of 10. **Each** sub-question carries **2** marks. **(7×2=14)**

1. a) What is meant by Reinsurance Contract ?
- b) What is Reverse Merger ?
- c) What is meant by Cash Generating Unit ?
- d) State any 2 objectives of Accounting Standard.
- e) What is meant by Convergence of IFRS ?
- f) State the structure of IFRS foundation.
- g) What are biological assets as per Ind AS 41 ?
- h) What do you mean by cross holding ?
- i) Give the meaning of Acquisition and Merger.
- j) Differentiate between contract costs and contract revenue ?

**SECTION – B**

Answer **any 4** questions out of 6. **Each** question carries **5** marks. **(4×5=20)**

2. State the process of implementing IFRS and challenges faced in implementing the same.
3. A Ltd., and B Ltd., agree to amalgamate and form a new company called AB Ltd., The amalgamation agreement provide for discharge of purchase consideration by the issue of 9,500 shares of Rs. 10 each to A Ltd., and 11,500 shares of Rs. 10 each to B Ltd., and the balance in cash to A Ltd., and B Ltd., respectively. The value of assets and liabilities taken over by AB Ltd., is as under :

Particulars	A Ltd. Rs.	B Ltd. Rs.
Fixed Assets	1,10,000	1,20,000
Current Assets	70,000	60,000
Liabilities	70,000	50,000

Show the calculation and discharge of purchase consideration.

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4. Briefly explain Ind AS 2.
5. State the objectives and scope of Ind AS 104 ?
6. Following is the Balance Sheet of A Limited and B Limited.

Liabilities	A	B	Assets	A	B
	Rs.	Rs.		Rs.	Rs.
Equity Shares	60,00,000	50,00,000	Goodwill	1,00,000	20,000
6% preference shares	NIL	10,00,000	Fixed assets	38,50,000	27,50,000
General Reserve	12,00,000	8,00,000	Investments	16,20,000	11,00,000
Profit and Loss account	10,20,000	17,90,000	Stock	19,00,000	41,50,000
Bills payable	11,00,000	15,40,000	Debtors	24,50,000	30,80,000
Creditors	27,50,000	18,70,000	receivable	21,50,000	10,00,000
Proposed dividend	6,00,000	5,00,000	Cash and Bank	6,00,000	4,00,000
	<b>1,26,70,000</b>	<b>1,25,00,000</b>		<b>1,26,70,000</b>	<b>1,25,00,000</b>

A Limited purchased  $\frac{3}{4}$ <sup>th</sup> interest in B Limited at the beginning of the year @ a premium of 25%.

The following are the other information available :

- i) Profit and Loss Account of B Limited includes 10 lakhs brought forward from previous year.
- ii) The directors of both the companies have proposed a dividend of 10% on equity share capital for previous and current year.

From the above information, calculate pre and post-acquisition profit, minority interest and cost of control.

7. Describe the scope of any four Ind AS ?



SECTION - C

Answer **any 3** questions out of 5. **Each** question carries **12** marks. **(3x12=36)**

- 8. What are the general requirements for preparing the financial statements ?
- 9. Define the term Plant, Property and Equipment as per Ind AS. What are provisions relating to recognition and measurement of Plant, Property and Equipment as per Ind AS 16 ?
- 10. P Company acquires 75% of ordinary shares of S company on that company's incorporation in 2003. The summarized income statement and movement on the retained earnings of the 2 companies for the year ended 31-12-2009 are set out below

Particulars	P Company	S Company
	Rs.	Rs.
Sales revenue	75,000	38,000
Less : Cost of sales	(30,000)	(20,000)
Gross profit	45,000	18,000
Less : Administrative expenses	(14,000)	(8,000)
Profit before tax	31,000	10,000
Less : Income tax expenses	(10,000)	(2,000)
Profit for the year	21,000	8,000
Note : Movement in retained earnings :		
Retained earnings brought forward	87,000	17,000
Profit for the year	21,000	8,000
Retained earnings carried forward	1,08,000	27,000

Prepare consolidated financial statement and statement of changes in equity.



11. A Ltd., and B Ltd., agreed to amalgamate and form a new company called AB Ltd., with an authorised capital of Rs. 25,00,000 consisting of 2,50,000 equity shares of Rs. 10 each. The purchase consideration is agreed at Rs. 5,50,000 for A Ltd., and Rs. 6,60,000 for B Ltd., to be settled by the issue of equity shares at a premium of 10%. The agreed value of assets and liabilities taken over by AB Ltd. is as under :

Particulars	A Ltd.	B Ltd.
	Rs.	Rs.
Land and Buildings	4,00,000	3,00,000
Plant and Machinery	2,50,000	2,75,000
Furniture and Fixtures	1,50,000	2,50,000
Stock and Debtors	1,00,000	1,25,000
Cash and Bank	50,000	75,000
Creditors	75,000	1,50,000
Bank Overdraft	25,000	50,000
Bank Loan	75,000	75,000
12% Debentures	2,00,000	1,50,000

You are required to show in the books of AB Ltd. :

- 1) Journal entries for
    - a) business purchase,
    - b) incorporation of assets and liabilities and
    - c) discharge of purchase consideration and
  - 2) The Balance Sheet in the books of AB Ltd.
12. Make a detail comparison between the International Financial Reporting Standards (IFRS) and Indian Accounting Standards.