

**V Semester B.Com. Examination, March 2023  
(CBCS) (2016 – 17 and Onwards) (Fresh + Repeaters)  
COMMERCE**

**5.2 : International Financial Reporting Standards**

Time : 3 Hours

Max. Marks : 70

**Instruction : Answer should be written either in English or Kannada.**

**SECTION – A**

- I. 1) Answer any five sub-questions. Each sub-question carries two marks. (5×2=10)
- a) Define IFRS.
  - b) What is non-controlling interest ?
  - c) Give the meaning of inventories as per Ind AS 2.
  - d) What is EPS ?
  - e) What do you understand by borrowing cost ?
  - f) State the meaning of unrealised profit.
  - g) What do you mean by Impairment of Asset ?

**SECTION – B**

- II. Answer any three questions. Each question carries 6 marks. (3×6=18)
- 2) Briefly explain the merits of IFRS.
  - 3) Describe the recognition criteria for share based payments.
  - 4) From the following, prepare a statement of Profit or Loss for the year ended 31-03-2022 as per Companies Act, 2013.

	₹
Revenue from operation	9,00,000
Salaries and allowances	90,000
Stationery	45,000
Interest on long term loans	75,000
Publicity	1,20,000
Raw material consumed	3,30,000
Discount allowed	30,000
Depreciation	30,000
Rent received	1,20,000



- 5) Zen Traders purchased a plant from 'X' Company Ltd. as on 30-09-2015 with a quoted price of ₹ 20,00,000. 'X' Ltd. Company offered a trade discount of 1.5 % and GST payable is 12% on the quoted price. Zen traders incurred 2% on transportation cost and 3% on erection cost of the quoted price. Pre-operative cost amounted to ₹ 20,000. Estimated life of the plant is 8 years. Residual value of the plant ₹ 2,00,000.
- Calculate the original cost of the plant.
  - Calculate depreciation for first year (SLM).
- 6) 'H' Ltd. acquired 60% shares of 'S' Company Ltd. on 01-07-2020. The following information is available as on 31-03-2021 in respect of 'S' Company Ltd.
- Share capital : 1,00,000 Equity shares of ₹ 10 each.
  - General reserve as on 01-04-2021 ₹ 80,000.
  - Profit and Loss A/c balance (Cr.) on 01-04-2021 was ₹ 60,000.
  - Net profit for the year ended 31-03-2022 is ₹ 1,00,000.
- Calculate Non-controlling Interest.

### SECTION – C

III. Answer **any three** questions. **Each** question carries **fourteen** marks. **(3×14=42)**

- 7) a) Describe the challenges in implementing IFRS.  
b) Discuss the benefits of achieving convergence with IFRS.
- 8) a) List any seven IFRS.  
b) Briefly explain the disclosure of provisions under Ind AS-37, provisions, contingent assets and contingent liabilities.
- 9) a) X Ltd. has taken a Machinery on lease from Y Ltd. The information is as under :
- Lease term 4 years
  - Fair value at inception of lease ₹ 30,00,000
  - Lease rent ₹ 4,15,000 p.a. at the end of the year
  - Guaranteed residual value ₹ 1,87,500
  - Expected residual value ₹ 5,62,500
  - Implicit interest rate 15%
  - Discounted rates for I, II, III and IV year are 0.8696, 0.7561, 0.6575 and 0.5718 respectively.

Calculate the value of the lease liability as per Ind AS 17.

b) Calculate the borrowing cost of M/s Excel Limited.

- i) ₹ 8 crores arranged by issuing 8% debentures repayable after 10 years.
- ii) ₹ 3 crores by a loan from IDBI with 10 years term at interest of 10% p.a.
- iii) ₹ 3 crores overdraft from Canara Bank at interest of 10% p.a.
- iv) Cost of issue of debentures is ₹ 15,00,000.
- v) Processing and consultancy charges for IDBI loan – 5% of loan.
- vi) Debentures are repayable at 5% premium.

10) a) 'A' Company Ltd. has purchased an equipment for its manufacturing unit. The price paid for the equipment is ₹ 8,80,000 inclusive of GST of ₹ 1,58,400. The company gets a credit of GST while calculating tax payable on finished goods sold.

The additional cost incurred are :

Freight ₹ 18,000

Customs duty ₹ 16,000

Installation expenses ₹ 12,000

Estimated cost of dismantling and removing the item would be ₹ 6,000. After the equipment was put into use ₹ 44,000 was spent for cleaning the spare parts.

Calculate the cost of PPE as per Ind AS 16.

b) From the following Trial Balance of 'X' Co. Ltd. Prepare statement of Financial position of the company as on 31-03-2021.

Debit	Amount	Credit	Amount
	₹		₹
Cash at bank	1,50,000	Equity share capital	2,50,000
Non-current assets	1,00,000	Reserves and surplus	50,000
Non-current investments	50,000	Non-current liabilities	4,00,000
Land and buildings	4,00,000	Current liabilities	1,00,000

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Furniture	1,00,000	Staff provident fund	1,00,000
Office equipment	50,000	Deposit from public	1,00,000
Goodwill	1,00,000	Preference capital	2,50,000
Stock	2,00,000		
Debtors	1,00,000		
	<b>12,50,000</b>		<b>12,50,000</b>

11) a) The following are the balance sheet of 'X' Ltd. and 'Y' Company Ltd. as on 31-03-2022.

<b>Liabilities</b>	<b>X Ltd.</b>	<b>Y Ltd.</b>
	₹	₹
Share capital of ₹ 10 each	16,00,000	8,00,000
Reserves on 01-04-2021	80,000	1,20,000
Profit and Loss A/c	4,00,000	3,20,000
Current liabilities	2,80,000	3,20,000
	<b>23,60,000</b>	<b>15,60,000</b>
<b>Assets :</b>		
Plant and equipment	8,00,000	11,20,000
Investment in shares of 'Y' Ltd. (60000 shares)	8,00,000	—
Current Assets	7,60,000	4,40,000
	<b>23,60,000</b>	<b>15,60,000</b>

Profit and Loss A/c of 'Y' Ltd. stood at ₹ 1,20,000 on 01-04-2021. 'X' Ltd. acquired shares of 'Y' Ltd. on 01-01-2022. You are required to calculate controlling interest.

b) Trimurthy Traders entered into a lease contract on 01-01-2017 for 5 years, annual rental payments are ₹ 1,00,000 in arrears (that is 31<sup>st</sup> December each year) and at the end of the lease term, the machine will be returned back to the lessor. The economic life of a machine is 10 years. Use the discount rate 3%. The present value of lease liability is ₹ 4,57,971.

Calculate the lease liability for 5 years.