

VI Semester B.Com. Examination, August/September 2023
(CBCS) (2022 – 23 and Onwards) (Freshers)
COMMERCE

Paper – 6.6 : Accounting : Financial Reporting and Corporate Disclosures

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

Answer any five sub-questions. Each sub-question carries two marks. (5×2=10)

1. a) What do you mean by Related Party Transaction ?
- b) Define the term "Employee Benefit" in accordance with Ind AS-19.
- c) Write the journal entry to record profit/bonus sharing as per Ind AS-19.
- d) What is post-acquisition profit ?
- e) Mention any four examples of financial liability according to Ind AS-32.
- f) Define the term "lease" as per Ind AS-17.
- g) What is compound financial instrument ?

SECTION – B

Answer any three of the following. Each question carries 5 marks. (3×5=15)

2. Briefly explain the objectives and scope of Ind AS-24 – related party disclosure.
3. Classify the following employee benefits into short-term employee benefits and post-employment benefits :
 - a) Wages and salaries
 - b) Paid sick leave
 - c) Provident fund
 - d) Paid jury service
 - e) Gratuity
 - f) Social security contribution
 - g) Paid maternity/paternity leave
 - h) Post-employment insurance
 - i) Pension
 - j) Post-employment allowances.



4. Harsha Ltd. acquired 70% of the 8,00,000 shares of ₹ 10 each in Sandeep Ltd. on 1st Jan. 2023. The consideration transferred was ₹ 8 per share. The fair value of NCI on acquisition was ₹ 6,00,000. Sandeep Ltd. had retained earnings of ₹ 21,50,000 on the date of acquisition. Calculate bargain purchase in the books of acquiree.
5. Woods Ltd. issued loan note for ₹ 10,000. The loan note redeemable at ₹ 12,500. The term of the loan is five years and interest is paid at 5.9% p.a. The effective interest rate is 10% p.a. Calculate the value of the loan note at initial and at the end of each year for five years using amortised cost.
6. Entity X enters into a lease contract for 10 years with a single lease payment payable at the beginning of each year. The lease payment and interest rate implicit in the lease agreement for 10 years are given below :

Year	Lease Payment	Discount Factor @ 5%
1	1,00,000	1.0
2	1,02,000	0.952
3	1,04,040	0.907
4	1,06,121	0.864
5	1,08,243	0.823
6	1,10,408	0.784
7	1,12,869	0.746
8	1,14,869	0.711
9	1,17,166	0.677
10	1,19,509	0.645

Compute lease liability at inception in accordance with Ind AS-17.

SECTION – C

Answer any three questions of the following. Each question carries 12 marks. (3×12=36)

7. a) Explain briefly disclosure requirements about key management personnel as per Ind AS-24.
- b) Write a note on accounting treatment of short-term paid absences/leave compensation as per Ind AS-19.

8. a) Briefly explain recognition criteria of financial asset under amortised cost model in accordance with Ind AS-107.
- b) Explain the initial recognition and measurement criteria of leasing in the books of lessee according to Ind AS-17.
9. a) Calculate non-controlling interest to be recorded in the books of acquiree from the following :
- GG Ltd. acquired 2,24,000 shares of ₹ 10 each in KK Ltd. on 1-10-2022. The following balances are extracted from the Balance Sheet of KK Ltd. as on 31-3-2023 :
- i) Share capital 2,80,000 shares of ₹ 10 each.
 - ii) General reserve (on 1-4-2022) ₹ 2,80,000.
 - iii) Profit and Loss A/c credit balance (on 1-4-2022) ₹ 4,48,000.
 - iv) Profit during the year 2022-23 ₹ 2,40,000.
- b) Arjun Ltd. invested in equity shares of Karna Ltd. on 15th March 2022 for ₹ 1,00,000. Transaction cost ₹ 50,000 in addition to the basic cost of ₹ 1,00,000. On 31st March 2023, the fair value of the equity shares was ₹ 1,12,000 and market rate of interest is 10% p.a. for a 10 years loan. Determine the value of equity shares to be recognised initially and pass necessary journal entries according to Ind AS-107.
10. a) Pujara Ltd. incurred the following short-term employee benefits for the year ending 31st March 2023.
- i) Paid ₹ 10,00,000 to the employees who involved in the administration work.
 - ii) Paid advances of ₹ 5,00,000 to employees.
 - iii) Company hold the payment of ₹ 3,00,000 relates to 2 employees due to some technical reasons.
 - iv) Paid ₹ 20,00,000 wages to the workers who are directly involved in the production.
 - v) Paid ₹ 15,00,000 to the workers who are engaged in the construction of plant.
- Show the accounting treatment for the above employee benefits according to Ind AS-19 for the year ended 31st March 2023.



- b) CAIAS Ltd. entered into a contract of lease with SVR Ltd. on 1-1-2020. Contract include the following :

Leased asset	: Machinery
Lease period	: 5 years
Payment terms	: Payable at the end of each year
Incremental cost of borrowings	: 10% Bank interest rate for lease
Annual lease payment	: ₹ 1,00,000
Discount factor for 5 years	: 3.79 at 10% rate

Show the measurement and presentation of lease liability at inception in the books of lessee accordance to Ind AS-17.

11. a) Jyothi Co. acquired 80,000 ordinary shares of Fathi Co. for ₹ 15,00,000 on 1-1-2023, on that date the Balance Sheet of Fathi Co. was as follows :

Particulars	Amount (₹)
Assets :	
Sundry assets	14,00,000
	14,00,000
Equity and Liabilities :	
Shareholders fund :	
Share capital 1,00,000 shares of ₹ 10 each	10,00,000
Retained earnings	4,00,000
	14,00,000

Calculate goodwill of Jyothi Co.

- b) Miss Onam is an employee of ABC Ltd. the salary components of Miss Onam every month for the financial year 2022-23 was as follows :
- | | |
|------------------|-----------------------|
| Basic salary | = ₹ 1,00,000 p.a. |
| HRA | = 40% of basic salary |
| Other allowances | = ₹ 60,000 p.a. |
- PF contribution of employee and employers is 12% of basic pay each.
TDS = ₹ 25,000
- Calculate employee benefit and show the journal entry in the books of ABC Ltd.

SECTION – D

Answer any one question. Each question carries 9 marks. (1×9=9)

12. a) Draft Consolidated Balance Sheet of any two companies with imaginary figures.

OR

- b) Draw the chart showing financial instruments and its types as per Ind AS-32.