



NP – 346

VI Semester B.Com. Examination, July/August 2024
(NEP)

COMMERCE

DSE – A2 : Indian Accounting Standards – II (Elective)

Time : 2½ Hours

Max. Marks : 60

Instruction : Answers must be written either in **Kannada** or **English**.

SECTION – A

Answer **any six** sub-questions. **Each** sub-question carries **2** marks. **(6×2=12)**

1. a) What is non-controlling interest ?
- b) What is joint venture ?
- c) Write the meaning of close members of the family.
- d) Who are key management personnel according to Ind AS 24 ?
- e) What are accounting policies ?
- f) Give any four examples of financial liabilities.
- g) What is deferred tax liability ?
- h) State the meaning of temporary differences according to Ind AS 12.

SECTION – B

Answer **any three** of the following questions. **Each** question carries **4** marks. **(3×4=12)**

2. Calculate non-controlling interest from the following.

Rama Ltd. acquired 75% of equity shares in Krishna Ltd. on 1-7-2022. The following balances are extracted from the financial position of Krishna Ltd. as on 31-3-2023 :

- a) Share capital :
40,000 equity shares of ₹ 10 each
- b) Balances as on 1-4-2022 :
General Reserve ₹ 1,40,000
Profit and loss A/c ₹ 1,10,000
- c) Net profit for the year ending 31-3-2023 ₹ 90,000.

P.T.O.



3. Leela Ltd. acquired all the ordinary shares of Sheela Ltd. for ₹ 16,00,000 on 31-3-2022 and drafted statement of financial position as on same date was as follows.

	₹	
Current Assets	12,00,000	
	12,00,000	
<u>Equity :</u>		
1,00,000 ordinary shares	₹	
of ₹ 10 each	10,00,000	
Retained earnings	2,00,000	
	12,00,000	

Calculate Goodwill as per Ind AS 103.

4. Write a brief note on objectives and scope of related party disclosures in accordance with Ind AS 24.
5. On 1-4-22 A Ltd. obtained interest free loan from its parent company B Ltd.
 Amount of loan : ₹ 20,00,000
 Tenure of loan : 3 years
 Effective interest rate prevailing in market is at 10% p.a.
- Using effective interest rate, explain the accounting treatment for such loan as per Ind AS 32.
6. An asset which cost ₹ 3,00,000 has a carrying amount of ₹ 2,00,000.
 Cumulative depreciation for the tax purpose is ₹ 1,80,000 and the tax rate is 25%.
 Calculate tax base and corresponding deferred tax liability.

SECTION – C

Answer **any three** questions of the following. **Each** question carries **12** marks.

(3×12=36)

7. A) Calculate non-controlling interest from the following.

A Ltd. acquired 2,24,000 shares of ₹ 10 each in B Ltd. on 1-10-2022. The following balances are extracted from Balance Sheet of B Ltd. as on 31-3-2023.



- a) Share capital : 2,80,000 shares of ₹ 10 each
 - b) General reserve (on 1-4-2022) ₹ 2,80,000
 - c) Profit and loss A/c (on 1-4-2022) ₹ 4,48,000
 - d) Profit during the year 2022-23 ₹ 2,40,000.
- B) P Co. acquired 1,60,000 ordinary shares of Q Co. for ₹ 30,00,000 on 1-1-2023, on that date the Balance Sheet of Q Co. was as follows :

Particulars	Amount (₹)
<u>Assets</u>	
Sundry Assets	28,00,000
	28,00,000
<u>Equity and Liabilities</u>	
<u>Share holders fund :</u>	
Share capital : 2,00,000 shares of ₹10 each	20,00,000
Retained earnings	8,00,000
	28,00,000

Calculate Goodwill of P Co.

8. Raja Ltd. acquired 70% shares of Rani Ltd. on 1st April 2023 for ₹ 56,00,000. Individual financial statements of Raja Ltd. and Rani Ltd. is as follows :

Particulars	Raja Ltd.	Rani Ltd.
<u>Assets</u>		
	₹	₹
PPE	50,00,000	16,00,000
Intangible assets	20,00,000	8,00,000
Inventories	30,00,000	6,00,000
Receivables	10,00,000	10,00,000
Cash	1,10,00,000	8,00,000
Total	2,20,00,000	48,00,000
<u>Equity and Liabilities</u>		
Equity	80,00,000	20,00,000
Other equity	40,00,000	8,00,000
Borrowings	60,00,000	12,00,000
Trade payables	40,00,000	8,00,000
Total	2,20,00,000	48,00,000



On acquisition date PPE is increased by 20% and intangible assets decreased by 10%. You are required to prepare consolidated financial statement of Raja Ltd. accordance to Ind AS 110.

9. A) What are the disclosure requirements of operating segments under Ind AS 108 ?
 B) Who are key management personnel ? What are their disclosure requirements with related party ?
10. A) Jagan Ltd. issued 8% ₹ 60,00,000 convertible loan note on 1-4-2020 at par. Interest is payable in arrears on 31st March each year. The loan note is redeemable at par on 31st March 2023 or convertible into equity shares at the option of the loan note holders, on the basis of 60 equity shares for each 200 of loan note. Jagan Ltd. finance director has calculated that to issue an equivalent loan note without conversion rights, it would have to pay an interest rate of 10% p.a. to attract the investors. Applicable discount rates are as follows :

Year	Discount factor at 10%
1	0.91
2	0.83
3	0.75

Split the loan between debt and equity at inception.

- B) On 1st January 2021 Wipro Co. purchases a debt instrument for its fair value of ₹ 2,000. The debt instrument is due to mature on 31st December 2025. The instrument has a principal amount of ₹ 2,500 and the instrument carries a fixed interest at 4.72% that is paid annually (The effective interest rate is 10%).
 How should Wipro Co. account for the debt instrument over its five years term ?
11. A) S Ltd. purchased goods worth of ₹ 10,00,000 during the year 2022-23 which was sold completely for ₹ 14,00,000 on both cash and credit basis. The cash sales was ₹ 6,00,000 and credit sales was ₹ 8,00,000. During the year ₹ 5,00,000 were received from debtors.
 Calculate current tax liability and present in the accounting books as per Ind AS 12.
- B) Cost of machinery : ₹ 20,00,000
 Estimated life of machinery : 10 years
 Profit before depreciation : ₹ 3,00,000
 Depreciation rate as per income tax : 30%
 Tax rate : 30%
 Measure and present DTL (Deferred Tax Liability) as per Ind AS 12.