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**PG-504**



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IV Semester M.Com. (CBCS) Examination, July - 2019

**COMMERCE**

**A&T-4.2 : Corporate Reporting Practices and IND. AS**

Time : 3 Hours

Max. Marks : 70

**SECTION - A**

Answer any seven sub-questions. Each sub-question carries two marks.

7x2=14

1. (a) Write any two objectives of Accounting Standard.  
(b) What are the roles of IASB ?  
(c) Give the structure of IFRS foundation.  
(d) State the meaning of absorption and acquisition.  
(e) What is share based payment ?  
(f) Who are minority interest shareholders ?  
(g) What are the frameworks of insurance contracts as per AS-104 ?  
(h) How to revalue the assets and liabilities of a subsidiary company ?  
(i) What are biological assets and bearer plants ?  
(j) What do you mean by cash generating unit ?



**SECTION - B**

Answer any four questions. Each question carries five marks.

4x5=20

2. What are the features, uses and benefits of IFRS ?
3. Write up the process of setting IFRS and practical challenges in implementation of IFRS.
4. What is accounting for Amalgamations as per AS-14 ?
5. Briefly explain the procedures involved in the preparation of Consolidated Financial Statement.

**P.T.O.**



6. The following is the Balance Sheet of Alpha Ltd.

Liabilities	₹	Assets	₹
Share capital	2,00,000	Fixed Assets	7,00,000
Reserves and Surplus	4,00,000	Investments (Market value ₹ 9,00,000)	4,00,000
Secured Loans	2,00,000	Current Assets	4,00,000
Unsecured Loans	6,00,000	Less: Current Liabilities	(1,00,000)
<b>Total</b>	<b>14,00,000</b>	<b>Total</b>	<b>14,00,000</b>

The company consists of three divisions. The scheme was agreed upon, according to which a new company Beta Ltd. is to be formed. It will takeover investments at ₹ 9,00,000 and unsecured loans at balance sheet value. It is to allot equity shares of ₹ 10 each at par to the members of Alpha Ltd. in satisfaction of the amount due under the arrangement. The scheme was duly approved by the High Court. Pass journal entries in the books of Alpha Ltd.

7. The following is the Balance Sheet of H Ltd. and S Ltd., prepare a consolidated balance sheet as on 31.3.18.

Liabilities	H Ltd. (₹)	S Ltd. (₹)	Assets	H Ltd. (₹)	S Ltd. (₹)
Share capital share at ₹ 10 each	1,00,000	50,000	Fixed Assets	60,000	63,000
Reserves	10,000	4,000	Investments : 4,000 shares in S Ltd.	65,000	Nil
Profit and loss A/c	10,000	5,000			
Creditors	5,000	4,000			
<b>Total</b>	<b>1,25,000</b>	<b>63,000</b>	<b>Total</b>	<b>1,25,000</b>	<b>63,000</b>

H Ltd., acquired the shares in S Ltd., on 1.4.2017 and on that date the profit and loss A/c of S Ltd. had a credit balance of ₹ 1,000 and general reserve showed a balance of ₹ 3,000.

### SECTION - C

Answer any three of the following. Each question carries 12 marks. 3x12 = 36

8. Make a detail comparison between the International Financial Reporting Standards (IFRS) and Indian Accounting Standards (Converged IFRS).



9. On 01.04.2015, H Ltd. acquired 800 shares of ₹ 100 each of G Ltd. at ₹ 90,000. The Balance Sheet of H Ltd. and G Ltd. as on 31.03.2015 are given below :

<b>Liabilities</b>	<b>H Ltd.</b>	<b>G Ltd.</b>
	(₹)	(₹)
Equity Share Capital	1,00,000	1,00,000
General reserve	40,000	26,000
Profit and Loss Account	36,000	35,000
Creditors	71,000	48,000
<b>Total</b>	<b>2,47,000</b>	<b>2,09,000</b>

<b>Assets</b>	<b>H Ltd.</b>	<b>G Ltd.</b>
	(₹)	(₹)
Fixed assets	60,000	1,10,000
Investment	1,00,000	15,000
Debtors	25,000	20,000
Stock	30,000	40,000
Bank	32,000	24,000
<b>Total</b>	<b>2,47,000</b>	<b>2,09,000</b>

- (a) At the time of acquiring shares, G Ltd. had ₹ 24,000 in General reserve and ₹ 15,000 in Profit and Loss account (Cr.).
- (b) G Ltd. paid 10% dividends in 2012 - 13, 12% in 2013 -14, 15% in 2014 - 15 for 2011 - 12, 2012 - 13 and 2013 - 14 respectively. All dividends received have been credited to the Profit and Loss Account of H Ltd.
- (c) Proposed dividend for both the Companies for 2014 - 2015 is 10%.
- (d) One bonus share for five fully paid shares held has been declared by G Ltd. out of pre-acquisition reserve on 31.03.2015. No effect has been given to that in the above accounts.
- (e) On 31.03.2012, Building of G Ltd. which stood at ₹ 50,000 was revalued at ₹ 60,000 but no adjustment has been made in the books. Depreciation has been charged at 10% p.a. on reducing balance method.
- (f) In 2014 - 15, H Ltd. purchased from G Ltd., goods for ₹ 10,000 on which G Ltd. made a profit of 25% on sales. 20% of such goods are lying unsold on 31.03.2015.

Prepare the Consolidated Balance Sheet as at 31.03.2015.





10. Given below are the Balance Sheets of Andra Jute Co. as at 31-03-2015 and 31-3-2014. You are required to prepare cash flow statement for the year 2014-15 (₹ in 000's)

Liabilities	31-3-2015	31-3-2014	Assets	31-3-2015	31-3-2014
Equity Share Capital	5,500	4,000	Fixed Assets	15,000	12,000
General reserve	5,100	4,200	Less: Depreciation	(1,800)	(1,300)
Profit and Loss account	450	400	Net Block	13,200	10,700
Share premium account	1,500	-	Capital work in Progress	1,200	700
Secured Loans	1,800	3,400	Investments	1,700	1,400
Unsecured Loans	2,300	1,200	Inventories	2,510	2,600
Creditors Outstanding	1,050	1,200	Debtors	1,090	1,200
expenses	2,100	1,540	Cash and bank balances	240	340
Tax Provision	850	700	Loans	1,700	200
Proposed Dividend	2,200	1,600	Advance Tax	850	700
			Miscellaneous Expenditure	360	400
<b>Total</b>	<b>22,850</b>	<b>18,240</b>	<b>Total</b>	<b>22,850</b>	<b>18,240</b>

**Other information :**

- Fixed assets costing ₹ 1,20,000, Accumulated depreciation ₹ 60,000 were sold for ₹ 70,000.
- Actual tax liability for 2014-15 was ₹ 7,00,000.
- Loans represent long-term loans given to group companies.
- Interest on loan funds for 2014-15 was ₹. 5,94,000 and interest and dividend income were ₹ 4,42,000.
- Investment costing ₹ 6,00,000 were sold for ₹ 7,00,000.

11. Briefly explain the recognition, measurement and disclosure criteria for exploration and evaluation of mineral resources as per IND AS 106.



12. The following is the Balance Sheet of H Ltd. and S Ltd., prepare a consolidated balance sheet as on 31.3.18 (₹ In lakhs).

<b>Liabilities</b>	<b>H Ltd.</b>	<b>S Ltd.</b>
Share capital share at ₹ 10 each	500	300
Reserves	200	100
Profit and loss A/c	100	100
Secured loans	300	200
Unsecured loans	100	100
Current liabilities	100	150
<b>Total</b>	<b>1,300</b>	<b>950</b>

  

<b>Assets</b>	<b>H Ltd.</b>	<b>S Ltd.</b>
Fixed Assets	800	600
Less : depreciation	(200)	(150)
Net block	600	450
Investment (24 lakhs shares in S Ltd.)	300	-
Other investment	-	100
Current asset	400	400
<b>Total</b>	<b>1,300</b>	<b>950</b>

H Ltd., acquired the shares in S Ltd., to takeover assets and liabilities of S Ltd., at book values and discharge the claims of minority shareholders by issuing its one share for every two share held. Minority claims are to be discharged on the basis of intrinsic value per share. To compute intrinsic value per share, net fixed assets of S Ltd., are to be valued at ₹ 850 lakhs. Prepare the post-merger balance sheet of H Ltd. Show all the working.