



IV Semester M.Com. Examination, June 2016

(CBCS Scheme)

COMMERCE

AT – 4.2 : Corporate Reporting Practices and Ind. AS

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any seven** of the following sub-questions in about **3-4** lines **each**. **Each** sub-question carries **two** marks. (7×2=14)
- What is GAAP ?
 - State the meaning of Convergence.
 - Who is the Transferee Company as per AS 14 ?
 - State any 4 factors which influence in estimating the useful life of Goodwill.
 - What do you mean by Cross Holdings ?
 - How do you identify an Associate under AS 23 ?
 - What are Biological assets as per Ind AS 41 ?
 - What is reinsurance contract ?
 - What is joint controlled operations ?
 - What do you mean by post acquisition profits ?

SECTION – B

Answer **any four** of the following in about **one** page. **Each** question carries **5** marks. (4×5=20)

- Briefly explain the advantages and significant criticisms of Converting to IFRS.
- Differentiate between Amalgamation in the nature of Merger and Amalgamation in the nature of Purchase.
- Explain the objective and scope of Regulatory Deferral accounts as per Ind AS 114.
- Briefly explain the procedures involved in the preparation of Consolidated Financial Statements.
- Calculate cash from operating activities from the following using Indirect Method :

Particulars	31 st March 2014 (in Rs.)	31 st March 2015 (in Rs.)
Profit and Loss Account	60,000	65,000
Debtors	85,000	48,000
Bills receivable	40,000	81,000
General reserve	1,72,000	2,07,000
Wages outstanding	26,000	8,000
Salaries prepaid	8,000	10,000
Goodwill	70,000	60,000

P.T.O.



7. The Balance Sheet of Partha Ltd. as on 31st December is given below :

Equity and Liabilities	Amount in Rs.	Assets	Amount in Rs.
<u>Shareholders' funds</u>		<u>Non-Current Assets</u>	
Share Capital		Fixed Assets	50,00,000
Equity Shares of Rs. 10 each	50,50,000	<u>Current Assets</u>	
8% Preference shares	9,50,000	Inventories	20,00,000
<u>Non-Current Liabilities</u>		Trade receivables	10,00,000
Long-term Borrowings -12%		Debtors	
Debentures	15,00,000	Cash and cash equivalents	5,00,000
<u>Current Liabilities</u>			
Sundry creditors and other			
Current Liabilities	10,00,000		
Total	85,00,000	Total	85,00,000

Krishna Ltd. agrees to take over Partha Ltd. by issuing requisite number of Preference shares of Rs. 10 each at 5% discount to the Preference shareholders of Partha Ltd. and requisite number of Equity shares of Rs. 10 each at par to the Equity shareholders of Partha Ltd. Purchase Consideration is settled as per book value of the assets and the debentures will be taken over by Krishna Ltd. on the agreement that these will be paid off at 10% premium after one year. Debenture holders of Partha Ltd. will accept 12% Debentures of Krishna Ltd. Calculate Purchase Consideration.

SECTION – C

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

8. Make a detail comparison between the International Financial Reporting Standards (IFRS) and Indian Accounting Standards (Converged IFRS).
9. T Ltd. and V Ltd. propose to amalgamate. Their Balance Sheet as at 31st March 2013 were as follows – (Rs. 000's).

Equity and Liabilities	T	V	Assets	T	V
<u>(1) Shareholders' Fund :</u>			<u>(1) Non-Current Assets :</u>		
Share Capital (Equity shares of Rs. 10)	1500	600	Fixed assets	1200	300
Reserves and Surplus			Non-Current Investments		
General Reserve	600	60	(FV Rs. 3 lakhs, 6% tax free GP Notes)	300	–
Profit and Loss Account	300	90	<u>(2) Current Assets :</u>		
<u>(2) Current Liabilities</u>			Inventories	600	390
Trade Payables-Creditors	300	150	Trade receivables- Debtors	510	180
			Cash and Cash Equivalents	90	30
Total	2700	900	Total	2700	900



Their Net Profits after taxation were as follows :

Year	2010-11	2011-12	2012-13
T Ltd.	Rs. 3,90,000	Rs. 3,75,000	Rs. 4,50,000
V Ltd.	Rs. 1,35,000	Rs. 1,20,000	Rs. 1,68,000

Normal Trading Profit may be considered as 15% on closing capital invested. Goodwill may be taken as 4 years purchase of average super profits. The stock of T Ltd. and V Ltd. are to be taken at Rs. 6,12,000 and Rs. 4,26,000 respectively for the purpose of amalgamation. W Ltd. is formed for the purpose of amalgamation of two companies.

- Suggest a scheme of capitalization of W Ltd. and ratio of exchange of shares and
- Draft the opening Balance Sheet of W Ltd.

10. The Balance Sheets of Somanna Ltd. and Bopanna Ltd. as at 31st December are given below :

Equity and Liabilities	Somanna	Bopanna	Assets	Somanna	Bopanna
Shareholder's Funds			Non-Current Assets		
Equity			Fixed Assets	6,00,000	3,50,000
share capital			Non-Current		
(Equity capital of			Investments		
Rs. 10)	6,00,000	3,00,000	In 24000 shares of		
Reserves and			Bopanna	2,60,000	—
Surplus	1,50,000	1,00,000	In 500 Debentures		
General Reserve	1,00,000	50,000	of Bopanna	60,000	—
P&L Account			In 1000 Debentures		
Non-Current Liabilities			of Somanna	—	95,000
Long-term			Current assets		
Borrowings	2,00,000	1,00,000	Inventories	1,00,000	1,20,000
— 8% Debentures			Trade receivables-Drs.	1,50,000	1,00,000
(Rs. 100)			Cash and cash		
Current Liabilities	60,000	70,000	equivalents	30,000	35,000
Trade Payables	90,000	80,000			
Bills Payable					
Creditors					
Total	12,00,000	7,00,000	Total	12,00,000	7,00,000

The investments in Bopanna Ltd. were made on the same day when Bopanna's General Reserve was Rs. 50,000 and Profit and Loss Account balance showed Rs. 20,000. Prepare Consolidated Balance Sheet.



11. "Key business issues that will needed to be addressed for successful implementation of IFRS". Discuss.
12. Following are the financial statements of Ramana Ltd. and Vamana Ltd. for the year ending 31st December (Rs. in 000's).

Equity and Liabilities	Ramana	Vamana	Assets	Ramana	Vamana
Shareholder's Funds			Non-Current Assets		
Equity share capital	2,000	1,000	Fixed Assets	6,500	4,000
Reserves and Surplus	3,450	2,000	Non-Current		
Non-Current Liabilities			Investments in		
Long-term Borrowings			Vamana at cost	2,000	—
Debt	2,000	1,500	Current assets	3,500	3,000
Current Liabilities	4,550	2,500			
Total	12,000	7,000	Total	12,000	7,000

Profit and Loss Account (Rs. in 000's)

Particulars	Ramana	Vamana
Sales	2,000	1,000
Less : Expenses	900	500
Trading profit before tax	1,100	500
Add : Dividend received	100	—
Less : Tax	(600)	(200)
Profit After Tax	600	300
Less : Dividend Paid	(300)	(200)
Retained Profit	300	100

The following further information is given :

Ramana Ltd. acquired 50% of the Equity share capital of Vamana Ltd. on 1st January for Rs. 20,00,000. The Reserves of Vamana Ltd. on 1st January showed a balance of Rs. 19,00,000. Ramana Ltd. sold this holding on 3rd January (in the next calendar year) for Rs. 20,50,000.

You are required to prepare the group Profit and Loss Account and Balance Sheet if Vamana Ltd. is treated as Joint Venture.