**ST.JOSEPH’S UNIVERSITY, BENGALURU -27**

Registration Number:

Date & session: 3-12-2022 (1PM)

**M.Com – I SEMESTER**

**SEMESTER EXAMINATION: OCTOBER 2022**

**(Examination conducted in December 2022)**

 **MCO7120 – FINANCIAL REPORTING AND STANDARDS**

**Time: 2 Hours Max Marks: 50**

**This paper contains \_\_\_2\_\_\_ printed pages and \_\_3\_\_\_ parts**

**SECTION A**

**Answer any FIVE of the following. Each question carries two marks. (5x2=10)**

1. What is difference between GAAP and Ind AS?
2. What are the ways to implement an IND AS for the first time?
3. What are the objectives of Ind AS 2?
4. What is the purpose of Ind AS 101?
5. When should impairment testing be done?
6. On what condition a business can De-Recognise PPE?

**SECTION B**

**Answer any TWO of the following. Each question carries five marks. (2x15=30)**

* 1. Calculate Borrowing cost: (5 marks)
		1. 10% 100 Debentures @ Rs 100,000 each repayable after 10 years
		2. The cost of issue of Debentures is Rs 500,000
		3. Received a loan of Rs 50,00,000 @ 8% interest from Midway Bank Ltd which is repayable within 10 years. The Bank charged a commission of 5% of the loan.
		4. The bank also provided an overdraft of Rs 10,00,000 with an interest of 9%
	2. Prepare Income statement with the following details (10 marks)

Revenue from operations Rs 5,00,000

Rent income Rs 5,000

Received commission Rs 4,000

**Depreciation**

 Machinery Rs 500

 Furniture Rs 200

 Other fixed assets Rs 1,300

Purchases Rs 2,00,000

Purchases returns Rs 10,000

Interest paid Rs 1,000

Closing stock Rs 45,000

Opening stock 60,000

Other expenses Rs 10,000

**Note:** Tax to be paid 25% of the total income of the year

* 1. Keeping in mind the stepwise approach in the convergence with IFRS in India, give the overview of Ind AS and the list of 10 converged Ind AS notified by the MCA. (5 marks)
	2. Discuss the five steps of revenue recognition model as per Indian Accounting standard 115. (10 marks)
1. A company's financial conditions are of a major concern to investors and creditors. As sources of finance for your company operations, investors and creditors rely on financial reports to gauge conditions for both the safety and profitability of their investments.
2. Discuss the Issues and problems with published financial statements. (8 marks)
3. How to overcome such limitations of financial statements. (7 marks)

**SECTION C**

**Answer the following compulsory question. The question carries ten marks.**

 **(1x10=10)**

1. Discuss the following cases as per Indian Accounting Standard

**Case 1**

The company had spent Rs 50 crores for publicity and research expenses for a new product launch but proved to be a failure. State, how you deal in the accounts as per Indian Accounting Standard 38. (2 marks)

**Case 2**

Soni Record Studio made an agreement with a singer and acquires copyrights for a period of five years. Due to Pandemic initial six month period of the agreement the studio couldn’t record and the studio time that was blocked by the company had to be paid even during the period the singer could not sing.

These costs were incurred by the company:

* + 1. Legal cost of acquiring the copyrights Rs 50,000
		2. Operational loss (studio time lost, etc.) during start-up period Rs 10,000
		3. Massive advertising campaign to launch the artist Rs 10,000

Which of the above items is a cost that can be capitalized as an intangible asset? (5 marks)

**Case 3**

A Company acquired copyright that has a remaining legal life of 50 years. But recent research provide evidence that due to changes in consumer habits and market trends the copyrighted material will generate net cash inflows for only 30 more years. **( 3 marks)**

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