****

Register Number:

**DATE:22-04-2019**

**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**

**B.Com – VI SEMESTER**

**SEMESTER EXAMINATION: APRIL 2019**

BCDEA 6516 : International Financial Reporting Standards (IFRS)

Time-2 ½ hrs Max Marks-70

**This paper contains 3 (Three) printed pages and four parts**

**SECTION A**

**Answer any Five (5) of the following (5 \* 2 Marks = 10 Marks)**

1. Explain IFRS.
2. **List any two objectives of IFRS.**
3. **What are Government Grants?**
4. **Explain contingent liabilities.**
5. **What are the elements of financial statements according to IFRS?**
6. Explain Non-controlling interest.
7. **Define EPS and DPS according to Ind As 33.**

**Section B**

**Answer any THREE questions (3 x 5 marks = 15 marks)**

1. Explain the relevance of IFRS in India.
2. Innovative Limited purchased an asset for Rs 2,50,000 and the following expenses were made
3. Total Wages paid (15% included in asset) Rs 50,000
4. Site preparation cost Rs 25,000
5. Office expenses for installation of machine Rs 2,500
6. Fee paid to professionals Rs.6,000
7. Refundable taxes Rs 2,000

Calculate asset value to be recognized in the book.

1. Explain the following:
   1. Share based payments
   2. Employee Benefits
2. Tom plc acquired 100% of the 10,000 Rs 1 common shares in Jerry plc for Rs 1.50 per share in cash and gained control. The fair value of the net assets of Jerry plc at that date was the same as the book value. The individual balance sheets immediately after the acquisition and the group accounts at that date were as follows:

|  |  |  |
| --- | --- | --- |
|  | *Rose plc* | Tulip plc |
| **Assets** |  |  |
| Non-current assets | 40,000 | 22,000 |
| Investment in Jerry | 30,000 |  |
| Net current assets | 16,000 | 6,000 |
| **Net assets** | **86,000** | **28,000** |
| **Liabilities** |  |  |
| Equity share capital | 32,000 | 20,000 |
| Other equity | 54,000 | 8,000 |
| **Net liabilities** | **86,000** | **28,000** |

You are required to prepare:

1. Calculate the goodwill for inclusion in the group accounts
2. Prepare Consolidated financial statements for Tom plc
3. Define ‘Related Party’. What are the scope of related party disclosure.

**Section C**

**Answer ANY THREE (3 x 10 marks = 30 marks)**

1. Explain the disclosure standard of IFRS 4 and IFRS 8.
2. Explain the term investment property. Discuss the measurement of investment property at initial recognition and subsequent recognition.
3. Prepare statement of profit and loss with the following details as on 31st March 2019

|  |  |
| --- | --- |
| Sales | 6,54,000 |
| Opening inventories | 58,400 |
| Purchase of goods | 2,32,080 |
| Depreciation | 15,500 |
| Salary | 98,470 |
| Provision for bad and doubtful debts | 5,000 |
| Freight charges | 48,880 |
| Amortization on intangible assets | 18,500 |
| Sundry expenses | 42,860 |
| Preliminary expenses | 20,000 |
| Power fuel | 54,200 |
| Bad debts | 3,500 |

**Further adjustment to be made:**

1. Closing inventories Rs 28,880
2. Create provision for taxation at 30%
3. Write off 1/5th of preliminary expenses
4. Write of Rs 2,500 as bad debts and maintain provision for bad and doubtful debts at 10% on debtors.
5. Briefly explain the scope and disclosure requirements of Earning per share according to Indian Accounting Standards.
6. The summarized balance sheet of H Limited and M Limited as on 31st March 2019 as follows.

|  |  |  |
| --- | --- | --- |
| **Particulars** | **H Ltd** | **M Ltd** |
| Plant | 1,20,000 | 54,700 |
| Premises | 75,000 | 90,000 |
| Bank overdraft | 50,000 | --- |
| Investment in M Limited at cost | 1,70,000 |  |
| Capital reserve |  | 60,000 |
| General reserve | 1,20,000 |  |
| Equity share capital at Rs 100 each | 2,50,000 | 1,00,000 |
| Inventories | 70,000 | 18,000 |
| Sundry debtors | 21,000 | 20,000 |
| Sundry creditors (including Rs 500 to H Limited) |  | 4,500 |
| Bills payable (including Rs 1,500 to H Limited) |  | 4,200 |
| Profit and loss account | 28,600 | 18,000 |
| Bills receivable (including Rs 1,500 to M Limited) | 7,900 |  |
| Cash and cash equivalent | 7,250 | 4,000 |
| Sundry creditors | 23,550 |  |

Additional information

1. H Limited acquired 800 shares of Rs 100 each in M Limited, on July 1, 2018. Prepare a consolidated balance sheet as on March 2019 showing your working.
2. Sundry creditors of H Limited include Rs 6,000 to M Limited
3. The directors are advised that the Premises of M Limited are undervalued by Rs 10,000 and its plant valued by Rs 5,000.
4. A cheque for Rs 500 sent to H limited by M Limited on March 30 2019 was not received by the former until April 03,2019.

**Required**

Prepare consolidated balance sheet as on 31st March 2019

**Section D (1 x 15 marks = 15 marks)**

**Compulsory question**

1. “The goal of IFRS is to provide a global framework for how public companies prepare and disclose their financial statements. IFRS provides general guidance for the preparation of financial statements, rather than setting rules for industry-specific reporting.”
   1. Explain the advantages and practical challenges in implementing IFRS in India. **(8 marks)**
   2. Explain the process of setting IFRS. **(7 marks)**

**END OF THE QUESTION PAPER**

BCDEA 6516\_A\_19