Q.P. Code : 60587

Fourth Semester M.Com. Degree Examination, September/October 2020

(CBCS Scheme – 2014-15)

Commerce

Paper 4.2 — CORPORATE REPORTING PRACTICES AND IND AS

Time : 3 Hours] *[Max. Marks : 70*

Instructions to Candidates : Answer all the Sections.

SECTION – A

1. Answer any **SEVEN** sub-questions out of Ten. Each sub-question carries **2** marks : **(7 × 2 = 14)**

   (a) What do you mean by cross holdings?

   (b) What is meant by joint control?

   (c) What is the meaning of IFRS?

   (d) What is reinsurance contract?

   (e) Give the meaning of capital Reserve.

   (f) What are bonus shares?

   (g) What is holding company?

   (h) What do you mean by contingent consideration?

   (i) What is biological transformation under IND AS 41?

   (j) What is meant by financial guarantee contract under IND AS 104?

SECTION – B

Answer any **FOUR** questions out of Six. Each question carries **5** marks : **(4 × 5 = 20)**

2. What is meant by Generally Accepted Accounting principles for uniform acceptance, what are the characteristics of accounting principles?

3. What are the practical challenges in implementation of IFRS?

4. Explain in brief different varieties of merger.

5. Explain the two principal methods of accounting for mergers and acquisitions.

6. What is initial gain or loss on biological assets under IND AS 41?

7. How do you identify a business combination under acquisitions method?

SECTION – C

Answer any **THREE** questions out of Five questions. Each question carries **12** marks : **(3 × 12 = 36)**

8. Explain the treatment of investment in joint venture in consolidated financial statement.

9. Explain the classification of movements in regulatory deferral account balances.

10. Given below is the extract of Balance Sheets of X Ltd and Y Ltd as on 31st March 2018. Y Limited was merged with X Ltd. w.e.f. 31st March, 2018.

Balance sheets as on 31.03.2018 (before merger)

Liabilities	X Ltd	Y Ltd	Assets	X Ltd	Y Ltd
Share capital			Fixed Assets		
Equity share			Sundry fixed		
of Rs. 10 each	7,00,000	2,50,000	assets tangible	9,50,000	4,00,000
Reserves and			Investments		
Surplus			-non trade	2,00,000	50,000
General Reserve	3,50,000	1,20,000	Current Assets		
Profit and Loss a/c	2,10,000	65,000	Stock	1,20,000	50,000
Export profit reserve	70,000	40,000	Debtors	75,000	80,000
12% debentures	1,00,000	1,00,000	Advance tax	80,000	20,000
Sundry creditors	40,000	45,000	Cash and Bank	2,75,000	1,30,000
Provision for			Preliminary		
Taxation	1,00,000	60,000	Expenses	10,000	–
Proposed dividend	1,40,000	50,000			
Total	17,10,000	7,30,000		17,10,000	7,30,000

Other information's :

X Ltd would issue 12% debentures to discharge the claims of the debenture holder of Y Ltd at par. Non trade investments of X Ltd fetched at 25% while those of Y Ltd fetched at 18%. Profit (pre – tax) by X Ltd and Y Ltd during 2016-17 and 2017-18 were as follows :

Year :	X Ltd	Y Ltd
2016-17	5,00,000	1,50,000
2016-17	6,50,000	2,10,000
2017-18	5,75,000	1,80,000

Goodwill may be calculated on the basis of capitalization method taking 20% as the pre-tax normal rate of return. Purchase consideration is discharged by X Ltd on the basis of intrinsic value per share.

Both companies decided to cancel the proposed dividend.

Prepare Balance Sheet of X Ltd after merger.

11. Explain in detail the provisions of IND AS 101.

12. Explain treatment of pre-acquisition profit and concept of Fair value at the time of acquisition.