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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)
Total	**14,00,000**	**Total**	**14,00,000**

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			
Total	**1,25,000**	**63,000**	**Total**	**1,25,000**	**63,000**

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).

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).

Liabilities	H Ltd.	S Ltd.
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
Total	**1,300**	**950**

Assets	H Ltd.	S Ltd.
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
Total	**1,300**	**950**

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.

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IV Semester M.Com. Degree Examination, June/July 2018
(CBCS)
COMMERCE
AT4.2 : Corporate Reporting Practices and IND AS

Time : 3 Hours Max. Marks : 70

SECTION – A

Answer **any seven** questions. **Each** sub-question carries **two** marks. **(7×2=14)**

1. a) What do you mean by convergence with IFRS ?
   b) X Ltd. is required to adopt Ind AS from April 1, 2016, with comparatives for one year, i.e., for 2015 – 16. What will be its date of transition ?
   c) What do you mean by Deemed Cost ?
   d) What do you mean by Reverse Merger ?
   e) What do you mean by Inter Company Holdings ?
   f) Give the meaning of Corporate Restructuring.
   g) What do you mean by Bearer Plant as per Ind AS 41 ?
   h) What is Reinsurance Contract ?
   i) What do you mean by discontinued operation as per Ind AS 105 ?
   j) What do you mean by Cash Generating Unit ?

SECTION – B

Answer **any four** questions. **Each** question carries **5** marks. **(4×5=20)**

2. State the objective of Ind AS 101. While preparing an opening balance sheet on the date of transition, an entity is required to
   a) recognize all assets and liabilities whose recognition is required by Ind ASs;
   b) not recognize items as assets or liabilities if Ind ASs do not permit such recognition;
   c) reclassify items that are recognized in accordance with previous GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity in accordance with Ind ASs; and
   d) Apply Ind ASs in measuring all recognized assets and liabilities.

   Give any two examples for each of the above 4 categories.
3. Briefly explain the key business issues that will lead to be addressed for successful implementation of IFRS.
4. The following is the Balance Sheet of Alpha Ltd.

Liabilities	**Amount in Rs.**
Share capital	2,00,000
Reserves and Surplus	4,00,000
Secured Loans	2,00,000
Unsecured Loans	6,00,000
Total	**14,00,000**

P.T.O.

Assets	Amount in Rs.
Fixed Assets	7,00,000
Investments (Market value Rs. 9,00,000)	4,00,000
Current Assets	4,00,000
Less : Current Liabilities	(1,00,000)
Total	**14,00,000**

The company consists of three divisions. The scheme was agreed upon, according which a new company Beta Ltd. is to be formed. It will take over investments at Rs. 9,00,000 and unsecured loans at balance sheet value. It is to allot equity shares of Rs. 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.

5. Explain the classification of movements in regulatory deferral Account balances.
6. A Ltd. acquired 70% of equity shares of B Ltd. as on 1st January 2009 at a cost of Rs. 10,00,000 when B Ltd. had equity share capital of Rs. 10,00,000 and reserves and surplus of Rs. 80,000. Both the companies follow calendar year as the accounting year. In the four consecutive years B Ltd. suffered losses of Rs. 2,50,000, Rs. 4,00,000, Rs. 5,00,000 and Rs. 1,20,000 respectively. Thereafter in 2013, B Ltd. experienced turnaround an annual profit of Rs. 50,000. In the next two years i.e. 2014 and 2015, B Ltd. recorded annual profits of Rs. 1,00,000 and Rs. 1,50,000 respectively.

   Show the minority interest and cost of control at the end of each year for the purpose of consolidation.
7. The following are the summarized Balance Sheet of A Ltd. and B Ltd.

Liabilities	**A Ltd. (Rs.)**	**B Ltd. (Rs.)**	**Assets**	**A Ltd. (Rs.)**	**B Ltd. (Rs.)**
Equity Share Capital A/c	32,000	28,000	Sundry assets	42,000	33,000
Profit and Loss A/c	5,000	–	Shares in B Ltd.	20,000	–
Creditors	15,000	6,000	Profit and Loss A/c	–	1,000
Loan C Ltd.	10,000				
	62,000	**34,000**		**62,000**	**34,000**

Note : Loan from C Ltd. assumed to be of less than 12 months, hence treated as short terms borrowings (ignoring interest).

The whole of the shares of A Ltd. are held by C Ltd. and the entire Share capital of B Ltd. is held by A Ltd. A new company Z Ltd. is formed to acquire the sundry assets and liabilities of A Ltd. and B Ltd. For the purpose, the sundry assets of A Ltd. are revalued at Rs. 30,000 and those of B Ltd. at Rs. 20,000. Calculate the Purchase Consideration and Show the necessary journal entries to close the books of A Ltd.

SECTION – C

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

8. Ind AS 101 provides that an entity should apply the voluntary Exemptions at the time of preparing the opening Balance Sheet as per Ind AS 101. Discuss.

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

10. Akbar Ltd.agreed to take over Basha Ltd. as on 1st October 2015. No Balance Sheet of Basha Ltd. was prepared on that date.

Summarized Balance Sheets of Akbar Ltd. and Basha Ltd. as at 31st March 2015 were as follows

Liabilities	**Akbar Ltd. (Rs.)**	**Basha Ltd. (Rs.)**
Share capital		
In equity share of		
Rs. 10 each fully paid up	15,00,000	10,00,000
Reserve	4,15,000	2,56,000
Profit and Loss Account	1,87,000	1,50,000
Creditors	93,750	75,000
Total	**21,95,750**	**14,81,000**
Assets	**Akbar Ltd. (Rs.)**	**Basha Ltd. (Rs.)**
Fixed Assets	12,50,000	8,75,000
Stock	2,37,500	1,87,500
Debtors	3,90,000	2,56,000
Bank	2,93,250	1,50,000
Preliminary expenses	25,000	12,500
Total	**21,95,750**	**14,81,000**

Additional information available :

a) For the six months period from 1st April, 2015, Akbar Ltd. made a profit of Rs. 4,20,000 after writing off depreciation at 10% per annum on its Fixed Assets.

b) For the same period, Basha Ltd. made a net profit of Rs. 2,04,000 after writing off depreciation at 10% p.a. on its Fixed Assets.

c) Both the companies paid equity dividends of 15% on 1st August, 2015. Tax at 10% on such payments was also paid by each of them.

d) Goodwill of Basha Ltd. was valued at Rs. 1,20,000, on the date of take-over, stock of Basha Ltd., subject to an abnormal item of Rs. 7,500 to be fully written off, would be appreciated by 25% (or purpose of take-over).

e) Akbar Ltd. to issue to Basha Ltd.'s shareholders fully paid equity share of Rs. 10 each, on the basis of the comparative intrinsic value of the shares on the take-over date.

Draft the Blance Sheet of Akbar Ltd. after absorption of Basha Ltd.

11. On 01.04.2012, H Ltd. acquired 800 shares of Rs. 100 each of G Ltd. at Rs. 90,000. The Balance Sheet of H Ltd., and G Ltd., as at 31.03.2015 are given below '

Liabilities	**H Ltd. (Rs.)**	**G Ltd. (Rs.)**	**Assets**	**H Ltd. (Rs.)**	**G Ltd. (Rs.)**
Equity Share Capital	1,00,000	1,00,000	Fixed assets	60,000	1,10,000
General reserve	40,000	26,000	Investments	1,00,000	15,000
Profit and Loss Account	36,000	35,000	Debtors	25,000	20,000
Creditors	71,000	48,000	Stock	30,000	40,000
			Bank	32,000	24,000
Total	**2,47,000**	**2,09,000**	**Total**	**2,47,000**	**2,09,000**

a) At the time of acquiring shares, G Ltd. had Rs. 24,000 in General Reserve and Rs. 15,000 in P and L 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 – 15 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 Rs. 50,000 was revalued at Rs. 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 Rs. 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.

12. 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. (Rs. 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	1,050	1,200	Debtors	1,090	1,200
Outstanding 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
Total	**22,850**	**18,240**	**Total**	**22,850**	**18,240**

Other information :

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

IV Semester M.Com. Degree Examination, June 2017
(CBCS)
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. **(7x2=14)**
   a) What is materiality principle ?
   b) State the meaning of IFRS.
   c) Differentiate between IFRS Adoption and IFRS Convergence.
   d) What do you mean by Contingent Consideration ?
   e) What is an Investment Entity under Ind AS 110 ?
   f) State the meaning of Cash and Cash Equivalents.
   g) What do you mean by Joint Control ?
   h) What is bearer plant as per Ind AS 41 ?
   i) What is meant by Financial Guarantee Contract as per Ind AS 104 ?
   j) What do you mean by Cross Holdings ?

SECTION – B

Answer **any four** of the following in about **one** page. **Each** question carries **5** marks. **(4x5=20)**

2. What is meant by "Generally Accepted Accounting Principles" ? Describe the characteristics of accounting principles should have for uniform acceptance.
3. How do you identify a business combination under Acquisition Method ?
4. Explain the treatment of Investment in Joint Venture in Consolidated Financial Statements.
5. Differentiate between Jointly controlled operations. Jointly controlled assets and Jointly controlled entities.

6. Ahana Ltd. acquired 25% of shares in Bhagya Ltd. as on 31-3-2014 for Rs. 6 lakhs. The Extract Balance Sheet of Bhagya Ltd. as on 31-3-2014 is given below :

Liabilities	Amount in Rs.	Assets	Amount in Rs.
Share Capital	10,00,000	Fixed Assets	10,00,000
Reserves and Surplus	10,00,000	Investments	4,00,000
		Current Assets	6,00,000
Total	**20,00,000**	**Total**	**20,00,000**

Following additional informations are available for the year 31-3-2015 :

1) Ahana Ltd. received dividend from Bhagya Ltd. for the year ended 31-3-2014 at 40% from the reserves.

2) Bhagya Ltd. made a profit after tax of Rs. 14 lakhs for the year ended 31-3-2015.

3) Bhagya Ltd. declared a dividend @ 50% for the year ended 31-3-2012 on 30-4-2015.

Ahana Ltd. is preparing consolidated Financial Statements for its various subsidiaries.

a) Calculate Goodwill if any on acquisition of Bhagya Ltd.'s shares.

b) How Ahana Ltd. will reflect the value of investment in Bhagya Ltd. in the Consolidated Financial Statements ?

c) How the dividend received from Bhagya Ltd. will be shown in the Consolidated Financial Statements ?

7. Aradhya Ltd. has acquired 500000 shares of Rs. 10 each in Chethan Ltd. constituting 62.5% of the latter's equity. On the same day, Aradhya Ltd. had also acquired 100000 8% preference shares of Rs. 20 each.

The Balances in Reserves of Chethan Ltd. are

Capital Reserve	Rs. 6,00,000 (Fully Pre Acquisition)
Securities premium	Rs. 1,50,000 (Fully Post Acquisition)
General Reserve	Rs. 7,80,000 (30% Pre Acquisition 70% Post Acquisition)
Profit and Loss Account	Rs. 9,00,000 (50% Pre Acquisition 50% Post Acquisition)

Ascertain the cost of control if total cost of investment is

a) Rs. 75,00,000

b) Rs. 85,00,000 and

c) Rs. 1,00,00,000.

Secured Loans	300	200	Non-Current Investments :		
Unsecured Loans	100	100	24 lakh shares of Jeevan Ltd.	300	–
Current Liabilities	100	150	Other Investments	–	100
			Current Assets	400	400
	1300	**950**		**1300**	**950**

Prayag Ltd. agreed to take over all the assets and liabilities of Jeevan Ltd. at book values and discharge the claims of Minority Shareholders by issuing its one share for every two shares held. Minority's claims are to be discharged on the basis of intrinsic value per share. For computing intrinsic value per share, Net Fixed Assets of Jeevan Ltd. are to be valued at Rs. 850 lakhs. Prepare the post-merger Balance Sheet of Prayag Ltd. Show all workings.

12. Chandru Ltd. purchased control of Dilip Ltd. on 01-10-2012. Following are the Balance Sheets of Chandru Ltd. and Dilip Ltd. as at 31st March 2013.

Liabilities	**Chandru**	**Dilip**	**Assets**	**Chandru**	**Dilip**
Share Capital of Rs. 10	6,00,000	3,00,000	**Fixed Assets**		
General Reserves	60,000	50,000	Land and Building	1,00,000	1,00,000
P and L Account	1,00,000	1,00,000	Plant and Machinery	2,00,000	1,80,000
Sundry Creditors	1,00,000	70,000	Goodwill	10,000	40,000
Bills Payable	–	10,000	Non-Current Investments : 22,500 shares of Dilip Ltd.	3,37,500	–
			Inventories	1,17,500	1,00,000
			Trade receivables	50,000	90,000
			Cash and Cash equivalents	45,000	20,000
	8,60,000	**5,30,000**		**8,60,000**	**5,30,000**

Note : Contingent Liability : Chandru Ltd.: Bills Discounted Rs. 15,000

On 01-04-2012, Dilip had Rs. 50,000 in General Reserve and Rs. 60,000 in P&L A/c. In September 2012, 10% dividend was paid by Dilip in respect of financial year 2011-2012. Chandru credited its share of dividend to the P&L A/c. Debtors of Dilip include Rs. 10,000 due from Chandru Ltd. Machinery of Dilip Ltd. standing in Books at Rs. 2,00,000 on date of purchase was revalued at Rs. 2,40,000. Stock of Chandru includes Goods valued at Rs. 16,000 purchased from Dilip, on which the latter made a profit of 1/3rd on cost price.

Prepare consolidated Balance Sheet of Chandru Ltd. and its Subsidiary Dilip Ltd. as at 31-3-2013.

SECTION – C

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

8. Explain the key business issues that will need to be addressed for successful implementation of IFRS in India.

9. The summarized Balance Sheet of Bhadresh Ltd. as on 31-12-05 and 31-12-2006 are as follows :

Liabilities	**2005**	**2006**	**Assets**	**2005**	**2006**
Share Capital	4,50,000	4,50,000	Fixed Asset	4,00,000	3,20,000
General Reserve	3,00,000	3,10,000	Investment	50,000	60,000
P&L A/c	56,000	68,000	Stock	2,40,000	2,10,000
Creditors	1,68,000	1,34,000	Debtor	2,10,000	4,55,000
Tax provision	75,000	10,000	Bank	1,49,000	1,97,000
Mortgage loan	–	2,70,000			
	10,49,000	**12,42,000**		**10,49,000**	**12,42,000**

Additional details :

1) Investment costing Rs. 8,000 were sold for Rs. 8,500.
2) Tax provision made during the year was Rs. 9,000.
3) During the year part of fixed assets costing Rs. 10,000 was sold for Rs. 12,000 and the profit was included in P&L A/c. You are required to prepare cash flow statement for 2006.

10. Discuss the concept of biological assets and the accounting requirements, including fair valuation, for Ind AS compliant financial statements.

11. Given below Balance Sheets of Prayag Ltd. and Jeevan Ltd. as at 31st March (Rs. in Lakhs).

Liabilities	**Prayag**	**Jeevan**	**Assets**	**Prayag**	**Jeevan**
Share capital of			Fixed Assets		
Rs. 10 fully paid	500	300	Gross Block	800	600
General Reserves	200	100	(–) Depreciation	(200)	(150)
P and L Account	100	100	Net Block	600	450

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)**
   a) What is GAAP ?
   b) State the meaning of Convergence.
   c) Who is the Transferee Company as per AS 14 ?
   d) State any 4 factors which influence in estimating the useful life of Goodwill.
   e) What do you mean by Cross Holdings ?
   f) How do you identify an Associate under AS 23 ?
   g) What are Biological assets as per Ind AS 41 ?
   h) What is reinsurance contract ?
   i) What is joint controlled operations ?
   j) 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)**

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

Particulars	**31st March 2014 (in Rs.)**	**31st 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

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

Equity and Liabilities	Amount in Rs.	Assets	Amount in Rs.
Shareholders' funds		**Non-Current Assets**	
Share Capital		Fixed Assets	50,00,000
Equity Shares of Rs. 10 each	50,50,000	**Current Assets**	
8% Preference shares	9,50,000	Inventories	20,00,000
Non-Current Liabilities		Trade receivables	10,00,000
Long-term Borrowings -12%		Debtors	
Debentures	15,00,000	Cash and cash equivalents	5,00,000
Current Liabilities			
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
(1) Shareholders' Fund :			**(1) Non-Current Assets :**		
Share Capital (Equity shares			Fixed assets	1200	300
of Rs. 10)	1500	600	Non-Current Investments		
Reserves and Surplus			(FV Rs. 3 lakhs, 6% tax		
General Reserve	600	60	free GP Notes)	300	–
Profit and Loss Account	300	90	**(2) Current Assets :**		
(2) Current Liabilities			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.

a) Suggest a scheme of capitalization of W Ltd. and ratio of exchange of shares and

b) 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**	**Sommanna**	**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.