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M.Com. I Semester Degree Examination, April/May - 2023

COMMERCE

Indian Accounting Standards (Ind-AS)

(CBCS)

Time : 3 Hours | Maximum Marks : 70

Note : *(i) Answer any **FIVE** of the following questions with **Question No. 1 (Q1) Compulsory.***

*(ii) Each question carries **equal** marks.*

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1. (a) Describe the process of formulation of Accounting Standards in India. **7**

(b) What are the benefits and limitations of Accounting Standards ? Discuss. **7**

2. (a) Costs generally incurred by a newly established entity includes **7**

1. Pre-operating costs of a business facility
2. Recipe, secret formula, models and designs, prototype
3. Training, customer loyalty and market share
4. An-in-house generated accounting software
5. The design of a pilot plan
6. Licensing, royalty and stand-still agreements
7. Operating and broadcast rights
8. Goodwill purchased in a business combination
9. A Company developed patented drug approved for medical use.
10. A license to manufacture a steroid by means of a Government grant.
11. Cost of course taken by management in quality engineering management.
12. A television advertisement that will stimulate the sales in the technology industry.

Which of the above mentioned costs are eligible for capitalization according to Ind AS-38 and which of them should be expensed (revenue) when they are incurred ?

(b) Write a note on the measurement and capitalisation of the borrowing costs. **7**

3. (a) From the following details of X Ltd, for the year ended 31-3-2007, calculate the deferred tax asset/liability as per AS-12. **7**

	Rs.
Accounting Profit	5,00,000
Book profit as per MAT	4,50,000
Profit as per Income Tax Act	50,000
Tax rate	30%
MAT rate	7.50%

(b) Discuss the Recognition and Measurement aspects of Ind AS 19. **7**

4. (a) Mahesh Corp. had 5,00,000 equity shares outstanding on 1-1-2010. Net profit for 2010 was Rs.12,00,000 average fair value per share during 2010 was Rs. 20. It has given share option to its employees of 1,00,000 shares at option price of Rs.15. Calculate basic EPS and diluted EPS. **7**

(b) Discuss the objective, scope and accounting treatment of Ind AS 18. **7**

5. (a) The following is the data regarding six segments of J Ltd. **7**

Particulars	**A**	**B**	**C**	**D**	**E**	**F**
Segment Revenue	150	310	40	30	40	30
Segment Result	25	(95)	5	5	(5)	15
Segment Assets	20	40	15	10	10	5

The Finance Director is of the view that it is sufficient that segment A and B alone be reported. Advise for reportable segment.

(b) Write a note on Interim Financial Reporting (Ind AS 34) **7**

6. (a) J Ltd. purchased machinery from K Ltd. on 30-9-2008. The price was Rs. 370.44 lakhs before charging 8% sales tax and giving a trade discount of 2% on the quoted price. Transport charges were 0.25% on the quoted price and installation charges come to 1% on the quoted price. **7**

A loan of Rs. 300 lakhs was taken from the bank on which interest at 15 % per annum was to be paid. Expenditure incurred on the trial run was material Rs. 35,000, wages Rs. 25,000 and overheads Rs.15,000.

Machinery was ready for use on 01.12.2008. However, it was actually put to use only on 1-5-2009. Find out the cost of the machine and suggest the accounting treatment for the expense incurred in the interval between the dates 1-12-2008 to 1-5-2009. The entire loan amount remained unpaid on 1-5-2009.

(b) Enumerate the differences between provisions, contingent liabilities and contingent assets **7**

7. (a) **7**

Particulars	**Exchange Rate**
Goods purchased on 24-2-2009 of US $10,000	Rs. 46.60
Exchange Rate on 31-3-2009	Rs. 47.00
Date of actual payment 5-6-2010	Rs. 47.50

Calculate the Exchange Loss/Gain for the financial years 2008-09 and 2010-11.

(b) Explain briefly about events after reporting period (Ind AS 10). **7**

8. (a) Moon Furnishers Ltd. is a retailer of Italian furniture and has five major product lines : sofas, dining tables, beds, closets, and lounge chairs. At December 31, 2009, quantity on hand, cost per unit, and net realizable value (NRV) per unit of the product lines are as follows :

Product line	**Quantity on land**	**Cost per unit(Rs.)**	**NRV per unit (Rs.)**
Sofas	100	1,000	1020
Dining tables	200	500	450
Beds	300	1,500	1,600
Clothes	400	750	770
Lounge chairs	500	250	200

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Compute the valuation of the inventory of Moon Furnishers Ltd. at December 31,2009 under IAS 2, using the "lower of cost and NRV" Principle.

(b) Write a brief note on Ind AS 12 - Income Taxes **5**

(c) Write a note on Ind AS-8. **4**

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