



**JP – 305**

**I Semester M.Com. (FA) Degree Examination, June 2023  
(CBCS) (2020-21 and Onwards)  
COMMERCE (Financial Analysis)  
Paper – 1.1 : Indian Accounting Standards (Ind AS)**

Time : 3 Hours

Max. Marks : 70

**SECTION – A**

1. Answer **any seven** questions out of ten. **Each** question carries **two** marks.

**(7×2=14)**

- a) What do you mean by Indian Accounting Standards ?
- b) What is meant by convergence ?
- c) Define Inventories as per Ind AS 2.
- d) What are bearer plants ?
- e) What are qualifying assets as per Ind AS 23 ?
- f) What do you mean by impairment loss as per Ind AS 36 ?
- g) What is meant by performance obligation as per Ind AS 115 ?
- h) What are financial instruments ?
- i) Define intangible asset as per Ind AS 38.
- j) What is investment property as per Ind AS 40 ?

**SECTION – B**

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

2. Explain the benefits of Convergence with IFRS.
3. State with references to Ind AS 2, how will you value the inventories in the following case. Per kilogram of finished goods consisted of Material cost ₹ 100 per Kg, Direct Labour cost ₹ 20 per kg and Direct Variable Production overhead ₹ 10 per kg. Fixed Production charges for the year on normal capacity of one lakh kg's is ₹ 10 Lakhs. 2000 kg's of finished goods are on stock at the year end.

**P.T.O.**



4. How do you recognize the elements of Financial Statements ? Explain.
- 5 Dabur Ltd. acquired a machinery for ₹ 25,00,000 five years ago. Depreciation is charged at 10% on SLM basis, for a useful life of 10 years. Two years after acquisition, the company revalued the Machinery to ₹ 30,00,000 and created a revaluation reserve to that extent. Depreciation was provided on the revalued amount over the balance useful life of eight years. The machinery was sold in the current year for ₹ 11,25,000. Give the accounting treatment for the above in the Company's accounts. What will be the treatment, if the machinery fetched only ₹ 4,25,000 now ?
6. Explain need for convergence towards global standards.
7. Harihara Ltd. obtained a Loan for ₹ 70 lakhs on 15<sup>th</sup> April 2017 from a Nationalized Bank, to be utilized as under :

Particulars	₹
Construction of Factory shed	25,00,000
Purchase of machinery	20,00,000
Working capital	15,00,000
Advance for purchase of truck	10,00,000

In March 2018, construction of the factory shed was completed and machinery which was ready for its intended use installed. Delivery of Truck was received in the next financial year. Total interest ₹ 9,10,000 charged by the bank for the financial year ending 31-3-2018. Show the treatment of interest under Ind AS 23.





SECTION – C

Answer **any two** questions out of four. **Each** question carries **twelve** marks.

(2×12=24)

8. Briefly explain the Process of Formulation of Accounting Standards in India.

9. a) Briefly explain the procedures in determining impairment loss of an individual asset.

b) Bhoominath Earthmovers Ltd. purchased an earthmoving equipment for ₹ 770 lakhs on 1-10-2017, the useful life of the equipment is 6 years and the residual value is estimated at ₹ 50 lakhs. The company adopts Straight Line method of depreciation. On 31-3-2018 the management conducted a test for impairment and the following data was obtained :

i) Fair value (–) costs of disposal = ₹ 550 lakhs

ii) Present value of future cash flows = ₹ 520 lakhs and

iii) Residual value at the end of useful life = NIL

Determine the impairment loss to be recognized on 31-3-2018 and compute the depreciation charge for the year ending 31-3-2019.

10. What do you mean by financial instruments ? Briefly explain the different classification of financial instruments.

11. a) Explain the procedure of measurement of cost of separately acquired intangible asset.

b) In a year, an entity incurred costs to develop and produce a routine, low risk computer software product, as follows :

Completion of detailed program and design ₹ 25,000

Pre-coding and pre-testing ₹ 20,000



Coding costs	₹ 42,000
Testing costs	₹ 12,000
Product masters for training materials	₹ 13,000
Duplication of computer software and training	
Materials, from product masters (2000 units)	₹ 40,000
Packing the product (1000 units)	₹ 11,000
What amount should be capitalized as software costs in the Company's Books, on balance sheet date ?	

## SECTION – D

Answer the following (**Compulsory**) :

(1×12=12)

12. "Revenue from contracts with customers is recognised based on the application of a principle-based "Five Step Model". Discuss.
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