



**III Semester M.Com. Examination, April/May 2022**  
**(CBCS) (Semester Scheme)**  
**(2021 – 22 Onwards)**  
**COMMERCE**  
**3.3 : Corporate Reporting Practices – I**

Time : 3 Hours

Max. Marks : 70

**SECTION – A**

1. Answer **any seven** out of ten. **Each** question carries **two** marks. **(7×2=14)**
- a) What do you mean by Accounting Standard ?
  - b) Expand IASB.
  - c) What is the meaning of adjusting events ?
  - d) Give the meaning of market approach as per IND AS 113.
  - e) What is equity settled share based payment transactions as per IND AS 102 ?
  - f) What is meant by Cessation of capitalization ?
  - g) What is intangible asset ?
  - h) What do you understand by repurchase agreement as per IND AS 115 ?
  - i) Who are market participants ?
  - j) X Limited purchased a land worth of Rs. 1,00,00,000. It has option either to pay full amount at the time of purchases or pay for it over two years for a total cost of Rs. 1,20,00,000. What should be the cost of the building under both the payments method ?

**SECTION – B**

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

2. Define the term 'Accounting Standards'. What is its importance in financial reporting ?



3. Briefly explain the objectives to prepare financial statements.
4. M Ltd. has a treasury department that arranges funds for all the requirements of the company including funds for working capital and expansion programs.

During the year ended March 2022, the company commenced the construction of a qualifying asset and incurred the following expenses :

Date	Amount (Rs.)
June 1, 2021	3,00,000
November 1, 2021	3,20,000

The details of borrowings and interest thereon are as under :

Particulars	Average Balance (Rs.)	Interest (Rs.)
Long term loan @ 8%	11,00,000	1,20,000
Working capital loan	6,00,000	70,000
<b>Total</b>	<b>17,00,000</b>	<b>1,90,000</b>

Compute the borrowing costs that should be capitalized as per IND AS 23.

5. The company deals in four products P, Q, R, S, which are neither similar nor interchangeable. At the time of closing of its account for the year 2011-22. The historical cost and net realizable value of the items of closing stock are determined as follows :

Items	Historical Cost (Rs. in lakhs)	Net Realisable value (Rs. in lakhs)
P	48	29
Q	39	41
R	36	36
S	22	32

What will be the value of Closing stock ?

6. Briefly explain the applicability of IND AS 115, recognition and identifying performance obligation.





7. M Solar Power Ltd., a power company, has a present obligation to dismantle its plant after 25 years of useful life. M Solar Power Ltd. cannot cancel this obligation or transfer to third party. M Solar Power Ltd. has estimated the total cost of dismantling at Rs. 40,00,000, the present value of which is Rs. 25,00,000. Based on the facts and circumstances, M Solar Power Ltd. considers the risk factor of 5% i.e., the risk that the actual outflows would be more from the expected present value. How should X Solar Power Ltd. account for the obligation ?

### SECTION – C

Answer **any two** questions out of four. **Each** question carries **twelve** marks. (2×12=24)

8. "IFRSs are developed through an international due process that involves accountants, financial analysts and other regulatory bodies." Discuss.
9. Dream Limited acquired a patent at a cost of 198 lakh for a period of six years and the product life cycle is also six years. The company capitalized the cost and started amortizing at 33 lakh per annum. After three years, it was found that the product life-cycle may continue for another 5 years from then. The net cash flows from the product during these five years are expected to be 86 lakh, 138 lakh, 114 lakh, 108 lakh and 98 lakh respectively. You are required to find out amortization cost of the patent for each of the years, as per IND AS 38.
10. On 1<sup>st</sup> April, 2020, an item of property is offered for sale at Rs. 30 million, with payment terms being three equal installments of Rs. 10,00,000 over a two-year period (payments are made on 1<sup>st</sup> April, 2020 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2022). Implicit interest rate of 4.86 percent p.a.  
Show how the property will be recorded in accordance of IND AS 16.
11. Write a short note on the following :
- a) Financial accounting standards board
  - b) Accounting concepts and conventions.
  - c) Share based payment as per IND AS 102.



## SECTION – D

Answer the following :

(1×12=12)

12. Company X, a manufacturer of specialized construction equipment enters into a contract with customer Y to manufacture and deliver a customized Boom lift for Rs. 1,00,000. The total cost to company X of designing, manufacturing and delivering the boom lift is estimated to be Rs. 80,000. Two days, company X enters into another contract with customer Y to deliver five boom lift tyres that customer Y will use on the customized boom lift in the future after the original tyres deteriorate. The contract price per tyre is Rs. 900, however the cost of each tyre is estimated at Rs. 970. Whether these two contracts should be treated as a single contract as per IND AS 115.
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