

**Sixth Semester B.Com. Degree Examination**

August / September - 2024

(CBCS-NEP-SCHEME)

COMMERCE

**PAPER : NCF 0240 : Indian Accounting Standard - II  
(Elective)****Time: 2 Hours****Max. Marks : 60****Instruction to Students:**

1. The students should legibly write Section number along with question numbers within the margin only.
2. The answers without Section number and question numbers will not be valued.
3. Section - I Multiple Choice Questions should be answered in the first page of main answer book and same questions shall not be answered repeatedly.
4. Any identifications like marking, ticking, dots etc., in the options of MCQ Questions (Section-I) on the question paper is strictly prohibited. Do not write anything (except register number) on the question paper.
5. Ordinary calculator may be used.

**SECTION - A**

- I. Select the most appropriate answer from the options provided. One mark each.  $10 \times 1 = 10$

- I-1. When stock of Holding company includes the goods supplied by subsidiary company or stock of Subsidiary company includes the goods supplied by Holding company at a profit it is known as \_\_\_\_\_  
 a) Capital profit      b) Revenue profit      c) Unrealized profit      d) Goodwill
- I-2. Mr. Vijeth entered into a contract on 1<sup>st</sup> January 2020 for 5 years, annual rental payments are 1,00,000 at the end of the lease term, Discount factor for 5 years = 3.79 at 10% rate. What will be the Present Value of lease?  
 a) 5,00,000      b) 4,80,000      c) 3,79,000      d) 1,00,000
- I-3. A fair value measurement is not applicable on:  
 a) Non-financial liability      b) Cash flow measurement  
 c) Financial liability      d) Entity's own equity instrument
- I-4. Majority shares means.  
 a) 51%      b) 25% At least      c) 50%      d) None of the above
- I-5. ABC Ltd. decided to distribute 2.5% profit to its existing employees if profit exceeds Rs. 20,00,000 during the year 2022-23. The profit earned by the company during the year 2022-23 was 50,00,000. What is the amount of profit to be distributed to employees?  
 a) 75,000      b) 1,25,000      c) 1,50,000      d) 1,75,000
- I-6. Ind AS 116 requires lessees to recognize lease liabilities based on the \_\_\_\_\_  
 a) Present value of lease payments      b) Total lease payments over the lease term  
 c) Future value of lease payments      d) Residual value of lease assets

I-7. An investor purchased 1000 shares of M Ltd at 100 Rs per shares on 1<sup>st</sup> January 2023. After holding the shares for 6 months, the value of the stock has increased to 150 per share. If the investor continues to hold the shares, the increase of Rs 50 per share will be his unrealised profit. What will be his unrealised profit?

a) 40,000  
b) 1,50,000  
c) 50,000  
d) 80,000

I-8. Which of the following Ind AS deals with the Discloser of Financial Assets?

a) 106  
b) 107  
c) 108  
d) 109

I-9. Simba Limited is a listed company. On 31 December 2023, it had ordinary share capital of RS 20,00,000 (Rs. 10 each). Profit before tax for the year was Rs 5,00,000 and the tax charged was Rs. 1,25,000. What is Simba Limited's basic EPS for the year?

a) Rs 2.50  
b) Rs 3.75  
c) Rs 2.58  
d) Rs 1.88

I-10. Fair value should be determined based on the \_\_\_\_\_ i.e. the price to sell the asset

a) Entry price  
b) Exit price  
c) Transaction Price  
d) None of the above

## SECTION - II

### II Answer/Write a short note on any FIVE of the following.

5x3=15

II-1. Define Share Based Payments.

II-2. State the meaning of Financial assets.

II-3. What is Fair value Measurement?

II-4. Calculate NCI from the following: A Ltd. acquired 75% of equity share in B Ltd. as on 1-10-2023. The following balance are extracted from the Balance Sheet of B Ltd. as on 31-03-2024.

a. Share Capital 40,000 equity Share of Rs 10 each.  
b. Balance as on 1-4-2023  
i. General Reserves Rs 1,00,000  
ii. P & L account Rs 20,000  
c. Net profit for the year 2023 - 24 Rs. 1,60,000

II-5. 'O' Ltd., had 1,50,000 Shares of Common Stock outstanding at 1-4-2023. On 1-9-2023. it issued 50,000 additional Shares of Common Stock. Non-Convertible Cumulative Preference Shares of 10,000 were outstanding throughout the year. Net Profit for the year is Rs 4,00,000. Calculate Basic EPS.

II-6. Mr. Sachin took a machine on lease from lessor, the fair value being Rs 7,00,000. The economic life of the machine as well as the lease term is 3 years, at the end of each year the lessee pays Rs 3,00,000. The lessee has guaranteed a residual value of 22,000 on expiry of the lease. Implicit rate of return is 15% p.a. and present value factors at 15% are 0.869, 0.756 and 0.657 at the end of first, second and third years respectively. Calculate the value of machine to be considered by lessee.

II-7. Mr Pawan is working for Wipro Infotech Ltd. consider the following particulars.  
Annual salary of Mr. Pawan Rs 60,00,000

Total working days in 2023-24 - 300 days

Leaves allowed in 2023-24 as per company policy 10 days

Leaves utilized by Mr. Pawan in 2023-24 - 8 days.

The unutilized leaves are settled by way of cash payment and carry forward of such leaves to the subsequent period is not allowed.

Compute the total employee benefit expense for the Wipro Infotech Ltd in respect of 2023-24 as per Ind AS 19.

II-8. On 01.04.2023 Premiere Co. Ltd., had 2,000 shares outstanding. On 31.08.2023 the company issued 800 ordinary shares for cash. On 31 January 2024 the company bought back 500 shares. You are required to calculate the weighted Average number of shares on 31.03.2024.

### SECTION III

#### III Answer any THREE of the following. FIVE marks each.

3x5=15

III-1. Write a note on Ind AS 107.

III-2. Explain the objectives and Scope of Accounting Policies as per Ind AS 8.

III-3. From the following are the balance sheets of Ramesh Ltd., and Suresh Ltd., as on 31st March 2024.

Liabilities	Ramesh (Rs)	Suresh (Rs)
Share capital of Rs 10 each	5,00,000	2,00,000
General Reserves on 1-4-2023	35,000	40,000
Profit and loss account (Current Year)	60,000	80,000
Current Liabilities	55,000	30,000
Total	6,50,000	3,50,000
Assets		
Investments in Shares of Suresh Ltd. (18,000 shares)	2,10,000	--
Machinery	1,50,000	1,20,000
Furniture	1,00,000	1,30,000
Current Assets	1,90,000	1,00,000
Total	6,50,000	3,50,000

Profit and loss A/c of Suresh Ltd., shows a profit of Rs 30,000 on 01.04.2023. Ramesh Ltd., acquired the shares of Suresh Ltd., on 31-12-2023.

Calculate the Non-controlling Interest and Goodwill/Capital Reserve.

III-4 Mr. Venky is working in Sports Co., Ltd. consider the following particulars.

Particulars	2022-23	2023-24
Annual Salary	36,00,000	36,00,000
No. of working days in a year	300 days	300 days
Leave allowed	10 days	10 days
Leave taken	7 days	10 days
Unutilized leaves carried forward to next year	3 days	Nil

Based on past experience company assumes that Mr. Venky will not avail the unutilized leaves of 3 days of 1st year in the 2nd year.

Comment on the accounting treatment proposed to be followed by the company. As per Ind - As 19.

III-5. Sudheendra Ltd., entered into a contract of lease with Phalimaru Ltd., on 01.04.2023. The details of the contract were:

Asset leased: Machinery

Lease period: 5 years

Payment to be made at the end of each year.

Incremental cost of borrowing 10% interest rate for the lease  
lease payment per annum Rs 2,50,000

Discount factor for 5 years at 10% rate, 3.79

You are required to compute each years lease liability as per IND AS - 116.

#### SECTION IV

#### IV. Answer the following questions. TEN marks each.

2x10=20

IV-I Discuss the Objective, Scope and Disclosure of Ind AS 101 First time adoption of Indian Accounting Standards.

OR

Lessee enters into a 10-year lease for 5,000 square metres of office space. The annual lease payments are 1,00,000 payable at the end of each year. The interest rate implicit in the lease cannot be readily determined.

Lessee's incremental borrowing rate at the commencement date is 6% p.a. At the beginning of Year 7, Lessee and Lessor agree to amend the original lease by extending the contractual lease term by four years.

The annual lease payments are unchanged (i.e. 1,00,000 payables at the end of each year from year 7 to Year 14). Lessee's incremental borrowing rate at the beginning of Year 7 is 7% p.a.

Compute:

- Lease Liability at the Lease Inception and
- Lease liability at the modified date.

IV-2. Briefly Explain the Five Step models of Revenue from Contracts with customer of Ind AS 115.

OR

From the following information you are required to prepare consolidated balance sheet of 'P' Company Ltd and its subsidiary 'Q' Company Ltd as on 31-12-2023

Liabilities	'P' Ltd	'Q' Ltd	Assets	'P' Ltd	'Q' Ltd
Share Capital Shares of Rs. 100/- each	8,00,000	4,00,000	Goodwill Machinery Building Investments (3,000)	2,00,000 5,00,000 2,00,000	50,000 2,50,000 1,00,000
Capital Reserves	1,50,000	--	Shares in 'Q' Ltd.)	3,60,000	---
General Reserve	1,40,000	1,00,000	Advances	---	60,000
Profit and Loss A/c	2,60,000	50,000	Stock	1,20,000	90,000
Bank Loan	2,00,000	1,00,000	Debtors	1,50,000	1,00,000
Creditors	1,50,000	60,000	Bill receivable	1,00,000	50,000
Bill payable	1,00,000	40,000	Cash	1,70,000	50,000
	18,00,000	7,50,000		18,00,000	7,50,000

#### Additional Information

- Bills payable of 'Q' Ltd. includes Rs. 30,000 dues to 'P' Ltd.
- Sundry Creditors. of 'P' Ltd includes Rs. 50,000 dues to 'Q' Ltd.
- On the date of acquisition of shares (1/1/2022) 'Q' Ltd's Balance Sheet showed a General Reserve of Rs. 40,000 and Profit & Loss A/c of Rs. 20,000 (Credit)

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