OP – 255

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IV Semester M.Com. Examination, November 2021
(CBCS)
COMMERCE
AT 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. **(7×2=14)**

1. a) Define accounting standards according to ICAI.
   b) What is the benefit of IFRS ?
   c) Difference between amalgamation and acquisition.
   d) What is pooling of interest method ?
   e) What do you mean by vertical merger explain with example.
   f) Mention any three disclosure requirements in IAS 41.
   g) What is meant by financial guarantee contract as per Ind. As 104 ?
   h) What do you mean by cross holding ?
   i) What are biological assets as per Ind. As 41 ?
   j) What do you mean by reverse merger ?

SECTION – B

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

2. Briefly explain the challenges in implementation of IFRS.

3. Explain briefly the benefits merger and acquisition of companies.

4. A Ltd. and B Ltd., agree to amalgamate and form a new company called AB Ltd. The amalgamation agreement provide for discharge of purchase consideration by the issue of 9500 shares of Rs. 10 each to A Ltd. and 11500 shares of Rs. 10 each to B Ltd. and the balance in cash to A Ltd. and B Ltd., respectively. The value of assets and liabilities taken over by AB Ltd. is as under :

P.T.O.

Particulars	A Ltd.	B Ltd.
Fixed Assets	1,10,000	1,20,000
Current Assets	70,000	60,000
Liabilities	70,000	50,000

Show the calculation and discharge of purchase consideration.

5. Briefly explain the disclosure requirements in IAS 41.

6. Differentiate between jointly controlled operations, jointly controlled assets and jointly controlled entities.

7. Explain how amalgamation in the nature of merger is different from amalgamation in the nature of purchase.

SECTION – C

Answer **any three** questions out of five. **Each** question carries **twelve** marks. **(3×12=36)**

8. The following is the Balance Sheet of R Ltd.

Liabilities	**Rs.**
Issued Capital – Shares of Rs. 10 each	1,50,000
Trade Liabilities	60,000
Total	**2,10,000**
Assets :	
Goodwill	30,000
Fixed Assets at cost less depreciation	50,000
Floating assets	80,000
P and L A/c	50,000
Total	**2,10,000**

T Ltd. agreed to take over the business of R Ltd. The shareholders of R Ltd. agreed to accept shares of T Ltd. on the basis that the shares of T Ltd. were worth Rs. 12.50 and that of R Ltd., were worth Rs. 5 each, which is taken as the basis for calculating purchase consideration. The purchasing company took over fixed and floating assets only. Trade liabilities were not taken over. Calculate the purchase consideration and give the revised value of assets.

9. P acquires 60% shares in Q on 1-10-2017. Q makes profits 10000 in the year 2017-18 and declared dividend 6000. Non-Controlling Interest (NCI) or minority interest is valued at 12000 at acquisition. (Rs. in lakhs).

Balance Sheet as at 31-03-2018 **(Rs. in Lakhs)**

	P	Q
PPE	50,000	30,000
Investment in shares of Q	21,000	–
Current Assets	20,000	14,000
	91,000	**44,000**
Equity Shares	60,000	25,000
Other Equity	16,000	4,000
Current Liabilities		
Trade Payables	15,000	9,000
Dividend Payable	–	6,000
	91,000	**44,000**

Show consolidated and Separate Balance Sheet in the books of P.

10. Make a detail comparison between the International Financial Reporting Standards (IFRS) and Indian Accounting Standards.

11. From the following Balance Sheets of H Ltd. and S Ltd. prepare Consolidated Balance Sheet as at 31-03-07.

Particulars	**H Ltd.**	**S Ltd.**
Liabilities		
Share Capital : Shares of Rs. 10	8,00,000	2,00,000
General Reserve	1,50,000	70,000
Profit and Loss A/c	90,000	50,000
Sundry Creditors	1,20,000	80,000
Total	**11,60,000**	**4,00,000**
Assets		
Fixed Assets	5,50,000	1,00,000
Investment 75% shares of S Ltd.	2,80,000	–

Stock	1,05,000	1,72,000
Other Current Assets	2,25,000	1,28,000
Total	**11,60,000**	**4,00,000**

Note : H Ltd. acquired the shares of S Ltd. on 1-04-06. Profit earned by S Ltd. for the year ending 31-03-07 amounted to Rs. 45,000.

12. A Ltd. and B Ltd. agreed to amalgamate and form a new company called AB Ltd. with an authorised capital of Rs. 25,00,000 consisting of 250000 equity shares of Rs. 10 each. The purchase consideration is agreed at Rs. 5,50,000 for A Ltd. and Rs. 6,60,000 for B Ltd. to be settled by the issue of equity shares at a premium of 10%. The agreed value of assets and liabilities taken over by AB Ltd. is as under :

Particulars	**A Ltd.**	**B Ltd.**
Land and Buildings	4,00,000	3,00,000
Plant and Machinery	2,50,000	2,75,000
Furniture and Fixtures	1,50,000	2,50,000
Stock and Debtors	1,00,000	1,25,000
Cash and Bank	50,000	75,000
Creditors	75,000	1,50,000
Bank Overdraft	25,000	50,000
Bank Loan	75,000	75,000
12% Debentures	2,00,000	1,50,000

You are required to show in the books of AB Ltd.

i) Journal entries for
   a) business purchase
   b) incorporation of assets and liabilities and
   c) discharge of purchase consideration and

ii) The Balance Sheet in the books of AB Ltd.