

Reg. No

Name

B. COM DEGREE END SEMESTER EXAMINATION - MARCH 2020**SEMESTER 2 : COMMERCE****COURSE : 19U2RCOM06 : INTERNATIONAL FINANCIAL REPORTING STANDARDS***(For Regular - 2019 Admission)*

Time : Three Hours

Max. Marks: 75

Section A**Answer any 10 (2 marks each)**

1. Define IFRS
2. What are the contents of IFRS
3. What do you mean by recognition of elements in financial statements?
4. Define equity?
5. What is cost plus contract?
6. What are the items considered as inventories under IAS 2
7. What are the items excluded from inventories under IAS 2
8. What is Historical Cost?
9. Mention any two items which are not forming part of initial recognition under IAS16
10. What is qualifying asset?
11. What is financial lease?
12. What is cash price?

(2 x 10 = 20)

Section B**Answer any 5 (5 marks each)**

13. Distinguish between current AS and IFRS
14. What are the components of Financial Statements as per IAS1.
15. From the following information, calculate the unit cost of inventory:
 1. Raw material cost Rs. 1.5
 2. Import duties Rs. 0.40
 3. Direct labour Rs. 0.50
 4. Refundable sales tax Rs. 0.20
 5. Production overheads Rs. 0.25
 6. Sub contracted labour cost Rs. 0.80
 7. Warehousing cost Rs. 0.50
16. How will you recognise contract revenue in fixed price contract?
17. How will you Recognise and measure borrowing cost?
18. The price paid for machine is 110,000 (100,000 plus VAT of 10,000).
The entity gets a credit of 10,000 while calculating the tax payable on the finished goods sold.
Additional costs are freight 2,000, import duty 5,000, installation expenses 1,000
The initial estimate of dismantling and removing the item is 3,000.
After the machine was put to use, 1,500 was spent for maintenance.
Calculate the initial cost of the asset and justify your reasons per IAS 16

19. On 1.01.2019, X Co. purchased a non-current asset for cash of Rs. 90,000/-. The company received a grant of Rs. 30,000/- towards the cost of the asset. X Co.'s accounting policy is to treat the grant as deferred income. The asset has a useful life of four years. What will be the accounting entries to record the asset and the grant in the year ended on 31.12.2019.
20. What is financial lease? Explain its features.

(5 x 5 = 25)

Section C

Answer any 3 (10 marks each)

21. Explain IASB conceptual framework and its advantages and disadvantages
22. Prepare the format of income statement with arbitrary figures
23. The following relate to the purchase and sale of MEDIMIX soap of beauty palace Kochi for the month of January 2016. Calculate the value of MEDIMIX soap as on 31/1/2016 and the amount recognized on each sale under-FIFO method
- 2016, Jan1- opening stock- 500 pieces at the rate of Rs. 20 each
- “ Jan 4- purchased 400 pieces at the rate of Rs. 21
- “ Jan 6- sold 600 pieces at the rate of Rs. 24
- “ Jan 8- purchased 800 pieces at the rate of Rs. 24
- “ Jan 9- sold 500 pieces at the rate of Rs. 26
- “ Jan 13- sold 300 pieces at the rate of Rs. 26
- “ Jan 24- purchased 500 pieces at the rate of Rs. 35
- “ Jan 28- sold 400 pieces at the rate of Rs. 26.
24. Rajesh Ltd started the construction of a building for their corporate office on 1/01/2012. The estimated time for completion is 2 years and the estimated cost of construction is 20,00,000. The company took a bank loan for 16,00,000 at the rate of 11% per annum for the bank in accordance with the stage of completion of the work in installments. During 2012 the bank provided Rs. 9,00,000 towards the first installment as follows:
- 1/03/2012- Rs. 3,00,000
- 1/07/2012- Rs. 2,50,000
- 1/10/2012- Rs. 3,50,000
- During 2013 bank provided the rest of the loan as follows:
- 1/04/2013- Rs. 4,00,000
- 1/08/2013- Rs. 3,00,000
- From the above information determine the amount to be capitalized and to be charged to revenue in respect of the interest payable for the accounting year 2012,2013,2014 and also pass necessary entries in the books of the company.
25. On 1/01/2015, a company purchased a machine under a financial lease. The cash price of the machine was Rs.7710. While the amount to be paid was Rs. 10,000. The agreement required an immediate payment of Rs. 2000 and the balance being settled in 4 equal instalments commencing from 31/12/2015. The charge of Rs.2290 represents interest at the rate of 15% p.a (The effective interest rate calculated on the remaining balance of the liability during each accounting period). Depreciation on the plant to be calculated at the rate of 20% p.a on a straight-line basis assuming no residual value. Interest is calculated at the rate 15% of the outstanding capital balance on the opening day of each year. The outstanding capital balance reduces each year by the capital element comprised in each instalment. Show how lease rentals are appropriate between interest and capital over the life of the lease and also show how these will be shown in the SOFP.

(10 x 3 = 30)