

**B.COM DEGREE END SEMESTER EXAMINATION - MARCH 2020****SEMESTER –2: COMMERCE (COMPLEMENTARY COURSE)****COURSE: 15U2PCOM1: INTERNATIONAL FINANCIAL REPORTING STANDARDS***(Common for Improvement 2018/Supplementary 2018 /2017/2016 /2015 Admissions)*

Time: Three Hours

Max Marks: 75

**SECTION A*****Answer all questions. Each question carries 2 marks.***

1. What are the objectives of financial reporting?
2. What are general purpose financial statements?
3. What is stand-alone selling price?
4. How would you treat development expenditure at the time of initial measurement of an intangible asset?
5. Define a Cash Generating Unit.
6. What is a qualifying asset?
7. What is a sale and leased back transaction?
8. Which are the two methods of treatment of government grants?
9. What is OCI?
10. On 1<sup>st</sup> January, 2018 an entity, as a lessee, entered into a 10 year non- cancellable operating lease of a building. As per the lease agreement, no amount is payable for the first five years of the lease. The lease payment for the remaining five years is Rs. 50,000 p.a payable in arrears. What is the lease expense to be recognized by the lessee while preparing the income statement for the year ended 31<sup>st</sup> December, 2018. (2 x 10 = 20)

**SECTION B*****Answer any five questions. Each question carries 5 marks.***

11. What are the characteristics of IFRS?
12. Differentiate between income statement and cash flow statement.
13. Explain the measurement criteria of borrowing cost.
14. Explain the measurement of outcome of a construction contract.
15. Explain the structure of IASB.
16. Differentiate the elements of Income Statement and Statement of Financial Position.
17. A company bought an asset for Rs. 1,00,000 at the beginning of 2017. It had a useful life of 5 years. On 1<sup>st</sup> January, 2019 the asset was revalued at Rs. 1,50,000. The expected useful life remains unchanged. How is this accounted for? (5 x 5 = 25)

**SECTION C*****Answer any three questions. Each question carries 10 marks.***

18. Ericson Ltd purchased a machinery from Emerson Ltd on 30.09.2018 for Rs. 522.50 lakhs after charging 10% VAT and giving a trade discount of 5% on quoted price. Transportation charges were

0.25% on the quoted price and installation charges came to 1% of quoted price.

A loan of Rs. 500 lakhs was taken at 15% interest p.a. Expenditure incurred on the trial run was:

Material	- Rs. 50,000
Labour	- Rs. 40,000
Overhead	- Rs. 30,000

Machinery was ready for use on 1.12.2018. Find out the cost of the machine.

19. Pluto Ltd. gives the following estimates of cash flows relating to fixed asset on 31.12.2018. The discount rate is 15%.

Year	Cash flow (Rs. In lakhs)
2014	4,000
2015	6,000
2016	6,000
2017	8,000
2018	4,000

The other particulars are:

Fixed asset was purchased on 1.01.2016 for Rs. 40,000 lakhs

Useful life is expected to be 8 years

Residual value at the end of 2023 is Rs. 1000 lakhs

Net selling price on 31.12.2018 is Rs. 20,000 lakhs

Calculate on 31.12.2018:

- Carrying amount as on 31.12.2018
  - Recoverable amount as on 31.12.2018
  - Impairment loss to be recognized for the year ended 31.12.2018
  - Revised carrying amount as on 1.01.2019
  - Depreciation charge for 2019
20. From the following information compute the value of asset and liability to be recognised in the books of the lessee:

Fair value of the leased asset	Rs. 16,00,000
Lease term	4 years
Agreed lease rental p.a	Rs. 5,00,000
Guaranteed residual value	Rs. 1,00,000
Implicit interest rate	15%

- Explain the advantages and limitations of financial statements.
- Explain the accounting treatment of finance lease and operating lease in the books of lessee.

(10 x 3 = 30)