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CMS 505

**III Semester M.Com. Degree Examination, December 2018
(CBCS)
COMMERCE
Optional (FMAIS)
Corporate Accounting and IFRS**

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer **any four** questions. **Each** question carries **10** marks. Answers to **each** theory question should **not** exceed **four** pages. **(4×10=40)**

1. Explain the challenges in translation of Indian GAAP statements into US GAAP.
2. Briefly explain the role of ASB in post convergence scenario.
3. Plant and machinery requires major refits or refurbishing and replacements of major components. There may not be any legal obligation for refurbishing. Should the refurbishing cost be treated as contingency ? Give answer in the light of AS – 29.
4. X Co. Ltd. signed an agreement with its employees union for revision of wages in June, 2017. The wage revision is with retrospective effect from 1-4-2013. The arrear wages upto 31-3-2007 amounts to Rs. 80 lakhs. Arrear wages for the period from 1-4-2007 to 30-06-2007 (being the date of agreement) amounts to Rs. 7 lakhs. Decide whether a separate disclosure of arrear wages is required. Give answer in the light of applicable Accounting Standard.
5. Calculate the Diluted Earnings Per Share from the following information : Net profit for the current year : Rs. 85,50,000, No. of equity shares outstanding : 20,00,000, No. of 8% convertible debenture of Rs. 100 each : 1,00,000, Each debenture is convertible into 10 equity shares Interest expenses for the current year : Rs. 6,00,000, Tax relating to interest expenses : 30%. Justify your answer according to the provisions of applicable Accounting Standard.

P.T.O.



6. While preparing its final accounts for the year ended 31st March 2017, a company made a provision for bad debts @ 4% of its total debtors (as per trend follows from the previous years). In the first week of March 2017, a debtor for ₹ 3,00,000 had suffered heavy loss due to an earthquake; the loss was not covered by any insurance policy. In April, 2017 the debtor became a bankrupt. Can the company provide for the full loss arising out of insolvency of the debtor in the final accounts for the year ended 31st March, 2017.
7. Saksham Ltd. wants to re-classify its Investment in accordance with AS – 13. Decide on the treatment to be given in each of the following cases :
- A portion of Current Investments purchased for ₹ 10 lakhs to be reclassified as long-term Investments, as the company has decided to retain them. The market value as on the date of Balance Sheet was ₹ 12 lakhs.
 - Another portion of Current Investments purchased for ₹ 8 lakhs has to be reclassified as Long-term Investments. The market value of these investments as on the date of Balance Sheet was ₹ 5 lakhs.

SECTION – B

Answer **any two** questions. **Each** question carries **15** marks. Answers to **each** theory question should **not** exceed **eight** pages. **(2×15=30)**

8. Define Environmental Reporting. Explain in detail the reporting practices of Indian Companies in the recent years.
9. A firm of contractors obtained contract for construction of bridges across river Netravathi. The following details are available in the records kept for the year ended 31st March 2017.

	Rs. in lakhs
Total contract price	1,000
Work certified	500
Work nor certified	105
Estimated further cost to completion	495
Progress payments received	400
To be received	140

The firm seeks your advice and assistance in the presentation of accounts keeping in view the requirements of AS – 7 (Revised).

10. X Co. Ltd. charged depreciation on its asset on SLM basis. For the year ended 31-3-2017 it changed to WDV basis. The impact of the change when computed from the date of the asset coming to use amounts to Rs. 20 lakhs being additional charge. Decide how it must be disclosed in Profit and Loss account. Also, discuss, when such changes in method of depreciation can be adopted by an enterprise as per AS – 6.