

Register Number:

Date: 10-03-2022

**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**

**MCOM - III SEMESTER**

**SEMESTER EXAMINATION: OCTOBER 2021**

**(Examination conducted in March 2022)**

**MCO DEA 9320 – International Accounting and Analysis**

**Time – 2 ½ hrs Max Marks – 70**

**This paper contains Three printed pages and four parts**

**SECTION A**

**Answer any TEN of the following questions. Each question carries two marks. (10x2=20)**

1. What is the objective of IAS 24 Related Party Disclosures?
2. Mr. Prakash owns 70% of shares in Entice Ltd. and holds 30% stake in Lever Ltd. Are Entice Ltd. and Lever Ltd. related parties. Justify with a sentence of justification.
3. What is meant by Joint venture as per Ind AS 28?
4. Give the meaning of Goodwill as per Ind AS 103.
5. What is meant by significant influence?
6. What is Control as per Ind AS 110?
7. Mention any situation under which the parent/holding companies are exempted from preparation of group financial statements.
8. What is meant by functional currency?
9. How the exchange differences in foreign currency transactions are treated in financials statements of the company?
10. State any two reasons for increase in Gross profit ratio.
11. Compute Interest coverage ratio.

Profit before interest and tax ₹ 3,00,000

Interest ₹ 10,000

Total Assets ₹ 11,84,000

Current liabilities ₹ 1,00,000

10% Debentures ₹ 1,00,000

1. State any two examples of monetary and non-monetary items.

**SECTION B**

**Answer any THREE of the following questions. Each question carries five marks.**

**(5x3=15)**

1. Explain the contents of interim financial reports.
2. Explain Non-controlling interest and subsidiary company.
3. On 1st April 20X8 Collins Co, a company that uses dollar ($) as its functional currency, buys goods from an overseas supplier, who uses Kromits (Kr) as its functional currency. The goods are priced at Kr54,000. Payment is made 2 months later on 31 May 20X8.

The prevailing exchange rates are:

1 April 20X8 Kr1.80 : $1

31 May 20X8 Kr1.75 : $1

Calculate the translated rate at the initial transaction and at the date of settlement.

1. Describe the different types of share-based payments as per Ind AS 102.
2. Explain the objectives of ratio analysis.

**SECTION C**

**Answer any TWO of the following questions. Each question carries fifteen marks.**

**(2x10=20)**

1. On 1st January 20X0 Drum Plc acquired 100% of the 10,000 $1 shares in Guitar Plc for $1.50 per share in cash and gained control. The fair value of the net assets of Guitar Plc at that date was the same as the book value. The individual balance sheets immediately after the acquisition and the group accounts at the date were as follows:

|  |  |  |
| --- | --- | --- |
|  | Drum Plc ($) | Guitar Plc ($) |
| **Assets**  Non-current Assets  Goodwill  Investments in Guitar Plc  Net current assets  Net assets  **Equities and Liabilities**  Common share capital  Retained earnings | 20,000  -  15,000  8,000  **43,000**  16,000  27,000  **43,000** | 11,000  -  -  3,000  **14,000**  10,000  4,000  **14,000** |

Compute the Goodwill, consolidated assets and consolidated share capital.

1. ABC Plc has 2,000,000 ₹ 1 per equity share and earnings for the period is ₹ 1,000,000. ​ABC Plc has 2,000, 10% convertible bonds, each into 40 ordinary shares on demand all of which in issue for the whole of the reporting period. ​ The rate of tax applicable is 21%. Calculate EPS and Diluted EPS​
2. Write short notes on the following
3. Earnings per share
4. Rights issue
5. Bonus shares
6. Associates

**SECTION D**

**Answer the following questions. The question carries fifteen marks. (1x15=15)**

1. Statements of financial position and statements of profit or loss for Ocean Motors are set out below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Ocean Motors statement of financial position** | | | | |
|  | **20X2** | | **20X1** | |
| **Particulars** | ₹ 000 | ₹ 000 | ₹ 000 | ₹ 000 |
| **Non-Current Assets:** |  |  |  |  |
| Land and buildings:  Cost  Depreciation |  |  |  |  |
| 1,600  (200) | 1,400 | 1,450  (150) | 1,300 |
| Plant and machinery:  Cost  Depreciation | 600  (120) | 480 | 400  (100) | 300 |
| **Current assets:** |  |  |  |  |
| Inventory  Receivables | 300  400 | 700 | 100  100 | 200 |
| **Total Assets** |  | **2,580** |  | **1,800** |
|  |  |  |  |  |
| **Equity:** |  |  |  |  |
| Share capital – $1 ordinary shares | 1,200  310 | 1,510 | 1,200  220 | 1,420 |
| Retained earnings |
| **Current liabilities:** |  |  |  |  |
| Bank overdraft | 590  370  110 | 1,070 | 210  70  100 | 380 |
| Payables and accruals |
| Taxation |
| **Total Equities and Liabilities** |  | **2,580** |  | **1,800** |

|  |  |  |
| --- | --- | --- |
| **Ocean Motors statement of profit or loss** | | |
|  | **20X2** | **20X1** |
| **Particulars** | $000 | $000 |
| Sales revenue  Cost of sales  Gross Profit  Administration and distribution expenses  Profit before tax  Income tax expense  Profit for the year | 1,500  (700)  800  (400)  400  (200)  200 | 1,000  (300)  700  (360)  340  (170)  170 |

**Calculate the following ratios for Ocean Motors for both 20X1 and 20X2. Briefly interpret the same.**

1. Gross profit ratio
2. Operating profit ratio
3. Asset turnover ratio
4. Current ratio
5. Quick ratio