



11222

III Semester M.Com. Examination, April/May 2024  
(CBCS Scheme)

Paper – 3.2 : ATX – CORPORATE FINANCIAL REPORTING

Time : 3 Hours

Max. Marks : 70

**Instruction :** Answer all questions as per instruction.

SECTION – A

1. Answer **any seven** questions out of ten. **Each** question carries **two** marks. (7×2=14)
- What is IFRS ?
  - What are the key differences between IND AS and US GAAP ?
  - What do you mean by Human Resources Reporting ?
  - Define sustainable reporting.
  - Give the meaning of inflation accounting.
  - What do you mean by cash flow hedge ?
  - List any four objectives of accounting standards.
  - Name the users of IFRS.
  - Who is a merchant banker ?
  - List out the classifications of NBFC's.



SECTION – B

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

- What is corporate financial reporting ? Why is it essential for stakeholders ?
- How do Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS) influence corporate financial reporting ?
- Write a short note on types of accounting standards.
- Explain the classifications of financial assets.

P.T.O.



6. Classify the following items into monetary and non-monetary
- Equity share capital
  - Participating preference share capital
  - Non-participating preference share capital
  - Bills payable
  - Investments
  - Prepaid expenses
  - Outstanding expenses
  - Stock.

7. The following is the profit and loss account of F Ltd., from which you are required to prepare a gross value added statement and reconcile the same with profit before taxation.

	<b>Particulars</b>	<b>Rs.</b>	<b>Rs.</b>
Income :	Sales	28,500	
	Other Income	750	29,250
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Expenditure :	Operating cost	25,600	
	Excise duty	1,700	
	Interest on bank overdraft	100	
	Interest on 12% debentures	1,150	28,550
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	Profit before depreciation		700
Less :	Depreciation		250
	Profit before tax		450
Less :	Tax provision		270
	Net profit after tax		180
Less :	Transfer to replacement reserve		30
	Balance profit		150
Less :	Dividend		50
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	<b>Retained earnings</b>		<b>100</b>

**Note :**

- Sales are net after deducting discounts, returns and sales tax.
- Operating cost includes Rs. 10,200 as wages, salaries and other benefits to employees.
- Bank over draft is a temporary source of finance.
- Provision for tax includes Rs. 70 as deferred tax.







SECTION – C

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

- 8. Elucidate the factors responsible for convergence of accounting standards.
- 9. Discuss the steps involved in undertaking the Triple Bottom Line (TBL) reporting process.
- 10. In the context of inflation accounting system adjust the following Profit and Loss Account and Balance Sheet under the Current Purchasing Power Method (CPP) to ascertain the changes in Net Profit and Reserve.

**Profit and Loss Account 31-12-2014**

Particulars	Rs.	Rs.
Sales	–	5,00,000
Opening Stock	80,000	–
Purchases	<u>4,20,000</u>	–
	5,00,000	–
Less : Closing stock	<u>70,000</u>	<u>4,30,000</u>
<b>Gross Profit</b>		<b>70,000</b>
Depreciation (Building)	5,000	–
Administration	<u>25,000</u>	<u>30,000</u>
<b>Net profit</b>		<b>40,000</b>

**Balance Sheet as at 31<sup>st</sup> December**

Liability	Rs.	Rs.
Share capital	–	2,00,000
Reserves	–	2,00,000
<b>Total</b>		<b>4,00,000</b>
<b>Assets :</b>		
Land and Building	2,00,000	
Less : Depreciation	<u>45,000</u>	1,55,000
Stock	70,000	
Debtors	40,000	
Cash	<u>1,70,000</u>	
	2,80,000	
Less : Creditors	<u>35,000</u>	2,45,000
<b>Total</b>		<b>4,00,000</b>





**The following further information are given :**

- Closing stock was acquired during last quarter of 2014
- Opening stock was acquired during the last quarter 2013
- Land and Building were acquired and capital issued in 2006. The Land and Building is depreciated under the straight line method over 40 years.
- The Price Indices are

	Rs.
a) 2006 Average	80
b) 2013 Last quarter	120
c) December 31, 2013	100
d) 2014 Last quarter average	125
e) 2014 average	140
f) December 31, 2014	150

- Sales, Purchases and Administration expenses assumed to occur over the year and hence an average prices.

11. Write a note on the following :

- AS 14
- IAS6
- IFAC.

12. Compute EVA of Sarin Ltd. for 3 years from the information given

Particulars	Year 1	Year 2	Year 3
Average capital employed (Rs.)	3,000	3,500	4,000
Operating profit before tax (Rs.)	850	1,250	1,600
Corporate income taxes (Rs.)	80	70	120
Average debt + Total capital employed (in %)	40	35	13
Beta variant	1.10	1.20	1.3
Risk free rate (in %)	12.50	12.50	12.5
Equity risk premium (%)	10	10	10
Cost of Debt (Post tax) (%)	19	19	20

