PJ – 528

III Semester M.Com. Examination, January 2019
(CBCS Scheme)
COMMERCE
Paper – 3.2 AT : Corporate Financial Reporting

Time : 3 Hours Max. Marks : 70

SECTION – A

1. Answer **any seven** sub-questions. **Each** sub-question carries **two** marks. **(7×2=14)**
   a) Define Forward Contract.
   b) State some of the characteristics of Human Resource Reporting.
   c) Give the meaning of Insider Trading.
   d) What is Hedge Accounting ?
   e) Give the meaning of Inflation Accounting.
   f) Give the meaning of IFRS.
   g) What is triple Bottom Line Reporting ?
   h) What do you mean by value added reporting ?
   i) Who are financial intermediaries ?
   j) Mention few of the important stock markets in India.

SECTION – B

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

2. Write a note on Inflation Accounting.
3. Give an account of IAS.
4. Write a note on sustainability Reporting.
5. Write a note on Commodity Market Intermediaries.
6. Write a note on Human Resource Accounting.

P.T.O.

7. The company started in the accounting year 17-18 with an opening stock of Rs. 5,00,000 which was purchased in the P.Y. when the price index stood at 200.

   The company purchased Rs. 20,00,000 worth goods during the year 17-18 and sold Rs. 24,00,000 worth goods. The Average Price for the year was 205 and as on 31.3.2018 rose to 210.

   Compute the cost of Sales Adjusted and value of year end under Current Power Purchasing Method assuming that the company uses (a) FIFO Method (b) LIFO Method.

SECTION – C

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

8. State the treatment of 'contingencies' with reference to Ind AS and IFRS.

9. Define the term 'Accounting Standards' ? What is its importance in financial accounting and reporting ?

10. 'Human resource accounting based on economic value is a better technique.' Examine this statement critically.

11. Discuss the major issues in the area of published financial statements. How do you resolve them ?

12. On 24 January, 2018, Hema of Bangalore sold goods to Milton of Washington, USA, for an invoice price $ 40,000 when the spot market rate was Rs. 64.20 per US $. Payment was to be received after three months on 24th April, of receipt of payment, Hema immediately acquired a forward contract to sell on 24 April, 2018 US $ 40,000 at Rs, 63.70. Hema closed her books of account on 31 March, 2018 when the spot rate was Rs. 63.20 per US : $. On 24 April. 2018, the date of receipt of money by Hema, the spot rate was Rs. 62.70 per US $.

    Pass journal entries in the books of Hema to record the effect of the above mentioned events.

PG – 697

III Semester M.Com. Degree Examination, January 2018
(CBCS)
COMMERCE
Paper – 3.2 AT : Corporate Financial Reporting

Time : 3 Hours Max. Marks : 70

SECTION – A

1. Answer **any seven** of the following sub-questions in about **3-4** lines **each**. **Each** sub-question carries **two** marks. **(7×2=14)**
   a) What do you mean by Ind AS ?
   b) What are the objectives of Global Reporting Initiative ?
   c) What is IFAC ?
   d) What do you mean by cash flow hedge ?
   e) Who are Merchant Bankers ?
   f) State the meaning of Compound Financial Instruments.
   g) State the benefits of Economic Value Added.
   h) What do you mean by Accounting for Price Level Changes ?
   i) State the Cost Based Models under HR Reporting.
   j) Define Triple Bottom Line Reporting.

SECTION – B

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

2. "Indian Companies are facing many issues and problems in publishing the annual reports". Explain.
3. Describe the income recognition and disclosures in the Balance Sheet in case of NBFC's.
4. Who is a Stock Broker ? State the documents which are required to be maintained as per SEBI Rules.
5. Briefly explain the functions of different boards under International Federation of Accounts (IFAC).

P.T.O.

6. Adventure Ltd. issued 20,000, 9% Convertible Debentures of Rs. 100 each at par at the beginning of the year. The Debentures are of 6 years term. The interest will be paid half yearly. The debenture holders have the option to get 50% of the debentures converted into 2 ordinary shares at the end of 3rd year. The debenture holders who do not opt for conversion will be paid 50% of their face value at the end of the year 3. The balance non-convertible portion will be repaid at 10% premium at the end of term of the debentures. At the time of issue, the prevailing market interest rate for similar debt without convertibility option is 10%. Compute liability and equity component and pass necessary entries.

7. Briefly explain the valuation models of Human Resource Reporting.

SECTION – C

Answer **any three** of the following. **Each** question carries **twelve** marks. **(3×12=36)**

8. "IFRSs are developed through an international due process that involves accountants, financial analysts and other regulatory bodies." Discuss.

9. "An effective sustainability reporting cycle should benefit all reporting organizations." Discuss.

10. Fhenomenia Ltd. furnishes the following statement of Profit and Loss :

Profit and Loss Account for the year ended 31st March 2017

Particulars	**Note**	**Amount in ('000)**
Income		
Turnover	1	29,872
Other income		1,042
	A	**30,914**
Expenditure		
Operating expenses	2	26,741
Interest on 8% debentures		987
Interest on cash credit	3	151
Excise duty		1,952
	B	**29,831**

Profit before Depreciation (A-B)		1,083
Less : Depreciation		342
Profit before Tax		**741**
Less : Provision for tax	4	376
Profit after tax		**365**
Less : Transfer to fixed assets replacement reserve		65
		300
Less : Dividend Paid		125
Retained Profit		**175**

Notes :

1) Turnover is based on invoice value and net of sales tax.
2) Salaries, wages and other employee benefits amounting to Rs. 14,761 ('000) are included in operating expenses.
3) Cash credit represents a temporary source of finance. It has not been considered as a part of capital.
4) Transfer of Rs. 54 ('000) to the credit of deferred tax account is included in provision for tax.

Prepare value added statement for the year ended 31st March, 2017 and reconcile total value added with profit before taxation.

11. A company had the following monetary items on January 1 :

Debtors	41,000
Bills Receivable	10,000
Cash	20,000
	71,000
Less : Bills payable	(10,000)
Creditors	(25,000)
Net Monetary Assets	**36,000**

The transactions affecting monetary items during the year were :

a) Sales of Rs. 1,40,000 made evenly throughout the year.
b) Purchases of goods of Rs. 1,05,000 made evenly during the year.

c) Operating expenses of Rs. 35,000 were incurred evenly throughout the year.

d) One machine was sold for Rs. 18,000 on July 1.

e) One machine was purchased for Rs. 25,000 on December 31.

The general price index was as follows :

On January 1 – **300**; average for the year – **350**; on July 1 – **360**, On December 31 – **400**.

You are required to compute the general purchasing power, gain or loss for the year stated in terms of the current year end rupee.

12. Write a short note on the following :

a) Disclosure under Financial Instruments – IFRS 7

b) Property, Plant and Equipment – IAS 16

c) Business Combinations – IFRS 3.

PG – 573

III Semester M.Com. Examination, December 2016
(CBCS)
COMMERCE
Paper – 3.2 AT : Corporate Financial Reporting

Time : 3 Hours Max. Marks : 70

SECTION – A

Note : Answer **any seven** of the following sub-questions. **Each** sub-question carries **two** marks. **(7×2=14)**

1. a) Define Interest Rate Swaps.
   b) Define Forward Contract.
   c) List Financial Statements as specified by IASB in its IFRSs.
   d) One of the alternatives available for the countries is to converge their country-specific Accounting Standards with IFRS. In this context, what is convergence ?
   e) Identify any one major difference between Indian GAAP and US GAAP.
   f) What is Triple Bottom Line Reporting ?
   g) What do you mean by de-recognition of financial instruments ?
   h) Who are the Commodity Market Intermediaries ?
   i) State the meaning of Inflation Accounting.
   j) What is Hedge Accounting ?

SECTION – B

Note : Answer **any four** questions. **Each** question carries **five** marks. **(4×5=20)**

2. Give an account of nature of human resource reporting.
3. Write a note on Sustainability Reporting.
4. Give brief account of structure of IASB.
5. Write a note on Shareholders' Value Added Statement.
6. State the treatment of 'contingencies' with reference to Ind AS and IFRS.

P.T.O.

7. A company started the accounting year 2015-16 with an opening inventory of ₹ 5 lakhs which was purchased in the previous year when the price index stood at 200. The company purchased ₹ 20 lakh worth goods during the year 2015-16 and sold ₹ 24 lakh worth goods. The average price index for the year was 205 and by 31st March, 2016, it increased to 210. Using these details, compute the cost of goods sold and the value of year-end inventory under Current Purchasing Power Method assuming that the company follows (a) FIFO method and (b) LIFO method.

SECTION – C

Note : Answer **any three** questions. **Each** question carries **12** marks. **(3×12=36)**

8. Examine the procedure adopted by Indian Standard Setters for developing Ind AS converged with IFRS.

9. Critically examine the process of developing Interpretations by IFRIC.

10. Discuss the major issues in the area of published financial statements. How do you resolve them ?

11. ABC Co., Ltd., furnishes the following Profit and Loss Account.

Profit and Loss A/c for the year ended 31st March, 2016

Particulars	Notes Number	Amount (₹ '000)
Turnover	1	29,872
Other income		1,042
		30,914
Operating expenses	2	26,741
Interest on 8% Debentures		987
Interest on cash credit	3	151
Excise duty		1,952
		29,831
Profit before depreciation		1,083
Less : Depreciation		342

Profit before tax		741
Provision for tax	4	376
		365
Less : Transfer to Fixed Assets Replacement Reserve		65
		300
Less : Dividend paid		125
Retained profit		175

Note :

1) Turnover is based on invoice value and net of sales tax.
2) Salaries, wages and other employee benefits amounting to ₹ 14,761 ('000) are included in operating expenses.
3) Cash credit represents a temporary source of finance. It has not been considered as a part of capital.
4) Transfer of ₹ 54 ('000) to the credit of Deferred Tax Account is included in Provision for Tax.

Prepare Value Added Statement for the year ended 31st March, 2016 and reconcile total value added with profit before taxation.

12. On 24 January, 2016, Channappa of Bengaluru sold goods to Watson of Washington, USA, for an invoice price $ 40,000 when the spot market rate was ₹ 64.20 per US $. Payment was to be received after three months on 24 April, 2016. To mitigate the risk of loss from decline in the exchange rate on the date of receipt of payment, Channappa immediately acquired a forward contract to sell on 24 April, 2016 US $ 40,000 at ₹ 63.70. Channappa closed his books of account on 31 March, 2016 when the spot rate was ₹ 63.20 per US $. On 24 April, 2016, the date of receipt of money by Channappa, the spot rate was ₹ 62.70 per US $.

Pass journal entries in the books of Channappa to record the effect of the above mentioned events.

PG – 522

III Semester M.Com. Examination, December 2015
(CBCS Scheme)
COMMERCE
A.T. 3.2 : Corporate Financial Reporting

Time : 3 Hours Max. Marks : 70

Instruction : *Answer **all** Sections.*

SECTION – A

1. Answer **any seven** of the following sub-questions in about **3-4** lines **each**. **Each** sub-question carries **two** marks. **(7×2=14)**
   a) What do you mean by Corporate Financial Reporting ?
   b) What do you mean by Shareholders Value Added ?
   c) State the meaning of Forward Contract under Derivatives.
   d) What is meant by Hedge Accounting ?
   e) What do you mean by Human Resource Reporting ?
   f) What is Sustainable Reporting ?
   g) State any four examples for Financial Assets.
   h) What are Performance Indicators under GRI ?
   i) What are NBFCs ?
   j) Differentiate between EVA and MVA.

SECTION – B

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

2. Explain the requirements to be fulfilled by a Merchant Banker for registration with SEBI.

3. What are the similarities and differences between IFRS and USGAAP ?

4. What do you mean by Ind. AS ? State the significance of Indian Accounting Standards (Ind. AS).

P.T.O.

5. Entity A is considering the following Financial Instruments. You are required to classify the following instruments into Financial Assets and Financial Liability :
   a) An accounts receivables that is not held for trading.
   b) Investment in shares and other equity instruments issued by other entities.
   c) Investments in bonds and other debt instruments.
   d) Bonds and other debt instruments issued by the entity.
   e) Deposits in other entities.

6. What is USGAAP ? Explain the organizations which influenced the development of USGAAP.

7. Briefly explain the issues and problems with special reference to Published Financial Statements.

SECTION – C

Answer **any three** of the following. **Each** question carries **twelve** marks. **(3×12=36)**

8. "The Triple Bottom Line Reporting (TBL) is made up of Social, Economic and Environment Dimensions". Discuss.

9. Prepare a Gross Value Added Statement from the following P and L Account of Dakshineshwar Ltd., show also the Reconciliation between Gross Value Added and Profit before Taxation.

Profit and Loss Account for the year ended 31-03-2015

Particulars	**Rs. in Lakhs**	**Rs. in Lakhs**
Income : Sales	–	610
Other Income	–	25
Total Income		**635**
Less : Expenditure :		
Production and Operational Expenses	(465)	–
Administration Expenses	(19)	–
Interest and other charges	(27)	–
Depreciation	(14)	(525)
Profit Before Tax	–	110
Less : Provision for Tax	–	(16)
Profit After Tax	–	94
Add : Balance as per last Balance Sheet	–	7
		101

Transferred to :		
General Reserve	60	
Proposed Dividend	11	71
Surplus carried to Balance Sheet	–	30
Total		101

Notes :

1) Production and Operational Expenses :

	(Rs. In Lakhs)
Increase in Stock	112
Consumption of Raw materials	185
Consumption of Stores	22
Salaries, Wages, Bonus and Other Benefits	41
Cess and Local Taxes	11
Other Manufacturing Expenses	94
Total	**465**

2) Administration expenses include inter-alia audit fees of Rs. 4.80 lakhs, salaries and commission to directors Rs. 5 lakhs and provision for doubtful debts Rs. 5.25 lakhs.

3) Interest and other charges :

	(Rs. In Lakhs)
On working capital loans from Bank	8
On fixed loans from IDBI	12
On debentures	7
Total	**27**

10. What do you mean by Financial Instruments ? Briefly explain the recognition and measurement of Financial Instruments.

11. 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 for the year ended 31-12-2014

Particulars	**Amount (Rs. 000's)**	**Amount (Rs. 000's)**
Sales	–	500
Opening Stock	80	–
Purchases	420	–
	500	

Less : Closing stock	(70)	430
Gross Profit	–	**70**
Depreciation (buildings)	5	–
Administration	25	30
Net Profit	–	**40**

Balance Sheet as at 31st December

		(Rs. 000's)
Particulars	**Amount in Rs.**	**Amount in Rs.**
Share capital	–	200
Reserves	–	200
		400
Land and Building	200	–
Less : Depreciation	(45)	155
Stock	70	–
Debtors	40	–
Cash	30	–
	140	–
Less : Creditors	(35)	105
	–	**400**

The following data are given :

a) Closing stock was required during last quarter of 2014 and opening stock during the last quarter of 2013.

b) The land and building were acquired and the capital issued during 2006. The building are depreciated straight line over 40 years.

c) The relevant retail price indices are

i) 2006 average	60
ii) 2013 last quarter average	108
iii) 2013 December 31	110
iv) 2014 last quarter average	116
v) 2014 average	114
vi) 2014 December 31	118

d) Sales, purchases and administration expenses assumed to occur over the year and hence an average prices.

12. "The International Accounting Standards Board (IASB) is the independent, accounting standard-setting body of the IFRS foundation". Explain the structure and governance of IASB.