

III Semester M.Com. Examination, April/May 2022
(CBCS Scheme)
COMMERCE

Paper – 3.2 AT : Corporate Financial Reporting

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer **any 7** sub-questions. **Each** sub-question carries **2** marks. **(7×2=14)**

1. a) What do you understand by accounting standards ?
- b) State the importance of accounting standards.
- c) What are the duties of international financial reporting committee ?
- d) State the problems of published financial statements.
- e) Expand GRI, IFAC, GAAP and IFRS.
- f) Define hedge accounting.
- g) Who are the commodity market intermediaries ?
- h) State the advantages of human resource accounting.
- i) What is current cost accounting method ?
- j) Define Triple Bottom Line Reporting.

SECTION – B

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

2. Explain the significance of International financial reporting standards.
3. Write a note on sustainability reporting.
4. Distinguish between financial reports and financial statements.
5. Briefly explain about compound financial instruments.



6. Tender has earned a net profit of Rs. 15 lakhs after Tax at 30%. Interest cost charged by the financial institutions was Rs. 10 Lakhs. The Invested capital is Rs. 95 Lakhs of which 55% is debt. The company maintains a weighted average cost of capital of 13%.

- i) Compute the operating Income.
- ii) Compute the Economic Value Added.

7. From the following details, compute the total value of human resources of skilled and unskilled of employees according to Lev and Schwartz (1971) model :

	Skilled	Unskilled
i) Annual average earning of an employee till the retirement age (Rs.)	60,000	40,000
ii) Age of retirement	65 years	62 years
iii) No. of employee in the group	30	40
iv) Discount rate	15%	15%
v) Average age	62 years	60 years

SECTION - C

Answer **any 3** questions. **Each** question carries **12** marks.

(3×12=36)

8. "Accounting standards are something less than the law but more than the professional guidelines". Elaborate the statement.
9. What is the concept of Global Convergence of accounting standards ? Explain the factors responsible for convergence.
10. What do you mean by Financial Instruments ? Briefly explain the recognition and measurement of Financial Instruments.

11. Given below is the summarised Profit and Loss account of Cisca Ltd.,

Summarised Profit and Loss Account for the year ended 31st March 2019

Particulars	Notes	Amount (Rs '000)
Income		
Sales	1	28,525
Other Income		756
		29,281
Expenditure		
Operating Cost	2	25,658
GST		1,718
Interest on Bank overdraft	3	93
Interest on 10% Debentures		1,157
		28,626
Profit before Depreciation		655
Less : Depreciation		(255)
Profit before tax		400
Provision for tax	4	(275)
Profit after tax		125
Less : Transfer to fixed asset replacement reserve		(25)
		100
Less : Dividend		(45)
Retained profit		55

Notes :

- 1) This represents the invoice value of goods supplied after deductions, discounts, returns and sales tax.
- 2) Operating cost includes Rs. ('000) 10,247 as wages, salaries and other benefits to employees.
- 3) The bank overdraft is treated as a temporary source of finance.
- 4) The charge for taxation includes a transfer of Rs. (' 000) 45 to the credit of deferred tax account.

You are required to :

- a) Prepare a value added statement for the year ended 31st March 2019.
- b) Reconcile total value added with profit before taxation.



12. The Balance Sheet of Vishnu Ltd., as on 31-12-2020 and Profit and Loss account is given below for the year ended 31-12-2020

Balance Sheet as on 31-12-2020

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Share capital	20,000	Machinery	30,000
10% Debentures	12,000	Stock	4,800
Sundry Creditors	7,200	Sundry Debtors	2,400
		Cash	2,000
	39,200		39,200

Profit and Loss Account for the year ending 31-12-2020

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
To opening stock	4,800	By sales	20,000
To purchases	9,200	By closing stock	4,000
To gross profit on sale	10,000		
	24,000		24,000
To depreciation	3,000	By gross profit	10,000
To operating expenses	1,600		
To interest on debentures	1,200		
To net profit	4,200		
	10,000		10,000

Additional information :

- i) Debtors and creditors remain constant throughout the year
- ii) Following indices are given :
 - a) On 1st Jan. 2020 200
 - b) Average of 2020 240
 - c) On 31st Dec. 2020 300
- iii) FIFO method is followed.

You are required to prepare the final accounts for the year 2020 after adjusting for price level changes under CPP method.