



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).



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. Phenomenia 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.

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

Particulars	Amount
Debtors	41,000
Bills Receivable	10,000
Cash	20,000
Total	71,000
Less: Bills payable	(10,000)
Net Monetary Assets	30,000

The transactions affecting monetary items during the year were:

- a) Sales of Rs. 1,50,000 made evenly throughout the year.
- b) Purchases of goods of Rs. 1,05,000 made evenly during the year.