



III Semester M.Com. Examination, March/April 2021
(CBCS Scheme)

COMMERCE

Paper – 3.2 AT : Corporate Financial Reporting

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any 7** sub-questions. **Each** sub-question carries **2** marks : **(7×2=14)**
- Define by Accounting Standards.
 - What is Corporate Financial Reporting ?
 - What is meant by Hedge Accounting ?
 - Difference between EVA and MVA.
 - What are the functions of Merchant Banker ?
 - What is US GAAP ? Give three components.
 - Give meaning of financial instruments.
 - What is Embedded Derivatives ?
 - Expand IASB, IFRIC.
 - What is Environmental Accounting ?

SECTION – B

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

- Explain the components of Financial Report or Annual Report.
- Explain the recognition and measurement criteria of IAS-2/Ind AS-2 ?
- Explain the Dimensions of Sustainability.
- Write recognition, measurement and disclosures of Financial Instruments.



6. Ascertain the net monetary result or General Price level or Gain/Loss from the following information provided by Spedupro Ltd :

Particulars	1.1.2020	31.12.2020
	Rs.	Rs.
Cash and Bank balance	60,000	88,000
Accounts Receivables	80,000	1,00,000
Account Payable	1,00,000	1,24,000
General retail price index (no.)	100	125
Average index no.	160	

7. Predemy Ltd., Provides the following information for the Financial year 2019-20 :

Particulars	Amount
Debt capital 12%	Rs. 2,000 crores
Equity capital	Rs. 500 crores
Reserves and surplus	Rs. 7,500 crores
Capital employed	Rs. 10,000 crores
Risk free rate	9%
Beta factor	1.05%
Market rate of return	19%
Equity (market) risk premium	10%
Operating profit after tax	Rs. 2,100 crores
Tax rate (inclusive of Cess and Surcharges)	30%

Compute Economic value added.

SECTION – C

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

8. Explain the problems and challenges in Financial Reporting System.
9. Explain the Difference Accounting Standards VS IFRS.
10. Explain the books of accounts should be maintained by Stockbroker Company.



11. From the following extract of statement of profit or loss of PK Co. Ltd., prepare a gross value-added statement and Value Applied for the year ended 31-03-2020. Show also the reconciliation between gross value added and profit before taxation.

Profit and loss account for the year ended 31-03-2020 :

(RS. IN LAKHS)		
Income	Notes	Amount
Sales		6,240
Other income		<u>55</u>
		6,295
Expenditure :		
Production and operational expenses	1	4,320
Administration expenses (factory)	2	180
Interest and other charges	3	624
Depreciation		<u>16</u>
		(5,140)
Profit before taxes		1,155
Provision for taxes		<u>55</u>
		1,100
Balance as per last Balance Sheet		<u>60</u>
		1,160
Transferred to fixed assets replacement reserve		400
Dividend paid		<u>160</u>
		560
Surplus carried to Balance Sheet		600

Notes :

(Rs. in lakhs)

1. Production and operational expenses :	
Consumption of raw materials	3,210
Consumption of stores	40
Local tax	8
Salaries to administrative staff	620
Other manufacturing expenses	<u>442</u>
	4,320



- 2. Administration expenses include salaries and commission to directors 5
- 3. Interest and other charges include :
 - a. Interest on bank overdraft 109
(Overdraft is of temporary nature)
 - b. Fixed loan from I.C.I.C.I. 51
 - c. Working capital loan from I.F.C.I. 20
 - d. Excise duties amount to one-tenth of total value added
By manufacturing and trading activities.

12. From the following in respect of Preksha Limited, calculate the total value of human resources by following Lev and Schwartz Model :

Age	Unskilled		Semi-skilled		Skilled	
	No.	Average Annual earnings Rs.	No.	Average Annual earnings Rs.	No.	Average Annual earnings Rs.
30 - 39	100	18,000	60	36,000	40	84,000
40 - 49	50	30,000	30	48,000	20	1,20,000
50 - 54	30	36,000	20	60,000	10	1,80,000

Retirement age is 55 years. Apply discount factor of 10% in calculating total value of human factor lowest value of each class should be taken :

Years	5	10	15	20	25
Annuity factor @10%	3.7908	6.1446	7.6061	8.5136	9.0770