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Nagarjuna Degree College  
38/36, Ramagondanahalli, Reg. No. 

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Yelahanka Hobli,  
Bengaluru - 560 064

III Semester M.Com. Degree Examination, April/May - 2022

**COMMERCE**

**Corporate Financial Reporting**

**Paper : 3.2 A.T**

**(CBCS Scheme)**

**Time : 3 Hours**

**Maximum Marks : 70**

**Instructions to Candidates:**

Answer all the sections.

**SECTION-A**

Answer any **seven** of the following sub-questions in about 3-4 lines each. Each sub-questions carries **two** marks. (7×2=14)

1. a. State any three objectives of Accounting Standards.
- b. What is IFRS?
- c. State any two objectives of IASB.
- d. Expand IFRIC.
- e. State any two challenges associated with implementation of TBL.
- f. What is meant by Sustainable Report?
- g. What are derivatives?
- h. What are stock index futures?
- i. State any two advantages of NVA over GVA.
- j. How do you calculate Cost of Equity Capital?

**SECTION - B**

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

2. "Accounting standards may be classified by their subject matter and by how they are enforced". Explain.
3. Explain the Qualitative Characteristics of useful financial information.

[P.T.O.]



4. From the following data calculate
- Cost of sales and
  - Closing inventory under CPP method presuming that the firm is following LIFO method for inventory valuation.

	Historical Price	
	Rs.	Index
Inventory as on 1.1.2020	16,000	200
Purchases during 2020	96,000	
Inventory as on 31.12.2020	24,000	
Price Index as on 1.1.2020		280
Average price index for 2020		250

- "AS 30 recognizes three types of hedge accounting depending on the nature of the risk exposure" Explain.
- Briefly explain the Classification of NBFC's based on Registration with RBI.
- Differentiate between value added and Economic Value Added.

### SECTION - C

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

- Briefly explain the Recognition and Measurement provision of Financial Assets and Liabilities.
- Write a short note on the following :
  - IFRS 1
  - IFRS 3
  - IAS 7.
- "Valuation of human assets are based on the valuation of physical and financial assets while others take into account human consideration". Discuss.
- From the following data, prepare a Value - Added Statement of Bijoy's company Limited, for the year ended 31.03.2017.

Particulars	Rs.	Particulars	Rs.
Decrease in stock	18,000	Sales	30,14,250
Purchases	15,15,000	Other Income	41,250



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Wages & Salaries	7,50,000
Manufacturing & other	
Expenses	1,72,500
Finance Charges	3,51,750
Depreciation	1,83,000
Profit Before Taxation	65,250

<b>Total</b>	<b><u>30,55,500</u></b>	<b>Total</b>	<b><u>30,55,500</u></b>
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<b>Particulars</b>	<b>Rs.</b>
Profit Before Taxation	65,250
Less : Tax provisions	(30,000)
Income Tax payments (for earlier years)	(2,250)
Add : Earlier year profit brought forward	28,500
<b>Profit After Taxation</b>	<b><u>61,500</u></b>
Appropriations of PAT	
Debenture Redemption Reserve	7,500
General Reserve	7,500
Proposed Dividend	26,250
Balance Carried to Balance Sheet	20,250
<b>Total</b>	<b><u>61,500</u></b>

12. The following information has been extracted from the accounts of Welspon Company limited as on 31-12-2019 :

<b>Assets</b>	<b>Cost (Rs.)</b>	<b>Depreciation (Rs.)</b>	<b>Net (Rs.)</b>
Land	1,20,000	-	1,20,000
Furniture	3,20,000	96,000	2,24,000
Plant and Machinery	10,40,000	3,84,000	6,56,000
	<b><u>14,80,000</u></b>	<b><u>4,80,000</u></b>	<b><u>10,00,000</u></b>

Plant includes Rs. 2,40,000 installed on 1-1-2019, depreciation was charged at 15% on

[P.T.O.]



Furniture, 30% on plant and Machinery according to straight line method and the Replacement cost indices are as follows :

Assets	On the Date of Acquisition	As on 1.1.2019	As on 31.12.2019
Land	100	375	450
Furniture	100	300	330
Plant and machinery	100	270	337.5

You are required to determine the balance sheet items, which will be affected by the changes according to CCA method.

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