



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. **(7x2=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. **(4x5=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.

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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	<u>376</u>
		365
Less : Transfer to Fixed Assets Replacement Reserve		<u>65</u>
		300
Less : Dividend paid		<u>125</u>
Retained profit		<u>175</u>

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.