

Q.P. Code : 60572

**Third Semester M.Com. Degree Examination,
January/February 2020**

(CBCS Scheme)

Commerce

Paper 3.2 AT — CORPORATE FINANCIAL REPORTING

Time : 3 Hours]

[Max. Marks : 70

Instructions to Candidates : Answers **ALL** Sections.

SECTION - A

1. Answer any **SEVEN** questions. Each question carries **2** marks : **(7 × 2 = 14)**
- Why do we need accounting standard?
 - What is meant by Economic Value Added (EVA)?
 - What is inflation accounting?
 - How do you define Hedge Accounting?
 - What is shareholders' value Added statement?
 - What is ADR?
 - Who can be a Merchant Banker?
 - What is the latest problem of Non Banking Finance Companies (NBFC) in India?
 - What is NOPAT?
 - What is the difference between Accounting profit and Economic profit?

SECTION - B

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

- What are the types of Accounting standards?
- What are the differences between Indian Accounting Standards (IAS) and Vs GAAP?

4. Write a brief note on the role of Merchant Bankers.
5. How do you prepare the shareholders' value Added statement?
6. State the treatment of contingencies with reference to Indian Accounting standard and IFRS.
7. A company started the Accounting year 2019-20 with an opening inventory of ₹ 5,00,000 which was purchased in the previous year when the price index stood at 200. The company purchased 2000000 worth goods during the year 2019-20 and sold 2400000 worth goods. The Average price index for the year was 205 and by 31 March 2020, 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

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

8. Why do you think that Vs Generally Accepted Accounting standards are superior to Indian Accounting standards? Explain.
9. Explain the provisions of Indian Accounting standard to be applied in preparing the cash flow statement? Why is it made mandatory?
10. What are the financial aspects that are to be reported by Listed Non Banking Finance Company to securities Exchange Board of India (SEBI)? Explain.
11. From the following details, compute the EVA :

Net sales	: ₹ 3,00,000
Cost of Goods sold	: 60% of sales
Fixed cost	: ₹ 35,000 (including depreciation ₹ 20,000)
Tax rate	: 30%
Pre-cost of debt	: 12%
Estimated cost of equity	: 15%

Target capital structure of the firm has a debt of 30% to total capital

Total capital employed : ₹ 1,50,000

And also reconcile the value Added with profit before taxation.

Q.P. Code : 60572

12. On 24 January, 2019 Chennappa of Hyderabad sold goods to Watson of USA for an invoice price \$ 40,000 when the spot market rate was 64-20 per US \$. Payment was to be received after 3 months on 24 April, 2019. To mitigate the risk of loss from decline in the exchange rate on the date of receipt of payment. Chennappa immediately acquired a forward contract to sell on 24 April, 2019 US \$ 40000 at ₹ 63.70. Chennappa closed his books of accounts on 31st March 2019 when the spot rate was ₹ 63.20 per US \$. On April 2019 the date of receipt of money by Chennappa, the spot rate was ₹ 62.70 per US \$.

Pass journal entries in the books of Chennappa to record the effect of the above mentioned events.
