

IV Semester M.Com. Degree Examination, November 2023
(CBCS) (2021 – 22)

COMMERCE (Accounting and Taxation)
4.3 : Corporate Reporting Practices - II

Time : 3 Hours

Max. Marks : 70

SECTION – A



Answer any seven questions out of ten. Each question carries two marks. (7x2=14)

1. a) What is an annual report ?
- b) What is meant by segment reporting ?
- c) What do you mean by diluted earnings per share ?
- d) What is related party disclosure as per Ind AS 24 ?
- e) What are financial assets ?
- f) What are the objectives of Interim Financial Reporting as per Ind AS 34 ?
- g) What is cash-settled share-based payment transactions ?
- h) What is meant by demerger ?
- i) State the benefits of triple bottom line reporting.
- j) Define HR Accounting.

SECTION – B

Answer any four questions out of six. Each question carries five marks. (4x5=20)

2. What are financial and non-financial performance indicators ? Explain briefly.
3. Calculate basic EPS and diluted EPS from the following :

a) Net profit for the current year	Rs. 1,00,00,000
b) Number of equity shares outstanding	50,00,000
c) Interest expense for the current year	Rs. 12,00,000
d) Rate of income tax	30%
e) Number of 12% debentures of Rs. 100 each	Rs. 1,00,000

(Each debenture is convertible into 10 equity shares)



4. Briefly explain the different types of related party disclosures as per Ind AS 24.
5. Karan Ltd. shows net profit of Rs. 14,40,000 for Quarter III after incorporating the following :
- a) Bad debts of Rs. 80,000 incurred during the year. 50% of the bad debts have been deferred to the next quarter.
 - b) Unusual loss of Rs. 70,000 incurred during the quarter has been fully recognized in this quarter.
 - c) Additional depreciation of Rs. 90,000 resulting from the change in the method of charge of depreciation.
- Ascertain the correct quarterly income as per Ind AS 34.

6. Differentiate between economic value added and market value added.
7. On July 2021, D Ltd. issues preference shares to G Ltd. for a consideration of Rs. 10 lakhs. The holder has an option to convert these preference shares to a fixed number of equity instruments of the issuer anytime up to a period of 3 years. If the option is not exercised by the holder, the preference shares are redeemed at the end of 3 years. The preference shares carry a fixed coupon of 6% p.a. the prevailing market rate for similar preference shares, without the conversion feature, is 9% p.a. Calculate the value of the liability and equity components.

SECTION - C

Answer any two questions out of four. Each question carries twelve marks. (2×12=24)

8. Explain the activities which may be included by companies in their CSR policies as per Companies Act 2013.

9. Lacquer Ltd. granted to its employees, share options with a fair value of Rs. 5,00,000. If they remain in the organization for 3 years. At the end of year 1, company expects only 91% of the employees to remain in the employment. At the end of year 2, company expects only 89% of the employees to remain in the employment. However, only 82% of the employees remained in the organization at the end of year 3 and all of them exercised their options. Calculate the total amount to be expensed in each year and pass the journal entries.
10. "Triple Bottom line is used as a framework for measuring and reporting corporate performance against economic, social and environmental parameters." Discuss.
11. Blossom Ltd. has 2 divisions A and B. Division A has been making constant profits while Division B has been invariably suffering losses. On 31st March the division wise summary Balance Sheets was : (Rs. in Crores)

Particulars	A	B	C
Fixed Assets : Cost less depreciation	250 – 225 = 25	500 – 400 = 100	750 – 625 = 125
Net current assets = Current assets – Current liabilities	200 – 25 = 175	500 – 400 = 100	700 – 425 = 275
Total Assets	200	200	400
Financed by :			
Loan funds	Nil	300	300
Equity Capital	25	Nil	25
Surplus	175	(100)	75
Total Funds Employed (Rs.)	200	200	400

Division B along with its assets and liabilities were sold for Rs. 25 crores to Pinnacle Ltd. a new company, which allotted 1 crore equity shares of Rs. 10 each at a premium of Rs. 15 per share to the members of Blossom Ltd. in full settlement of the consideration in proportion to their shareholding in the company. One of the members of Blossom Ltd. was holding 52% shareholding of the company. Assuming that there are no other transactions, you are required to –

- Pass journal entries in the books of Blossom Ltd.
- Prepare the Balance Sheet of Blossom and Pinnacle Ltd.



SECTION – D

Compulsory skill based question on subject.

(1×12=12)

12. You are required to –

- a) Identify the equity and liability components.
- b) Compute bond liability at the end of each year, and
- c) Pass necessary journal entries from the following information :

Number of convertible bonds 5,000 bonds issued at the beginning of year 1

Value of bonds Rs. 500 per bond

Period of bonds 3 years validity

Interest rate on the bond 9% p.a. payable annually

Proceeds received Rs. 25 lakhs

Conversion at the bond holder's discretion, conversion into 125 ordinary shares for each bond of Rs. 500.

Prevailing market rate 11% p.a. for bonds issued without conversion option.

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