



**III Semester M.Com. Degree Examination, May 2024  
(CBCS) (2021 – 22 Onwards)  
COMMERCE**

**Paper – 3.3 (A&T) : Corporate Reporting Practices – I**

Time : 3 Hours

Max. Marks : 70

SECTION – A



Answer **any seven** questions out of ten. **Each** question carries **two** marks. (7×2=14)

1. a) Explain the importance of qualitative characteristics in financial reporting.
- b) What is faithful representation in accounting ?
- c) Define accounting policies.
- d) Define the concept of prudence in measurement bases.
- e) How does Ind AS 2 require inventories to be valued when they are acquired through non-monetary transactions ?
- f) How does Ind AS 16 address subsequent measurements of property, plant and equipment ?
- g) Define provisions according to Ind AS 37.
- h) What disclosures are required under Ind AS 8 ?
- i) Define the reporting period according to Ind AS 10.
- j) Define government grants according to Ind AS 20.

SECTION – B

Answer **any four** questions out of six. **Each** question carries **five** marks. (4×5=20)

2. Briefly explain the significance of measurement bases in financial reporting, considering the objectives of financial statements.
3. Evaluate the importance of comparability and consistency in financial reporting and the measures taken to achieve them under Ind-AS.



4. Manoj Ltd. uses a periodic inventory system. The following information relates to 2022-2023.

Date	Particulars	Unit	Cost P U	Total Cost
April	Inventory	200	10	2,000
May	Purchases	50	11	550
September	Purchases	400	12	4,800
February	Purchases	350	14	4,900
	<b>Total</b>	<b>1000</b>		<b>12,250</b>

Physical Inventory at 31-03-2022 400 units. Calculate ending inventory value and cost of sales using :

- FIFO
  - Weighted Average.
5. Goodwill ₹ 7,500, Machine A ₹ 50,000, Machine B ₹ 30,000  
(Machine B RA = ₹ 27,500) Software ₹ 20,000, Inventory ₹ 40,000, NRV = ₹ 32,000, DTA ₹ 5,000, the total ₹ 1,52,500 Recoverable Amount of the entire CGU is ₹ 1,15,000. Calculate impairment loss and allocate the goodwill.
6. Identify the contract(s) with a customer : Entities must determine whether a contract exists, identify the separate performance obligations within the contract and assess whether the contract meets specific criteria for recognition under the standard.
7. Prepare Income Statement of M/s Chethan Ltd. for the period 31<sup>st</sup> March 2023 from the following information.
- Revenue from sales – ₹ 8,78,240
  - Cost of goods sold – ₹ 97,400
  - Operating Expenses :
    - Selling expenses – ₹ 1,04,600
    - Administrative expenses – ₹ 49,000
    - Interest expenses – ₹ 9,400
    - Tax burden – ₹ 52,000



SECTION – C

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

8. Explain the initial measurement of property, plant and equipment under Ind AS 16, including the principles for determining the cost of an item of property, plant and equipment.
9. Explain the treatment of restructuring provisions under Ind AS 37, including the conditions for recognition and measurement.
10. Company EG enters into a property lease with entity H. The initial term of the lease is 10 years with a five-year renewal option. The economic life of the property is 40 years and the fair value of the leased property is rupees 50,00,000. Company EFG has the option to purchase the property at the end of the lease term for rupees 30,00,000. The advance annual payment is rupees 5,00,000 with an increase of 3% every year thereafter. The implicit rate of interest is 9.04%. Entity H gives company EFG an incentive of rupees 2,00,000 (payable at the beginning of the year 2), which is to be used for normal tenant improvement.  
Company EFG is reasonably certain to exercise that purchase option. How would EFG measure the right of use asset and lease liability over the lease term ?
11. In a manufacturing process of Ramu Ltd., one By-Product (BP) emerges besides two main products M1 and M2 apart from scrap. Details of cost of production process are here under :

Item	Unit	Amount	Output	Closing Stock 31-3-2021
Raw material	7,250	75,000	M1 – 2,500 units	125
Wages	–	45,000	M2 – 2,000 units	50
Fixed				
Overheads	–	32,500	BP – 1,000	
Variable				
Overhead	–	25,000		



- Average market price of MP1 and MP2 is ₹ 30 per unit and ₹ 25 per unit respectively, by-product is sold @ ₹ 10 per unit. There is a profit of ₹ 2,500 on sale of by-product after incurring separate processing charges of ₹ 4,000 and packing charges of ₹1,000, ₹ 2,500 was realized from sale of scrap. Calculate the value of closing stock of M1 and M2 as on 31-3-2021.

#### SECTION – D

**Compulsory Skill-based question on the subject.**

**(1×12=12)**

12. Elucidate the impact of changes in accounting policies related to provisions, contingent liabilities and contingent assets under Ind AS 37, including the requirements for retrospective application and disclosure.
-