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B.M.S. COLLEGE FOR WOMEN

BENGALURU -560004

III SEMESTER END EXAMINATION – APRIL - 2024

M.Com. - BUSINESS REPORTING & PRACTICES
(CBCS Scheme – F+R)

Course Code: MCM303AT

Duration: 3 Hours

QP Code: 13011

Max. Marks: 70

SECTION – A

1. Answer any Seven Questions out of Ten. Each Question Carries Two Marks. (7X2=14)

- a) List any four Indian Accounting Standards issued till date.
- b) What do you mean by Diluted EPS?
- c) State any two challenges associated with the implementation of TBL.
- d) Define Sustainable Reporting.
- e) What are disclosure requirements as per Ind As 34?
- f) Give the meaning of Biological Asset as per Ind As 41.
- g) Differentiate between Financial Reporting and Triple Bottom Line Reporting.
- h) what do you mean by Economic Value Added?
- i) Who are Merchant bankers?
- j) What are operating segments as per Ind AS 108?

SECTION – B

Answer any Four Questions out of Six. Each Question Carries Five Marks. (4X5=20)

2. Differentiate between Economic Value Added and Market Value Added.
3. Explain Briefly the importance of GRI.
4. Briefly explain the classification of NBFC's based on Registration with RBI.
5. How do firms account for changes in accounting estimates and changes in accounting policies?
6. What are the additional factors that are to be considered while determining functional currency of foreign operations and explain the disclosure process for the same.
7. Define Human Resources Accounting. Explain its objectives and benefits the organisation.

SECTION – C

Answer any Two Questions out of Four. Each Question Carries Twelve Marks. (2X12=24)

8. X Ltd. prepares consolidated financial statements to 31st March each year. During the year ended 31st March 2022, the following events affected the tax position of the group:
- (i) Y Ltd., a wholly owned subsidiary of X Ltd., made a loss adjusted for tax purposes of 30,00,000. Y Ltd. is unable to utilise this loss against previous tax liabilities. Income-tax Act does not allow Y Ltd. to transfer the tax loss to other group companies. However, it allows Y Ltd. to carry the loss forward and utilise it against company's future taxable profits. The directors of X Ltd. do not consider that Y Ltd. will make taxable profits in the foreseeable future.
- (ii) Just before 31st March, 2022, X Ltd. committed itself to closing a division after the year end, making a number of employees redundant. Therefore, X Ltd. recognised a provision for closure costs of 20,00,000 in its statement of financial position as at 31st March, 2022. Income-tax Act allows tax deductions for closure costs only when the closure actually takes place. In the year ended 31st March 2023, X Ltd. expects to make taxable profits which are well in excess of 20,00,000. On 31st March, 2022, X Ltd. had taxable temporary differences from other sources which were greater than 20,00,000.
9. Explain the measurement and disclosure requirements of operating segments as per Ind AS 108.
10. Given below is the Profit and loss Account of Creamco Ltd.,

Profit and loss Account for the year ended 31st March, 2021

Notes	Note	₹ '000
Income		
Sales	1	28,525
Other incomes		756
		29,281
Expenditure		
Operating cost	2	25,658
Excise duty		1,718
Interest on bank overdraft	3	93
Interest on 10% debentures		1,157
		28,626
Profit before depreciation		655
Less: Depreciation		255
Profit before tax		400
Provision for tax	4	275
Profit after tax		125
Less: Transfer to fixed asset replacement reserve		25
		100
Less: Dividend paid and payable		45
Retained profit		55

Notes:

- i. This represents the invoice of goods supplied after deducting discounts, returns and sales tax.
- ii. Operating cost includes (₹ '000) 10,247 as wages, salaries and other benefits to employees.
- iii. The bank overdraft is treated as a temporary source of finance.
- iv. The charge for taxation includes a transfer of (₹ '000) 45 to the credit of deferred tax account.

You are required to:

- a. Prepare a value-added statement for the year ended 31st March 2021.
 - b. Reconcile total value added with profit before taxation.
11. “Triple bottom line” aims to incorporate sustainable accounting in business” Explain.

SECTION – D

(Compulsory Skill-based Question on Subject / Paper)

Skill-based Question

(1X12=12)

12. The directors of Jayant Ltd. have received the following email from its majority shareholder:

To: Directors of Jayant Ltd.

Re: Measurement

I recently read an article published in the financial press about the 'mixed measurement approach' that is used by lots of companies. I hope Jayant Ltd. does not follow such an approach because 'mixed' seems to imply 'inconsistent'. I believe that consistency is of paramount importance, and hence feel it would be better to measure everything in a uniform manner. It would be appreciated if you could provide further information at the next annual general meeting on measurement bases, covering what approach is taken by Jayant Ltd. and why, and the potential effect such an approach has on the investors trying to analyse the financial statements.

Prepare notes for the directors of Jayant Ltd. to discuss the issue raised in the shareholders' email with reference to the Conceptual Framework wherever appropriate.
