



PG – 1320

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IV Semester M.Com. Degree Examination, October/November 2024  
(CBCS) (2021-22)

COMMERCE (Accounting and Taxation)

Paper – 4.3 : Corporate Reporting Practices – II

Time : 3 Hours

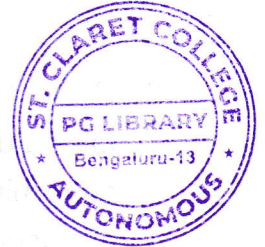
Max. Marks : 70

SECTION – A

Answer **any seven** questions out of ten. **Each** question carries **two** marks.

(7×2=14)

1. a) Give the meaning of operating segment as per IND AS 108.
- b) What are Key Performance Indicators ?
- c) Give the meaning of equity-settled share-based payment transactions.
- d) State the meaning of financial liability.
- e) Name any two reasons for corporate restructuring.
- f) What is demerger ?
- g) Give the meaning of chain holdings.
- h) Write a note on sustainability reporting.
- i) What do you mean by economic value added ?
- j) What is compound financial instrument ?



SECTION – B

Answer **any four** questions out of six. **Each** question carries **five** marks.

(4×5=20)

2. Explain the differences between financial and non-financial key performance indicators.
3. What do you mean by Interim Financial Reporting as per IND AS 34 ? List out the contents of Interim Financial Reporting.

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4. Explain the types of merger. Σ
5. Following is the data for company XYZ in respect of number of equity shares during the financial year 2023-2024. Find out the number of shares for the purpose of calculation of basic EPS as per IND AS 33.

S.No.	Date	Particulars	No. of shares
1.	1-Apr.-2023	Opening balance of outstanding equity shares	1,00,000
2.	15-Jun.-2023	Issue of equity shares	75,000
3.	8-Nov.-2023	Conversion of convertible preference shares in Equity	50,000
4.	22-Feb.-2024	Buy back of shares	(20,000)
5.	31-Mar.-2024	Closing balance of outstanding equity shares	2,05,000

6. C Ltd acquires 60% share in D Ltd. for cash payment of Rs. 2,00,000. The fair value of non-controlling interest (NCI) is Rs. 1,00,000. This amount was determined with reference of market price of D Ltd.'s ordinary shares before the acquisition date.

Calculate NCI and goodwill as following :

- i) Fair Value Approach.
  - ii) Proportionate shares of identified net asset in acquire approach when on the acquisition date, the aggregate value of D Ltd.'s identifiable net assets is :
    - a) Rs. 2,40,000      b) Rs. 3,30,000.
7. On 1<sup>st</sup> April, 2019 Alpha Ltd. issued Rs. 30,00,000, 6% convertible debentures of face value of Rs. 100 per debenture at par. The debentures are redeemable at a premium of 10% on 31<sup>st</sup> March 2023 or these may be converted into ordinary shares at the option of the holder, the interest rate for equivalent debentures without conversion rights would have been 10%. Being compound financial instrument, you are required to separate equity and debt portion as on 1<sup>st</sup> April 2019.



SECTION – C

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

8. Write a note on :

- a) Economic Value Added (EVA).
- b) Global Reporting Initiative.
- c) Triple Bottom Line Reporting.

9. Explain the contents of annual report as per the provisions of Companies Act 2013.

10. The summarized Balance Sheet of A Ltd. and B Ltd. as at 31<sup>st</sup> March, 2024 were as under :

Particulars	A Ltd. (Rs.)	B Ltd. (Rs.)
Fully paid up equity		
shares of Rs. 10 each	20,00,000	12,00,000
Share Premium Account	4,00,000	
General Reserve	5,20,000	5,00,000
Profit and Loss Account	3,60,000	3,20,000
10% Debentures	10,00,000	—
Secured Loan	6,00,000	6,00,000
Sundry Creditors		3,40,000
<b>Total</b>	<b>48,80,000</b>	<b>29,60,000</b>
Land and Buildings	18,00,000	9,00,000
Plant and Machinery	10,00,000	7,60,000
Investments (10,000		
shares in B Ltd.)	1,60,000	—
Stock	10,40,000	7,00,000
Debtors	8,20,000	5,20,000
Bank	60,000	80,000
<b>Total</b>	<b>48,80,000</b>	<b>29,60,000</b>





Z Ltd., an existing company took over both A Ltd. and B Ltd.

a) The shares of A and B are to be valued as under :

A Ltd. – Rs. 18 per share

B Ltd. – Rs. 20 per share

b) A contingent liability of A Ltd. of Rs. 1,20,000 is to be treated as real liability.

c) The shareholders of A Ltd. and B Ltd. are to be paid by issuing sufficient number of shares of Z Ltd. at par.

d) The shares of Z Ltd. are issued at Rs. 10 each.

Required :

i) Show the computation of the number of shares Z Ltd. will issue to the shareholders of A Ltd. and B Ltd.

ii) Pass the journal entries in the books of Z Ltd.

11. Z Ltd. grants 100 share options to each of its 400 employees conditional on their continuing in service for 3 years. Fair value of share option on the grant date is Rs. 30. Z Ltd. estimates that 20 per cent of employees will leave during the three-year period and therefore forfeit their rights to the share options.

During year 1, 18 employees leave. The entity revises its estimate of total employee departures over the three-year period from 20 per cent to 16 per cent.

During year 2, a further 20 employees leave. The entity revises its estimate of total employee departures over the three-year period from 16 per cent to 13 per cent.

During year 3, a further 14 employees leave.

All the continuing employees exercised the option to subscribe in the equity shares of Rs. 10 each at Rs. 50 only, when market price stands at Rs. 80. The fair value of the option at the grant date is taken at Rs. 30 only.

Pass journal entries with working notes.



SECTION – D

**Compulsory** skill based question on subject.

**(1×12=12)**

12. Patagonia, one of the famous and very old outdoor apparel was founded in 1972. The company is famously known for its environmental responsibility and sustainability efforts. Patagonia has been publishing reports 1996, focusing on : Financial, Social and Environmental aspects.

Because of these reports the company was able to enhance its brand reputation, increased customer loyalty and improve supply chain. Although, it was very challenging for the company to balance between environmental and economic goals and manage global supply chain complexity.

Based on the above case study answer the following questions.

- a) What kind of reporting practices are been followed by Patagonia ? Summarize the challenges and benefits of the reporting practice.
  - b) “The main moto of today’s generation businesses is only earning profit, whereas in order to sustain for a long run in the market one has to focus on reporting all the aspects”. Justify the statement using the illustration of above case study.
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