



**JP – 322**

**III Semester M.Com. (FA) Degree Examination, May/June 2023**  
**(CBCS Scheme) (2021 – 22)**  
**COMMERCE (Financial Analysis)**  
**Paper – 3.4 : Financial Reporting**

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) Why is materiality an important concept in financial reporting ?  
b) How does the IASB's principles of disclosure initiative aim to improve financial reporting ?  
c) Define the term 'professional behaviour' in the context of accounting.  
d) What is the difference between code of ethics and code of conduct ?  
e) What do you mean by the Global Reporting Initiative (GRI) ?  
f) Give the meaning of integrated reporting.  
g) Define Shareholder's value added.  
h) What is the purpose of the value added statement and how does it differ from traditional financial statements ?  
i) List some of the key qualities of financial reporting in banking.  
j) What is the purpose of Corporate Social Responsibility (CSR) reporting and who are its users ?

**SECTION – B**

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

2. Explain the role of management commentary in providing additional information to stakeholders.
3. Explain the importance of internal controls in ensuring ethical corporate behavior.
4. What are the principles of the SEBI LODR regulations for listed companies in India and how do they impact financial and sustainability reporting ?

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5. Explain the significance of integrated reporting in promoting better communication between a company's financial and sustainability performance.
6. Discuss the impact of RBI guidelines on financial reporting practices in India, including the role of auditors and regulators in ensuring compliance.
7. Evaluate the effectiveness of Market Value Added (MVA) in measuring a company's market value and its usefulness in financial reporting and analysis, including its limitations and potential biases.

### SECTION – C

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

8. Briefly explain the relationship between financial reporting and corporate governance and its impact on the quality of financial reporting.
9. Analyze the role of regulatory bodies in ensuring compliance with accounting standards and ethical requirements in corporate reporting.
10. Evaluate the effectiveness of the GRI framework in promoting sustainability reporting and stakeholder engagement, including its strengths and weaknesses.
11. "HR reporting is a process in which companies track key metrics about their employees and workforce". Discuss.

### SECTION – D

**Compulsory Skill based question.**

**(1×12=12)**

12. From the following Profit and Loss Account of Bright Co. Ltd., prepare a gross value added statement for the year ended 31-3-2023 :

Also show the reconciliation between gross value added and profit before taxation.

#### Profit and Loss Account for the year ended 31-3-2023

|              | Notes | (Rs. '000) | (Rs. '000)   |
|--------------|-------|------------|--------------|
| Income :     |       |            |              |
| Sales        |       |            | 6,240        |
| Other income |       |            | 55           |
|              |       |            | <b>6,295</b> |





## Expenditure :

|   |     |       |              |
|---|-----|-------|--------------|
| Production and operational expenses             | 1   | 4,320 |              |
| Administration expenses (Factory)               | 2   | 180   |              |
| Interest and other charges                      | 3   | 624   |              |
| Depreciation                                    |     | 16    | (-5,140)     |
| Profit before tax                               |     |       | <b>1,155</b> |
| Provision for tax                               |     |       | (-55)        |
|   |     |       | <b>1,100</b> |
| Balance as per last Balance Sheet               |     |       | 60           |
|   |     |       | <b>1,160</b> |
| Transferred to fixed assets replacement reserve | 400 |       |              |
| Dividend paid                                   | 160 |       | - 560        |
| Surplus carried in Balance Sheet                |     |       | <b>600</b>   |

**Notes :**

## 1) Production and operation expenses :

|                                  |              |
|----------------------------------|--------------|
| Consumption of raw materials     | 3,210        |
| Consumption of stores            | 40           |
| Local tax                        | 8            |
| Salaries to administrative staff | 620          |
| Other manufacturing expenses     | 442          |
|                                  | <b>4,320</b> |

## 2) Administration expenses include salaries and commission to Directors-5.

## 3) Interest on other charges include :

- |  |     |
|--|-----|
| a) Interest on bank overdraft (Overdraft is of temporary nature)                                   | 109 |
| b) Fixed loan from I.C.I.C.I.  | 51  |
| c) Working capital loan from I.F.C.I.  | 20  |
| d) Excise duties amount to one-tenth of total value added by manufacturing and trading activities. |     |