



III Semester M.Com. (FA) Examination, May 2024  
(CBCS Scheme)

(2021 – 22)

FINANCIAL ANALYSIS

Paper – 3.4 : Financial Reporting

Time : 3 Hours

Max. Marks : 70

SECTION – A

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

- a) State the purpose of Conceptual framework in financial reporting.
- b) What do you mean by materiality concept ?
- c) What is professional behaviour in accounting ethics ?
- d) Why is ethics important in financial reporting ?
- e) What is listing obligations and disclosure requirements ?
- f) Why was GRI created ?
- g) What are the exposure norms of RBI ?
- h) What are Non-banking Finance Companies ?
- i) State the difference between value added statement and profit and loss account.
- j) State the purpose of corporate environmental reporting.

SECTION – B

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

2. Write a note on IASB's principles of Disclosure Initiative.
3. Explain the ethical requirements relating to financial reporting.
4. Discuss different approaches and challenges in evaluation of CSR programmes.
5. Explain the qualitative features of banks financial reporting system.
6. Why companies need an environmental audit ?



7. A company has a capital base of Rs. 2 crore and has earned profits of Rs. 22 lakhs. This Return On Investment (ROI) of particular industry to which company belongs is 12.5%. If service of a particular executive are acquired by the company, it is expected that profits will increase by Rs. 5 lakhs over and above target profit. Determine the amount of maximum bid price for that particular executive and maximum salary that could be offered to him.

### SECTION – C

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

8. "The TBL is an accounting frame work that incorporates three dimensions of performance : social, environmental and financial." Discuss.
9. Write a short note on :
- Financial Reporting by Mutual Funds
  - Financial Reporting by stock and commodity market intermediaries.
10. Do you believe that implementing integrated reporting will enhance stakeholder value ? Discuss.
11. a) From the following extracts of financial data pertaining to Hexion Company Ltd. an IT Company, you are required to prepare Value added Statement :

Particulars	Amount in Rs.
Sales	13,72,000
Opening stock of raw materials and finished goods	4,20,000
Closing stock of raw materials and finished goods	3,00,000
Purchase of raw materials	5,00,000
Carriage on purchase	25,000
Wages and salary	1,75,000
Factory, office and selling and distribution expenses	2,50,000
Depreciation	40,000
Interest on loan	10,000
Tax paid	45,000
Dividend paid	90,000



**Additional Information :**

- i) Outstanding Expenses is Rs. 15,000
  - ii) Sales Return is Rs. 12,000
  - iii) Interest Received is Rs. 5,000.
- b) The following information is available of a concern. Calculate Economic Value Added (EVA).
- a) 12% Debt Rs. 3,000 crores
  - b) Equity capital Rs. 750 crores
  - c) Reserves and Surplus Rs. 11,250 crores
  - d) Risk-free rate 9%
  - e) Beta factor 1.05
  - f) Market rate of return 19%
  - g) Equity (market) risk premium 10%
  - h) Operating profit after tax Rs.3,150 crores
  - i) Tax rate = 30%.

**SECTION – D**

Answer the following :

**(1×12=12)**

12. a) Discuss the guidelines enumerated by the Companies Act, 2013 for Corporate Social Responsibility.
- b) Build up arguments offered both in favour of and against the assumption of social responsibilities by business.

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reporting system