

Q.5 i. What is the treatment for prior period errors as per IAS 8? How are such errors corrected in financial statements?

**4**    3    4    2    3

*Total No. of Questions: 6*

*Total No. of Printed Pages: 4*

**Enrollment No.....**

ii. Explain the five-step model for revenue recognition under IFRS 15 with a brief example for each step.

**6**    5    5    1    2

OR iii. Describe the treatment of foreign exchange differences as per IAS 21. How are monetary and non-monetary items affected by changes in exchange rates?

**6**    5    5    2    4



Knowledge is Power

**Faculty of Commerce**

**End Sem Examination Dec 2024**

**CM3CO24 Financial Reporting**

Programme: B.Com. Branch/Specialisation: Commerce / Global Finance

**Maximum Marks: 60**

Q.6 Attempt any two:

i. What is the purpose of a statement of cash flows as per IAS 7, and how are cash flows classified into operating, investing, and financing activities?

**5**    4    5    4    4

**Duration: 3 Hrs.**

ii. Explain the process of consolidating financial statements for a parent company and its subsidiaries. What adjustments are made to eliminate intra-group transactions?

**5**    5    3    5    2

iii. Discuss the significance of ratio analysis in financial statement interpretation. Provide examples of any two ratios and their relevance.

**5**    4    3    3    3

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Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

	<b>Marks</b>	<b>BL</b>	<b>PO</b>	<b>CO</b>	<b>PSO</b>
Q.1 i. Which of the following is not a component of financial statements as per IAS 1?	<b>1</b>	1	1	1	1
(a) Balance Sheet					
(b) Income Statement					
(c) Statement of Budget					
(d) Notes to Financial Statements					
ii. According to IAS 38, which of the following is NOT an intangible asset?	<b>1</b>	1	3	1	1
(a) Goodwill					
(b) Patents					
(c) Land					
(d) Copyrights					
iii. What criteria must a non-current asset meet to be classified as "held for sale" under IFRS 5?	<b>1</b>	1	3	1	1
(a) Depreciated fully					
(b) Available for immediate sale					
(c) Held for future investment					
(d) Intended for distribution to shareholders					
iv. Under IFRS 16, which type of lease substantially transfers all ownership risks and rewards to the lessee?	<b>1</b>	1	3	1	1
(a) Finance Lease					
(b) Operating Lease					
(c) Short-term Lease					
(d) Variable Lease					

	[2]		[3]
v. Which of the following is a liability recognized under IAS 37?	1	1 3 1 1	Q.2 i. What are the key characteristics that define an intangible asset under IAS 38? 2 2 3 2 2
(a) Probable future obligation with a reliable estimate			ii. Explain the recognition criteria for intangible assets as per IAS 38. Provide examples of assets that would qualify. 3 2 3 2 2
(b) Remote possible obligation			iii. Differentiate between tangible and intangible non-current assets. Discuss the role of IAS 38 in recognizing intangible assets and explain how these are initially measured in the financial statements. 5 4 5 3 2
(c) Expected revenue			
(d) Deferred tax assets			
vi. IAS 2 governs the accounting treatment of which of the following?	1	1 3 1 1	
(a) Agriculture (b) Leases			OR iv. Explain the concept of impairment of assets as per IAS 36. How does an entity determine if an asset is impaired, and what is the treatment if impairment is identified? 5 3 5 3 2
(c) Inventories (d) Revenue			
vii. According to IAS 8, what is the treatment for a change in accounting policy?	1	1 3 1 1	
(a) Retrospective application			Q.3 i. What are the conditions for classifying a non-current asset as "held for sale" under IFRS 5? 2 3 5 4 3
(b) Prospectively applied			ii. Explain the accounting treatment of leases under IFRS 16 from the lessee's perspective. How are right-of-use assets and lease liabilities recognized in financial statements? 8 4 5 5 4
(c) Ignore the change			
(d) Adjust future estimates only			
viii. What does IFRS 15 focus on?	1	1 3 1 1	OR iii. Briefly describe the classification of financial instruments under IFRS. How are financial assets measured at amortized cost, FVOCI, and FVTPL? 8 3 4 5 5
(a) Revenue recognition			
(b) Asset depreciation			
(c) Tax calculation			
(d) Cash flow projection			
ix. What is the primary objective of preparing consolidated financial statements?	1	1 1 1 1	Q.4 i. What is the difference between provisions and contingent liabilities as per IAS 37? Provide an example of each. 3 4 5 2 3
(a) Show the financial position of a parent company only			ii. Explain the key principles of IAS 2 regarding inventory valuation. How are inventories measured and what is the treatment for write-downs? 7 5 4 3 2
(b) Reflect financials of a single entity			
(c) Present financials of the parent and subsidiaries as one entity			
(d) Isolate individual performance of subsidiaries			
x. Which activity is classified under "financing activities" in the IAS 7 statement of cash flows?	1	1 3 1 1	OR iii. Discuss the concept of fair value measurement under IFRS 13. How does it ensure consistency in measuring assets and liabilities? 7 4 4 3 5
(a) Interest received			
(b) Issuance of equity shares			
(c) Payment to suppliers			
(d) Inventory purchase			

**Marking Scheme**  
CM3CO24 Financial Reporting

Q.1	i) c) Statement of budget	1
	ii) c) Land	1
	iii) b) Available for immediate sale	1
	iv) a) Finance lease	1
	v) a) Probable future obligation with a reliable estimate	1
	vi) c) Inventories	1
	vii) a) Retrospective application	1
	viii) a) Revenue recognition	1
	ix) c) Present financials of the parent & sub as on entity	1
	x) b) Issuance of equity shares	1
Q.2	i. 1 per characteristics	2
	ii. 2 for recognition 1 for example	3
	iii. 2 for differentiation 2 for recognizing 1 for initially	5
OR	iv. 2 for concept 3 for treatment	5
Q.3	i. 2 for conditions	2
	ii. 4 for accounting treatment 4 for recognition	8
OR	iii. 2 for classification and 6 for measurement	8
Q.4	i. 2 for difference 1 for example	3
	ii. 2 for IAS (2) 5 for measurement & treatment	7
OR	iii. 2 for measuring 5 for concept	7
Q.5	i. 2 for treatment 2 for error correction	4
	ii. 4 for steps 2 for example	6
OR	iii. 3 for treatment 3 for effect	6
Q.6	i. 2 for purpose 3 for classification	5
	ii. 2 for process 3 for adjustment	5
	iii. 2.5 for ratio analysis 2.5 for example	5

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