IV Semester M.Com. Examination, August/September 2025
COMMERCE
4.3 : Corporate Reporting Practices – II (CBCS) (2021 – 22)
Equivalent Paper to 4.3 : Corporate Reporting Practices – II (CBCS) (2014 – 15)

Time : 3 Hours Max. Marks : 70

SECTION – A

1. Answer **any seven** out of ten. **Each** question carries **two** marks. **(7×2=14)**
   a) What are the key objectives of corporate reporting as outlined by the IASB Framework ?
   b) Distinguish between financial reporting and general-purpose financial statements.
   c) Mention two key differences between IFRS and Ind AS in terms of treatment of financial instruments.
   d) What is the significance of convergence between Ind AS and IFRS in global financial reporting ?
   e) What are the components of Other Comprehensive Income (OCI) ?
   f) Explain the meaning of 'Earnings Per Share (EPS)' and why it is important for investors.
   g) List any two principles of good corporate governance as per SEBI guidelines.
   h) What is the role of an Audit Committee in ensuring effective corporate reporting ?
   i) What is integrated reporting and how does it differ from traditional reporting ?
   j) Briefly explain the concept of sustainability reporting.

SECTION – B

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

2. Describe the qualitative characteristics of financial information as per the IASB Conceptual Framework. Why are these characteristics important for users of financial statements ?
   Compare and contrast the treatment of lease accounting under Ind AS 116 and IFRS 16. Provide examples to illustrate your answer.
3. What are the key elements of corporate governance disclosure as per SEBI (LODR) regulations ? Discuss their relevance in improving transparency and accountability.
4. What is derecognition of financial assets ? State the condition under which derecognition occurs.

P.T.O.

5. From the following details of ABC Ltd., calculate Basic and Diluted Earnings Per Share (EPS) for the year ended 31st March 2025 :
   - Net Profit After Tax : ₹ 18,00,000
   - Number of Equity Shares Outstanding : 3,00,000
   - 10% Convertible Debentures : ₹ 5,00,000 (Each ₹ 1,000 debenture convertible into 20 equity shares)
   - Interest on debentures is tax-deductible. Corporate Tax Rate : 30%
   - No change in equity during the year

   Instructions :
   - Compute interest saved due to conversion
   - Adjust net profit and shares accordingly
   - Present both Basic and Diluted EPS with workings.

6. Prepare the statement of changes in equity from the following information of XYZ Ltd. for the year ended 31st March 2025 :

Particulars	₹
Opening Equity Share Capital	20,00,000
Opening Retained Earnings	12,00,000
Profit for the year	8,00,000
Interim Dividend Paid	2,00,000
Final Dividend Declared	1,50,000
Gain on Revaluation of PPE (net of tax)	3,00,000
Issue of new shares at premium (face ₹ 10, premium ₹ 5)	1,00,000 shares
Share Issue Expenses	50,000

   Instructions :
   - Present a vertical format of statement of changes in equity.
   - Include equity share capital, retained earnings, revaluation reserve and share premium
   - Incorporate all changes accurately.

7. The following are extracts from the financial data of MNO Ltd. for the year ended 31st March 2025.

Particulars	₹
Revenue from operations	1,20,00,000
Cost of goods sold	75,00,000
Administrative expenses	10,00,000
Finance costs	5,00,000

Fair Value Gain on FVTOCI investments	2,00,000
Revaluation Gain on Land	3,50,000
Actuarial Loss on Gratuity Scheme	1,00,000
Deferred Tax on OCI items (net)	70,000 (Liability)

Prepare a statement of Profit and Loss (single statement format) including :

a) Profit before tax
b) Profit after tax (Assume tax rate = 25%)
c) Other Comprehensive Income
d) Total Comprehensive Income.

SECTION – C

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

8. Explain the elements of the IASB Conceptual Framework for Financial Reporting and discuss how these elements assist in the development and presentation of financial statements. Illustrate your answer with practical examples.

9. Critically examine the key differences between Ind AS and IFRS with regard to revenue recognition, financial instruments and lease accounting. Explain the rationale behind such differences and their impact on corporate reporting in India.

10. On 1st April 2025, X Ltd. acquired 80% of the equity shares of Y Ltd. for ₹ 24,00,000. The balance sheet of Y Ltd. on the date of acquisition was as follows :

Particulars	₹
Share capital (₹ 10 each)	20,00,000
Reserves and surplus	4,00,000
Assets	
Non-Current Assets	18,00,000
Current Assets	10,00,000
Total	**28,00,000**

Additional Information :

- The fair value of identifiable net assets of Y Ltd. was ₹ 30,00,000 on the acquisition date.
- Non-Controlling Interest (NCI) is to be measured at fair value, which is ₹ 6,00,000.
- Goodwill is to be recognized, if any.

Required :

a) Calculate the consideration transferred and the total fair value of the business.
b) Determine the goodwill or gain from the bargain purchase.

Prepare the journal entries in the books of X Ltd. relating to the acquisition.

11. A company provides the following financial information for the year ended 31st March 2025 :

- EBIT : ₹ 48,00,000
- Depreciation : ₹ 12,00,000
- Tax rate : 30%

- Equity Share Capital : ₹ 50,00,000
- Reserves and Surplus : ₹ 30,00,000
- Debt (12% debentures) : ₹ 40,00,000
- Cost of Equity : 14%
- WACC : 11%
- Capital Employed at the beginning of the year : ₹ 1,10,00,000

Required :

a) Calculate Net Operating Profit After Tax (NOPAT)
b) Compute the Weighted Average Cost of Capital (WACC) if not given (validate)
c) Calculate Capital Charge
d) Compute Economic Value Added (EVA)
e) Interpret the EVA result in the context of shareholder value creation.

SECTION – D

Answer the following question : **(1×12=12)**

12. ESOP Accounting at NextGen Tech Ltd.

Background :

NextGen Tech. Ltd., a listed Indian software company, introduced an Employee Stock Option Plan (ESOP) on 1st April 2023 to retain and motivate key employees. Under the scheme :

- Number of options granted : 10,000
- Exercise price : ₹ 100 per share
- Face value of share : ₹ 10
- Market price on grant date : ₹ 180 per share
- Vesting period : 2 years
- Exercise period : 1 year after vesting
- Fair value per option (Using Black-Scholes model) : ₹ 75

Options will vest only if the employee remains with the company for 2 years from the grant date.

Events :

- As of 31st March 2024, 500 employees had left. The company expects another 1,000 options to lapse due to attrition before vesting.
- On 31st March 2025, only 8,000 options actually vested.
- On 30th June 2025, 7,000 options were exercised by employees when the market price was ₹ 220 per share. The remaining options lapsed.

Requirements :

1) Pass journal entries in the books of NextGen Tech. Ltd. for the years ending :
   a) 31st March 2024
   b) 31st March 2025
   c) 30th June 2025
2) Prepare the ESOP Expense account and Securities Premium Account for the relevant periods.
3) Explain the accounting treatment of ESOPs under Ind As 102, including the treatment of lapsed and exercised options.