

Roll No



**PRESIDENCY UNIVERSITY
BENGALURU**

SET B

**SCHOOL OF COMMERCE
END TERM EXAMINATION - JAN 2024**

Semester : Semester V - 2021

Course Code : COM3002

Course Name : Financial Reporting Analysis

Program : BCM

Date : 09-JAN-2024

Time : 1:00 PM - 4:00 PM

Max Marks : 100

Weightage : 50%

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Question paper consists of 3 parts.
- (iii) Scientific and non-programmable calculator are permitted.
- (iv) Do not write any information on the question paper other than Roll Number.

PART A

ANSWER ALL THE QUESTIONS

5 X 2M = 10M

1. Define Accounting Standards (CO1) [Knowledge]
2. How are inventories measured as per Ind AS 2 ?" (CO2) [Knowledge]
3. What are the examples of Contingent liabilities as per Ind AS 37 ? (CO3) [Knowledge]
4. /Current Assets. Prepare notes to account for Floating asset

| | |
|-----------------------|----------|
| Book debts | 1,50,000 |
| BOD | 50,000 |
| Inventories | 30,000 |
| Accounting Payables | 15,000 |
| Debentures | 48,000 |
| Prepared Expenses | 5,000 |
| O/S Expenses | 12,000 |
| Marketable securities | 7,000 |

5. Given that Cost of Revenue from operations is 6,00,000, opening stock is 1,20,000, Closing stock is 80,000. Calculate the ITR (Inventory Turnover Ratio). (CO4) [Knowledge]
- (CO5) [Knowledge]

PART B

ANSWER ALL THE QUESTIONS

5 X 10M = 50M

6. International Financial Reporting Standards (IFRS) are a set of accounting rules for the financial statements of public companies that are intended to make them consistent, transparent, and easily comparable around the world. Elucidate the IFRS standards for transparency in financial reporting.

(CO1) [Comprehension]

7. Calculate the closing inventories on 31st January as per Ind AS 2 using the FIFO method with the following information.

| Date | Particulars | Units (Quantity) | Cost Per Unit (Rs) |
|--------------|-------------|------------------|--------------------|
| 1st January | Purchased | 300 | 3.00 |
| 4th January | Purchased | 600 | 4.00 |
| 6th January | Issue | 500 | --- |
| 10th January | Purchased | 700 | 4.00 |
| 15th January | Issue | 800 | -- |
| 20th January | Purchase | 300 | 5.00 |
| 23rd January | Issue | 100 | --- |

(CO2) [Comprehension]

8. Employee Benefits, as governed by Indian Accounting Standard 19 (Ind AS 19), holds significant importance in financial reporting and analysis for organizations. This standard specifically addresses the accounting treatment and disclosure requirements related to various forms of employee benefits. Explain the scope and objectives of Employee Benefits (Ind As 19).

(CO3) [Comprehension]

9. The following balances have been extracted from the books of Virat Company Ltd as at 31st March 2023

| Particulars | ₹ |
|---|----------|
| Revenue from operations | 7,50,000 |
| Employee benefit expenses | 50,000 |
| Cost of material consumed | 80,000 |
| Cost of changes in WIP and FG | 35,000 |
| Depreciation and Amortization | 46,000 |
| Finance cost | 10,000 |
| Rent received | 15,000 |
| Other expenses | 10,000 |
| Unrealized gains on available-for-sale securities | 25,000 |
| Unrealized losses on available-for-sale securities | 10,000 |
| Foreign currency adjustments | 12,000 |
| Unrealized gains on other financial investments | 26,000 |
| Unrealized losses on other financial investments (Derivative Instruments) | 13,000 |

From the above information prepare Income Statement and other Comprehensive Income Statement for the year ending 31st March 2023.

(CO4) [Comprehension]

10. Ratio analysis involves examining the various items in a company's financial statements. This analytical approach enables an assessment of a company's performance over time and facilitates comparisons with other entities within the same industry or sector. Explain the advantages of ratio analysis.

(CO5) [Comprehension]

PART C

ANSWER ALL THE QUESTIONS

2 X 20M = 40M

11.

From the following Trial Balance and adjustments given, prepare Statement of Profit and Loss for the year ended 31st March 2023, and Balance sheet as on that date of Kakatiya Industries Ltd.

| Particulars | ₹ | Particulars | ₹ |
|---------------------------------|---------------|-----------------------------------|---------------|
| Opening stock of Raw Materials | 7,500 | Sales | 35,000 |
| Purchase of Raw Materials | 24,500 | Share capital (10 each) | 15,000 |
| Fixed Assets | 7,900 | Discount | 500 |
| Cash | 1,345 | Profit and Loss Balance 31.3.2022 | 1,500 |
| Wages | 5,000 | Creditors | 2,750 |
| Discount | 700 | Reserves | 1,800 |
| Salaries | 2,700 | | |
| Postage and office exp | 775 | | |
| Dividend (Interim) paid in 2022 | 900 | | |
| Debtors | 4,750 | | |
| Bad debts | 150 | | |
| Cash in hand | 330 | | |
| | 56,550 | | 56,550 |

Adjustments:

- (i) Closing Stock of Raw Materials ₹ 7,900
- (ii) Provide Depreciation on fixed assets at 10% p.a.
- (iii) Make a Provision of 5% on debtors towards doubtful debts
- (v) Salaries outstanding ₹ 300

(CO4) [Application]

12.

Following is the statement of Profit and Loss statement of Anand Ltd for the year ending 31st March 2023.

| Particulars | ₹ |
|-------------------------------|------------------|
| Revenue from operations | 20,00,000 |
| other Income | 25,000 |
| Total Revenue | 20,25,000 |
| Expenses | |
| Purchases of stock in trade | 16,00,000 |
| Changes in inventories | -1,00,000 |
| Employee Benefit expenses | 75,000 |
| Finance Costs | 20,000 |
| Depreciation and amortisation | 60,000 |
| Other Expenses | 50,000 |
| Total Expenses | 17,05,000 |
| Profit | 3,20,000 |

Calculate: (a) Gross Profit Ratio (b) Net Profit Ratio (c) Operating Ratio (d) Operating Profit Ratio. (e) Interest coverage ratio

(CO5) [Application]