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ST. JOSEPH'S COLLEGE (AUTONOMOUS), BANGALORE-27

M.Com – I SEMESTER

SEMESTER EXAMINATION: NOVEMBER 2019

MCO 7118 – FINANCIAL ANALYSIS AND REPORTING

Time-2 ½ hrs **Max Marks-70**

This paper contains 3 (THREE) printed pages and four parts

SECTION A

Answer any TEN (10) of the following (10 * 2 Marks = 20 Marks)

1. "Accounting is the language of business" – Justify.
2. Accounting cycle is a collective process of ___________________.
   Complete the sentence with your own words
3. State any two examples for accounting postulates.
4. Differentiate between capital and revenue concepts.
5. Show Vertical Financial statement analysis with an example.
6. What are the uses of cash flow statement analysis?
7. "Convergence of IFRS and Indian Accounting Standards" - Explain
8. What are the basic purposes of Accounting Standards?
9. Write the title for the following accounting standards:
   - Ind AS 1
   - Ind AS 16
   - Ind AS 103
   - Ind AS 110
10. What are the statements to be prepared according to Indian Accounting Standard and Companies Act 2013?
11. Give the meaning of the term 'Current Assets' and 'Current liabilities' according to Indian Accounting Standards.
12. What do you mean by Non Controlling Interest Group?

SECTION B

Answer any THREE (3) of the following (3 * 5 Marks = 15 Marks)

13. Explain any five theoretical approaches to the development of accounting theory.

14. "Financial statements, though valuable, suffer from various limitations" – Discuss

15. Explain any two of the following with an example

a. Liquidity ratio
b. Profitability ratio
c. Turnover ratio
d. Solvency ratio

16. Present Group Structure, percentage sharing and pre and post-acquisition earnings from the following draft statements of D,C and J, as at 31st March 2019:.

	D Rs in '000	C Rs in '000	J Rs in '000
Assets:			
Non financial assets and financial assets	360	160	160
Investment	240	160	
	600	**320**	**160**
Equity	400	200	100
Other equity			
Retained earnings	200	120	60
	600	**320**	**160**

Other details as follows:

C acquired J	1st April 2018	Retained earnings of J on the date is Rs 50,000
D acquired C	30th October 2018	Retained earnings of C on the acquisition date is Rs 80,000 and J amounted to Rs 60,000

17. Explain the five step control model according to Indian Accounting Standard 115.

SECTION C

Answer any TWO (2) of the following (2 * 10 Marks = 20 Marks)

18. a) Discuss the step wise approach in the convergence with IFRS in India. (5 marks)

b) What are the challenges in IFRS implementation in India. (5 marks)

19. Prepare **'OTHER EQUITY'** note with the following data

General reserve as on 1.4.2018	Rs 1,00,000
Securities premium 1.4.2018	Rs 2,00,000
Workmen compensation fund 1.4.2018	Rs 40,000
Opening Retained earnings	Rs 2,50,000
Profit after interest and tax	Rs 1,43,000

Preference shares (50% with potential to convert as equity shares in future) Rs 3,00,000

Bonds (20% of the bonds with potential to convert as equity shares) Rs 1,00,000

At the closing date the management agreed to add 20% to general reserve and 10% to workmen compensation fund. Also decided to pay pending premium to shareholders amounted to Rs 3,000

Non controlling interest group increased by 10% comparing to the last year balance Rs 1,50,000.
Revaluation surplus for the year is Rs 50,000

20. Analyse the following financial data

a) Selected Financial Data for Apple (Dollars in Millions)

Fiscal year	**2017**	**2018**	**2019**
Net sales	42,905	37,491	24,578
Gross margin	17,222	13,197	8,152
Operating income	11,740	8,327	4,407

b) Selected Financial Data for Dell (Dollars in Millions)

Fiscal year	**2017**	**2018**	**2019**
Net sales	52,902	61,101	61,133
Gross margin	9,261	10,957	11,671
Operating income	2,172	3,190	3,440

SECTION D

Compulsory Question (15 Marks)

21. The following are the statements (prepared in the old format of statements) of financial position at 31 December 2018 for H group companies:

	H	**S**	**T**
	Rs	**Rs**	**Rs**
45,000 shares in S	65,000		
30,000 shares in T		55,000	
Sundry assets	280,000	133,000	100,000
	345,000	**188,000**	**100,000**
Equity share capital (Rs1 shares)	100,000	60,000	50,000
Retained earnings	45,000	28,000	25,000
Liabilities	200,000	100,000	25,000
	345,000	**188,000**	**100,000**

The inter-company shareholdings were acquired on 1 January 2017 when the retained earnings of S were Rs10,000 and those of T were Rs 8,000. At that date, the fair value of the non-controlling interest in S was Rs 20,000. The fair value of the total non-controlling interest (direct and indirect) in T was Rs 50,000. It is group policy to value the non-controlling interest using full goodwill method.
At the reporting date, goodwill is fully impaired and had been written off in an earlier year.

Required:

i) Good will calculation
ii) Non controlling interest share
iii) Consolidated retained earnings
iv) Notes to the accounts
v) Consolidated statement of financial position for the H group at 31 December 2018.

--- END OF THE QUESTION PAPER ---