Registration Number:

Date & session:

 

**ST. JOSEPH’S UNIVERSITY, BENGALURU -27**

**BBASF – 2nd SEMESTER**

**SEMESTER EXAMINATION: APRIL 2024**

**(Examination conducted in May /June 2024)**

**BASF 2323: FINANCIAL REPORTING**

**(For current batch students only)**

**Time: 2 Hours Max Marks: 60**

**This paper contains 3 printed pages and four parts**

**Part A**

**I.** Answer ***any five*** of the following (**5x2 = 10 Marks)**

1. State any two components of other comprehensive income.
2. What is Non-Controlling Interest?
3. Write the meaning of deferred tax asset.
4. How depreciation is calculated under sum of the year’s digit method?
5. State the meaning of liabilities.
6. Give any two examples of disclosure notes to the financial statement.

**Part B**

**II.** Answer ***any four*** of the following (**4x5 = 20 Marks)**

1. An organisation purchases a vehicle for $50,000 and expects to sell the car for $10,000 at end of fifth year. Compute deprecation under double declining method for five years.
2. Company B has purchased a widget for the following prices on the following dates.

|  |  |  |  |
| --- | --- | --- | --- |
| Purchase Date | Units | Cost per unit | Total cost  |
| 1/1/2022 | 100 | $5  | $500  |
| 2/1/2022 | 100 | $6  | $600  |
| 3/1/2022 | 100 | $7  | $700  |

On 3/2/2022, Company B sells 120 units of the widget. Compute cost of sales and ending inventory under FIFO and LIFO method.

1. Explain two approaches of accounting warranties.

1. A. ‘J’ Company has 200,000 common shares outstanding with a $1 par value and a market value of $5, ‘J’ company declares a 18% stock dividend.

What is the impact on the various equity accounts if the transaction is considered a small stock dividend? 3 marks

B. What is stock dividend? 2 marks

1. Walley’s Wheel Factory (WWF) produces bicycle wheels. WWF normally sells its wheels to small bike shops, but has recently been attracting the attention of a few large bicycle manufacturers because of their superior quality. WWF signed a contract to supply wheels to Bike Builders Corp (BBC) for their winter production season from November through February. The contract requires a minimum purchase of 2,000 wheels over the four-month period and contract price per wheel during the same period is as follows.

|  |  |
| --- | --- |
| First 2,000 wheels | $44 per wheel |
| Next 1,000 wheels  | $40 per wheel |
| Additional wheels beyond 3,000 | $36 per wheel |

WWF expects a 20% probability that BBC will purchase the minimum 2,000 wheels, a 60% probability that BBC will purchase 3,000 wheels, and a 20% probability that BBC will purchase 3,600 wheels. If BBC purchases 800 wheels in November and remits $35,200 (800\*$44) to WWF upon delivery, what is the transaction price per wheel that WWF should use for the purchase?

**Part C**

**III.** Answer ***any two*** of the following (**2x10 = 20 Marks)**

1. A. Gregory Corporation uses a multi-step format on a combined statement of income and comprehensive income to report its results of operating each year. During 2023, Gregory corporation reported the following selected information on that format.

|  |  |
| --- | --- |
| Comprehensive Income  | $128,000  |
| Gross Profit | $764,000  |
| Operating Expenses | $522,000  |
| Sales Revenue  | $1,192,000  |
| Net Income | $120,000  |
| Income Before Tax | $200,000  |

What are the total amounts Gregory Corporation reported for cost of goods sold, other losses, income tax expense, and other comprehensive income (net of tax) in 2023. Calculate the values by preparing combined statement of income and comprehensive income for Gregory Corporation. 8 marks

B. What is discontinued operations? 2 marks

1. Discuss five step model for revenue recognition.
2. Explain any two methods of accounting for equity investment when an organisation purchase equity shares in other organisations.

**Part D**

**IV. Answer the following (1x10=10 Marks)**

1. XY Ltd Co provides following information for the year ending December 2022,

Accumulated other comprehensive income $5,600

Common stock $80,000

Additional paid-in capital $176,000

Treasury stock $(8,000)

Retained earnings $168,000

During 2023, XY Ltd issued stock worth $8,000 and additional paid in capital is $28,000. It also purchased back stock worth $4,000 from open market.

In addition, the company provides below information for the year ending December 2023,

Net Income $192,000

Unrealised holding loss (net of tax) $4,000

Total assets $1,033,600

Total liabilities $392,000

From the above information prepare statement of changes in equity and balance sheet for the year ending December, 31, 2023.