**Registration Number:**

**Date & Session:**

**ST. JOSEPH’S COLLEGE BENGALURU – 27**

**BCOM – IV SEMESTER**

**SEMESTER EXAMINATION: APRIL 2024**

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

**BCIFA 4123: Strategic Business Reporting I**

**(For current batch students only)**

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

**This paper contains 2 printed pages and 4 parts**

**Part A**

**Answer any 5 of the following. Each question carries 3 marks. (5 X 3 = 15)**

1. List out any 3 criticisms of financial reporting.
2. What is meant by significant financing components? List the indicators of it.
3. Give the meaning of P/E ratio. Provide any two interpretations for increase in P/E ratio.
4. What is the purpose of management commentary in financial statements?
5. What are the initiatives of the United Nations Global Compact in accordance with sustainability reporting?
6. What are the issues associated in having a set of reporting standards for SME?

**Part B**

**Answer any 2 of the following. Each question carries 5 marks. (2 X 5 = 10)**

1. Briefly explain the criticism of IAS 37.
2. Write short notes on the disclosure of related parties (IAS 24).
3. Prizo develops and manufactures desktop and laptop computers. Profit after tax for the year ended 31 December 20X1 is 5% lower than the prior period. Prizo discloses the following non-financial performance measures in its Integrated Report for the year ended 31 December 20X1.

|  |  |  |
| --- | --- | --- |
|  | 20X1 | 20X0 |
| Faults per 1,000 sales  Customer service helpline waiting time (minutes)  Staff turnover (leavers/average number of employees X 100) | 2.1  1.5  6.5 | 3.2  4.2  13.2 |

Discuss how the above information might be interpreted by Prizo’s current and potential investors.

**Part – C**

**Answer any 2 of the following. Each question carries 10 marks. (2 X 10 = 20)**

1. On 1 May 20X2, Ybis granted 500 share appreciation rights (SARs) to its 300 managers. All the rights vested on 30 April 20X4 but they can be exercised from 1 May 20X4 up to 30 April 20X6. At the grant date, the value of each SAR was $10 and it was estimated that 5% of the managers would leave during the vesting period. The fair value of each SAR is as follows:

|  |  |
| --- | --- |
| Date | Fair value ($) |
| 30th April 20X3  30th April 20X4  30th April 20X5 | 9  11  12 |

All the managers who were expected to leave employment did leave the company as expected before 30 April 20X4. On 30 April 20X5, 60 managers exercised their options when the intrinsic value of the right was $10.50 and were paid in cash. Ybis is confused as to whether to account for the SARs under IFRS 2 Share‐ based Payment or IFRS 13 Fair Value Measurement, and would like advice as to how the SARs should have been accounted for between the grant date and 30 April 20X5.

1. Cold’s directors have been reviewing the International Integrated Reporting Council’s Framework for Integrated Reporting. The directors believe that International Financial Reporting Standards are already extensive and provide stakeholders with a comprehensive understanding of an entity’s financial position and performance for the year. Statements of cash flow enable stakeholders to assess the liquidity, solvency and financial adaptability of a business. They are concerned that any additional disclosures could be excessive and obscure the most useful information within a set of financial statements. They are therefore unsure as to the rationale for the implementation of a separate, or combined, integrated report.

Discuss the extent to which statements of cash flow provide stakeholders with useful information about an entity and whether this information would be improved by the entity introducing an Integrated Report.

1. The IFRS Practice Statement Management Commentary provides a broad, non‐binding framework for the presentation of management commentary which relates to financial statements which have been prepared in accordance with IFRS Standards. The management commentary is within the scope of the Conceptual Framework and, therefore, the qualitative characteristics will be applied to both the financial statements and the management commentary.

Discuss how the qualitative characteristics of understandability, relevance and comparability should be applied to the preparation of the management commentary.

**Part – D**

**Answer the following compulsory question. The question carries 15 marks. (1X15 = 15)**

1. a. Elaborate the impacts of a natural disaster in financial accounting and reporting perspective.

b. List out all the criteria to recognize the development expenditure in the financial statement.

(10+5)