Roll No

PRESIDENCY UNIVERSITY

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Bengaluru

GAIN MORE KNOWLEDGE REACH GREATER HEIGHTS

Even Semester End Term Examination, May / June 2026		
Date: 27/05/2026		**Time: 09.30 AM - 12.30 PM**
Course Code: CBS1036	**Course Name: International Financial Reporting**	
Semester: Second Semester	**Max. Marks: 100**	**Weightage: 50%**

CO - Levels	**CO1**	**CO2**	**CO3**	**CO4**	**CO5**	**CO6**
Marks	**36**	**36**	**36**	**36**	**18**	**18**

Part A: Answer Following Questions. 20 M

Qn.No	**Questions**	**M**	**CO**	**BT**
1	Describe the purpose of the Statement of Cash Flows.	2	CO1	BT2
2	Explain the reason for profit getting added to equity.	2	CO1	BT2
3	Identify the second step in the 5-step revenue recognition model.	2	CO2	BT1
4	Decsribe the accrual concept.	2	CO2	BT2
5	Describe the term finished goods in accounting for Inventory.	2	CO3	BT2
6	Provide the journal entry to record decrease in allowance for doubtful debts.	2	CO3	BT2
7	Identify the intangible asset that is not amortised.	2	CO4	BT1
8	Provide the journal entry for purchase of building by bank.	2	CO4	BT2
9	Explain the concept of deferred tax.	2	CO5	BT2
10	Give the journal entry for cash dividends payment.	2	CO6	BT2

Part B: Answer Any 1 Following Questions. 16 M

Qn.No	**Questions**	**M**	**CO**	**BT**
11.a	Differentiate the below line items in an Income Statement: - Gross Profit - Operating Profit	6	CO1	BT2

	- EBT - Net Income			
11.b	Prepare the Balance Sheet with proper classifications based on below listed account balances as at Sep 30, 2025. Cash and Cash Equivalents: $45,000 Accounts Receivable: $32,000 Inventory: $58,000 Prepaid Insurance: $6,000 Equipment: $210,000 Accumulated Depreciation (Equipment): ($50,000) Land: $150,000 Accounts Payable: $24,000 Unearned Revenue: $12,000 Notes Payable (due in 5 years): $100,000 Common Stock: $200,000 Retained Earnings: $115,000	10	CO1	BT3
12.a	Identify the steps five step revenue recognition approach.	6	CO2	BT1
12.b	John has joined and paid $960 for a three-month introduction to stiching class at Perfect Fit. The class begins August 1. Perfect Fit has a September 30 year-end. You are the accountant at Perfect Fit helping on recording revenue. 1) Show the journal entry for August 1. 2) Show the journal entry for September 30. 3) Calculate the amounts reflected in Bakers' financial statements associated with the class.	10	CO2	BT3

Part C: Answer Any 1 Following Questions. 16 M

Qn.No	Questions	M	CO	BT
13.a	A company wrote off its inventory cost from $120 to its net realizable value of $80 at the end of year 1. As of the end of year 2, the inventory was still unsold and its net realizable value increased	6	CO3	BT3

	to $150. What must be the value at which the inventory must be recorded at the end of Year 2?			
13.b	Consider below details regrading inventory for KTM during a period: Purchase: 24,000 units for $5/unit. Sales: 20,000 units for $8 per unit. Solve the values for sales revenue, cost of goods sold and gross profit assuming the company use periodic inventory system.	10	CO3	BT3
14.a	Describe the components of PIRATE criteria for capitalising development costs under IFRS.	6	CO4	BT2
14.b	Discuss in detail the revaluation model under IFRS.	10	CO4	BT2

Part D: Answer Any 1 Following Questions. 16 M

Qn.No	Questions	M	CO	BT
15.a	Explain the concept of permanent differences in tax accounting with suitable examples.	6	CO5	BT2
15.b	Differentiate the accounting treatment for Operating and Finance leases.	10	CO5	BT2
16.a	Describe the charecteristics of Preferred Stock Capital.	6	CO6	BT2
16.b	A company's common stock has a par value of $5 and the company's preferred stock has a par value of $20. The company had the following transactions during its first month of operations: January 1: Sold 10,000 shares of common stock and 5,000 shares of preferred stock for $150,000 in total. Both stocks were sold at par value. January 10: Sold 3,000 shares of common stock for $40,000. January 15: Sold 1,000 shares of preferred stock for $25,000. Required: Show how these transactions will be recorded on January 1, 10, and 15 of Year 1.	10	CO6	BT3

Part E: Answer Any 1 Following Questions. 16 M

Qn.No	Questions	M	CO	BT

17.a	Compare and contrast the presentation of assets and capital in a Balance Sheet with appropriate examples.	6	CO1	BT4
17.b	Explain the difference between Operating, Investing and Financing activities in a Statement of Cash Flows with examples.	10	CO1	BT2
18.a	Describe the treatment of revenue received in advance with appropriate journal entries.	6	CO2	BT2
18.b	Explain how the revenue is recognized when the entity satisfies each performance obligation.	10	CO2	BT2

Part F: Answer Any 1 Following Questions. 16 M

Qn.No	Questions	M	CO	BT
19.a	Describe the below inventory valuation methods: a) Periodic average b) Continous average	6	CO3	BT2
19.b	GoWay has several inventory shipments in process at year end. 1. $55,000 of goods in transit from Emmons Corp., a supplier. The goods are shipped FOB destination. 2. $38,000 of goods in transit from Jones Co., a supplier. The goods are shipped FOB shipping point. 3. $15,800 of goods in transit to Dawson Inc., a customer. The goods are shipped FOB shipping point. 4. $25,680 of goods in transit to Mongeau Co., a customer. The goods are shipped FOB destination. Required: Decide on the accounting treatment for each type of inventory to be recorded and solve the value of inventory to be included by Harris Co. in the ending inventory.	10	CO3	BT3
20.a	On January 1, Year 1, an entity that uses IFRS acquired a machine with a cost of $250,000 and an estimated life of 20 years. The cost of the machine included the cost of a cylinder that must be replaced every five years for $20,000 and an inspection cost of $5,000. The engine must be replaced every 10 years at an additional cost of $5,000. Required: Compute Year 1 depreciation using component depreciation.	6	CO4	BT3
20.b	Discuss the five methods of depreciation for tangible fixed assets.	10	CO4	BT2