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PRESIDENCY UNIVERSITY

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Bengaluru

Mid Term Examinations - October 2026

Date: 05/10/2026 **Time:** 02:00 PM - 03:30 PM

Course Code: COM2062 **Course Name:** Strategic Business Reporting

Semester: Fifth Semester **Max. Marks:** 50 **Weightage:** 50%

CO - Levels	CO1	CO2
Marks	44	46

PART A: Answer Following Questions. 10 M

Q.N.	Questions	M	CO	BT
1	Explain vesting period in Share based payments.	2	CO2	BT1
2	Panama bought an item of property, plant and equipment for $80 million on 1 January 2012. The asset had zero residual value and was to be depreciated over its estimated useful life of 20 years. Calculate Depreciation amount.	2	CO2	BT2
3	1. Company owns property and lets it out at commercial rent 2. Company builds property with a view to selling it 3. Company owns property and uses it as hotel Classify the above Tangible non-current assets into appropriate standards.	2	CO1	BT1
4	Why are internally generated Intangible assets not recognised in individual SOFP?	2	CO1	BT2
5	Banana leases out a machine to Mango under a four year lease and Mango elects to apply the low-value exemption. The terms of the lease are that the annual lease rentals are $2,000 payable in arrears. As an incentive, Banana grants Mango a rent-free period in the first year. Explain how Mango would account for the lease in the financial statements.	2	CO2	BT4

PART B : Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT

PTO (Please Turn Over)

6	Bismuth Co plans to implement Blockchain technology to store all of its data relating to its mines, trading and to certify the ethical sourcing of all its raw materials. The chief accountant, Ms Pleasant, is currently developing a blockchain technology that will be filed for patent. Ms Pleasant has only recently taken up the post and has discovered that work done at her previous employer, Gypsam Co, is relevant to the project. If Ms Pleasant discloses this information, it will compromise a patent process at Gypsam Co but will consolidate her position as chief accountant in Bismuth Co. When she left the employment of Gypsam Co, she signed a confidentiality agreement but the clauses were not clear or specific about what information could be shared and with whom. Ms Pleasant has significant knowledge of Blockchain technology but the finance director, Mr Fricklin has limited knowledge of it or the new business model that Bismuth Co is trying to develop. Mr Fricklin has told her that there is no need to spend a significant amount of time creating a technology to ethically source materials. Ms Pleasant is worried about Mr Fricklin's lack of technical and legal knowledge as she feels that it will affect the development of the technology. In addition, some of the data concerning ethically sourced materials has gone missing and she thinks that Mr Fricklin has erased the data to try and sabotage the project. Mr Fricklin has told the Board of Directors that he has an 'in depth knowledge' of the technology. **Discuss the ethical issues raised by the implementation of the blockchain technology for both the chief accountant and the finance director, including any appropriate actions which should be considered to resolve these issues.**	10	CO1	BT5
7	Mr Lennox is an ACCA member. Ms Ruiz, the finance director and an ACCA member, is his immediate line manager. Ms Ruiz has ordered Mr Lennox to produce Apaniiwa Group's sustainability report in accordance with the IFRS Sustainability Disclosure Standards. Mr Lennox has never produced a sustainability report before and is unaware of the content of these new standards. After correcting the errors outlined in exhibit 1, Mr Lennox sent the consolidated financial statements to Ms Ruiz for review. As part of her review, Ms Ruiz made several changes. Mr Lennox believes that Ms Ruiz has understated the foreign exchange loss adjustment in arriving at the cash flows from operating activities and has also understated dividends paid by $2 million. These combined errors have no impact on the overall net cash outflow from operating activities. Mr Lennox is aware that Ms Ruiz is a major shareholder in Apaniiwa Co and, because of the current liquidity crisis, he has concluded that she wants to conceal, from third parties, the extent of her dividend. When Mr Lennox previously questioned Ms Ruiz about some of her decisions, she threatened to dismiss him. **Discuss the ethical issues and suitable solutions in the above situation**	10	CO1	BT4

PART C: Answer Any 1 Following Questions. 10 M				
Q.N.	**Questions**	**M**	**CO**	**BT**

8	An entity has a reporting date of 31 December. On 1 January 20X1, the entity grants 100 share appreciation rights (SARs) to each of its 300 employees, on the condition that they continue to work for the entity until 31 December 20X3. During 20X1, 20 employees leave. The entity estimates that a further 40 will leave during 20X2 and 20X3. During 20X2, 10 employees leave. The entity estimates that a further 20 will leave during 20X3. During 20X3, 10 employees leave. The fair value of a SAR at each reporting date is shown below: $ 20X1 10.00 20X2 12.00 20X3 15.00 **Required:** **Calculate the expense for each of the three years of the scheme, and the liability to be recognised in the statement of financial position as at 31 December for each of the three years.**	10	CO1	BT4
9	Sebb Co runs a unit that suffers a massive drop in income due to the failure of its technology on 1 January 20X8. The following carrying amounts were recorded in the books immediately prior to the impairment: Asset Description Value ($m) Land 50 Other net assets 40 Buildings 30 Goodwill 20 Brands 10 Technology 5 Total Assets 155 The recoverable value of the unit is estimated at $85 million. The technology is worthless, following its complete failure. The other net assets include inventory and receivables. It is considered that the carrying amount of other net assets is a reasonable representation of their net realisable value. Show the impact of the impairment on 1 January 20X8.	10	CO1	BT5

PART D: Answer Any 1 Following Questions. 10 M				
Q.N.	**Questions**	**M**	**CO**	**BT**
10	DanBob is a lessor and is drawing up a lease agreement for a building. The building has a remaining useful life of 50 years. The lease term, which would commence on 1 January 20X0, is for 30 years. DanBob would receive 40% of the asset's value upfront from the lessee. At the end of each of the 30 years, DanBob will receive 6% of the asset's fair value as at 1 January 20X0. Legal title at the end of the lease remains with DanBob, but the lessee can continue to lease the asset indefinitely at a rental that is substantially below its market value. If the lessee cancels the lease, it must make a payment to DanBob to recover its remaining investment. **Required:** **Per IFRS 16 Leases, should the lease be classified as an operating lease or a finance lease?**	10	CO2	BT4

11	Apple required funds to finance a new ambitious rebranding exercise. It's only possible way of raising finance is through the sale and leaseback of its head office building for a period of 10 years. The lease payments of $1 million are to be made at the end of the lease period The current fair value of the building is $10 million and the carrying value is $8.4 million. The interest rate implicit in the lease is 5%. **Advise Apple on how to account for the sale and leaseback in its financial statements if the office building were to be sold at the fair value of $10 million and:** **i) Performance obligations are not satisfied; or,** **ii) Performance obligations are satisfied.**	10	CO2	BT4

PART E: Answer Any 1 Following Questions. 10 M				
Q.N.	**Questions**	**M**	**CO**	**BT**
12	Bohai Co has a portfolio of global cruise brands and a fleet of over 100 ships. At 31 December 20X8, as a result of a global recession, the directors of Bohai Co assessed whether there was any indication that its cruise ships may be impaired. The directors concluded that the ships should be measured at their carrying amount without conducting an impairment test. The directors had highlighted several factors which were pertinent to this conclusion: •The price-to-book ratio, calculated by dividing the market price per share by thecarrying amount of the net assets per share, was 0,3. The directors were happy withthis ratio as it was similar to other companies in the industry. •There had been no losses from the disposal of surplus ships in 20X8 which werematerial in respect of the 20X8 year-end financial statements. •There had only been an estimated 2% drop in the market value of the fleet inDecember 20X8. The directors had not engaged a qualified valuer to estimate themarket value of the fleet and this value was not based upon market transactions. •The cost of fuel for the ships had fallen and there was an increase in demand forcruising after a significant reduction due to a recession. •Bohai Co has started negotiations with its creditors to defer payments of its debt into20X9.Bohai Co had ignored the fact that several companies in the industry had written down the carrying amount of their ships during 20X8. This write down was a result of many ships, including Bohai Co's ships, lying idle as a result of overcapacity due to the recession. Even though the losses from the total sale of ships in Bohai Co were not material in the financial statements for the year ended 31 December 20X8, there were several cases where the loss relating to the disposal of a ship was 40% of the carrying amount of the ship. The price of a cruise had not increased in two years and therefore conservative income estimates had been applied in future budgets because of an anticipated delay in the recovery of the cruise market. **Discuss whether the directors of Bohai Co were correct in not conducting an impairment test at 31 December 20X8.**	10	CO2	BT5

13	An entity has a reporting date of 31 December. On 1 January 20X1, it grants 100 share options to each of its 500 employees. Each grant is conditional upon the employee working for the entity until 31 December 20X3. At the grant date the fair value of each share option is $15. During 20X1, 20 employees leave and the entity estimates that a total of 20% of the 500 employees will leave during the three-year period. During 20X2, a further 20 employees leave and the entity now estimates that only 15% of the original 500 employees will leave during the three-year period. During 20X3, a further 10 employees leave. **Required:** **Calculate the remuneration expense that will be recognised in each of the three years of the share-based payment scheme.**	10	CO2	BT6