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**PRESIDENCY UNIVERSITY
BENGALURU**

SET B

**SCHOOL OF COMMERCE
END TERM EXAMINATION - JAN 2024**

Semester : Semester III - 2022
Course Code : MAH2003
Course Name : Financial Reporting
Program : B.Com. Honors

Date : 10-JAN-2024
Time : 1:00 PM - 4:00 PM
Max Marks : 100
Weightage : 50%

Instructions:

- (i) Read all questions carefully and answer accordingly.
 - (ii) Question paper consists of 3 parts.
 - (iii) Scientific and non-programmable calculator are permitted.
 - (iv) Do not write any information on the question paper other than Roll Number.
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PART A

ANSWER ALL THE QUESTIONS

5 X 2M = 10M

1. Explain Notes to accounts and illustrate one significant accounting policies. (CO1) [Knowledge]
2. Explain two purposes of balance sheet (CO2) [Knowledge]
3. Describe any two Significant Accounting Policies involved in Notes to F/S (CO3) [Knowledge]
4. Explain statement of changes in stockholders equity (CO4) [Knowledge]
5. Explain financial accounting and purpose of financial accounting. (CO5) [Knowledge]

PART B

ANSWER ALL THE QUESTIONS

5 X 10M = 50M

6. State the meaning of income statement and explain the Pros and cons of Income are statement (CO1) [Comprehension]
7. Define factoring and explain two types of Factoring with journal entries (CO2) [Comprehension]

8. Discuss the similarities and differences between operating leases and financial leases, focusing on key aspects like risk transfer, ownership, maintenance responsibility, and impact on financial statements.
(CO3) [Comprehension]
9. Imagine you're presenting the financial health of a corporation to potential investors. Briefly explain, without jargon, what "owner's equity" tells them about the company's ownership and value, and then delve into the different categories that make up this key component.
(CO4) [Comprehension]
10. Imagine you're running a bakery. Explain how you "earn" revenue as you sell different products, considering the key steps of revenue recognition like contract identification, performance obligation satisfaction, and transaction price allocation. Discuss any challenges or nuances you might face in recognizing revenue for different types of bakery goods
(CO5) [Comprehension]

PART C

ANSWER ALL THE QUESTIONS

2 X 20M = 40M

11. Allen Joy Company is a wholesaler of Car manufacturer. The activity of model XLZ-024 during the month of Dec 2023 is presented below.

Date	Particulars	Unit Cost	Selling Price	Units
01/12/2023	Beginning Balance	\$ 64.30	\$ 86.50	3200
04/12/2023	Purchase	\$ 64.75	\$ 87.00	3400
14/12/2023	Sales		\$ 87.25	3600
25/12/2023	Purchase	\$ 66.00	\$ 87.25	3500
28/12/2023	Sales		\$ 88.00	3450

Identify ending inventory and cost of goods sold for LIFO, FIFO and WA in both periodic and perpetual methods.

(CO4) [Application]

12. You're investigating a company's financial statements, trying to unravel the mystery of their fluctuating profits. The clues? LIFO's inflationary tricks, FIFO's transparent pricing, and WA's averaged-out costs. Analyze the impact of each method on financial reporting and its potential to mislead or reveal valuable insights.

(CO5) [Application]