



*Practical Learning Series*

# MCOQ BOOK BANK GROUP - I

**Applicable for  
May 2024 & onwards  
Examination**

*Covering :*

- **Financial Reporting**
- **Advanced Financial Management**
- **Advanced Auditing, Assurance & Professional Ethics**

**As per CA Final New Syllabus 2023**

**Highlights of this Book:**

- Single Handy Volume for all applicable 3 subjects.
- Specially Designed for CA Final New Syllabus curriculum.
- Comprehensive Coverage of Syllabus.
- Lucid MCQs covering scenario based MCQs for Quick Understanding and Revision of concepts.
- Chapter Wise Presentation of MCQs with Answers.
- Complete Examination Guide.

**1st  
Edition  
February  
2024**

**GURUKRIPA**

**Commercial Law Publishers (India) Pvt. Ltd.**

## SYLLABUS AS PER ICAI

ICAI Syllabus	Padhuka's Book Chapter Numbers
1. Introduction to Indian Accounting Standards	1
2. Conceptual Framework for Financial Reporting under Indian Accounting Standards (Ind AS)	2
3. Ind AS on Preparation of General Purpose Financial Statements	4,5,25
4. Ind AS on Measurement based on Accounting Policies	6,7,8
5. Ind AS 115 "Revenue from Contracts with Customers"	17
6. Ind AS on Assets of the Financial Statements	9,10,11,12,13,14,15,20
7. Other Indian Accounting Standards	41,20,102
8. Ind AS on Liabilities of the Financial Statements	18,22
9. Ind AS on Items impacting the Financial Statements	21,23
10. Ind AS on Disclosures in the Financial Statements	26,32,33
11. Accounting and Reporting of Financial Instruments	35
12. Ind AS 103 "Business Combinations"	27
13. Consolidated and Separate Financial Statements of Group Entities	28
14. Ind AS 101 "First – time Adoption of Ind AS"	3
15. Analysis of Financial Statements	1
16. Professional and Ethical Duty of a Chartered Accountant	38
17. Accounting and Technology	37

## Chapter 1

# Companies (Ind AS) Rules, 2015

1. Any Company may comply with Ind AS for Accounting Periods beginning –
  - (a) on or after 01.04.2015
  - (b) on or after 01.04.2016
  - (c) on or after 01.04.2017
  - (d) on or after 01.04.2018
2. Effect of Voluntary Compliance of Ind AS is –
  - (a) Such Company shall prepare its Financial Statements as per Ind AS consistently.
  - (b) Such decision to apply Ind AS voluntarily shall be irrevocable.
  - (c) Such Cos need not prepare another set of Financial Statements as per existing AS.
  - (d) All of the above
3. Any Companies having Net Worth  $\geq$  ₹500 Crores shall comply with Ind AS for Accounting Periods beginning –
  - (a) 01.04.2015
  - (b) 01.04.2016
  - (c) 01.04.2017
  - (d) 01.04.2018
4. Companies whose Equity / Debt Securities are listed or are in the process of being listed on any Stock Exchange in India or outside India, and having Net Worth  $\geq$  ₹500 Crores shall comply with Ind AS for Accounting Periods beginning –
  - (a) 01.04.2015
  - (b) 01.04.2016
  - (c) 01.04.2017
  - (d) 01.04.2018
5. Companies whose Equity / Debt Securities are listed or are in the process of being listed on any Stock Exchange in India or outside India, and having Net Worth  $<$  ₹500 Crores shall comply with Ind AS for Accounting Periods beginning –
  - (a) 01.04.2015
  - (b) 01.04.2016
  - (c) 01.04.2017
  - (d) 01.04.2018
6. Unlisted Companies having Net Worth  $\geq$  ₹250 Crores but  $<$  ₹500 Crores shall comply with Ind AS for Accounting Periods beginning –
  - (a) 01.04.2015
  - (b) 01.04.2016
  - (c) 01.04.2017
  - (d) 01.04.2018
7. NBFCs having Net Worth  $\geq$  ₹500 Crore, and its Holding, Subsidiary, Joint Venture or Associate Companies shall comply with Ind AS for Accounting Periods beginning –
  - (a) 01.04.2015
  - (b) 01.04.2016
  - (c) 01.04.2017
  - (d) 01.04.2018
8. NBFCs whose Equity / Debt Securities are listed or in the process of listing on any Stock Exchange in India or outside India, and having Net Worth  $<$  ₹500 Crore shall comply with Ind AS for Accounting Periods beginning –
  - (a) 01.04.2016
  - (b) 01.04.2017
  - (c) 01.04.2018
  - (d) 01.04.2019
9. Unlisted NBFCs, having Net Worth  $\geq$  ₹250 Crore but  $<$  ₹500 Crore shall comply with Ind AS for Accounting Periods beginning –
  - (a) 01.04.2016
  - (b) 01.04.2017
  - (c) 01.04.2018
  - (d) 01.04.2019
10. A Company which satisfies the conditions on 31.03.2018 shall apply Ind AS for Financial Year –
  - (a) 2017–2018 onwards
  - (b) 2018–2019 onwards
  - (c) 2019–2020 onwards
  - (d) Any of the above

11. Ind AS is not applicable to –
- Companies whose Securities are listed or are in the process of being listed on SME Exchange
  - Banking Companies
  - Insurance Companies
  - All of the above
12. Once a Company starts following Ind AS, it shall be required to follow Ind AS for all the subsequent Financial Statements –
- only if satisfies any of the above conditions subsequently.
  - even if does not satisfy any of the above conditions subsequently.
  - Not specified in Rules
  - only if the Shareholders agrees subsequently.
13. Form of Balance Sheet for Ind AS Companies is given under –
- Schedule III, Division II, Part I
  - Schedule III, Division II, Part II
  - Schedule III, Division I, Part I
  - Schedule III, Division I, Part II
14. Form of Profit and Loss for Ind AS Companies is given under –
- Schedule III, Division II, Part I
  - Schedule III, Division II, Part II
  - Schedule III, Division I, Part I
  - Schedule III, Division I, Part II
15. Profit and Loss for Ind AS Companies has –
- One Sections
  - Two Sections
  - Three Sections
  - Four Sections
16. Ind AS Companies has no separate presentation head for –
- Equity Share Capital
  - Preference Share Capital
  - Debentures
  - All of the above
17. Ind AS Companies will present Preference Share Capital under the Head –
- Equity Share Capital
  - Financial Liabilities
  - Either of the above
  - Neither of the above
18. Ind AS Companies will present Non Cumulative Irredeemable Preference Shares under the Head –
- Equity Share Capital
  - Financial Liabilities
  - Either of the above
  - Both of the above
19. Ind AS Companies will present Cumulative Redeemable Preference Shares under the Head –
- Equity Share Capital
  - Financial Liabilities
  - Either of the above
  - Both of the above
20. Ind AS Companies will present Compound Financial Instruments under the Head –
- Equity Share Capital
  - Financial Liabilities
  - Either of the above
  - Both of the above
21. For Ind AS Companies, restated balance will arise in SoCE due to –
- Changes in Accounting Policy
  - Prior Period Errors
  - Either of the above
  - Neither of the above
22. For Ind AS Companies, all Reserves & Surplus will be presented under the Head –
- Other Equity
  - Share Capital
  - Reserves & Surplus
  - Any of the above
23. For Ind AS Companies, Equity Share Capital will be presented under the Head –
- Other Equity
  - Share Capital
  - Reserves & Surplus
  - Equity Share Capital
24. For Ind AS Companies, Dividend distributed will be presented under –
- Balance Sheet
  - Statement of Profit and Loss A/c
  - Statement of OCI
  - Statement of Changes in Equity

25. For Ind AS Companies, Leasehold Premises will be presented under –  
 (a) PPE  
 (b) Investment Property  
 (c) ROU Assets  
 (d) Intangibles
26. For Ind AS Companies, EPS will be presented for  
 (a) Continuing Operations, Discontinuing Operations and Discontinuing & Continuing Operations  
 (b) Discontinued & Continuing Operations  
 (c) Continuing Operations, Discontinued Operations and Discontinued & Continuing Operations  
 (d) Discontinuing & Continuing Operations
27. Ind AS Companies will not present –  
 (a) Exceptional Items  
 (b) Extra Ordinary Items  
 (c) Discontinued Operations  
 (d) Other Comprehensive Income
28. For Ind AS Companies, Current Maturities of Long term debt will be presented under the head –  
 (a) Current Liabilities – Short term Borrowings  
 (b) Current Liabilities – Financial Liabilities – Borrowings  
 (c) Current Liabilities – Other Current Liabilities  
 (d) Current Liabilities – Financial Liabilities – Other Financial Liabilities
29. For Ind AS Companies, Current Maturities of Long term debt will be presented under the head –  
 (a) Current Liabilities – Short term Borrowings  
 (b) Current Liabilities – Financial Liabilities – Borrowings  
 (c) Current Liabilities – Other Current Liabilities  
 (d) Current Liabilities – Financial Liabilities – Other Financial Liabilities
30. For Ind AS Companies, Statutory dues payable within 12 months will be presented under the head –  
 (a) Current Liabilities – Short term Borrowings  
 (b) Current Liabilities – Financial Liabilities – Borrowings  
 (c) Current Liabilities – Other Current Liabilities  
 (d) Current Liabilities – Financial Liabilities – Other Financial Liabilities

**Answers**

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	18.	19.	20.
a	d	b	b	c	c	d	d	d	b	d	b	a	b	b	b	c	a	b	d

21.	22.	23.	24.	25.	26.	27.	28.	29.	30.
c	a	d	d	c	c	b	b	b	c

## Chapter 2

# Framework for Preparation and Presentation of Financial Statements in accordance with Ind AS

1. Which of the following statement is correct?
  - (a) Framework is itself not an Ind AS. It does not define Standards for any particular measurement or disclosure issue.
  - (b) The Framework does not override any specific Ind AS.
  - (c) In case of conflict between any Ind AS and the Framework, the Ind AS requirements will prevail.
  - (d) All of the above
2. The purpose of the Framework is to:
  - (a) assist in the development of future Indian Accounting Standards (Ind ASs) and in its review of existing Ind ASs
  - (b) assist Preparers of Financial Statements in applying Ind ASs, and in preparing and in dealing with topics that have yet to form the subject of an Ind ASs
  - (c) assist Auditors in forming opinion as to whether Financial Statements conform with Ind Ass
  - (d) All of the above
3. Framework is concerned with –
  - (a) General Purpose Financial Statements including Consolidated Financial Statements (CFS).
  - (b) General Purpose Financial Statements excluding Consolidated Financial Statements (CFS).
  - (c) Special Purpose Financial Statements
  - (d) All of the above
4. The Framework provides a broad discussion of the concepts that underlie the preparation and presentation of Financial Statements. It deals with –
  - (a) Objective of Financial Statements
  - (b) Qualitative Characteristics of useful financial information
  - (c) Definitions, Recognition and Measurement of the elements from which Financial Statements are constructed
  - (d) All of the above
5. Framework does not deal with –
  - (a) Objective of Financial Statements
  - (b) Qualitative Characteristics of useful financial information
  - (c) Concepts of Capital and Capital Maintenance
  - (d) None of the above
6. The Framework applies to the Financial Statements of all Commercial, Industrial and Business Reporting Entities in –
  - (a) Public sectors
  - (b) Private sectors
  - (c) Both of the above
  - (d) None of the above
7. The Primary Users of Financial Statements do not include –
  - (a) Present Investors
  - (b) Potential Investors
  - (c) Employees
  - (d) None of the above
8. Who has the primary responsibility for the preparation and presentation of the Financial Statements of the Entity?
  - (a) Management of an Entity
  - (b) Statutory Auditors of an Entity
  - (c) Internal Auditors of an Entity
  - (d) All of the above
9. Framework is not concerned with –
  - (a) General Purpose Financial Statements
  - (b) Consolidated Financial Statements (CFS)
  - (c) Special Purpose Financial Reports
  - (d) All of the above
10. Examples of Special Purpose Financial Reports –

- (a) Prospectuses  
 (b) Computations prepared for taxation purposes  
 (c) Both of the above  
 (d) None of the above
11. Financial Statements do not include items like –  
 (a) Board Reports  
 (b) Chairman's Speech  
 (c) Management Discussion and Analysis and similar items that may be included in a Financial or Annual Report.  
 (d) All of the above
12. Financial Statements cannot provide all the information that Users may need to make economic decisions, since –  
 (a) they portray past events  
 (b) do not necessarily provide non-financial information.  
 (c) they portray past events and do not necessarily provide non-financial information.  
 (d) No. Financial Statements shall provide all the information that Users may need to make economic decisions.
13. The component parts of the Financial Statements –  
 (a) inter-relate, because they reflect different aspects of the same transactions or other events.  
 (b) independent, because they reflect different aspects.  
 (c) Both of the above  
 (d) None of the above
14. As per Ind AS Framework, Underlying Assumptions in Financial Statements are –  
 (a) Accrual Basis and Going Concern  
 (b) Consistency, Accrual Basis and Going Concern  
 (c) Accrual Basis  
 (d) Going Concern
15. Which of the following statement is correct?  
 (a) Financial Statements must have Predictive Role (for future events).  
 (b) Financial Statements must have and Confirmatory Role (for past events).  
 (c) Both of the above  
 (d) None of the above
16. Examples of recording the transaction using "substance over form"?  
 (a) An Asset has been sold from A Ltd to Mr. Y and immediately after this, Mr. Y has leased out the same to A Ltd.  
 (b) Vakrathunda Ltd sold its Building to another Company for ₹60 Lakhs on 18<sup>th</sup> January and gave possession of the property to the Buyer Company. However, documentation and legal formalities are pending.  
 (c) Both of the above  
 (d) None of the above
17. Vakrathunda Ltd sold its Building to another Company for ₹60 Lakhs on 18<sup>th</sup> January and gave possession of the property to the Buyer Company. However, documentation and legal formalities are pending. In this case –  
 (a) Vakrathunda Ltd has to record the sale  
 (b) Vakrathunda Ltd has to record the amount received, as an Advance  
 (c) Both of the above  
 (d) None of the above
18. Which of the following statement is not correct?  
 (a) The Relevance of information is affected by its Nature, and/or Materiality.  
 (b) Information is material if its omission or misstatement could influence the economic decision of Users taken on the basis of the Financial Statements.  
 (c) In some cases, the nature of the information alone is sufficient to determine its relevance.  
 (d) None of the above
19. A Ltd is having Inventory amounting ₹1,00,000 in total with the details as below – Spare Parts – ₹30,000, Finished Goods – ₹25,000, Work in Progress – ₹40,000, Tools – ₹5,000. Materiality limit has been assessed ₹30,000 based on the Management estimation pertaining to annual profit basis. What should be the presentation requirement?  
 (a) Spare Parts – ₹30,000, Finished Goods – ₹25,000, Work in Progress – ₹40,000, Tools – ₹5,000  
 (b) Spare Parts – ₹30,000, Finished Goods & Tools – ₹30,000, Work in Progress – ₹40,000

- (c) Inventory – ₹ 1,00,000  
(d) Any of the above
20. Which of the following statement is correct?  
(a) The Framework does not directly address the True and Fair View or Fair Presentation.  
(b) If the Qualitative Characteristics are applied along with the appropriate Accounting Standards this normally results in Financial Statements that convey what is generally understood as a True and Fair View of such information.  
(c) Ind AS–1 states that presentation of a True and Fair View is achieved by compliance with applicable Ind ASs.  
(d) All of the above.
21. Elements of Financial Position are –  
(a) Assets, Liability and Equity  
(b) Income & Expenses  
(c) Both of the above  
(d) None of the above
22. Elements of Financial Performance are –  
(a) Assets, Liability and Equity  
(b) Income & Expenses  
(c) Both of the above  
(d) None of the above
23. As per Ind AS Framework, Equity is –  
(a) Sum of Share Capital and Reserves & Surplus  
(b) Residual interest in the Assets of the Entity after deducting its Liabilities.  
(c) Amount contributed by the Equity Participants  
(d) Any of the above
24. Equity may sub-classified suitably, e.g. –  
(a) Funds contributed by Shareholders  
(b) Retained Earnings  
(c) Reserves representing Appropriations of Retained Earnings & representing Capital Maintenance Adjustments  
(d) All of the above
25. As per Ind AS Framework, Equity is –  
(a) Residual interest in the Assets of the Entity after deducting its Liabilities.  
(b) Aggregate Market Value of the Shares of the Entity  
(c) Sum that could be raised by disposing of either the Net Assets on a piecemeal basis or the Entity as a whole on a going concern basis.  
(d) Any of the above.
26. Reserves can represent –  
(a) Appropriations of Retained Earnings  
(b) Capital Maintenance Adjustments  
(c) Either of the above  
(d) Neither of the above
27. As per Ind AS Framework, Income is –  
(a) Increases in economic benefits during the accounting period, in the form of Inflow, or Enhancement of Liabilities, or Decreases in Assets that result in decreases in Equity, other than those relating to Contributions from Equity Participants.  
(b) Increases in economic benefits during the accounting period, in the form of Inflow, or Enhancement of Assets, or Decreases in Liabilities that result in decreases in Equity, other than those relating to Contributions from Equity Participants.  
(c) Increases in economic benefits during the accounting period, in the form of Inflow, or Enhancement of Assets, or Decreases in Liabilities that result in increases in Equity, other than those relating to Contributions from Equity Participants.  
(d) Increases in economic benefits during the accounting period, in the form of Inflow, or Enhancement of Assets, or Decreases in Liabilities that result in increases in Equity including those relating to Contributions from Equity Participants.
28. Examples of Unrealised Gains –  
(a) Revaluation of Marketable Securities  
(b) Increases in Carrying Amount of Long Term Assets  
(c) Both of the above  
(d) None of the above
29. As per Ind AS Framework, Expenses are –  
(a) Decreases in economic benefits during the accounting period, in the form of Outflows, or Depletions in the Value of Assets, or Incurrences of Liabilities that result in decreases in Equity, other than those relating to Distributions to Equity Participants.



- (b) Decreases in economic benefits during the accounting period, in the form of Outflows, or Depletions in the Value of Assets, or Liabilities that result in decreases in Equity, other than those relating to Distributions to Equity Participants.
- (c) Decreases in economic benefits during the accounting period, in the form of Outflows, or Depletions in the Value of Assets, or Incurrences of Liabilities that result in decreases in Equity, including those relating to Distributions to Equity Participants.
- (d) Decreases in economic benefits during the accounting period, in the form of Outflows, or Depletions in the Value of Assets, or Incurrences of Liabilities that result in decreases in Equity, other than those relating to Distributions to Equity Participants.
30. Settlement of Liability may occur by –
- payment of Cash or Cash Equivalents as is the case with most payables,
  - transfer of other assets, e.g. in a barter transaction or in some business combination,
  - provision of services to the other party, e.g. Liability for Warranty Repairs, or
  - Any of the above
31. Settlement of Liability may occur by –
- replacement of the obligation with another obligation
  - conversion of the Obligation to Equity
  - other means, e.g. Creditor waiving or forfeiting his rights
  - Any of the above
32. Historical Cost of Liability is –
- Undiscounted Amount of cash or cash equivalents that would be required, to settle the obligation currently.
  - Proceeds received in exchange for the obligation (e.g. Loans) or Amount of Cash or Cash Equivalents expected to be paid to satisfy the liability in the normal course of business (e.g. Income Taxes)
  - Undiscounted Amount of Cash or Cash Equivalents expected to be paid to satisfy the Liabilities in the normal course of business.
- (d) Present Discounted Value of Future Net Cash Outflows expected to be required to settle the Liability, in the normal course of business.
33. Current Cost of Liability is –
- Undiscounted Amount of cash or cash equivalents that would be required, to settle the obligation currently.
  - Proceeds received in exchange for the obligation (e.g. Loans) or Amount of Cash or Cash Equivalents expected to be paid to satisfy the liability in the normal course of business (e.g. Income Taxes)
  - Undiscounted Amount of Cash or Cash Equivalents expected to be paid to satisfy the Liabilities in the normal course of business.
  - Present Discounted Value of Future Net Cash Outflows expected to be required to settle the Liability, in the normal course of business.
34. Realisable (Settlement) Value of Liability is –
- Undiscounted Amount of cash or cash equivalents that would be required, to settle the obligation currently.
  - Proceeds received in exchange for the obligation (e.g. Loans) or Amount of Cash or Cash Equivalents expected to be paid to satisfy the liability in the normal course of business (e.g. Income Taxes)
  - Undiscounted Amount of Cash or Cash Equivalents expected to be paid to satisfy the Liabilities in the normal course of business.
  - Present Discounted Value of Future Net Cash Outflows expected to be required to settle the Liability, in the normal course of business.
35. Which of the following statement is correct?
- Generally, Historical Cost is commonly adopted as the Measurement Basis.
  - Historical Cost is usually combined with other Measurement Bases, e.g. Inventories carried at the lower of Cost and NRV, Marketable Securities carried at Market Value, Pension Liabilities carried at their Present Value, etc.
  - Some Entities use the **Current Cost** basis as a response to the inability of the Historical Cost Accounting Model to deal

- with the effects of changing prices of Non-Monetary Assets.
- (d) All of the above.
36. Historical Cost is usually combined with other Measurement Bases, e.g. in case of –
- Inventories
  - Marketable Securities
  - Pension Liabilities carried at their Present Value
  - All of the above
37. If the Users of Financial Statements are primarily concerned with the maintenance of Nominal Invested Capital or the Purchasing Power of Invested Capital, –
- Financial Capital Maintenance can be used
  - Physical Capital Maintenance can be used
  - Either of the above
  - None of the above
38. Under Physical Capital Maintenance, i.e. Profit is earned only if –
- Financial (or Money) Amount of the Net Assets at the end of the period exceeds the Financial (or Money) Amount of Net Assets at the beginning of the period, after excluding any Distributions to, and Contributions from, Owners during the period.
  - Physical Productive Capacity (or Operating Capability) of the Entity (or the resources or funds needed to achieve that capacity) at the end of the period exceeds the Physical Productive Capacity at the beginning of the period, after excluding any Distributions to, and Contributions from, Owners during the period.
  - Either of the above
  - None of the above
39. Under Physical Capital Maintenance, i.e. Profit is computed in terms of –
- Nominal Monetary Units or Units of Constant Purchasing Power
  - Output, Productive Capacity, etc.
  - Either of the above
  - None of the above
40. Under Financial Capital Maintenance, i.e. Profit is computed in terms of –
- Nominal Monetary Units or Units of Constant Purchasing Power
  - Output, Productive Capacity, etc.
  - Either of the above
  - None of the above
41. Measurement Basis under Physical Capital Maintenance –
- Historical Cost
  - Current Cost
  - Either of the above dependent on the type of Financial Capital that the Entity is seeking to maintain.
  - Neither of the above
42. Ram commenced trading business on 1<sup>st</sup> January with ₹ 10,00,000. He purchased 20,000 units of a product at ₹ 50 per unit, and sold them at ₹ 60 per unit. Drawings during the year were ₹ 1,00,000. Average Price Indices at the beginning and end of the year are 100 and 120 respectively. Net Closing Capital –
- 11,00,000
  - 12,00,000
  - 10,00,000
  - 1,00,000
43. Ram commenced trading business with ₹ 10,00,000. He purchased 20,000 units of a product at ₹ 50 per unit, and sold them at ₹ 60 per unit. Average Price Indices at the beginning and end of the year are 100 and 120 respectively. Maximum Drawings permissible under Financial Capital Maintenance at Historical cost –
- 11,00,000
  - 2,00,000
  - 10,00,000
  - Nil
44. Ram commenced trading business with ₹ 10,00,000. He purchased 20,000 units of a product at ₹ 50 per unit, and sold them at ₹ 60 per unit. Average Price Indices at the beginning and end of the year are 100 and 120 respectively. Maximum Drawings permissible under Financial Capital Maintenance at Current cost –
- 11,00,000
  - 2,00,000
  - 10,00,000
  - Nil
45. Ram commenced trading business on 1<sup>st</sup> January with ₹ 10,00,000. He purchased 20,000 units of a product at ₹ 50 per unit, and sold them at ₹ 60 per unit.

- Drawings during the year were ₹ 1,00,000. Average Price Indices at the beginning and end of the year are 100 and 120 respectively. Closing Capital at Current Purchasing Power –
- (a) 11,00,000  
(b) 12,00,000  
(c) 10,00,000  
(d) 1,00,000
46. Ram commenced trading business on 1<sup>st</sup> January with ₹ 10,00,000. He purchased 20,000 units of a product at ₹ 50 per unit, and sold them at ₹ 60 per unit. Drawings during the year were ₹ 1,00,000. Average Price Indices at the beginning and end of the year are 100 and 120 respectively. Retained Profit –
- (a) 11,00,000  
(b) 12,00,000  
(c) (1,00,000)  
(d) 1,00,000
47. Ram commenced trading business on 1<sup>st</sup> January with ₹ 10,00,000. He purchased 20,000 units of a product at ₹ 50 per unit, and sold them at ₹ 60 per unit. Drawings during the year were Nil. Average Price Indices at the beginning and end of the year are 100 and 120 respectively. In this case –
- (a) Ram has maintained his Capital since closing capital is more than opening Capital  
(b) Ram has maintained his Capital since closing capital is equal to opening Capital  
(c) Ram has maintained his Capital since closing capital is less than opening Capital  
(d) Ram has not maintained his Capital since closing capital is less than opening Capital
48. Ram commenced trading business on 1<sup>st</sup> January with ₹ 10,00,000. He purchased 20,000 units of a product at ₹ 50 per unit, and sold them at ₹ 60 per unit. Drawings during the year were ₹ 1,00,000. Specific Price Index for the product at the end of the year is 125%. Opening Capital at Current Purchasing Power –
- (a) 11,00,000  
(b) 12,50,000  
(c) 10,00,000  
(d) 12,00,000
49. Ram commenced trading business on 1<sup>st</sup> January with ₹ 10,00,000. He purchased 20,000 units of a product at ₹ 50 per unit, and sold them at ₹ 60 per unit. Drawings during the year were ₹ 1,00,000. Specific Price Index for the product at the end of the year is 125%. Closing Capital –
- (a) 11,00,000  
(b) 12,00,000  
(c) 10,00,000  
(d) 1,00,000
50. Ram commenced trading business on 1<sup>st</sup> January with ₹ 10,00,000. He purchased 20,000 units of a product at ₹ 50 per unit, and sold them at ₹ 60 per unit. Drawings during the year were ₹ 1,00,000. Specific Price Index for the product at the end of the year is 125%. Retained Profit –
- (a) 11,00,000  
(b) 12,00,000  
(c) (1,50,000)  
(d) (1,00,000)
51. Ram commenced trading business on 1<sup>st</sup> January with ₹ 10,00,000. He purchased 20,000 units of a product at ₹ 50 per unit, and sold them at ₹ 60 per unit. Drawings during the year were ₹ 1,00,000. Specific Price Index for the product at the end of the year is 125%. In this case –
- (a) Ram has maintained his Capital since closing capital is more than opening Capital  
(b) Ram has not maintained his Capital since closing capital is equal to opening Capital  
(c) Ram has maintained his Capital since closing capital is less than opening Capital  
(d) Ram has not maintained his Capital since closing capital is less than opening Capital

Balance Sheet of Anurag Trading Ltd on 1<sup>st</sup> April is given below:

Liabilities	₹	Assets	₹
Capital	50,000	Fixed Assets	69,000
Profit & Loss A/c	22,000	Stock in Trade	36,000
Loan	43,000	Trade Receivables	10,000
Trade Creditors	18,000	Other Assets	15,000
		Bank	3,000
<b>Total</b>	<b>1,33,000</b>	<b>Total</b>	<b>1,33,000</b>

**Additional Information:**

- (i) Remaining life of Fixed Assets is 5 Years with even use. Net Realizable Value as on 31<sup>st</sup> March was ₹64,000.
- (ii) Firm's Sales and Purchases for the Year amounted to ₹5 Lakhs and ₹4.50 Lakhs respectively.
- (iii) The Cost and Net Realizable Value of the Stock were ₹34,000 and ₹38,000 respectively.
- (iv) General Expenses for the Year were ₹16,500.
- (v) Other Assets is normally amortized equally over 4 years.
- (vi) Out of Debtors worth ₹10,000, collection of ₹4,000 depends on successful re-design of certain product already supplied to the customer.
- (vii) There is pre-payment Penalty of ₹2,000 for Bank Loan Outstanding. Assume it is not a Going Concern.

52. Changes in Inventories –

- (a) (2,000)
- (b) 2,000
- (c) 36,000
- (d) 38,000

53. Finance Costs to be debited in P&L –

- (a) 4,000
- (b) 2,000
- (c) Nil
- (d) 1,000

54. Depreciation to be provided for Fixed Assets & Other Assets in P&L –

- (a) 15,000
- (b) 5,000
- (c) 20,000
- (d) Nil

55. Bad Debts to be provided in P&L –

- (a) 4,000
- (b) 2,000
- (c) Nil
- (d) 1,000

56. Total Expenses for the Year –

- (a) 4,90,500
- (b) 4,88,500
- (c) 4,92,500
- (d) 4,00,500

57. Profit for the Year –

- (a) 10,500
- (b) 12,500
- (c) 7,500
- (d) 9,500

**Answers**

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	18.	19.	20.
d	d	a	d	d	c	d	a	c	c	d	c	a	a	c	c	c	d	b	d

21.	22.	23.	24.	25.	26.	27.	28.	29.	30.	31.	32.	33.	34.	35.	36.	37.	38.	39.	40.
a	a	b	d	a	c	c	c	d	d	d	b	a	c	d	d	a	b	b	a

41.	42.	43.	44.	45.	46.	47.	48.	49.	50.	51.	52.	53.	54.	55.	56.	57.
c	a	b	d	a	c	b	b	a	c	d	a	b	c	a	a	d

## Chapter 3

# Ind AS – 101 First-Time Adoption of Indian Accounting Standards

1. In Opening Ind AS Balance Sheet, an Entity is required to apply Ind ASs in **measuring** all recognised Assets & Liabilities, (i.e. **re-measure** under Ind AS, where required.) For example –
  - (a) Measurement of Long Term Provisions on a discounted basis
  - (b) Reclassification of Redeemable Preference Share into Liability
  - (c) Non-Current Assets Held for Sale
  - (d) All of the above
2. In Opening Ind AS Balance Sheet, an Entity is required to apply Ind ASs in **measuring** all recognised Assets & Liabilities, (i.e. **re-measure** under Ind AS, where required.) For example –
  - (a) Reclassification of Redeemable Preference Share into Liability
  - (b) Non-Current Assets Held for Sale
  - (c) Measurement of Deferred Income Taxes for all Temporary Differences instead of Timing Differences
  - (d) All of the above
3. If the Company was following AS-11 notified under the Companies (AS) Rules, 2006 and has not availed the options provided in Para 46/46A of AS-11, the balance in FCMITD Account =
  - (a) Nil
  - (b) Accumulated Exchange Difference on the date of transition
  - (c) Either of the above
  - (d) Neither of the above
4. A First-Time Adopter \_\_\_\_\_ for accounting for exchange differences arising from translation of Long-Term Foreign Currency Monetary Items recognised in the Financial Statements for the period ending immediately before the beginning of the First Ind AS Financial Reporting Period.
  - (a) may continue the policy adopted as per the previous GAAP
  - (b) shall continue the policy adopted as per the previous GAAP
  - (c) may continue the policy adopted as per Ind AS
  - (d) shall continue the policy adopted as per Ind AS
5. A First-Time Adopter may continue the policy adopted for accounting for exchange differences arising from translation of \_\_\_\_\_ recognised in the Financial Statements for the period ending immediately before the beginning of the First Ind AS Financial Reporting Period as per the previous GAAP.
  - (a) Long-Term Foreign Currency Monetary Items
  - (b) Short-Term Foreign Currency Monetary Items
  - (c) Long-Term Foreign Currency Non Monetary Items
  - (d) Short-Term Foreign Currency Monetary Items
6. A First-Time Adopter –
  - (a) shall restate Cumulative Translation Differences for Foreign Operations to zero at date of transition to Ind ASs
  - (b) may restate Cumulative Translation Differences for Foreign Operations to zero at date of transition to Ind ASs
  - (c) shall restate Cumulative Translation Differences for Foreign Operations to zero at the beginning of the Year
  - (d) may restate Cumulative Translation Differences for Foreign Operations to zero at the beginning of the Year
7. For the purpose of Deemed Cost on the date of transition, an Entity has the option of using \_\_\_\_\_ as the Deemed Cost.
  - (a) Original Cost
  - (b) Net Book Value
  - (c) Lower of the above
  - (d) Higher of the above

8. X Ltd is the Holding Company of Y Ltd. X Ltd is required to adopt Ind AS. X Ltd wants to avail the optional exemption of using the previous GAAP carrying values in respect of its Property, Plant and Equipment (PPE) whereas Y Ltd wants to use Fair Value of its PPE as its deemed cost on the date of transition. Different Entities within a Group cannot choose different basis for arriving at Deemed Cost for –
- Standalone Financial Statements.
  - Consolidated Financial Statements.
  - Both of the above
  - None of the above
9. Deemed Cost Exemption would have \_\_\_\_\_ impact on future depreciation charge.
- No
  - Increasing
  - Decreasing
  - Any of the above
10. A First-Time Adopter need not comply with these requirements for Cumulative Translation Differences that existed at the date of transition to Ind ASs. If a First-Time Adopter uses this exemption –
- Cumulative Translation Differences for Foreign Operations are deemed to be zero at date of transition to Ind ASs
  - Gain or Loss on a subsequent Disposal of any Foreign Operation shall exclude Translation Differences that arose before the date of transition to Ind ASs and shall include later translation differences.
  - Both of the above
  - None of the above
11. Date of Transition to Ind ASs –
- The beginning of the Previous Reporting Period.
  - The beginning of the earliest period for which an Entity presents full comparative information under Ind AS in First Ind AS Financial Statements.
  - The beginning of the Current Reporting Period.
  - The end of the Current Reporting Period.
12. First Ind AS Financial Statements –
- First Annual Financial Statements in which the Entity adopts Ind ASs, in accordance with Ind ASs notified under the Companies Act, 2013
  - First Annual Financial Statements in which the Entity makes an explicit and unreserved Statement in those Financial Statements of compliance with Ind ASs.
  - Either of the above
  - Both of the above
13. First Ind AS Reporting Period –
- The earliest Reporting Period covered by an Entity's First Ind AS Financial Statements.
  - The latest Reporting Period covered by an Entity's First Ind AS Financial Statements.
  - Either of the above
  - Both of the above
14. Previous GAAP –
- The basis of accounting that a First-Time Adopter used for its statutory reporting requirement immediately before adopting Ind AS's.
  - Basis of accounting that an Entity used for its statutory reporting requirement immediately before adopting Ind AS's
  - Notified Accounting Standards
  - The basis of accounting that a First-Time Adopter used for its statutory reporting requirement in India immediately before adopting Ind AS's.
15. Until 31<sup>st</sup> March 2020, a Company had been preparing and presenting its Financial Statements in line with the Companies (AS) Rules. With effect from accounting year beginning on or after 1<sup>st</sup> April 2020, the Company is required to prepare and present its Financial Statements in line with Ind ASs. What is the date of transition in this case?
- 1<sup>st</sup> April 2019
  - 1<sup>st</sup> April 2020
  - 1<sup>st</sup> April 2018
  - 31<sup>st</sup> March 2019
16. Company B is a Foreign Subsidiary of Company A and has adopted IFRS as issued by IASB as its Primary GAAP for its Local Financial Reporting Purposes. Company B prepares its Financial Statements as per Accounting Standards specified u/s 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 for the purpose of consolidation with Company A. On transition of Company A to Ind-AS, what would be the previous GAAP of the Foreign Subsidiary Company B for its Financial Statements prepared for consolidation with Company A?

- (a) Accounting Standards specified u/s 133 of the Companies Act, 2013 read with Rule 7 of the Companies Rules, 2014  
 (b) IFRS as issued by IASB  
 (c) Either of the above  
 (d) None of the above
17. E Ltd is required to first time adopt Ind AS from 1st April. The Management of E Ltd has prepared its Financial Statements in accordance with Ind AS and an explicit and unreserved statement of compliance with Ind AS has been given. However, there is a disagreement on application of one Ind AS with Auditors. In this case –  
 (a) Such Financial Statements of E Ltd can be treated as First Ind AS Financial Statements.  
 (b) Such Financial Statements of E Ltd cannot be treated as First Ind AS Financial Statements.  
 (c) Either of the above  
 (d) None of the above
18. An Entity shall apply Ind AS–101 in –  
 (a) its First Ind AS Financial Statements  
 (b) each Interim Financial Report, if any, that it presents in accordance with Ind AS–34, for part of the period covered by its First Ind AS Financial Statements.  
 (c) Both of the above  
 (d) None of the above
19. Ind AS–101 does not apply to changes in accounting policies made by an Entity that already applies Ind ASs. Such changes are the subject to –  
 (a) requirements on changes in accounting policies in Ind AS–8.  
 (b) specific transitional requirements in other Ind ASs.  
 (c) Both of the above  
 (d) None of the above
20. An Entity shall prepare and present an Opening Ind AS Balance Sheet at the –  
 (a) date of transition to Ind ASs.  
 (b) Beginning of First Ind AS Reporting Period  
 (c) End of First Ind AS Reporting Period  
 (d) None of the above
21. Accounting Policies for Opening Balance Sheet –  
 (a) Use same accounting policies in Opening B/s and all periods presented in First Ind AS Financial Statements.  
 (b) Comply with All Ind AS, except as permitted under Ind AS–101.  
 (c) Option to apply a new Ind AS that is not yet mandatory, if that Ind AS permits early application.  
 (d) All of the above
22. In Opening Balance Sheet, recognise effect of adjustments directly in –  
 (a) Retained Earnings  
 (b) Profit and Loss  
 (c) Other Comprehensive Income  
 (d) Any of the above
23. An Entity's First Ind AS Financial Statements shall include –  
 (a) at least three Balance Sheet  
 (b) three Balance Sheet  
 (c) two Balance Sheet  
 (d) at least two Balance Sheet
24. An Entity's First Ind AS Financial Statements shall include \_\_\_\_\_ Statements of Profit and Loss, Statements of Cash Flows and Statements of Changes in Equity.  
 (a) at least two  
 (b) two  
 (c) three  
 (d) at least three
25. A First-Time Adopter for whom the first reporting period is year ending 31<sup>st</sup> March 2020. It has to present –  
 (a) 3 Balance Sheet: 31 Mar 2020 (Reporting Period End), 31 Mar 2019 (Comparative), 1 Apr 2018 (Date of Transition)  
 (b) 3 Balance Sheet: 31 Mar 2020 (Reporting Period End), 31 Mar 2019 (Comparative)  
 (c) 2 Balance Sheet: 31 Mar 2020 (Reporting Period End), 31 Mar 2019 (Date of Transition)  
 (d) None of the above
26. Which of the following is true?  
 (a) If a new Ind AS is not yet mandatory regardless of whether it permits early application or not, Entity is permitted, but