

**PAPER 18: CFR**  
(Corporate Financial Reporting)

***MULTIPLE CHOICE QUESTIONS***

**MODULE 1: Specific Accounting Standards**

1. The major three approaches to valuation of shares are:
  - a. Income Approach
  - b. Net Assets Approach
  - c. Market Approach
  - d. All of the above
  
2. The major bases of asset valuation for a going concern:
  - a. Book Value
  - b. Net Replacement Value
  - c. Net Realisable Value
  - d. All of the above
  
3. The Income approach for Valuation of Shares includes the models/Techniques:
  - a. Discounted Cash Flow
  - b. Dividend Discount Model
  - c. Maintainable Profits Basis
  - d. All of the above
  
4. Some of the methods of Goodwill Valuation are
  - a. Capitalisation method
  - b. Super profits method
  - c. Average Maintainable Profits method
  - d. All of the above

5. The ways of determining the value of goodwill using the capitalisation approach

- a. Capitalisation of Average Profits
- b. Capitalisation of Super Profits
- c. Both a and b
- d. Capitalisation of Average Future maintainable profit

6. The \_\_\_\_\_ of an item of property, plant and equipment shall be recognised as an asset if, and only if: (i) it is probable that \_\_\_\_\_ associated with the item will flow to the entity; and (ii) the \_\_\_\_\_ of the item can be measured reliably.

- a. cost, future economic benefits, cost
- b. future economic benefits, cost, future economic benefits
- C. cost, cost, cost
- d. future economic benefits, future economic benefits, future economic benefits

7. Property Plant and Equipment (PPE) are initially recognized at \_\_\_\_\_

- a. purchase price
- b. fair value
- C. cost
- d. future economic benefits

8. ALOE VERA TULSI Ltd. gives the following data pertaining to its six segments:

( in lakhs)

Particulars	A	B	C	D	E	F	Total
Segment Assets	200	336	132	62	96	54	880
Segment Results	260	(760)	40	40	(40)	60	(400)
Segment Revenue	1200	2480	300	240	340	240	4800

Deferred Tax Assets included in the assets of each segment are A-₹ 20 lakhs, B-₹ 16 lakhs , C-₹ 12 lakhs, D-₹ 2 lakhs, E-₹ 16 lakhs , F-₹ 14 lakhs. Identify the Reportable Segments as per Ind AS 108.

- (A) A, B, C, D, E, F
- (B) A, B, C, D, E
- (C) A, B, C, E, F
- (D) A, B, C, E

9. AMLA TULSI Ltd. initiated a lease for 5 years in respect of equipment costing ₹ 34,51,640 with an expected useful life of 8 years. The asset would revert to BHARAT Ltd. under the lease agreement. The unguaranteed residual value of the equipment after the expiry of the lease term is estimated at ₹ 2,00,000. The implicit rate of interest is 15%. The annual payments have been determined in such a way that the present value of the lease payment plus the residual value is equal to the cost of the asset. Calculate the Unearned Finance Income. [Present Value of ₹ 1 at 15% rate of Interest at the end of 1st year, 2nd year, 3rd year, 4th year and 5th year are 0.8696, 0.7561, 0.6575, 0.5718 and 0.4972 respectively.]

- (A) ₹ 5,00,000
- (B) ₹ 10,00,000
- (C) ₹ 8,74,180
- (D) ₹ 17,48,360

10. NEEM TULSI LTD, a firm of contractors, provides the following details for the year ended 31st March, 2023:

Particulars	(₹ in lakhs)
Fixed Contract Price with an escalation clause	1,000
Work Certified	500

Work not Certified [includes ₹ 75 lacs for Materials issued out of which material lying unused at the end of the period is ₹ 4 lacs]	109
Estimated further Cost to Completion	495
Progress Payment Received	400
Progress Payment to be Received	140
Escalation in cost by 5% and accordingly the contract price is increased by 5%	

Calculate the Expected Loss to be recognized immediately as per Ind AS 115.

- (A) ₹ 50 lakhs
- (B) ₹ 27 lakhs
- (C) ₹ 22.5 lakhs
- (D) None of the above

11. From the given information, you are required to compute the Deferred Tax Assets (DTA) and Deferred Tax Liability (DTL) for CBDT Ltd as on 31st March 2023. The tax rate applicable is 35%.

- (i) The company has charged a depreciation of ₹ 7,42,900 in its Books of Accounts while as per Income Tax computation, the depreciation available to the company is ₹ 8,65,400.
- (ii) The company has made Provision for Doubtful Debts for ₹ 54,300 during the year.
- (iii) The company has debited Share Issue Expenses of ₹ 6,23,500 which will be available for deduction under the Income Tax Act from the next year.
- (iv) The expenses of ₹ 7,84,500 has been charged to the Profit and Loss Account which are disallowed under the Income Tax Act.
- (v) The company has made a Donation of ₹ 2,00,000 which has been debited to the Profit and Loss Account and only 50% thereof will be allowed as a deduction as per Income Tax Act.

- (A) DTA ₹ 2,18,225, DTL ₹ 42,875
- (B) DTA ₹ 2,18,225, DTL ₹ 42,857
- (C) DTA ₹ 2,18,252, DTL ₹ 42,875
- (D) None of the above

12. CORE Ltd. has a plant with a carrying amount of ₹ 1,20,000 as on April 1, 2022. Useful life is 10 years of which 4 years remains on the date. The company decides to revalue the plant to ₹ 2,00,000 on April 1, 2022 and recognize revaluation reserve of ₹ 80,000.

Calculate depreciation to be accounted for in the Statement of Profit or Loss in 2022-23.

- (A) ₹ 30,000
- (B) ₹ 50,000
- (C) ₹ 12,000
- (D) ₹ 10,000

13. GALAXY Ltd. is developing a new production process. During the financial year ended 31st March, 2022, the total expenditure incurred was ₹ 50 lakhs. This process met the criteria for recognition as an intangible asset on 1st December, 2021. Expenditure incurred till this date was ₹ 22 lakhs. Further expenditure incurred on the process for the financial year ending 31st March, 2023 was ₹ 80 lakhs. As at 31st March, 2023, the recoverable amount of knowhow embodied in the process is estimated to be ₹ 72 lakhs. This includes estimates of future cash outflows as well as inflows. The amount of impairment loss for the year ended 31st March, 2023 is:

- (A) ₹ 80 lakhs
- (B) ₹ 36 lakhs
- (C) ₹ 28 lakhs
- (D) ₹ 72 lakhs

14. On April 1, 2022 GANGA Ltd. purchased a 30% interest in SAGAR Ltd. for ₹ 2,50,000. On that date SAGAR's shareholders' equity was ₹ 5,00,000. The carrying

value of SAGAR's identifiable net assets was equal to book value. GANGA correctly reports this significant influence investment using equity method. Both companies have a March 31 year end. For the year ended 31.03.2023, SAGAR Ltd. reported net income of ₹ 1,50,000 and paid total dividends of ₹ 40,000. Calculate the amount that GANGA Ltd. would report as its investment in SAGAR Ltd. on March 31, 2023.

- (A) ₹ 3,60,000
- (B) ₹ 2,95,000
- (C) ₹ 2,83,000
- (D) ₹ 2,50,000

15. ALAKANANDA Ltd. is engaged in manufacturing and selling of designer furniture. It sells goods on extended credit. ALAKANANDA Ltd. sold furniture for ₹ 80,00,000 to a customer on 01.04.2023, the payment against which was receivable after 12 months with interest at the rate of 3% per annum. The market interest rate on the date of transaction was 8% per annum. Calculate the amount of revenues to be recognized for the above transaction in 2023-24 financial year.

- (A) Revenue from sale ₹ 80,00,000 and Interest income ₹ 2,40,000
- (B) Revenue from sale ₹ 80,00,000 and Interest income ₹ 6,40,000
- (C) Revenue from sale ₹ 76,29,630 and Interest income ₹ 6,10,370
- (D) None of the above

16. ABC Ltd. reports quarterly and in the quarter ended 30.06.2023, it earned pre-tax profit of 3 crore but it expects to incur losses of ₹ 1 crore in each of three remaining quarter of the financial year. The tax rate on income is 30%. The management believes that since the company has zero income for the financial 2023-24, its income-tax expenses for the year will be zero. Calculate the amount of tax expenses to be reported in the first and fourth quarters.

- (A) ₹ 90 lakh and ₹ Nil
- (B) ₹ Nil and ₹ Nil

(C) ₹ 90 lakh and ₹ (30) lakh

(D) None of the above

17. EARTH Ltd. purchased an equipment for ₹ 51 lakh on April 1, 2023. The useful life of the equipment is 5 years and the residual value is estimated to be ₹ 1 lakh. The company adopts straight line method of depreciation. On March 31, 2024, a test for impairment was conducted after obtaining the following information:

Fair value less costs to sell ₹ 36 lakh

Value in use ₹ 32 lakh

Having regard to Ind AS 36, calculate the impairment loss to be recognized for the year ending March 31, 2024.

(A) ₹ 4,00,000

(B) ₹ 9,00,000

(C) ₹ 5,00,000

(D) None of the above

18. On April 1, 2019, RIHAND Ltd. purchased heavy-duty equipment for ₹ 4,00,000.

On the date of installation, it was estimated that the machine has a useful life of

10 years and a residual value of ₹ 40,000. Accordingly, the annual depreciation

worked out to ₹ 36,000 =  $[(₹ 4,00,000 - ₹ 40,000) / 10]$ . On April 1, 2023, after

four years of using the equipment, the company decided to review the useful life of

the equipment and its residual value. Technical experts were consulted. According

to them, the remaining useful life of the equipment at April 1, 2023 was seven years

and its residual value was ₹46,000. Compute the revised annual depreciation for the

year 2023-24 and future years.

(A) ₹ 40,000

(B) ₹ 36,000

(C) ₹ 50,571

(D) ₹ 30,000

19. Narmada Ltd. owns a machinery which is carried in its Balance Sheet at the carrying amount of ₹ 15 million. The fair value of the machinery is ₹ 22.5 million. It exchanges this machinery for a building having a fair value of ₹ 30 million and pays additional cash of ₹ 4.5 million. As per the relevant Ind AS, the profit on exchange of machinery is:

- (A) ₹ 7.5 million
- (B) ₹ 12 million
- (C) ₹ 19.5 million
- (D) None of the above

20. If total External Revenue reported by Operating Segments constitutes \_\_\_\_\_ of the Entity's Revenue, additional Operating Segments should be identified as Reportable Segments.

- (A) less than 75%
- (B) 75% or less
- (C) less than 90%
- (D) 90% or less

21. MILKYWAY Ltd. is conducting research in respect of attaching self-charging batteries in all its vehicles. It has already incurred ₹ 15 lakh last year for this research. During the year (2023-24), it incurs ₹ 5,00,000 each month as a part of its research expenditure. On 01.05.2023, directors found that the research is successful and is going to bring a cash flow of ₹ 300 lakh in the coming years to the company. Calculate the impact of the above transaction in the financial year ended 31st March, 2024 in the books of MILKYWAY Ltd.

- (A) Expenses ₹ 70 Lakh and Intangible Asset ₹ 300 Lakh
- (B) Expenses ₹ 55 Lakh and Intangible Asset ₹ 15 Lakh
- (C) Expenses ₹ 5 Lakh and Intangible Asset ₹ 55 Lakh

(D) None of the above

22. AURA Ltd. leased a machine with a fair value of ₹ 1,65,000 for a period of 5 years under a finance lease. The initial direct costs incurred in negotiating the lease were ₹ 1,250. The present value of the minimum lease payments discounted at the rate implicit in the lease is ₹ 1,58,400. Under the requirements of Ind AS 116 leases, the amount for which the machine be recognised in AURA's financial statements is

(A) ₹ 1,66,250

(B) ₹ 1,58,400

(C) ₹ 1,59,650

(D) ₹ 1,65,000

23. A Ltd. has a machine whose original cost was ₹ 1,20,000. The accumulated depreciation on the machine is ₹ 45,000. Similar machine has recently been sold in the same locality at ₹ 65,000 with selling expenses ₹ 4,000. Management determined the entity specific present value of future cash flows of the machine as ₹ 68,000. Impairment loss will be

(A) ₹ 10,000

(B) ₹ 6,000

(C) ₹ 14,000

(D) ₹ 7,000

24. PINDARI Ltd. changes its method of valuation of inventories from weighted-average method to first-in first-out (FIFO) method. The accountant opines that Ind AS 8 is applicable. PINDARI Ltd. should account for this change as

(A) a change in estimate and account for it prospectively.

(B) a change in accounting policy and account for it prospectively.

(C) a change in accounting policy and account for it retrospectively.

(D) account for it as a correction of an error and account for it retrospectively.

25. ALAKANANDA Ltd. took an asset on a 5 years lease from MANDAKINI Ltd. for which relevant details are as under:

Payments over the lease term	₹ 1,000 per month
Contingent rent	₹ 20,000
Cost for service given by MANDAKINI Ltd.	₹ 40,000
Taxes to be reimbursed to MANDAKINI Ltd.	₹ 15,000
Residual value guaranteed by ALAKANANDA Ltd.	₹ 5,000
Fair value of the asset after 5 years	₹ 6,000

Also, ALAKANANDA Ltd. has an option to purchase the asset after a period of 5 years at ₹ 2,000. It is reasonably certain that ALAKANANDA Ltd. will exercise the option. Calculate Minimum Lease Payment.

- (A) ₹ 67,000
- (B) ₹ 87,000
- (C) ₹ 86,000
- (D) ₹ 65,000

26. An entity purchases plant from a foreign supplier for \$3 million on January 31, 2025, when the exchange rate was ₹ 72 = \$1. At the entity's year-end on March 31, 2025, the amount has not been paid. The closing exchange rate was ₹ 75 = \$1. The entity's functional currency is the INR. Which of the following statements is correct?

- (A) Cost of plant ₹ 216 million, exchange loss ₹ 9 million, trade payable ₹ 225 million.
- (B) Cost of plant ₹ 225 million, exchange loss ₹ 9 million, trade payable ₹ 225 million.
- (C) Cost of plant ₹ 216 million, exchange loss ₹ 9 million, trade payable ₹ 216 million.
- (D) Cost of plant ₹ 216 million, exchange loss ₹ nil, trade payable ₹ 216 million.

27. On 1st January, 2025, Shiva Ltd. entered into a contract with Kalpit Ltd. to sell

50 Laptops at a price of ₹ 50,000 per Laptop and the goods were delivered in February, 2025. Determine revenue to be recognised by Shiva Ltd. in 2024-25, if 4 sets were found damaged at the time of receiving and hence returned by Kalpit Ltd.

- (A) ₹ 25,00,000
- (B) ₹ 27,00,000
- (C) ₹ 23,00,000
- (D) ₹ 24,00,000

28. On 01.08.2021 A Ltd. enter into a contract with a hotel for daily sanitisation of the building for 3 years at ₹12,000 per month. The customer receives and consume benefits each day. Determine the revenue to be recognized in 2021-22.

- a. ₹12,000
- b. ₹4,32,000
- c. ₹96,000
- d. None of the above

29. Property Plant and Equipment (PPE) are initially recognized at

- a. purchase price
- b. fair value
- c. cost
- d. future economic benefits

30. X Ltd. borrowed S6000 for construction of a qualifying asset at 3% interest p.a. on 01.04.2021 when S1 = ₹60, which is due for payment on 31.03.2023. The company could borrow the amount in rupees at 12% interest p.a. Interest is payable on 31"2023. Construction of asset will continue till 31.03.2023. If on 31.03.2022 S1 =270 which of the following statements is not true?

- a. Exchange loss=₹ (60-70) x \$6,000 = ₹60,000
- b. Cost of borrowing in foreign currency = 3% x \$6,000 x ₹70= ₹12,600

- c. Cost of borrowing in functional currency =  $12\% \times \$6,000 \times ₹60 = ₹43,200$
- d. Cost of borrowing in foreign currency =  $3\% \times \$6,000 \times ₹60 = ₹210,800$

31. The carrying value of PPE at 1 July 2023 was ₹15,780 (cost ₹20,580 and accumulated depreciation ₹4,800). During the year to 30 June 2024 PPE costing ₹4,530 were purchased. The depreciation policy is to charge depreciation at 20% on all assets held at the year-end on the diminishing balance basis. Accumulated depreciation for the balance sheet as at 30 June 2025 would be:

- a. ₹8,862
- b. ₹10,782
- c. ₹9,822
- d. ₹12,978

32. An asset's carrying amount is ₹25,000. Its fair value less costs of disposal is ₹15,000 and its value in use is ₹19,000. There is an impairment loss of:

- a. 26,000
- b. nil
- c. ₹10,000
- d. ₹4,000

33. Net asset value method is based on the assumption that the company is

- a. a going concern
- b. going to be liquidated.
- c. a. & b. both
- d. none of the above

34. If a parent loses control of a subsidiary, it shall derecognise:

- a. the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost.

- b. the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them).
- c. the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control.
- d. Both A and B.

35. The major basis of asset valuation for a going concern is:

- a) Book Value
- b) Net Replacement Value
- c) Net Realisable Value
- d) All of the above

36. A company creates provision for Gratuity and Leave encashment and recognises liability of ₹50,000. This is the only difference between taxable profits and accounting profits. The company measures current tax of ₹48,000 at tax rate of 25%. What will be the Tax Expenses.

- a) ₹35,500
- b) ₹48,500
- c) ₹12,000
- d) ₹62,000

37. A Ltd. Has a machine whose original cost was ₹45,000. The accumulated depreciation on the machine is ₹15,000. Similar machine has recently been sold in the same locality at ₹25,000 with selling expenses 22,000. Management determined the entity specific present value of future cash flows of the machine as ₹28,000. Find impairment loss

- a) ₹23,000
- b) ₹28,000
- c) ₹5,000

d) ₹2,000

38. The following details relate to M/s XYZ, a firm:

Average profit of last four years : 27,00,000

Average capital employed by the firm : 255,00,000

Normal rate of return : 10%

Present value of annuity of ₹1 for 4 years @ 10% : 3.1699

Determine the super profit.

a) ₹7,00,000

b) ₹5,50,000

c) ₹1,50,000

d) ₹4,75,485

39. A Ltd. Has a machine whose original cost was 245,000. The accumulated depreciation on the machine is ₹15,000. Similar machine has recently been sold in the same locality at ₹25,000 with selling expenses ₹2,000. Management determined the entity specific present value of future cash flows of the machine as ₹ 28,000. Find Recoverable amount.

A. ₹23,000

B. ₹28,000

C. ₹25,000

D. None of these

40. The major bases of asset valuation for a going concern:

A. Book Value

B. Net Replacement Value

C. Net Realisable Value

D. All of these

41. Borrowing Costs directly attributable to \_\_\_\_\_ of a Qualifying asset should be capitalized as part of the cost of that Asset.

- A. Acquisition
- B. Construction
- C. Deduction
- D. Both A and B

42. Capital Employed is ₹255 Lakhs; Annual average profits are ₹57 Lakhs; Normal rate of return is 12%. The value of goodwill on the basis of Capitalization of super profits will be -

- A. ₹220 Lakh
- B. ₹475 Lakh
- C. ₹6.84 Lakh
- D. ₹26.40 Lakh

43. The \_\_\_\_\_ of an item of property, plant and equipment shall be recognised as an asset if, and only if: (I) it is probable that \_\_\_\_\_ associated with the item will flow to the entity; and (II) the \_\_\_\_\_ of the item can be measured reliably.

- (a) cost, future economic benefits, cost
- (b) future economic benefits, cost, future economic benefits
- (c) cost, cost, cost
- (d) future economic benefits, future economic benefits, future economic benefits

44. On 1 January 2024, A Ltd. acquires 80 percent of the equity interests of B Ltd. in exchange for cash of 2600 lakhs. The identifiable assets are measured at 2925 lakhs and the liabilities assumed are measured at ₹150 lakhs. The fair value of the 20 percent non-controlling interest in P is ₹90 lakhs. The gain on bargain purchase will be -

- (a) ₹90 lakhs
- (b) ₹85 lakhs
- (c) ₹105 lakhs
- (d) ₹75 lakhs

45. MILKYWAY Ltd. is conducting research in respect of attaching self-charging batteries in all its vehicles. It has already incurred ₹15 lakhs last year for this research. During the year (2024-25), it incurs 25,00,000 each month as a part of its research expenditure. On

01.05.2024, directors found that the research is successful and is going to bring a cash flow of ₹300 lakhs in the coming years to the company. Calculate the impact of the above transaction in the financial year ended 31st March, 2025 in the books of MILKYWAY Ltd.

- (a) Expenses 270 Lakh and Intangible Asset 2300 Lakh
- (b) Expenses ₹55 Lakh and Intangible Asset ₹15 Lakh
- (c) Expenses ₹5 Lakh and Intangible Asset ₹55 Lakh
- (d) None of the above

46.A Ltd. has a machine whose original cost was ₹1,20,000. The accumulated depreciation on the machine is 245,000. Similar machine has recently been sold in the same locality at 265,000 with selling expenses ₹4,000. Management determined the entity specific present value of future cash flows of the machine as 268,000. Impairment loss will be

- (a) ₹10,000
- (b) ₹6,000
- (c) ₹14,000
- (d) ₹7,000

47. Narmada Ltd. owns a machinery which is carried in its Balance Sheet at the carrying amount of ₹15 million. The fair value of the machinery is ₹22.5 million. It exchanges this machinery for a building having a fair value of ₹30 million and pays additional cash of ₹4.5 million. As per the relevant Ind AS, the profit on exchange of machinery is:

- (a) ₹7.5 million
- (b) ₹12 million
- (c) ₹19.5 million
- (d) None of the above

48. Mohan Ltd. held 50% of the voting power of Sohan Ltd. which is a joint venture of Mohan Ltd. The carrying value of the investment in Sohan Ltd. is ₹1,50,000. Now, out of the 50% stake, Mohan Ltd. sells 20% stake in Sohan Ltd. to a third party for a consideration of ₹1,20,000. The fair value of the retained 30% interest is ₹1,80,000. The gain or loss recorded by Mohan Ltd. in its profit or loss is:

- (a) Gain of ₹1,50,000
- (b) Less of ₹1,50,000
- (c) Gain of ₹90,000

(d) None of the above

49. ABC Ltd. reports quarterly and in the quarter ended 30.06.2024, it earned pre-tax profit of ₹3 crores but it expects to incur losses of ₹1 crore in each of three remaining quarters of the financial year. The tax rate on income is 30%. The management believes that since the company has zero income for the financial 2024-25, its income-tax expenses for the year will be zero. Calculate the amount of tax expenses to be reported in the first and fourth quarters.

- (a) ₹90 lakhs and ₹Nil
- (b) ₹Nil and ₹Nil
- (c) ₹90 lakhs and ₹(30) lakhs
- (d) None of the above

50. A Ltd. Has a machine whose original cost was ₹45,000. The accumulated depreciation on the machine is ₹ 15,000. Similar machine has recently been sold in the same locality at ₹25,000 with selling expenses ₹2,000.

Compute Recoverable amount.

- a. ₹23,000
- b. ₹28,000
- c. ₹45,000
- d. ₹2,000

51. A business estimates for production Overhead of ₹20,00,000 per annum. Normal Level of Production is 2,00,000 units per annum. Due to some difficulties the business was only able to make 1,50,000 units in the year 2024. Other cost per unit were ₹124.

Calculate the per unit cost.

- a. ₹124
- b. ₹137.33
- c. ₹134
- d. None of these

52. Actual Profit is ₹4,55,000

Capital Employed is ₹31,10,000

Normal dividend expected on equity shares is 8% while fair return on closing capital employed is 10%. Calculate Super Profit.

- a. ₹1,44,000
- b. ₹3,11,000
- c. ₹4,32,000

d. ₹4,55,000

## **MODULE 2 : Valuation of Shares**

53. The major three approaches to valuation of shares are:

- a. Income Approach
- b. Net Assets Approach
- c. Market Approach
- d. All of the above

54. The major bases of asset valuation for a going concern:

- a. Book Value
- b. Net Replacement Value
- c. Net Realisable Value
- d. All of the above

55. The Income approach for Valuation of Shares includes the models/Techniques:

- a. Discounted Cash Flow
- b. Dividend Discount Model
- c. Maintainable Profits Basis
- d. All of the above

56. Some of the methods of Goodwill Valuation are

- a. Capitalisation method
- b. Super profits method
- c. Average Maintainable Profits method
- d. All of the above

57. The ways of determining the value of goodwill using the capitalisation approach

- a. Capitalisation of Average Profits
- b. Capitalisation of Super Profits
- c. Both a and b
- d. Capitalisation of Average Future maintainable profit

58. ORBIT Ltd. provides you following data regarding defined benefit pension plan for the year ended 31.03.2023

Particulars	₹
Benefits paid	2,00,000
Employer contribution	2,80,000
Fair market value of plan assets on 31.03.23	11,40,000
Fair market value of plan assets as on 31.03.22	8,00,000

The amount of actual return of plan assets is:

- (A) ₹ 2,80,000
- (B) ₹ 2,60,000
- (C) ₹ 2,00,000
- (D) ₹ 4,60,000

59. Given by the Poova Mart:

Average trading profit of last four years: ₹ 7,00,000

Average capital employed by the firm: ₹ 45,00,000

Normal rate of return: 10%

Present value of annuity of ₹ 1 for 4 years @ 10%: 3.1699

The value of goodwill on the basis of annuity of super profit will be

- (A) ₹ 22,18,930
- (B) ₹ 7,92,475

(C) ₹ 2,20,827

(D) ₹ 6,21,575

60. Mahi Ltd. and Pooja Ltd. amalgamated from 1st January, 2025. A new Company Majoo Ltd. with shares of ₹ 10 each was formed to take over the businesses of the existing companies. Net Assets taken over of Mahi Ltd. and Pooja Ltd. are ₹ 90.5 Lakhs and ₹ 97.0 Lakhs respectively. Total purchase consideration payable is ₹ 130 Lakhs. How many shares in Majoo Ltd. will be issued to Mahi Ltd. ?

(A) 6,27,467 Shares

(B) 6,72,533 Shares

(C) 9,70,000 Shares

(D) 6,50,000 Shares

61. The Income approach for Valuation of Shares includes the models/Techniques:

a. Discounted Cash Flow

b. Dividend Discount Model

c. Maintainable Profits Basis

d. All of the above

62. A Ltd acquires B Ltd by purchasing 70% of its equity for ₹ 17.5 lakh in cash. The fair value of non - controlling interest is determined as ₹12 lakh. The value of net identifiable assets and liabilities, as measured in accordance with Ind-AS 103 is determined as ₹ 8 Lakh. How much goodwill is recognized?

a. ₹21.5 Lakh

b. ₹ 19.5 Lakh

c. ₹ 12.7 Lakh

d. None

63. The ways of determining the value of goodwill using the capitalisation approach

- a. Capitalisation of Average Profits
- b. Capitalisation of Super Profits
- c. Both a and b
- d. Capitalisation of Average Future maintainable profit

64. From the following particulars you are required to determine value of goodwill of ABX Ltd.

Super Profit (Computed) : ₹ 4,50,000  
 Normal rate of return : 12%  
 Present value of annuity of ₹1 for 4 years @ 12% : 3.0374

- a. ₹13,66,830
- b. ₹54,000
- c. ₹5,04,000
- d. ₹4,50,000

65. The following details relates to M/s XYZ, a firm:

Average profit of last four years : ₹ 7,00,000  
 Average capital employed by the firm : ₹55,00,000  
 Normal rate of return : 10%  
 Present value of annuity of ₹1 for 4 years @ 10% : 3.1699

Determine the value of goodwill on the basis of annuity of super profit.

- a. ₹ 4,75,485
- b. ₹4,85,585
- c. ₹1,50,000
- d. None of the above

66. XY Ltd, a partnership firm, earned profits during the past 5 years as follows:

Year	2017	2018	2019	2020	2021

Profits (₹)	27,000	36,000	37,200	42,000	46,800
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Determine the value of goodwill on the basis of 3 years' purchase of weighted average profit of last five years giving maximum weightage to the recent results

- a. ₹ 1,22,520
- b. ₹1,15,000
- c. ₹1,46,000
- d. ₹ 142,520

67. The value of a share under the net asset approach is determined by

- a. accessible net assets to equity owners
- b. net assets accessible to holders of debentures
- c. the value of preference shareholders' net assets
- d. none of the preceding

68. From the following particulars you are required to determine value of goodwill of ABX Ltd.

1. Super Profit (Computed)	:₹4,50,000
2. Normal rate of return	:12%
3. Present value of annuity of ₹1 for 4 years @ 12%	:3.0374

- a. ₹ 13,66,830
- b. ₹11,66,800
- c. ₹14,00,000
- d. ₹ 7,00,000

69. Q Ltd. acquired a 60% interest in R Ltd. on 31" march, 2024. Q Ltd. paid ₹900 Lakhs in cash for their interest in R Ltd. The fair value of R Ltd.'s assets is ₹2,000 Lakhs, and the fair value of its liabilities is ₹1,000 Lakhs. If NCI is valued at proportionate net asset,

value of Goodwill:

- a) ₹300 lakhs
- b) ₹250 lakhs
- c) ₹400 lakhs
- d) ₹350 lakhs

70. On 1<sup>st</sup> January 2024, P Ltd. acquired a 100% voting interest of S Ltd. for ₹2,00,000. On acquisition date, the fair value of identifiable net assets of S Ltd. was Assets ₹3,50,000, liabilities ₹1,50,000, Equity 22,00,000 and contingent liabilities 250,000. The amount of goodwill/bargain purchase in the books of P Ltd as at January 1<sup>st</sup> 2024 as follows:

- a) ₹50,000 - goodwill
- b) ₹20,000 - goodwill
- c) ₹1,00,000 - bargain purchase
- d) ₹80,000 - bargain purchase

71. A firm values goodwill under 'Capitalisation of profits' method. Its average profits for past 4 years has been determined at ₹72,000. Net Assets and Capital employed in the business is ₹4,80,000 and 25,00,000 respectively, and its normal rate of return is 12%.

Determine value of goodwill based on Capitalisation of Average Profits

- a) ₹57,600
- b) ₹1,20,000
- c) ₹6,00,000
- d) ₹1,00,000

72. A Ltd. takes over B Ltd. for ₹25,20,000. Fair Value (FV) of B Ltd.'s net assets at the time of acquisition is ₹23,60,000. Calculate Goodwill.

- a. ₹ 25,20,000
- b. ₹ 1,60,000
- c. ₹ 23,60,000

d. None of these

### **MODULE 3 : Accounting of Financial Instruments**

73. The Indian Accounting Standards relevant for recognition, measurement and disclosure of financial instruments are

- a. Financial instruments: Presentation (Ind AS 32)
- b. Financial instruments: Disclosure (Ind AS 107)
- c. Financial instruments: (Ind AS 109)
- d. All of the above

74. Financial assets are

- a. cash
- b. an equity instrument of another entity
- c. a contractual right
- d. All of the above

75. Ind AS 109: Financial Instruments classifies the financial assets and financial liabilities into the following categories for recognition and measurement

- a. Measured at fair value through OCI
- b. Measured at amortized cost
- c. Measured at fair value through P & L
- d. All of the above

76. Ind As 109 deals with

- a. recognition and measurement of financial instruments and hedge accounting
- b. presentation of financial instruments
- c. disclosure of financial instruments

d. None of the above

77. An \_\_\_\_\_ is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities

- a. equity instrument
- b. puttable instrument
- c. financial instrument
- d. None of the above

78. Which of the following is not true?

- (A) An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.
- (B) A puttable instrument is a financial instrument that gives the holder the right to put the instrument back to the issuer for cash or another financial asset or is automatically put back to the issuer on the occurrence of an uncertain future event or the death or retirement of the instrument holder.
- (C) Cash, an equity instrument of another entity and a contractual right are Financial Assets.
- (D) None of the above

79. When objective of holding financial assets does not include collection of cash flows by selling of financial assets, such financial assets are measured at-

- (A) Fair value through other comprehensive income (OCI)
- (B) Amortized cost
- (C) Fair value through profit and loss (P&L)
- (D) None of the above

80. Normal dividend expected on equity shares of A Ltd. is 8%. The profit available to equity shareholders is ₹ 3,83,125 and value of net asset for equity shareholders is

₹ 40,82,000. Calculate value of each equity share under fair value method if number of outstanding equity share is 1,00,000 and face value is ₹ 10.

- (A) ₹ 44.36
- (B) ₹ 46.26
- (C) ₹ 47.89
- (D) None of the above

81. Financial assets are

- (A) cash
- (B) an equity instrument of another entity
- (C) a contractual right
- (D) All of the above

82. An \_\_\_\_\_ is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

- (A) Equity Instrument
- (B) Puttable Instrument
- (C) Financial Instrument
- (D) None of the above

83. When objective of holding financial assets does not include collection of cash flows by selling financial assets, such financial assets are measured at

- (A) fair value through other comprehensive income (OCI)
- (B) amortized cost
- (C) fair value through profit and loss (P&L)
- (D) None of the above

84. Indian Accounting Standards relevant for recognition, measurement and disclosure of financial instruments are:

- a. Financial instruments: Presentation (Ind AS 32)
- b. Financial instruments: Disclosure (Ind AS 107)
- c. Financial instruments: (Ind AS 109)
- d. All of the above

85. Q Ltd. acquired a 75% interest in R Ltd. on January 1, 2021. Q Ltd. paid ₹ 900 Lakhs in cash for their interest in R Ltd. The fair value of R Ltd.'s assets is ₹ 2,000 Lakhs, and the fair value of its liabilities is ₹ 920 Lakhs. NCI valued at Fair Value and at Proportionate Value are:

- a. ₹ 300 lakhs and ₹ 360 lakhs
- b. ₹ 225 lakhs and ₹ 270 lakhs.
- c. ₹ 300 lakhs and ₹ 270 lakhs.
- d. ₹ 225 lakhs and ₹ 360 lakhs.

86. NUPUR Ltd has equity share capital of 230 lakhs consisting of fully paid equity shares of ₹10 each. Net profit for the year 2023-24 was ₹45 lakhs. It has also issued 27,000, 10% convertible Debentures of ₹50 each. Each Debenture is convertible into 5 equity shares. The applicable tax rate is 30%. Compute the diluted earnings.

- a. ₹46,35,000
- b. ₹44,59,500
- c. ₹45,94,500
- d. ₹45,00,000

87. A \_\_\_\_\_ an entity after deducting all of its liabilities is any contract that evidences a residual interest in the assets of

- a) equity instrument
- b) puttable instrument
- c) financial instrument
- d) None of the above

88. Financial assets are

- A. Cash
- B. An equity instrument of another entity
- C. A contractual right
- D. All of these

#### **MODULE 4: NBFCs – Provisioning Norms, Accounting and Reporting**

89. IND AS is applicable to NBFCs on and from

- a. 1.4.2016
- b. 1.4.2017
- c. 1.4.2015
- d. 1.4.2018

90. As per Sec. 45I(f) of RBI Act, 1934, a non-banking financial company means

- a. financial institution which is a company
- b. a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner
- c. such other non-banking institution or class of such institutions, as the Bank may, with the previous approval of the Central Government and by notification in the Official Gazette, specify
- d. All of the above

91. The term 'Public Funds' includes

- a. Debentures
- b. Funds raised directly or indirectly through public deposits
- c. Bank finance

d. All of the above

92. As per Prudential Regulations for NBFCs-ND, the NBFCs-ND with asset size of less than ₹ 500 crores shall be

- a. Exempted from the requirement of maintaining CRAR
- b. Exempted from complying with Credit Concentration Norms
- c. Maintain a leverage ratio (Total Outside Liabilities Owned Funds) of 7 to link Asset Growth with the Capital
- d. All of the above

93. Non-Performing Asset (NPA) in case of Lease Rental and Hire-Purchase Assets if

- a. Overdue for 9 Months as on 31st March 2016
- b. Overdue for 6 Months as on 31st March 2017
- c. Overdue for 3 Months as on 31st March 2018 and Onwards
- d. All of the above

94. Lease Rental and Hire-Purchase Assets will be treated as Non-Performing Assets (NPA) in case of NBFCs for the financial year ended 31st March, 2024 if

- (A) overdue for 3 months as on 31st March, 2024
- (B) overdue for 6 months as on 31st March, 2024
- (C) overdue for 9 months as on 31st March, 2024
- (D) overdue for 4 months as on 31st March, 2024

95. On 31st March, 2025, a Non-Banking Financial Company (NBFC) has its advances classified as follows:

Particulars	Amount ( in Lakhs)
Standard Assets	16,000
Sub-Standard Assets	1,780
Secured Portions of Doubtful Debts:	

- Up to one year	350
- One year to three years	140

The amount of provision which must be made against the advances will be

- (A) ₹ 354 Lakhs
- (B) ₹ 930 Lakhs
- (C) ₹ 979 Lakhs
- (D) ₹ 370 Lakhs

96. On the year ended 31st March, 2024, a Non-Banking Financial Company (NBFC) had following advances-

Assets Classification	₹ in lakhs
Standard	1050
Sub -standard	750
Doubtful up to one year	200
Doubtful for one year to two year	220

The amount of provision which must be made against the advances will be

- a. ₹254.70 Lakhs
- b. ₹159 Lakhs
- c. ₹163 Lakhs
- d. ₹181 Lakhs

97. A Company takes a Machinery on lease for a term of 6 years at a lease rent of ₹4,00,000 p.a. payable at end of each year with guaranteed and unguaranteed residual value of 23,00,000. The gross investment will be

- a. ₹24,00,000
- b. ₹7,00,000
- c. ₹1,00,000

d. ₹27,00,000

98. All NBFCs-ND which have an asset size of 2500 crore and above and all NBFCs-D shall maintain minimum Tier 1 Capital of

A. 12%

B. 15%

C. 10%

D. 1%

99. Lease Rental and Hire-Purchase Assets will be treated as Non-Performing Assets (NPA) in case of NBFCs for the financial year ended 31st March, 2025 if

(a) overdue for 3 months as on 31st March, 2025

(b) overdue for 6 months as on 31st March, 2025

(c) overdue for 9 months as on 31st March, 2025

(d) overdue for 4 months as on 31st March, 2025

100. XYZ Ltd. takes a Machinery on lease for a term of 6 years at a lease rent of ₹5,00,000 p.a. payable at end of each year with guaranteed and unguaranteed residual value of ₹2,00,000. The gross investment will be

a. ₹30,00,000

b. ₹32,00,000

c. ₹3,00,000

d. ₹2,00,000

101. What is the standard provision requirement for 'standard assets' in NBFCs (as per latest norms)?

a. 0.25%

b. 0.40%

c. 1.00%

d. 2.00%

## **MODULE 5: Accounting for Business Combinations and Restructuring**

102. As per Ind AS 103, accounting and reporting for business combination is done under

- A. Acquisition Method
- B. Purchase method
- C. Pooling of interest method
- D. None of the above

103. As per Ind AS 103, while accounting and reporting for business combination goodwill is calculated as

- A. Consideration + Non controlling Interest - Net assets
- B. Consideration - Non controlling Interest + Net assets
- C. Consideration - Non controlling Interest - Net assets
- D. Consideration + Non controlling Interest + Net assets

104. How is non-controlling interest shown in the financial statements of the acquirer at the time of a business combination under Ind AS 103.

- A. It is shown as a liability
- B. It is shown as an item under equity
- C. It is not shown in balance sheet
- D. Non-controlling interest is not recognised.

105. At what value is non-controlling interest recorded in the books of the Acquiree at the time of a business combination transaction under Ind AS 103?

- A. It is recognised at fair value only
- B. It is recognised at proportionate fair value of identified net assets only
- C. It is not recognised at all
- D. It is recognised either at fair value or at proportionate fair value of identified net assets.

106. As per Ind AS 103, while accounting and reporting for business combination goodwill is calculated as

- A. Consideration + Non controlling Interest + Fair value of previously held interest in the Acquiree - Net assets
- B. Consideration + Non controlling Interest - Fair value of previously held interest in the Acquiree - Net assets
- C. Consideration - Non controlling Interest + Fair value of previously held interest in the Acquiree - Net assets
- D. Consideration - Non controlling Interest - Fair value of previously held interest in the Acquiree - Net assets

107. Transactions sometimes referred to as \_\_\_\_\_ or \_\_\_\_\_ are also business combinations as that term is used in this Ind AS.

- A. True Mergers, Mergers of Equals
- B. Business Combination, Business Combination under Common Control
- C. Internal reconstruction, Financial restructuring
- D. None of the above

108. Ind AS 103 has a wider scope than \_\_\_\_\_

- A. AS 15
- B. AS 14
- C. AS 16
- D. AS 13

119. If a parent loses control of a subsidiary, it shall derecognise

- A. the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost
- B. the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them)

C. the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control

D. Both A. and B.

110. In business combination, control of business can be obtained by

A. acquiring assets and assuming liabilities (such assets and liabilities must constitute a business, otherwise it is not a business combination)

B. by acquisition of shares

C. by other legal process

D. All of the above

111. When after business combination, acquiree ceases to exist, it is to be recorded in the books of the \_\_\_\_\_ in one set only, in its stand-alone accounts

A. acquirer

B. acquiree

C. both A. and B.

D. either A. or B.

112. As per Ind AS 103, accounting and reporting for business combination is done under

A. Acquisition Method

B. Purchase method

C. Pooling of interest method

D. None of the above

113. As per Ind AS 103 Appendix C, accounting and reporting for business combination under common control is done under

A. Acquisition Method

B. Purchase method

C. Pooling of interest method

D. None of the above

114. As per Ind AS 103, while accounting and reporting for business combination goodwill is calculated as

- A. Consideration + Non controlling Interest - Net assets
- B. Consideration - Non controlling Interest + Net assets
- C. Consideration - Non controlling Interest - Net assets
- D. Consideration + Non controlling Interest + Net assets

115. Which of the following is false?

- (A) As per Ind AS 103, Business combinations under common control shall be accounted for using the Pooling of Interest Method and other Business combinations shall be accounted for using the Acquisition Method.
- (B) As per Ind AS 103, while accounting and reporting for a business combination,  $\text{Goodwill} = \text{Consideration} + \text{Non controlling Interest} - \text{Net assets}$
- (C) Non-controlling interest is recognised either at fair value or at a proportionate fair value of identified net assets in the books of the Acquiree at the time of a business combination under Ind AS 103 and is shown as an item under Equity in the Balance Sheet.
- (D) None of the above

116. Q Ltd. acquired a 60% interest in R Ltd. on January 1, 2022. Q Ltd. paid ₹1,800 Lakhs in cash for their interest in R Ltd. The fair value of R Ltd.'s assets is ₹ 4,000 Lakhs, and the fair value of its liabilities is ₹ 2,000 Lakhs. If NCI is valued at fair value, goodwill amounts to:

- (A) ₹ 600 lakhs .
- (B) ₹ 500 lakhs
- (C) ₹ 1000 lakhs
- (D) ₹ 700 lakhs

117. DAWN Ltd. has acquired 100% of the equity of NIGHT Ltd. on March 31, 2024. The purchase consideration comprises of an immediate payment of ₹ 20 lakh and three further payments of ₹ 2 lakh each if the return on equity exceeds 16% in each of the subsequent three financial years. On the acquisition date, the aggregate value of DAWN's identifiable net assets is ₹ 22,00,000. Calculate purchase consideration and Goodwill/ gain on bargain purchase. Assume discount rate @10%.

- (A) Purchase consideration ₹ 20,00,000 and gain on bargain purchase ₹ 2,00,000
- (B) Purchase consideration ₹ 26,00,000 and goodwill ₹4,00,000
- (C) Purchase consideration ₹ 24,97,360 and goodwill ₹ 4,97,360
- (D) Purchase consideration ₹ 24,97,360 and goodwill ₹ 2,97,360

118. Mohan Ltd. held 50% of the voting power of Sohan Ltd. which is a joint venture of Mohan Ltd. The carrying value of the investment in Sohan Ltd. is ₹ 1,50,000. Now, out of the 50% stake, Mohan Ltd. sells 20% stake in Sohan Ltd. to a third party for a consideration of ₹ 1,20,000. The fair value of the retained 30% interest is ₹ 1,80,000. The gain or loss recorded by Mohan Ltd. in its profit or loss is:

- (A) Gain of ₹ 1,50,000
- (B) Loss of ₹ 1,50,000
- (C) Gain of ₹ 90,000
- (D) None of the above

119. At what value is non-controlling interest recorded in the books of the Acquirer at the time of a business combination transaction under Ind AS 103?

- (A) It is recognized at fair value only.
- (B) It is recognized at proportionate fair value of identified net assets only.
- (C) It is recognized either at fair value or at proportionate fair value of identified net assets.
- (D) It is not recognized at all.

120. On 1st January 2024, A Ltd. acquires 80 per cent of the equity interests of B Ltd. in exchange of cash of ₹ 600 lakhs. The identifiable assets are measured at ₹ 925 lakhs and the liabilities assumed are measured at ₹ 150 lakhs. The fair value of the 20 per cent non-controlling interest in B Ltd. is ₹ 90 lakhs. The gain on bargain purchase will be

- (A) ₹ 90 lakhs
- (B) ₹ 85 lakhs
- (C) ₹ 105 lakhs
- (D) ₹ 75 lakhs

121. C Ltd. acquires 60% of N Ltd. for ₹ 97,50,000. The fair value of its identifiable net assets is ₹ 1,50,00,000. The fair value of 40% of the equity shares owned by the non-controlling shareholders is ₹ 65,00,000. Carrying amount of N Ltd.'s net assets is ₹ 1,20,00,000. Calculate the value of goodwill when NCI is measured as proportionate share of identifiable net asset.

- (A) ₹ 12,50,000
- (B) ₹ 30,00,000
- (C) ₹ 7,50,000
- (D) ₹ 32,50,000

122. Puwa Ltd. grants 100 equity share options to each of its 4000 employees conditional on their continuing in service for 3 years Fair value of equity share option on the grant date is ₹60. Nominal value of each share is ₹10. The Remuneration Expense for each year will be

- (A) ₹ 2,40,00,000
- (B) ₹ 80,00,000
- (C) ₹ 40,00,000
- (D) ₹ 13,33,333

123. As per Ind AS 112: Disclosure of Interests in Other Entities, an entity shall disclose information about significant judgements and assumptions it has made (and changes to those judgements and assumptions) in determining:

- a. that it has control of another entity, i.e. an investee as described in paragraphs 5 and 6 of Ind AS 110, Consolidated Financial Statements
- b. that it has joint control of an arrangement or significant influence over another entity
- c. the type of joint arrangement (ie. joint operation or joint venture) when the arrangement has been structured through a separate vehicle
- d. All of the above

124. On 1 January 2021 A Ltd. Acquires 80 percent of the equity interests of B Ltd in exchange of cash of ₹ 600 lakhs. The identifiable assets are measured at ₹925 lakh and the liabilities assumed are measured at ₹150 lakh. The fair value of the 20 percent non-controlling interest in P is ₹ 90 lakhs. The gain on bargain purchase will be:

- a. 290 lakhs
- b. ₹85 lakhs
- c. ₹105 lakhs
- d. ₹75 lakhs

125. On 1 January 2024 A Ltd. Acquires 80 percent of the equity interests of B Ltd in exchange of each of ₹600 lakhs. The identifiable assets are measured at ₹925 lakh and the liabilities assumed are measured at ₹150 lakh. The fair value of the 20 percent non-controlling interest in P is ₹90 lakhs. The gain on bargain purchase will be -

- a. ₹90 lakhs
- b. 285 lakhs
- c. ₹105 lakhs
- d. ₹75 lakhs

126. Ind AS 103 has a wider scope than -

- A. AS 15
- B. AS 14
- C. AS 16
- D. AS 13

127. On 1 January 2025 M Ltd. acquires 80 per cent of the equity interests of P Ltd. by issue of equity shares of paid-up value of ₹200 Lakhs (market value ₹480 Lakhs). The identifiable assets are measured at ₹760 Lakhs and the liabilities assumed are measured at ₹120 Lakhs. Compute Non-controlling Interest if measured at proportionate net asset value.

- a. 264 Lakhs
- b. ₹760 Lakhs
- c. ₹128 Lakhs
- d. ₹480 Lakhs

128. If a parent loses control of a subsidiary, it shall follow which these?

- a. Derecognise the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- b. Derecognise the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them)
- c. Recognise the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control.
- d. All of these.

129. SS Ltd. has invested in 50% voting power of a joint venture MM Ltd. MM Ltd. has also issued 10% cumulative preference shares, classified as equity, to other investors worth ₹15,00,000. During the year, MM Ltd. Had profit of ₹ 6,00,000. MN Ltd. did declare any dividend on the preference shares for current year, calculate SS Ltd.'s share in the net profit of MM Ltd. for the year.

- a. ₹2,50,000
- b. ₹2,25,000
- c. ₹6,00,000

d. ₹4,50,000

## **MODULE 6: Consolidated Financial Statements and Separate Financial Statements**

130. Consolidated financial statements are required to be prepared by an Ind AS complied company if it holds shares in the investee company

- a. entailing 20% or more voting rights having significant influence over the investee company (called Associate as per Ind AS 28)
- b. entailing joint control over the investee company (called a Joint Venture as per Ind AS 28)
- c. entailing control over investee company (called subsidiary company as per Ind AS 110)
- d. All of the above

131. \_\_\_\_\_ requires that when consolidated financial statements are prepared the investor company shall also prepare individual/standalone financial statements, which are named as separate financial statements.

- a. Ind AS 27
- b. Ind AS 28
- c. Ind AS 110
- d. Ind AS 112

132. An investment entity is an entity that

- a. obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services
- b. commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both
- c. measures and evaluates the performance of substantially all of its investments on a fair value basis
- d. All of the above

133. Ind AS 103 states that the acquirer obtaining control over acquiree, recognises and measures in its consolidated financial statements at the acquisition date

- a. the identifiable assets acquired, the liabilities assumed at Fair Value
- b. any non-controlling interest in the acquiree at Fair Value or at Proportionate Value
- c. the goodwill acquired in the business combination or a gain on bargain purchase
- d. All of the above

134. As per Ind AS 112: Disclosure of Interests in Other Entities, an entity shall disclose information about significant judgements and assumptions it has made (and changes to those judgements and assumptions in determining

- a. that it has control of another entity, i.e. an investee as described in paragraphs 5 and 6 of Ind AS 110 Consolidated Financial Statements
- b. that it has joint control of an arrangement or significant influence over another entity
- c. the type of joint arrangement (i.e. joint operation or joint venture) when the arrangement has been structured through a separate vehicle
- d. All of the above

135. Ind AS 109: Financial Instruments classifies the financial assets and financial liabilities into the following categories for recognition and measurement

- (A) Measured at fair value through OCI
- (B) Measured at amortized cost
- (C) Measured at fair value through P & L
- (D) All of the above

136. A joint arrangement where parties have joint control of the arrangement and have rights to the net assets of the arrangement is called:

- (A) Joint operation
- (B) Partnership
- (C) Joint venture

(D) None of the above

137. PEARL Ltd. changes its method of valuation of inventories from weighted-average method to first-in, first-out (FIFO) method. The Accountant opines that Ind AS 8 is applicable. PEARL Ltd. should account for this change as:

- (A) A change in estimate and account for it prospectively.
- (B) A change in accounting policy and account for it prospectively.
- (C) A change in accounting policy and account for it retrospectively.
- (D) Account for it as a correction of an error and account for it retrospectively.

138. On April 1, 2022 GANGA Ltd. purchased a 30% interest in SAGAR Ltd. for ₹ 2,50,000. On that date SAGAR's shareholders' equity was ₹ 5,00,000. The carrying value of SAGAR's identifiable net assets was equal to book value. GANGA correctly reports this significant influence investment using equity method. Both companies have a March 31 year end. For the year ended 31.03.2023, SAGAR Ltd. reported net income of ₹ 1,50,000 and paid total dividends of ₹ 40,000. Calculate the amount that GANGA Ltd. would report as its investment in SAGAR Ltd. on March 31, 2023.

- (A) ₹ 3,60,000
- (B) ₹ 2,95,000
- (C) ₹ 2,83,000
- (D) ₹ 2,50,000

139. X has acquired 100% of the equity of Y on March 31, 2023. The purchase consideration comprises of an immediate payment of ₹ 100 lakhs and three further payments of ₹ 5.0 lakhs if the Return on Equity exceeds 20% in each of the subsequent three financial years. A risk adjusted discount rate of 20% is used. The value of total consideration at the acquisition date is

- (A) ₹ 100 lakhs
- (B) ₹ 110.532 lakhs

(C) ₹ 110 lakhs

(D) ₹ 115 lakhs

140. As per Ind AS 112 certain disclosures are required to be made about non-controlling interests. Some items of disclosures are given below:

(a) The name of the subsidiary.

(b) Accumulated non-controlling interest at the beginning of the reporting period.

(c) The proportion of ownership interests held by non-controlling interests.

(d) Accumulated non-controlling interest at the end of the reporting period.

Choose correct option:

(A) All the items are to be disclosed.

(B) Items (a), (b) and (c) are to be disclosed.

(C) Items (b), (c) and (d) are to be disclosed.

(D) Items (a), (c) and (d) are to be disclosed.

141. Harish Ltd. has taken a loan of USD 22,000 @ 5% p.a., for constructing a plant, interest payable on which is annual. On 1st April, 2023, the exchange rate was ₹ 45 per USD. The exchange rate on 31st March, 2024 is ₹ 48 per USD. Had Harish Ltd. borrowed the corresponding amount from Union Bank of India, the rate of interest would have been 11% p.a. The borrowing cost to be capitalized for the year ended 31st March, 2024 as per the relevant Ind AS is:

(A) ₹ 52,800

(B) ₹ 1,08,900

(C) ₹ 56,100

(D) ₹ 66,000

142. On 1st April, 2023, Rita Ltd. invested in the equity shares of Sita Ltd. at a cost of ₹ 2,00,000 to acquire 25% share in the voting power of Sita Ltd. Rita Ltd. concluded that Sita Ltd. is now an associate of Rita Ltd. On 31st March, 2024, Sita Ltd.

earned the net profit of ₹ 20,000 and other comprehensive income of ₹ 4,000. In the year 2023-24, Sita Ltd. also declared dividend of ₹ 8,000. The carrying amount of investment in Sita Ltd. as at 31st March, 2024 as per the relevant Ind AS is:

- (A) ₹ 2,00,000
- (B) ₹ 2,05,000
- (C) ₹ 2,06,000
- (D) ₹ 2,04,000

143. Surendra Ltd., a parent, sold goods costing ₹ 400 lakh to its 80% subsidiary, Narendra Ltd. at ₹ 480 lakh. 50% of these goods are lying in stock as at 31st March, 2024.

Narendra Ltd. has measured this inventory at cost i.e., at ₹ 240 lakh. The tax rate is 30%. The deferred tax to be shown in the consolidated financial statements is:

- (A) ₹ 12 lakh
- (B) ₹ 60 lakh
- (C) ₹ 72 lakh
- (D) ₹ 120 lakh

144. Consolidated financial statements are required to be prepared by an Ind AS complied company if it holds shares in the investee company

- (A) entailing 20% or more voting rights having significant influence over the investee company (called Associate as per Ind AS 28)
- (B) entailing joint control over the investee company (called a Joint Venture as per Ind AS 28)
- (C) entailing control over investee company (called subsidiary company as per Ind AS 110)
- (D) All of the above

145. As per Ind AS-28, an entity with joint control of, or significant influence over, an investee shall account for its investment in an associate or a joint venture using the

- (A) Acquisition method
- (B) Purchase method
- (C) Equity method
- (D) Pooling of Interest method

146. \_\_\_\_\_ requires that when consolidated financial statements are prepared the investor company shall also prepare individual/standalone financial statements, which are named as separate financial statements.

- (A) Ind AS 112
- (B) Ind AS 110
- (C) Ind AS 28
- (D) Ind AS 27

147. Consolidated Financial Statements are required to be prepared by an Ind AS complied company having

- (A) sole control over the investee company
- (B) significant influence over the investee company
- (C) joint control over the investee company
- (D) All of the above

148. On 01.04.2024, BM Ltd. acquired 90% share of CM Ltd. at ₹ 10,80,000, when the fair value of its Net Assets was ₹ 10,00,000. During 01.04.2024 to 31.03.25, CM Ltd. made total comprehensive income of ₹ 2,00,000. On that date BM Ltd. sold 15% holding to outsiders at ₹ 2,20,000. Gain credited to Other Equity will be

- (A) ₹ 1,80,000
- (B) ₹ 80,000
- (C) ₹ 40,000
- (D) ₹ 33,000

149. Ind AS 109 deals with

- a. recognition and measurement of financial instruments and hedge accounting
- b. presentation of financial instruments
- c. disclosure of financial instruments
- d. None of the above

150. IND AS is applicable to NBFCs on and from \_\_\_\_\_

- a. 1.4.2016
- b. 1.4.2017
- c. 1.4.2015
- d. 1.4.2018

151. As per Ind AS 112: Disclosure of Interests in Other Entities, an entity shall disclose information about significant judgements and assumptions it has made (and changes to those judgements and assumptions) in determining:

- a. that it has control of another entity, i.e. an investee as described in paragraphs 5 and 6 of Ind AS 110, Consolidated Financial Statements
- b. that it has joint control of an arrangement or significant influence over another entity
- c. the type of joint arrangement (ie. joint operation or joint venture) when the arrangement has been structured through a separate vehicle
- d. All of the above

152. Ind AS 16 does not apply to which of the following?

- a. PPE classified as held for sale as per Ind AS 105
- b. Biological assets (other than bearer plants) related to agricultural activity
- c. Assets in exploration for and evaluation of Mineral Resources
- d. All of the above

153. An investment entity is an entity that
- obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services
  - commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both
  - measures and evaluates the performance of substantially all of its investments on a fair value basis
  - All of the above
154. As per Ind AS 103, accounting and reporting for business combination is done under
- Acquisition Method
  - Purchase method
  - Pooling of interest method
  - None of the above
155. Consolidated Fund of India is the fund referred to in of the Constitution of India.
- Article 266(1)
  - Article 266(2)
  - Article 266(3)
  - Article 266(4)
156. Ind AS 113 deals with
- Fair Value Measurement
  - Share Based payments
  - Joint Arrangements
  - Statement of Cash Flows
157. Ind AS 16 does not apply to which of the following?
- Biological assets (other than bearer plants) related to agricultural activity

- b. Assets in exploration for and evaluation of Mineral Resources
- c. Mineral rights and mineral reserves such as oil, natural gas etc.
- d. All of the above

158. On March 31, 201X, A Ltd Absorbed B Ltd. A Ltd. issued 60,000 equity shares (₹10 par value) that were trading at ₹25 on March 31. The book value of B's net assets was ₹12,00,000, Equity Share Capital ₹5,00,000 and Other Equity 27,00,000 on March 31. The fair value of net assets of B Ltd, was assessed at ₹13,00,000. Compute purchase consideration as per Ind AS 103.

- a. ₹15,00,000
- b. ₹17,00,000
- c. ₹20,00,000
- d. ₹18,00,000

159. Consolidated financial statements are required to be prepared by an Ind AS complied company if it holds shares in the investee company

- a. Entailing 20% or more voting rights having significant influence over the investee company (called Associate as per Ind AS 28)
- b. Entailing joint control over the investee company (called a Joint Venture as per Ind AS 28)
- c. Entailing control over investee company (called subsidiary company as per Ind AS 110)
- d. All of the above

160. Ind AS is applicable in India for a company with net worth of ₹250 cr or more from the date on:

- a. 01.04.2022
- b. 01.04.2021
- c. 01.04.2020

d. 01.04.2017

161. Ind AS '113 applies to:

- a. Share-based payment transactions within the scope of Ind AS 102
- b. Measurements that have some similarities to fair value but are not fair value such as net realizable value in Ind AS 2, or value in use in Ind AS 36
- c. When another Ind AS requires or permits fair value measurements or disclosures about fair value measurements
- d. Leasing transactions within the scope of Ind AS 17

162. Ind As 109 deals with:

- a. recognition and measurement of financial instruments and hedge accounting.
- b. presentation of financial instruments
- c. disclosure of financial instruments
- d. None of the above

163. X has acquired 100% of the equity of Y on March 31, 2023. The purchase consideration comprises of an immediate payment of 100 lakhs and three further payments of 5.0 lakhs if the return on equity exceeds 20% in each of the subsequent three financial years. A risk adjusted discount rate of 20% is used. The value of total consideration at the acquisition date is

- a. ₹100 lakhs
- b. ₹110.532 lakhs
- c. ₹110 lakhs
- d. ₹115 lakhs

164. Ind AS 103 states that the acquirer obtaining control over acquiree, recognises and measures in its consolidated financial statements at the acquisition date:

- a. the identifiable assets acquired, the liabilities assumed at Fair Value

- b. any non-controlling interest in the acquiree at Fair Value or at Proportionate Value
- c. goodwill acquired in the business combination or a gain on bargain purchase
- d. All of the above

165. Q Ltd. acquired a 75% interest in R Ltd on January 1, 2023. Q Ltd. paid ₹900 Lakhs in cash for their interest in R Ltd. The fair value of R Ltd.'s assets is ₹2000 Lakhs, and the fair value of its liabilities is 2920 Lakhs. NCI valued at Fair Value and at Proportionate Value are:

- a. ₹300 lakhs and ₹360 lakhs
- b. ₹225 lakhs and 2270 lakhs.
- c. 2300 lakhs and ₹270 lakhs.
- d. ₹225 lakhs and ₹360 lakhs.

166. X. Itd sells goods to Y Itd, a retailer, at ₹100 per item. Y Itd. in turn sells the goods to the public at large through its chain of retail outlets at ₹120. Any inventory remaining unsold can be returned by Y Itd to X Ltd. As per Ind AS 115, Revenue should be recognised by X Itd when:

- a) goods are delivered to Y Itd at ₹100
- b) goods are sold by Y Itd. at ₹120
- c) goods are delivered to Y Itd at ₹120
- d) goods are sold by Y Itd. at ₹100

167. As per Ind AS 112 Disclosure of Interests in Other Entities, an entity shall disclose information about significant judgements and assumptions it has made (and changes to those judgements and assumptions) in determining:

- a) that it has control of another entity, i.e. an investee as described in paragraphs 5 and 6 of Ind AS 110, Consolidated Financial Statements
- b) that it has joint control of an arrangement or significant influence over another entity

- c) the type of joint arrangement (ie. joint operation or joint venture) when the arrangement has been structured through a separate vehicle
- d) All of the above

168. Rajesh Ltd. has acquired 30% shares of Suresh Ltd, as on 01.04.2023 at ₹50,00,000 giving Rajesh Ltd. significant influence over Suresh Ltd. From the date of acquisition till 31" march 2024, Suresh Ltd. has earned a profit of ₹2,50,00,000 and revalued its property for 230,00,000 and also accounted for it in the revaluation reserve. Calculate the carrying value of Rajesh's investment in Suresh Ltd. in its consolidated books of accounts as on 31" march 2024:

- a) ₹2,50,00,000
- b) ₹30,00,000
- c) ₹1,34,00,000
- d) ₹1,25,00,000

169. D Ltd. has acquired 100% of the equity of F Ltd. on March 31, 2024. The purchase consideration comprises of an immediate payment of 210 lakhs and two further payments of ₹1.21 lakhs if the Return on Equity exceeds 20% in each of the subsequent two financial years. A discount rate of 10% is used. Compute the value of total consideration at the acquisition date.

- a) ₹12.42 lakhs
- b) ₹12.10 lakhs
- c) ₹11.21 lakhs
- d) ₹10 lakhs

170. A Ltd. takes over B Ltd. for ₹12,60,000. Fair Value (FV) of B's net assets at time of acquisition amounts ₹11,80,000.

- a) ₹50,500
- b) ₹60,000

- c) ₹80,000
- d) None of the above

171. Which of the following is/are objective/s of Ind AS 113?

- A. To set up a framework for measurement of fair value
- B. To specify requirements of disclosure of fair value measurement
- C. Both A and B
- D. None of these

172. A Ltd. acquires 80% of B Ltd. for 210,00,000 paid by equity at par Fair Value (FV) of B's net assets at time of acquisition amounts ₹9,00,000. The value of goodwill based on NCI valued at proportionate fair value of identified net asset will be:

- A. ₹3,00,000
- B. ₹2,80,000
- C. ₹4.50,000
- D. ₹5,00,000

173. As per Ind AS 103, while accounting and reporting for business combination goodwill is calculated as

- A. Consideration + Non controlling Interest - Net assets
- B. Consideration - Non controlling Interest + Net assets
- C. Consideration - Non controlling Interest - Net assets
- D. Consideration + Non controlling Interest + Net assets

174. On 1 January 2023 M Ltd. acquires 80 per cent of the equity interests of P Ltd. by issue of equity shares of paid-up value of ₹200 Lakhs (market value ₹480 Lakhs). The identifiable assets are measured at 2760 Lakhs and the liabilities assumed are measured at ₹120 Lakhs.

Compute Non-controlling Interest if measured at proportionate net asset value.

- A. ₹640 Lakh
- B. ₹760 Lakh
- C. ₹128 Lakh

D. ₹480 Lakh

175. A joint arrangement is either a \_\_\_\_\_ or a joint venture.

- A. Joint Operation
- B. Joint Control
- C. Joint Partnership
- D. Partnership

176. Q Ltd. acquired a 75% interest in R Ltd. on January 1, 2024. Q Ltd. paid 2900 Lakhs in each for their interest in R Ltd. The fair value of R Ltd.'s assets is 22,000 Lakhs, and the fair value of its liabilities is ₹920 Lakhs. NCI valued at Fair Value and at Proportionate Value are:

- (a) ₹ 300 lakhs and ₹360 lakhs
- (b) ₹225 lakhs and ₹270 lakhs
- (c) ₹300 lakhs and ₹270 lakhs
- (d) ₹225 lakhs and ₹360 lakhs

177. As per Ind AS 112: Disclosure of Interests in Other Entities, an entity shall disclose information about significant judgements and assumptions it has made (and changes to those judgements and assumptions) in determining

- (a) that it has control of another entity, ie. an investee as described in paragraphs 5 and 6 of Ind AS 110, Consolidated Financial Statements
- (b) that it has joint control of an arrangement or significant influence over another entity
- (c) the type of joint arrangement (ie. joint operation or joint venture) when the arrangement has been structured through a separate vehicle
- (d) All of the above

178. Consolidated financial statements are required to be prepared by an Ind AS complied company if it holds shares in the investee company

- (a) entailing 20% or more voting rights having significant influence over the investee company (called Associate as per Ind AS 28) Manager

(b)entailing joint control over the investee company (called a Joint Venture as per Ind AS 28)

(c)entailing control over investee company (called subsidiary company as per Ind AS 110)

(d) All of the above

179. Surendra Ltd., a parent, sold goods costing ₹400 lakhs to its 80% subsidiary, Narendra Ltd., at ₹480 lakhs. 50% of these goods are lying in stock as of 31st March, 2024. Narendra Ltd. Has measured this inventory at cost i.e., at ₹240 lakhs. The tax rate is 30%.

The deferred tax to be shown in the consolidated financial statements is:

(a) ₹12 lakhs

(b) ₹60 lakhs

(c) ₹72 lakhs

(d) ₹120 lakhs

180. Ind AS 16 does not apply to which of the following?

a. Mineral rights and mineral reserves such as oil, natural gas etc.

b. PPE classified as held for sale as per Ind AS 105

c. Biological assets (other than bearer plants) related to agricultural activity (Ind AS 41)

d. All of these

181. In case of exemption from consolidation or use of equity method, the entity shall disclose which of the following?

a. that the financial statements are separate financial statements

b. that the exemption is used

c. a list with details of investments in subsidiaries, joint ventures and associates

d. All of these

182. Company P Ltd. (a listed company) acquires 20% shares (entitling 20% voting power and significant influence) in company Q Ltd. on 1.4.2024 at a cost of ₹46,000, paid by cash.

During the financial year 2024- 2025, Q made profits of 220,000 and other comprehensive income of ₹10,000. Compute the amount of change in investee's net assets.

- a. ₹20,000
- b. ₹10,000
- c. ₹30,000
- d. ₹46,000

183. Consolidated Fund of India is the fund referred to in \_\_\_\_\_ of the Constitution of India.

- a. Article 266(1)
- b. Article 266(2)
- c. Article 266(3)
- d. Article 266(4)

### **MODULE 7: Recent Developments in Financial Reporting**

183. The three pillars of sustainability are often referred to as

- a. Planet - People - Profit
- b. People - Planet - Profit
- c. People - Profit - Planet
- d. People - Plant – Profit

184. External benefits of sustainability reporting can include

- a. Mitigating - or reversing - negative environmental, social and governance impacts
- b. Improving reputation and brand loyalty
- c. Enhanced perception on organisation's value
- d. All of the above

186. International Integrated Reporting Council (IIRC) launched IR as a global framework in \_\_\_\_\_

- a. November 2013
- b. December 2012
- c. November 2012
- d. December 2013

187. As per the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2011, the following classes of companies were required to file the Financial Statements in XBRL Form only from the year 2010-2011

- a. All companies listed in India and their subsidiaries
- b. All companies having a paid up capital of ₹ 5 crore (₹ 50 million) and above
- c. All companies having turnover of ₹ 100 crore (₹ 1 billion) or above, excluding power and banking companies, insurance companies, Non-Banking Financial Companies and overseas subsidiaries of these companies
- d. Any of the above

188. A company required to furnish cost audit report and other documents to the Central Government under Section 148(6) of the Companies Act, 2013 and rules made thereunder, shall file such report and other documents using the XBRL taxonomy given in Annexure-III to the said Rule for the financial years on or after April 1, 2014 in e-Form \_\_\_\_\_ specified under the Companies (Cost Records and Audit) Rules, 2014

- a. CRA-2
- b. CRA-3
- c. CRA-4
- d. CRA-1

189. GILOY TULSI Ltd. has the following Capital Structure as at 31st March, 2023:

Equity Share Capital (fully paid shares of ₹ 10 each)	₹ 300 crores
15% Pref. Share Capital (fully paid shares of ₹ 100 each)	₹ 100 crores
15% Debentures (fully paid of ₹ 100 each)	₹ 800 crores
Retained Earnings	₹ 300 crores

Currently Quoted Prices in the stock exchange: Equity Shares @ ₹ 60, Preference Shares @ ₹ 90, Debentures @ ₹ 95. Calculate the Market Value Added.

- (A) ₹ 1350 crores
- (B) ₹ 1250 crores
- (C) ₹ 1150 crores
- (D) None of the above

190. Which of the following is not true?

- (A) XML stands for eXtensible Markup Language.
- (B) XBRL stands for eXtensible Business Reporting Language.
- (C) Economic Value Added (EVA) is a performance measure developed by Stern Stewart & Co to find the true economic profit generated by a company.
- (D) None of the above

191. 4P Bottom Line Reporting concept requires an organization to report on:

- (A) Social, Environmental, Sustainability and Spiritual dimension
- (B) Social, Environmental, Economic and Political dimension
- (C) Social, Environmental, Economic and Spiritual dimension
- (D) None of the above

192. Market value added (MVA) is.

- (A) the difference between the current book value of a company and capital contributed by investors (both the shareholders and debt holders).
- (B) the difference between the current total market value of a company and capital contributed by investors (both the shareholders and debt holders).
- (C) the difference between the current total market value of a company and capital contributed by investors (i.e., the shareholders).
- (D) None of the above

193. With respect to Integrated Reporting which of the following is not true?

- (A) An integrated report is necessarily to be a stand-alone report.
- (B) The framework of integrated reporting is written primarily for private companies.
- (C) A report prepared as required by local law containing a management commentary or other report that provides context for its financial statements can serve the purpose of integrated reporting.
- (D) All of the above

194. Which of the following is not a part of an earnings call?

- (A) Safe harbour statement.
- (B) Presentation and discussion of the financial results.
- (C) Question and answer session.
- (D) Examination of audit report.

195. \_\_\_\_\_ report is an analytical tool for displaying human resources-related facts, insights, and metrics to improve workforce performance, recruiting procedures, and other important HR operations.

- (A) Environmental, Social and Governance
- (B) Corporate Social Responsibility
- (C) Human Resources

(D) Integrated

196. Mogari Ltd. provides the following financial data for the year ended 31st March, 2024:

Net Operating Profit Before Interest and Tax: ₹ 17,50,000; Total Capital Employed:

₹ 80,00,000; Corporate Tax Rate: 30%; Weighted Average Cost of Capital (WACC):

12%. The Economic Value Added (EVA) for Mogari Ltd. will be

(A) ₹ 7,90,000

(B) ₹ 5,25,000

(C) ₹ 2,65,000

(D) ₹ 6,50,000

197. The following information is available from EX Ltd.

Sales Revenue: ₹ 1,055 Lakh; Purchase of Raw Materials: ₹ 530 Lakhs

Decrease in the Stock of Raw Materials, WIP and Finished Goods: ₹ 25 Lakhs

Printing and Stationery: ₹ 35 Lakhs; Auditor's Fees: ₹ 5 Lakhs

Rent, Rates and other Expenses: ₹ 10 Lakhs; Wages & Salaries: ₹ 100 Lakh

Depreciation: ₹ 30 Lakhs.

The amount of Total Value Added is

(A) ₹ 1,055 Lakhs

(B) ₹ 500 Lakhs

(C) ₹ 450 Lakhs

(D) ₹ 320 Lakhs

198. International Integrated Reporting Council (IIRC) launched IR as a global framework in

a. November 2013

b. December 2012

c. November 2012

d. December 2013

199. The three pillars of sustainability are often referred to as

- a. Planet - People - Profit
- b. People - Planet - Profit
- c. People-Profit-Planet
- d. People - Plant – Profit

200. As per the Companies (Filing of Documents and Forms in Extensible Reporting Language) Rules, 2011, the following classes of companies were required to file Business the Financial Statements in XBRL Form only from the year 2010-2011

- a. All companies listed in India and their subsidiaries
- b. All companies having a paid up capital of 25 crore (₹50 million) and above
- c. All companies having turnover of ₹100 crore (₹ in 1 billion) or above, excluding power and banking companies, insurance companies, Non- Banking Financial Companies and overseas subsidiaries
- d. Any of the above

201. In 4P Bottom Line Reporting \_\_\_\_\_ bottom line relate business with happiness of stakeholders.

- A. first
- B. second
- C. third
- D. forth

202.  $EVA = \text{_____} - (WACC \times \text{Invested Capital})$

- A. NOPAT
- B. PAT
- C. EBIT
- D. None of these

203. Mogari Ltd. provides the following financial data for the year ended 31st March, 2025  
:Net Operating Profit Before Interest and Tax: ₹17,50,000 Total Capital Employed:  
₹80,00,000 Corporate Tax Rate: 30% Weighted Average Cost of Capital (WACC): 12%. The  
Economic Value Added (EVA) for Mogari Ltd. will be

- (a) ₹7,90,000
- (b) ₹5,25,000
- (c) ₹2,65,000
- (d) ₹6,50,000

204. Company P Ltd. (a listed company) acquires 20% shares (entitling 20% voting power and significant influence) in company Q Ltd. on 1.4.2024 at a cost of ₹46,000, paid by cash. During the financial year 2024- 2025, Q made profits of ₹20,000 and other comprehensive income of ₹10,000. Compute the amount of change in investee's net assets.

- a. ₹20,000
- b. ₹10,000
- c. ₹30,000
- d. ₹46,000

205. The three pillars of sustainability are often referred to as

- a. Planet - People - Profit
- b. People - Planet - Profit
- c. People - Profit - Planet
- d. People - Plant - Profit

## **MODULE 8: Government Accounting in India**

206. The Financial Statements of the Union Government shall disclose the following details under Loans and Advances made by the Union Government' in the Annual Finance Accounts of the Union Government

- a. the summary of Loans and Advances showing loanee group-wise details
- b. the summary of Loans and Advances showing Sector-wise details
- c. the summary of repayments in arrears from Governments and other loanee entities
- d. All of the above

207. Consolidated Fund of India is the fund referred to in \_\_\_\_\_ of the Constitution of India

- a. Article 266(1)
- b. Article 266(2)
- c. Article 266(3)
- d. Article 266(4)

208. The financial statements of the Union Government, State Governments and the Union Territories with legislature shall disclose the following details concerning Public Debt and other obligations

- a. the opening balance, additions and discharges during the year, closing balance and net change in rupee terms with respect to internal debt
- b. the opening balance, additions and discharges during the year, closing balance and net change in rupee terms with respect to external debt, wherever applicable
- c. the opening balance, receipts and disbursements during the year, closing balance and net change in rupee terms with respect of other obligations
- d. All of the above

209. As per The Constitution of India, the Accounts of the Government are kept in

- a. Consolidated Funds of India
- b. Public Accounts of India
- c. Contingency Funds of India

d. All of the above

210. The standards being developed for accrual system of accounting in the Government are called the \_\_\_\_\_

- a. Indian Government Accounting Standards
- b. Indian Government Reporting Standards
- c. Indian Government Financial Reporting Standards
- d. Indian Government Accounting and Reporting Standards

211. Which of the following is not a general principal of Government Accounting?

- a. Reporting of Utilisation of Public Funds
- b. Expenditures are classified under Sectors, major heads, minor heads, sub-heads and detailed heads of Accounts
- c. Budget Based
- d. Single Entry System

212. IGAS 2 is related to \_\_\_\_\_

- a. Accounting and Classification of Grants-in-aid
- b. Guarantees given by Governments: Disclosure Requirements
- c. Government Investments in Equity
- d. None of the above

213. Which of the following is/ are responsibility/responsibilities of GASAB?

- a. Formulating and proposing standards that improve the usefulness of financial reports
- b. Keeping the standards up to date and reflect change in the Governmental environment.
- c. Improving standard of Government accounting and financial reporting
- d. All of the above

214. GASAB stands for \_\_\_\_\_

- a. Government Accounting Standards Advisory Board
- b. Government Accounting Standards Applicability Board
- c. Government Auditing Standards Advisory Board
- d. Government Accounting for States Advisory Board

215. Which of the following is not a feature of Government Accounting?

- a. Non -fund based Accounting
- b. Double Entry System
- c. Adherence to Government Regulations
- d. Transacting through Banks

216. Which of the following is not true?

- (A) Non-fund-based Accounting and Single Entry System are not features of Government Accounting.
- (B) GASAB stands for Government Accounting Standards Advisory Board which issues Indian Government Financial Reporting Standards.
- (C) Consolidated Fund of India is the Fund referred to in Article 266(1) of the Constitution of India and IGAS 2 is related to Accounting and Classification of Grants-in-aid.
- (D) None of the above

217. In India, Government Accounting Standards are issued by

- (A) Government Accounting Standards Advisory Board
- (B) Government Accounting Standards Applicability Board
- (C) Government Auditing Standards Advisory Board
- (D) Government Accounting for States Advisory Board

218. Which of the following is not an objective of Government Accounting?

- (A) To provide reliable data regarding the operation of the public funds.
- (B) To avoid excess expenditure beyond the budgetary approval.
- (C) To prevent misappropriation of government properties.
- (D) To facilitate tax collection by the concerned government department.

219. Indian Government Accounting Standard (IGAS)-1 deals with

- (A) Guarantees given by Governments: Disclosure Requirements
- (B) Accounting and Classification of Grants-in-Aid
- (C) Loans and Advances made by Government
- (D) Foreign Currency Transactions and Loans or Gain by Exchange Rate Variation

220. Which of the following is not a feature of Government Accounting?

- (A) Non-fund-based Accounting
- (B) Double Entry System
- (C) Adherence to Government Regulations
- (D) Transacting through Banks

221. Which of the following is not a general principle of Government Accounting?

- (A) Reporting of Utilization of Public Funds
- (B) Expenditures are classified under sectors, major heads, minor heads, sub-heads and detailed heads of Accounts
- (C) Budget-based
- (D) Single Entry System

222. Chairman of the Public Accounts Committee and the C&AG are appointed by

- (A) the Speaker of the Lok Sabha and the Prime Minister of India respectively
- (B) the Prime Minister of India and the Speaker of the Lok Sabha respectively
- (C) the Speaker of the Lok Sabha and the President of India respectively
- (D) the President of India and the Speaker of the Lok Sabha respectively

223. Indian Government Accounting Standard (IGAS) 2 deals with

- (A) Loans and advances made by the Government
- (B) Guarantees given by Governments: Disclosure Requirements
- (C) Government Investment in Equity
- (D) Accounting and Classification of Grants-in-aid

224. Which of the following is not a general principal of Government Accounting?

- a. Reporting of Utilisation of Public Funds
- b. Expenditures are classified under Sectors, major heads, minor heads, sub-heads and detailed heads of Accounts
- c. Budget Based
- d. Single Entry System

225. IGAS 2 is related to

- a. Accounting and Classification of Grants-in-aid
- b. Guarantees given by Governments: Disclosure Requirements.
- c. Government Investments in Equity.
- d. None of the above

226. Which of the following is not a general principal of Government Accounting?

- a) Reporting of Utilisation of Public Funds.
- b) Maintained according to the government rules and regulations.
- c) Budget Based.
- d) Single Entry System.

227. The term 'Public Funds' in government accounting includes:

- a) Debentures
- b) Funds raised directly or indirectly through public deposits

- e) Bank finance
- d) All of the above.

228. IGAS 2 is related to

- A. Accounting and Classification of Grants-in-aid
- B. Guarantees given by Governments: Disclosure Requirements
- C. Government Investments in Equity
- D. None of these

229. GASAB stands for

- (a) Government Accounting Standards Advisory Board
- (b) Government Accounting Standards Applicability Board
- (c) Government Auditing Standards Advisory Board
- (d) Government Accounting for States Advisory Board

230. Which of the following is not a general principal of Government Accounting?

- (a) Reporting of Utilisation of Public Funds
- (b) Expenditures are classified under Sectors, major heads, minor heads, sub-heads and detailed heads of Accounts
- (c) Budget Based
- (d) Single Entry System

## ANSWERS

1.	D	22.	C	43.	A	64.	A	85.	C	106.	A	127.	C	148.	C	169.	B	190.	D	211.	D
2.	D	23.	D	44.	B	65.	A	86.	C	107.	A	128.	D	149.	A	170.	C	191.	C	212.	A

3.	D	24.	C	45.	C	66.	A	87.	A	108.	B	129.	A	150.	D	171.	C	192.	B	213.	D
4.	D	25.	A	46.	D	67.	A	88.	D	109.	D	130.	D	151.	D	172.	B	193.	D	214.	A
5.	C	26.	A	47.	A	68.	A	89.	D	110.	D	131.	A	152.	D	173.	A	194.	D	215.	A
6.	A	27.	C	48.	A	69.	A	90.	D	111.	A	132.	D	153.	D	174.	C	195.	C	216.	D
7.	C	28.	C	49.	C	70.	A	91.	D	112.	A	133.	D	154.	C	175.	A	196.	C	217.	A
8.	D	29.	C	50.	A	71.	B	92.	D	113.	C	134.	D	155.	A	176.	C	197.	C	218.	D
9.	D	30.	D	51.	C	72.	C	93.	D	114.	A	135.	D	156.	A	177.	D	198.	D	219.	A
10.	C	31.	B	52.	A	73.	D	94.	A	115.	D	136.	C	157.	D	178.	D	199.	B	220.	A
11.	A	32.	A	53.	D	74.	D	95.	A	116.	C	137.	C	158.	A	179.	A	200.	D	221.	D
12.	B	33.	B	54.	D	75.	D	96.	A	117.	D	138.	C	159.	D	180.	D	201.	D	222.	C
13.	B	34.	D	55.	D	76.	A	97.	D	118.	A	139.	B	160.	D	181.	D	202.	A	223.	D
14.	B	35.	D	56.	D	77.	A	98.	C	119.	C	140.	D	161.	C	182.	C	203.	C	224.	D
15.	C	36.	A	57.	C	78.	D	99.	A	120.	B	141.	B	162.	A	183.	A	204.	B	225.	A
16.	C	37.	D	58.	B	79.	B	100.	B	121.	C	142.	D	163.	B	184.	B	205.	D	226.	D
17.	C	38.	D	59.	B	80.	A	101.	B	122.	B	143.	A	164.	D	185.	D	206.	D	227.	D
18.	D	39.	A	60.	A	81.	D	102.	C	123.	D	144.	D	165.	C	186.	D	207.	A	228.	A
19.	A	40.	D	61.	D	82.	A	103.	A	124.	B	145.	C	166.	B	187.	D	208.	D	229.	A
20.	A	41.	D	62.	A	83.	B	104.	B	125.	B	146.	D	167.	D	188.	C	209.	D	230.	D
21.	C	42.	A	63.	C	84.	D	105.	D	126.	B	147.	D	168.	C	189.	C	210.	C		