

# CA FINAL FINANCIAL REPORTING MCQ BOOK



CA. Sarthak Niraj Jain

Covers  
1300 + MCQs

MCQs  
sorted  
Ind AS wise

Covers  
ICS & MCQs  
from ICAI  
online learning  
App for  
new course

Covers  
additional  
Practice MCQs  
in every  
Ind AS

Covers  
ICAI  
MCQs

Covers  
17 chapters  
of new ICAI  
Study  
Material

**F.A.S.T**  
first attempt success tutorials

## TIPS FOR SOLVING THIS BOOK

Use Pencil while solving, for erasing & re-practicing in future

Chapter heading

Reference given of Questions taken from ICAI material

Hide with Book mark while solving

Answer key

CHAPTER 1		Introduction to General Purpose Financial Statements as per Indian Accounting Standard (Ind AS)	
ICAI MCQs			
Q.N.	Questions	Ans.	
1.	Country X has taken approach of implementing Global Accounting Standards in its country with some significant changes in line with their national economic policies. This would be termed as a) Adoption of Global Accounting Standards b) Convergence with Global Accounting standards c) Adoption of Global Accounting standards with limitations d) None of the above	(b)	
2.	A Ltd is following Ind AS for the first time for the year ended 31st March, 20X4. What all period balance sheet to be covered in its first Ind AS financial statements? a) 1st April 20X2 b) 31st March 20X3 c) 31st March 20X4 d) All of the above	(d)	
3.	Which one of the following is the benefit of implementation of Indian Accounting Standards (Ind AS) in India? a) Increase in net profitability b) Minimised disclosure requirements c) Access to domestic capital market d) Global harmonization helps grow FII and FDI interests	(d)	
4.	Company XYZ Pvt Ltd was having its net worth of ₹ 230 Crores as on 31st March 2020. It made a profit of ₹ 30 Crores in FY 20-21 and made a loss of ₹ 15 crores in FY 21-22. From which date it is required to apply Ind AS? a) Accounting periods beginning on or after 1st April 2020 b) Accounting periods beginning on or after 1st April 2021 c) Accounting periods beginning on or after 1st April 2022 d) It is not required to comply with Ind AS as its Net worth as on 31st March 2022 is below ₹ 250 Cr.	(b)	
5.	For preparing Ind AS based financial statements with transition date 1st April, 20X5, what all guidance needs to be referred by A Ltd.? a) Ind AS 1 b) Division II of Schedule III to the Companies Act, 2013 c) Guidance Note on preparation and presentation of Ind AS based financial statements issued by ICAI d) All of the above	(d)	
6.	Ind AS 103 contains additional guidance on common control transaction which is not there in IFRS 3. How this can be termed? a) Carve in b) Carve out c) Exception d) None of the above	(a)	
7.	Company ABC Insurance Pvt Ltd is engaged in the business of insurance and is having a net worth of ₹ 1,000 crores as on 31st March 2017. From which financial year it is required to apply Ind AS? a) FY 2016-17 b) FY 2017-18 c) FY 2018-19 d) Yet not required to apply Ind AS	(d)	



## IDEA BEHIND THIS DESIGN

While making this book we researched and found that keeping things in single page makes it more convenient and time saving and we were impressed by this idea. That's why we designed this book in such a way that the answers are given beside the question so that you can check the correct answer without any hassle to turn tons of pages back and forth again and again and you know what! This is the key to save the time and will make you fall in love with MCQs with SJ. We have also added ICAI MCQs with references given at the end of question.

“Happy MCQing”

## FOLLOW US ON



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**CHAPTER  
1**
**Introduction to General Purpose Financial Statements  
as per Indian Accounting Standard (Ind AS)**
**ICAI MCQs**

Q.N.	Questions	Ans.
1.	<p><b>Country X has taken approach of implementing Global Accounting Standards in its country with some significant changes in line with their national economic policies. This would be termed as</b></p> <p>a) Adoption of Global Accounting Standards b) Convergence with Global Accounting standards c) Adoption of Global Accounting standards with limitations d) None of the above</p>	(b)
2.	<p><b>A Ltd is following Ind AS for the first time for the year ended 31st March, 20X4. What all period balance sheet to be covered in its first Ind AS financial statements?</b></p> <p>a) 1st April 20X2 b) 31st March 20X3 c) 31st March 20X4 d) All of the above</p>	(d)
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7.	<p><b>Company ABC Insurance Pvt Ltd is engaged in the business of insurance and is having a net worth of ₹ 1,000 crores as on 31st March 2017. From which financial year it is required to apply Ind AS?</b></p> <p>a) FY 2016-17 b) FY 2017-18 c) FY 2018-19 d) Yet not required to apply Ind AS</p>	(d)

**CHAPTER  
2**
**Conceptual Framework for Financial Reporting under  
Indian Accounting Standards (Ind AS)**
**ICAI MCQs**

Q.N.	Questions	Ans.
1.	<p><b>Which of the following statements is FALSE for Consolidated and unconsolidated financial statements?</b></p> <p>a) Consolidated financial statements provide information of both the parent and its subsidiaries as a single reporting entity</p> <p>b) Unconsolidated financial statements are designed to provide parent's information and not about those of its subsidiaries</p> <p>c) Consolidated financial statements are designed to provide separate information of any particular subsidiary</p> <p>d) A parent may require / choose, to prepare unconsolidated financial statements in addition to consolidated financial statements</p>	(c)
2.	<p><b>The usefulness of financial information is enhanced if it is:</b></p> <p>a) comparable, verifiable, perfect and understandable</p> <p>b) comparable, verifiable, timely and objective</p> <p>c) effective, verifiable, timely and understandable</p> <p>d) comparable, verifiable, timely and understandable</p>	(d)
3.	<p><b>Which of the following definitions is incorrect?</b></p> <p>a) An Asset is a present economic resource controlled by the entity as a result of past events</p> <p>b) A Liability is a past obligation of the entity to transfer an economic resource as a result of present events</p> <p>c) An Equity is the residual interest in the assets of the entity after deducting all its liabilities</p> <p>d) Income is the increases in assets, or decreases in liabilities, that result in increases in equity, other than those relating to contributions from holders of equity claims</p>	(b)
4.	<p><b>Which of the following statements is FALSE with respect to CONTROL? An entity controls an economic resource if:</b></p> <p>a) it has the present ability to direct the use of the economic resource</p> <p>b) it obtains the economic benefits that may flow from it</p> <p>c) if one party controls an economic resource, other party may also control that resource</p> <p>d) Control of an economic resource usually arises from an ability to enforce legal rights</p>	(c)
5.	<p><b>Which of the following is not the limitation of 'General Purpose Financial Reporting'?</b></p> <p>a) It cannot provide all of the information that existing and potential investors need</p> <p>b) The users of reports need to consider pertinent information from other sources</p> <p>c) Information given in financial statements help to estimate the value of the reporting entity</p> <p>d) Reports are not primarily directed to other parties, such as regulators and lenders etc.</p>	(c)
6.	<p><b>Which of the following is true with respect to the cost constraint on useful financial information?</b></p> <p>a) Cost is a pervasive constraint on the information that can be provided by financial reporting</p> <p>b) IASB considers costs and benefits in individual reporting entities only</p> <p>c) For application of cost constraint, no assessment of benefits of reporting is done</p> <p>d) Users do not incur any costs in reporting and analysing financial information</p>	(a)
7.	<p><b>To be a perfectly faithful representation, a depiction would not have the following characteristic:</b></p> <p>a) Complete</p> <p>b) Unintentional error is allowed</p> <p>c) Neutral</p> <p>d) Free from error</p>	(b)



**CHAPTER**  
**3**

**UNIT**  
**1**

**IND AS RELATED TO PRESENTATION AND DISCLOSURES**

**Ind AS 1**  
**Presentation and Disclosures**

**ICAI MCQs**

Q.N.	Questions	Ans.
1.	<b>An inappropriate accounting policy of the entity cannot be rectified by the following ways:</b> a) Disclosure of the accounting policies used b) By notes c) Explanatory material d) All of the above	(d)
2.	<b>Application of Ind AS 1 is important for:</b> a) Preparation of general-purpose financial statements b) Presentation of general-purpose financial statements c) Preparation and presentation of general-purpose financial statements d) Preparation, presentation and disclosure in the general-purpose financial statements	(c)
3.	<b>As per Ind AS 1, the amount in the other comprehensive income will _____</b> a) Not be reclassified subsequently to profit or loss b) Be reclassified subsequently to profit or loss when specific conditions are met c) Both a) and b) d) Directly recognised in equity always	(c)
4.	<b>An entity shall present a third balance sheet as at the beginning of the preceding period in addition to the minimum comparative financial statements if:</b> a) It applies an accounting policy retrospectively b) If there is change in accounting estimates c) Correction of previous year error d) Both a) and c) above	(a)
5.	<b>An entity whose financial statements comply with Ind AS shall make an _____ statement of such compliance in the notes</b> a) Explicit and reserved b) Implicit and unreserved c) Explicit and unreserved d) Implicit and reserved	(c)
6.	<b>An entity presents an analysis of expenses recognised in the profit or loss using a classification based on the nature of expenses method. Which of the following is not the classification using the nature of expense?</b> a) Employee benefits expense b) Selling and distribution expenses c) Amortisation expense d) Depreciation expense	(b)
7.	<b>Which of the following information of the entity is not mandatory to be displayed prominently, and is to be repeated when necessary for the information presented to be understandable?</b> a) Name of the reporting entity or other means of identification, and any change in that information from the end of the preceding reporting period b) Whether the financial statements cover the individual entity or a group of entities c) Equity pattern showing the Names of major shareholdings in the entity d) Level of rounding used in presenting amounts in the financial statements	(c)

8.	<b>Ind AS 1 applies to all entities except:</b> a) Those that present consolidated financial statements b) Those present separate financial statements c) Both of the above d) one of the above	(d)
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**Additional MCQs**

Q.N.	Questions	Ans.
1.	<b>Application of Ind AS 1 is important for:</b> a) Preparation of general purpose financial statements. b) Presentation of general purpose financial statements. c) Preparation and presentation of general purpose financial statements. d) Preparation, presentation and disclosure in the general purpose financial statements.	(c)
2.	<b>Ind AS 1 applies to the following financial statements:-</b> <b>(i) Condensed interim financial statements prepared in accordance with Ind AS 34 Interim Financial Reporting</b> <b>(ii) Separate financial statements</b> <b>(iii) Consolidated financial statements</b> <b>(iv) Prepared by not-for-profit entities in the public/private sector</b> <b>Options are:</b> a) all of the above b) i, iii, iv c) ii, iii, iv d) i, ii, iii	(c)
3.	<b>As per Ind AS 1, a complete set of financial statements do not comprise:</b> a) Balance Sheet b) Statement of changes in equity c) Notes and other explanatory Information d) Director's report	(d)
4.	<b>The objective of the financial statements is to provide the information about:</b> a) Financial position of the entity. b) Financial position, financial performance of the entity. c) Financial position, financial performance and cash flow of the entity. d) Financial position, financial performance, cash flow and change in equity of the entity.	(c)
5.	<b>An entity shall present with equal ..... all of the financial statements in a complete set of financial statements.</b> a) Weightage b) Value c) Prominence d) Importance	(c)
6.	<b>An entity whose financial statements comply with Ind AS shall make an .....statement of such compliance in the notes.</b> a) Explicit and reserved b) Implicit and unreserved c) Explicit and unreserved d) Implicit and reserved	(c)
7.	<b>An entity shall prepare its financial statements using accrual basis of accounting which includes:</b> <b>(i) Cash Flow statement</b> <b>(ii) Balance Sheet</b> <b>(iii) Statement of Profit and loss</b> <b>(iv) Notes and explanatory information</b> <b>Options are</b> a) i, ii, iii b) I, ii, iii, iv c) ii, iii d) i, iii, iv	(c)



16.	<p><b>According to Ind AS 1, if an entity present items of OCI before related tax effects with one amount shown for the aggregate amount of income tax relating to those items, then the entity shall:</b></p> <p>a) allocate the tax between the items that might be reclassified subsequently to the profit or loss section.  b) allocate the tax between the items that will not be reclassified subsequently to the profit or loss section.  c) Both a) and b).  d) there is no such requirement in Ind AS 1.</p>	(c)
17.	<p><b>The entity has a choice to present the following either in statement of changes in equity or in the notes:</b></p> <p>a) the amount of dividend recognised as distributions to owners during the period, and the related amount of dividends per share.  b) total amounts attributable to owners of the parent and to non-controlling Interests.  c) Effects of retrospective application or retrospective restatement recognised.  d) None of the above.</p>	(a)
18.	<p><b>Notes to the financial statements shall:</b></p> <p>a) Present information about the basis of preparation of the financial statements.  b) Provide and disclose the information required by Ind AS and not presented elsewhere in the financial statements.  c) Both a) and b).  d) None of the above.</p>	(c)
19.	<p><b>As per Ind AS 1 the entity shall disclose in the summary of significant accounting policies:</b></p> <p>a) the measurement basis (or bases) used in preparing the financial statements.  b) the other accounting policies used that are relevant to an understanding of the financial statements.  c) Both a) and b).  d) Neither a) nor b).</p>	(c)
20.	<p><b>The company shall disclose the following in the notes:</b></p> <p>a) The amount of dividends proposed or declared before the financial statements were approved for issue but recognised as a distribution to owners during the period.  b) The amount of any cumulative preference dividends not recognized.  c) The amount of any cumulative preference dividends recognised.  d) The amount of non-cumulative preference dividends not recognised.</p>	(b)
21.	<p><b>What are the information which an entity shall required to disclose, if not disclosed elsewhere in the information published with the financial statements:-</b></p> <p>a) The name of the parent and ultimate parent of the group.  b) The name of all the subsidiary and parent.  c) The name of all the entities the entity has an interest.  d) None of the above.</p>	(a)
22.	<p><b>An entity's first Ind AS financial statements shall include at least:</b></p> <p>a) three balance sheet, two statements of profit or loss and other comprehensive income, two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.  b) two balance sheet, two statements of profit or loss and other comprehensive income, two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.  c) three balance sheet, three statements of profit or loss and other comprehensive income, two statement of cash flows and three statements of changes in equity and related notes, including comparative information for all statements presented.  d) three statements of financial position, two statements of profit or loss and other comprehensive income, three statements of cash flows and one statement of changes in equity and related notes, including comparative information for all statements presented.</p>	(a)



30.	<b>What is the criterion for applicability of Ind AS under Phase 1?</b> a) Networth $\geq$ ₹ 500 crores b) Turnover $\geq$ ₹ 500 crores c) Listed Company d) None of the above	(a)
31.	<b>What is the date of applicability for Ind AS under Phase 1 (non-NBFCs)</b> a) 1st April, 2016 b) 1st April, 2017 c) 1st April, 2018 d) 1st April, 2019	(a)
32.	<b>What is the criterion for applicability of Ind AS under Phase 2?</b> a) Networth $\geq$ ₹ 250 crores b) Turnover $\geq$ ₹ 250 crores c) Listed Company d) Both a) and c)	(d)
33.	<b>The net worth of Holding Company (non-NBFC / Bank) is ₹550 crores and net worth of subsidiary (NBFC) is ₹ 200 crores. Discuss the applicability of Ind AS to the group for the FY 2017-18</b> a) Holding: Ind AS, Subsidiary: Ind AS, Consolidated FS: Ind AS b) Holding: Ind AS, Subsidiary: AS, Consolidated FS: AS c) Holding: Ind AS, Subsidiary: AS, Consolidated FS: Ind AS d) Holding: AS, Subsidiary: AS, Consolidated FS: AS	(c)
34.	<b>Which of the following is not included in Net Worth for the purpose of ascertaining applicability of Ind AS?</b> a) Securities Premium b) Reserved made out of profits c) Free reserves d) Share Capital	(a)
35.	<b>Which of the following companies is not included in the scope of 'Listed Company' for the purposes of ascertaining applicability of Ind AS?</b> a) Company listed outside India b) Company with only listed debentures c) Company listed on SME or institutional trading platform without public issue d) All of above	(c)
36.	<b>Which of the following statements is incorrect in respect of Ind AS?</b> a) Entity needs to make an Explicit Unreserved Statement that it is following Ind AS b) The Financial Statements of the FY preceding the FY in which applicability Ind AS arises need to be restated and presented as per Ind AS. c) Entity can selectively follow Ind AS d) None of the above	(c)
37.	<b>Can companies voluntarily adopt Ind AS ?</b> a) Yes, all companies b) Yes, only banking companies c) Yes, only NBFCs d) Yes, all companies except banking companies and NBFCs	(d)
38.	<b>Which of the following is not a fundamental principle of Ind AS?</b> a) Substance over form b) Historical Cost c) Fair value accounting d) Retrospective restatement and reclassification	(b)
39.	<b>Which Division of Schedule III of the Companies act, 2013 prescribes the format for Financial Statements of NBFCs?</b> a) Division I b) Division II c) Division III d) None of the above	(c)
40.	<b>Which of the following does not form part of AS based Financial Statements of companies?</b> a) Statement of Profit or Loss b) Balance Sheet c) Cash Flow Statement d) Statement of changes in equity	(d)

41.	<p><b>Which of the following items can be classified as both Current or Non-current Assets? (assume operating cycle is 15 months)</b></p> <p>a) Raw materials normally consumed within 6 months  b) Work in Progress normally covered to finished goods in 6 months  c) Obsolete or non-moving inventories  d) None of the above</p>	(d)
42.	<p><b>Calculate Gross operating cycle from the following information:</b></p> <p><b>Order placed on 1st April, 2018 (delivery after 3 months)</b>  <b>Credit period allowed by supplier 2 months</b>  <b>Inventory holding period 3 months</b>  <b>Credit period allowed to customers are 2 months</b></p> <p>a) 8 months  b) 6 months  c) 5 months  d) 10 months</p>	(a)
43.	<p><b>Y Ltd deals in 3 products P1, P2 and P3 with operating cycles of 6 months, 9 months and 15 months respectively. What is the gross operating cycle of Y Ltd which should be used for classification of current and non-current assets?</b></p> <p>a) Separate operating cycles should be used for all 3 products  b) 10 months (Simple average)  c) Weighted average of the 3 operating cycles  d) Operating cycle of the product with highest sales</p>	(c)
44.	<p><b>Z Ltd has an outstanding loan which is due to be settled within 8 months from the reporting date. However, based on past experience it can be expected that Z Ltd will not settle the loan upto 18 months from the reporting date. How should the loan be classified on the reporting date?</b></p> <p>a) Non-current liability  b) Current Liability  c) Can be either  d) None of the above</p>	(b)
45.	<p><b>ABC Ltd has outstanding debentures redeemable (by the issue of proportionate number of equity shares depending on market price) within 12 months from the reporting date. The company at its discretion can defer the redemption by 1 year. Past experience suggests the company will redeem within this year. Suggest the classification</b></p> <p>a) Equity  b) Non-current liability  c) Current liability  d) Can be either</p>	(b)
46.	<p><b>PQR Ltd has outstanding bonds redeemable within 12 months from the reporting date. The bond holders have a right to defer the redemption by 1 year. It is expected that 50% of the bond holders will opt to defer the redemption. Suggest the classification</b></p> <p>a) Entire amount is Non-current liability  b) Entire amount is Current liability  c) 50% is current liability, 50% is non-current liability  d) None of the above</p>	(b)
47.	<p><b>Which conditions need to be satisfied on breach of loan covenants to avoid reclassification from non-current liability to current liability?</b></p> <p>a) Extension should be availed before the date of finalizing the Financial Statements  b) The extension should be at least for 12 months from the reporting date  c) The breach should be material  d) All of the above</p>	(d)
48.	<p><b>Where is goodwill presented in Balance Sheet drawn as per Division II of the Schedule III of Companies Act, 2013?</b></p> <p>a) Intangible assets (Non-current assets)  b) Separate line item (Non-current assets)  c) Other non-current assets  d) Goodwill can't be recorded in books of accounts</p>	(b)

# PROUD STUDENTS OF CA SJ



Ruth Clare Dsilva



Kalpesh Jain



Shikha Jain



Ramyashree



Akshat Goyal



Anjali Goyal



Yash Tapadiya



Subham Kumar Singh



Piyush Aggarwal



Vinamra Kabra



Farhan Ur Rehman



Priyansh Changoiwala



Vandita Sonkiya



Sahil Samnani



Om Akhani



Sanyukta Bhattad



Hrithik Singhal



Ashish Sharma



Kunal Rekhate



Romi Gambhir



Ayush Thacker



Palash Mittal



Ruchit Vakharia



Aayush Khutate



Gaurav Agrawal



Raghav Rathi



Sandeep Varma



Sagar Parwani



Riya Jain



Priya Jain



Dhavnil Shah



Prashant Goyal



Karan Kothari



Amogh Ajay Doshi



Sidharth Choraria



Madhukar Kumar



Agam Agrawal



Arun Borana



Shreyas Surve



Aman Goyal



Rakshita Khandelwal



Gaurav Garg



Dishant Solanki



Tanu Jindal



Anshul Rathi



Advait Gajare



Shubham Agrawal



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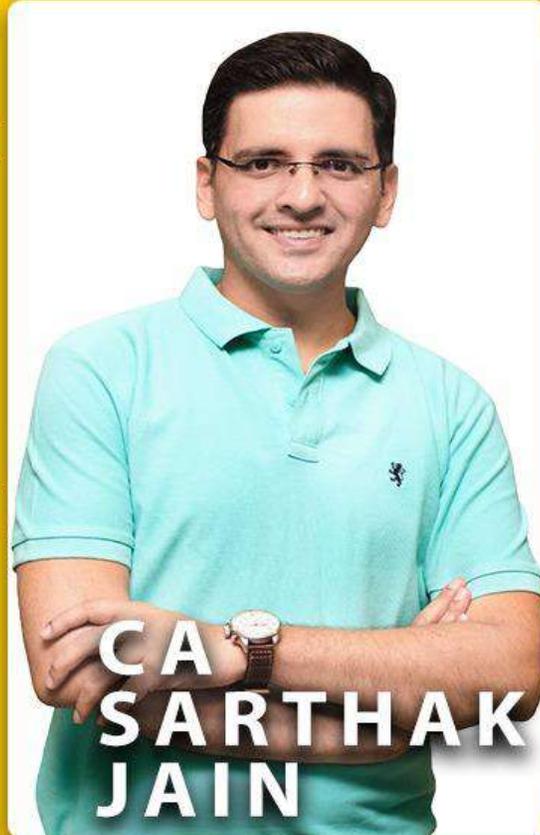


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