III SEMESTER B COM (2017 ADMISSION)
BC3B04: CORPORATE ACCOUNTING (Core course)

MULTIPLE CHOICE QUESTIONS

1. An investment property is derecognized when
   a. It is disposed to a third party
   b. It is permanently withdrawn from use
   c. No future economic benefits are expected from its disposal,
   d. All of the above

2. An investment property should be measured initially at
   a. Cost
   b. Cost less accumulated impairment losses
   c. Depreciable cost less accumulated impairment losses,
   d. Fair value less accumulated impairment loss

3. A gain arising from a change in the fair value of an investment property for which an
   entity has opted to use the fair value model is recognized in
   a. Net profit or loss for the year
   b. General reserve
   c. Revaluation surplus
   d. None of these

4. Capitalisation of borrowing cost is ceased when
   a. Physical construction of asset is completed
   b. Physical construction of asset is interrupted
   c. None of these

5. An entity can start to capitalize borrowing cost when
   a. Expenditure on the asset is being incurred
   b. Borrowing cost are being incurred
   c. Activities undertaken that are necessary to prepare the asset for its intended use or
      sale
   d. All of the above

6. Borrowing cost do not include
   a. interest incurred on bank draft
   b. incremental administrative fees for raising loans
   c. dividend declared to equity shareholders.

7. Borrowing cost are
   a. Interest and other cost that an entity incurs in connection with borrowing of funds.
   b. Interest expense calculated using effective interest method
   c. Financial charges in respect of finance lease
   d. None of the above

8. The cost of intangible asset at initial recognition is measured at its fair value when
   a. It is internally generated
   b. It is acquired by way of a government grant
   c. It is acquired as a part of business combination
   d. Both (b) and (c)

9. An intangible asset identified when:
   a. It is separable
   b. It arises from contractual or other legal rights, regardless whether those rights are
      transferable or separable from the entity
10. An intangible (other than goodwill) is
   a. It is separable
   b. It arises from contractual or other legal rights, regardless whether those rights are
      transferable or separable from the entity.
   c. Either (a) or (b)
   d. None of these

11. Which of the following asset is not coming under the scope of Ind AS 16?
   a. Office building
   b. Bus used for employee transport
   c. Right to mine coal from a government owned coal field-

12. An entity must measure its property, plant and equipment after initial recognition at:
   a. Cost
   b. Cost less accumulated depreciation and impairment losses if any
   c. Cost less accumulated depreciation and impairment losses if any including cost of
day to day servicing
   d. None of these.

13. Property, plant and equipment are defined as:
   a. Tangible assets held for sale in the ordinary course of business
   b. Tangible asset held to earn rental or for capital appreciation or both
   c. Tangible assets used in the process of production or supply of goods or services or
   for rental to others
   d. None of these.

14. A property developer must classify properties that it holds for sale in the ordinary course
   of business as:
   a. Inventories
   b. Property, plant and equipment
   c. Financial assets
   d. Investment property

15. Cost of inventory does not include:
   a. Salary of factory staff
   b. Storage cost necessary in the production process
   c. Cost of abnormal wastage

16. Consumable stores are:
   a. Inventories
   b. Property, plant and equipment
   c. Investment property
   d. Intangible asset

17. Cost of inventory is a sum of:
   a. Cost of purchase and cost of conversion
   b. Direct cost, indirect cost and other cost
   c. Cost of purchase, cost of conversion and other cost to bring the material to the
   present location.

18. Inventories must be measured at:
   a. Cost
   b. Lower of cost and estimated selling price less cost to complete and sell
   c. Lower of cost and fair value less cost to complete and sell.
   d. None of these

19. The entity assesses inventories for impairment:
   a. Only when there are external indicators that, an impairment has occurred
b. At each reporting date  
c. Only when there are internal indicators that an impairment has occurred  
d. None  

20. A percentage of completion method is applied to recognize revenue from  
a. The rendering of services and construction contracts  
b. The rendering of services only when the outcome of the revenue transaction can be estimated reliably,  
c. The construction contracts only when the outcome of the contract can be estimated reliably  
d. Both C and B  

21. As per Ind AS 115, a promise to transfer to the customer either good(s) or service(s) known as  
a. Agreement  
b. Contract  
c. Performance obligation  
d. Liability  

22. The price at which a good or service would be sold separately to a customer is:  
a. Variable price  
b. Stand alone price  
c. Specific price  
d. None of these  

23. A provision is  
a. A liability of uncertain timing or amount  
b. A possible obligation as a result of past events that is of uncertain timing or amount,  
c. An adjustment to the carrying amount of assets  
d. None of these  

24. An entity recognizes a provision only when:  
a. The entity has a present obligation as a result of a past event,  
b. It is probable that the entity will be required to transfer economic benefits in settlement  
c. The amount of the obligation can be estimated reliably  
d. All of the above apply  

25. Income tax consist of  
a. Domestic taxes that are based on taxable profit,  
b. Foreign taxes that are based on taxable profit  
c. Taxes that are payable by a subsidiary, associate or joint venture on distribution to the reporting entity  
d. All of the above  

26. Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees, including directors and management. It does not include apply to the accounting for:  
a. Short term employee benefits  
b. Post employment benefit  
c. Termination benefits  
d. Share based payments.  

27. An entities employees are each entitled to 20 days paid holiday leave per calendar year. Unused holiday leave cannot be carried forward and does not vest. The entities annual reporting date is 31st March. The holiday leave is  
a. A short term employee benefit,  
b. A post employment benefit,  
c. Another long term employee benefit  
d. A termination benefit  

28. A profit sharing plan requires an entity to pay a specified proportion of its cumulative profit for the year to employees who served the entity throughout the year. The profit sharing plan is:  
a. Short term employee benefit  
b. A post employment benefit
30. A contract is wholly unperformed if:
   a. The entity has not yet transferred any promised goods or services to the customers
   b. The entity has not yet received any consideration in exchange for promised goods or services
   c. The entity is not yet entitled to receive any consideration in exchange for promised goods or services
   d. All of the above.

31. According to IFRS 15, the asset is transferred to a customer:
   a. When the asset is physically delivered to the customer's premises
   b. On the day specified by a contract with the customer
   c. When the customer obtains control over it
   d. On the day when the entity satisfies all performance obligations, specified in the contract with the customer

32. Which of the following is not specifically excluded from the purview of Ind AS 20?
   a. Government participation in ownership of the entity
   b. Government grants covered by Ind AS 41
   c. Government assistance provided in the form of tax benefits
   d. Forgivable loan from the government

33. In the case of a non-monetary grant, which of the following accounting treatments is prescribed by Ind AS 20?
   a. Record the asset at replacement cost and the grant at a nominal value
   b. Record the grant at a value estimated by management
   c. Record both the grant and the asset at fair value of the non-monetary asset
   d. Record only the asset at fair value, do not recognize the fair value of the grant.

34. The classification of a lease as either an operating or finance lease is based on
   a. The length of the lease
   b. The transfer of the risks and rewards of ownership
   c. The minimum lease payments being at least 50% of the fair value
   d. The economic life of the asset.

35. The accounting concept that is principally used to classify leases into operating and finance is
   a. Substance over form
   b. Prudence
   c. Neutrality
   d. Completeness

36. The classification of a lease is normally carried out
   a. At the end of the lease term
   b. After a cooling off period of one year
   c. At the inception of the lease
   d. When the entity deems it to be necessary

37. Which of the following transactions involving the issuance of shares does not come within the definition of a share-based payment under Ind AS 102?
   a. Employee share purchase plans
   b. Employee share option plan
   c. Share-based payment relating to an acquisition of a subsidiary
38. Specific principles, bases, conventions, rules and practices applied in presenting financial statements, are called
   a. Accounting estimates
   b. Accounting policies
   c. Prospective application

39. Adjustment of the carrying amount of an asset or liability or the consumption of an asset is defined as:
   a. A change in the accounting estimate
   b. Accounting policies
   c. Misstatements

40. Error includes:
   a. Mathematical mistakes
   b. Mistakes in applying accounting policies
   c. Oversights of misinterpretation of facts
   d. All of the above

41. Applying a new policy transaction as if that policy had always been applied. This is called
   a. Retrospective restatement
   b. Retrospective application
   c. Change in accounting estimates

42. In selecting an accounting policy, we should review
   a. The standard only
   b. The interpretation only
   c. Framework only
   d. All of the above

43. Where should extra ordinary items appear in an entity’s statement of comprehensive income?
   a. Other comprehensive income
   b. Income statement
   c. Notes
   d. Now here

44. Which of the following is not a minimum item on the face of the statement of comprehensive income?
   a. Revenue
   b. Finance cost
   c. Deferred tax
   d. Profit or loss

45. Under Ind AS 1, which of the following must be disclosed on the statement of financial position?
   a. Property, plant and equipment
   b. Biological assets
   c. Provisions
   d. All of the above

46. Which of the following is a cash and cash equivalents?
   a. Cash in hand
   b. Foreign currency in hand
   c. Bank balance
   d. All of the above

47. Cash receipts from customers for the sale of goods are cash flows from:
   a. Operating activities
   b. Investing activities
   c. Operating or financing activities
   d. Financing activities

48. Cash payments to acquire the entity’s own share (ie, treasury shares) are:
   a. Outflows from operating activities
   b. Cash outflows from investing activities
   c. Cash flows from financing activities.

49. The method of accounting for business combination is
   a. Equity method
   b. Acquisition method
   c. Pooling of interest method
   d. None of these
50. Under Ind AS 103 assets and liabilities are recorded at
   a. Fair value   b. Book value
   c. Intrinsic value   d. None of these

51. Cost of issuing equity and debt instruments are:
   a. Charged to profit or loss
   b. Charged against other comprehensive income
   c. Deducted from proceeds of securities
   d. None of these

52. When the amount paid for the purchase of controlling shares is more than its proportionate share of net assets acquired, the difference is accounted as
   a. Non controlling interest
   b. Goodwill
   c. Bargain purchase
   d. None of these

53. The acquire in a business combination is also called
   a. Holding company
   b. Parent company
   c. Subsidiary company
   d. None of these

54. Ind AS 28 deals with
   a. Investment in subsidiary
   b. Investment in parent company
   c. Separate financial statement
   d. Investment in associate and joint ventures.

55. The profit and loss account under double account system is termed as
   a. Revenue account
   b. Income and expenditure account
   c. Profit and loss account
   d. Receipts and payments account

56. Under double account system shares forfeited account is shown in
   a. Credit side of capital account
   b. Credit side of net revenue account
   c. Credit side of revenue account
   d. Asset side of the general balance sheet

57. Capital redemption reserve is created
   a. Out of security premium account
   b. To meet legal requirements
   c. Out of share forfeited account
   d. Voluntarily

58. Capital redemption reserve account can be utilized for
   a. Issuing fully paid bonus shares
   b. Writing of past losses
   c. Writing of capital losses
   d. Issuing partly paid bonus shares

59. When preference shares are redeemed it amounts to
   a. increasing share capital
   b. decreasing share capital
   c. both A and B
   d. none of these

60. Amount due to untraceable share holder may be
   a. shown as current liability in the balance sheet
   b. transferred to profit and loss account
   c. kept as general reserve
   d. transferred to CRR

61. Profit not available for dividend includes
   a. Security premium
   b. Profit and loss account credit balance
   c. CRR
   d. Shared forfeited account

62. Redeemable preference shares can be redeemed by
   a. Selling investment
   b. Borrowing funds from bank
   c. Issue of debentures
   d. Issue of shares

63. Profit available for dividend excludes
   a. Profit and loss account
   b. General reserve
   c. Share forfeited account
   d. Dividend equalization reserve

64. Interest on debenture is
a. Adjustment of profit  
b. Appropriation of profit  
c. Charge on profit  
d. None of these

65. After all the debentures are redeemed the balance in the sinking fund is transferred to
   a. General reserve  
b. Capital reserve  
c. Profit and loss account  
d. Debentures account

66. When own debentures are cancelled any profit on cancellation is transferred to
   a. General reserve  
b. Capital reserve  
c. Profit or loss  
d. None of these

67. When debentures are bought as own for the purpose of investment, the own debenture account is debited with
   a. Face value  
b. Cum interest price  
c. Ex interest price  
d. Face value with premium

68. After realizing all investments the balance in the sinking fund account is transferred to
   a. Profit and loss account  
b. Debenture account  
c. Capital reserve  
d. Sinking fund account

69. Which of the following is not a source of redemption of debentures
   a. Redemption out of capital  
b. Redemption out of borrowing from financial institutions  
c. Redemption out of profit  
d. Redemption by conversion

ANSWER KEY

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