



BRAINWARE UNIVERSITY

Term End Examination 2024-2025
Programme – B.Com.(AFB)-Hons-2022
Course Name – Accounting Standards
Course Code - BCMD504A
(Semester V)

Library
Brainware University
398, Ramkrishnapur Road, Barasat
Kolkata, West Bengal-700125

Full Marks : 60

Time : 2:30 Hours

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group-A

(Multiple Choice Type Question)

1 x 15=15

1. Choose the correct alternative from the following :

(i) Define the term 'Financial Statement' as per Ind AS.

- | | |
|--|------------------------------------|
| a) A statement showing cash flow | b) A summary of all transactions |
| c) Formal record of financial activities | d) A document of budget allocation |

(ii) Choose the correct definition of 'Liabilities' as per Ind AS.

- | | |
|---------------------------------------|---|
| a) Resources controlled by the entity | b) Obligations arising from past events |
| c) Future revenue streams | d) Future expenses |

(iii) Choose the correct Ind AS which deals with 'Revenue from Contracts with Customer.

- | | |
|--------------|---------------|
| a) Ind AS 16 | b) Ind AS 115 |
| c) Ind AS 23 | d) Ind AS 36 |

(iv) Explain the key focus of Ind AS 109.

- | | |
|-----------------------------------|------------------------|
| a) Financial Instruments | b) Income taxes |
| c) Property, Plant, and Equipment | d) Revenue recognition |

(v) Choose the Ind AS that deals with 'Property, Plant, and Equipment'.

- | | |
|--------------|---------------|
| a) Ind AS 1 | b) Ind AS 16 |
| c) Ind AS 36 | d) Ind AS 109 |

(vi) Define 'Business Combination' as per Ind AS 103.

- | | |
|---|-----------------------------------|
| a) Amalgamation of two companies | b) Merger of unrelated businesses |
| c) A transaction bringing two or more businesses together | d) Acquisition of a business unit |

(vii) Choose the correct accounting treatment for an entity that acquires machinery with useful life of 5 years under Ind AS 16.

- | | |
|---|-----------------------------|
| a) Charge full cost in the year of purchase | b) Spread cost over 5 years |
|---|-----------------------------|

- c) Do not recognize the cost
(viii) Choose the appropriate accounting for goodwill in a business combination as per Ind AS 103.
a) Amortize over useful life
b) Test for impairment annually
c) Write off immediately
d) Recognize as an expense
- (ix) Define how you would classify a company's interest expense when calculating the net profit margin.
a) Operating expense
b) Non-operating expense
c) Revenue
d) Asset
- (x) Choose the best explanation for a declining accounts receivable turnover ratio.
a) Better collection of receivables
b) Increasing efficiency
c) Lower efficiency in collecting receivables
d) No impact
- (xi) Define the effect of increasing dividend payments on a company's retained earnings.
a) Retained earnings will increase
b) Retained earnings will decrease
c) Retained earnings will remain the same
d) No impact on retained earnings
- (xii) Define the impact on the current ratio if a company takes on additional short-term debt.
a) Increases
b) Decreases
c) Remains unchanged
d) Depends on interest rates
- (xiii) Explain how a company's dividend payout ratio is calculated from its financial statements.
a) Dividends / Net Income
b) Net Income / Total Equity
c) Dividends / Total Equity
d) Dividends / Retained Earnings
- (xiv) Define the effect on the equity ratio when a company borrows long-term debt.
a) Equity ratio increases
b) Equity ratio decreases
c) Equity ratio remains unchanged
d) Depends on the amount borrowed
- (xv) Define the effect on the debt ratio if a company issues more debt while its total assets remain unchanged.
a) Debt ratio increases
b) Debt ratio decreases
c) Debt ratio remains unchanged
d) Depends on interest rates

Group-B

(Short Answer Type Questions)

3 x 5=15

2. Justify the role of IND-AS 110 in insider trading activities. (3)
3. Define the term "deferred tax" in the context of IndAS. (3)
4. Explain the concept of "provisions" under IndAS. (3)
5. Measure the impairment loss for a non-current asset with a carrying amount of ₹10,000, fair value of ₹7,000, and value in use of ₹8,000. (3)
6. Evaluate "Capital Work in Progress" with an example. (3)

OR

Explain "Biological Asset" in balance sheet under Ind AS 41. (3)

Group-C

(Long Answer Type Questions)

5 x 6=30

7. Explain Forgivable Loan from Government with an example. (5)
8. Solve the problem by using IndAS standards: (5)

Problem: DEF Ltd, is into FMCG business, entity has purchased a building costing Rs.10,00,000 on 31st December, 2020 for the purpose of renting. The entity recorded the transaction in the books at its purchase cost. On 1st of March, 2021 the entity gave this on operating lease basis. On 31st March, 2021, the entity recognized the building by following revaluation model as per Ind AS 16 & presented under the head PPE.

During the audit, it was discovered that the treatment adopted was incorrect, the correct treatment would be?

9. Explain the objectives of financial reporting under IndAS.
10. Differentiate between short-term and long-term employee benefits.
11. Critically analyze & Solve the problem:

(5)
(5)
(5)

Problem: Company ABC is a diversified manufacturing company that produces and sells a range of products, including machinery and spare parts. Such machinery and spare parts are not interrelated or interdependent on each other. Company ABC enters into a contract with a customer for supply of machinery with spare parts at a single price. For revenue recognition, company needs to assess whether its products supplied should be considered as separate performance obligations or if they need to be combined.

12. Explain Contingent Assets & Contingent Liabilities with examples.

(5)

OR

Solve the following problem by using IndAS guidelines:

(5)

Problem: The entity XYZ Limited is having its operations in India & is into mainly exporting business of toys and sets its pricing as per the foreign market of Europe. The company is confused whether the local currency i.e. Indian currency, where it is operating from will be its functional currency or not? If not, why & the relevance of functional currency as per Indian Accounting Standards.