20 True or False

Decide, then check the answer and reason below each statement.

Question 1

ICAI has issued 29 mandatory Accounting Standards, numbered AS 1 to AS 29.

TRUE

The mandatory list of Accounting Standards in India runs from AS 1 to AS 29.

Question 2

The Accounting Standards Board (ASB) of ICAI was established in 1977.

TRUE

ICAI set up the ASB in 1977 to formulate accounting standards for India.

Question 3

AS 30, AS 31 and AS 32 all deal with financial instruments.

TRUE

These three recommendatory standards cover recognition, presentation and disclosure of financial instruments.

Question 4

AS 3 relates to Cash Flow Statements.

TRUE

AS 3 prescribes the preparation and presentation of a company's Cash Flow Statement.

Question 5

Section 129(5) of the Companies Act, 2013 requires disclosure of deviations from accounting standards.

TRUE

Under Section 129(5), a company must disclose the deviation, its reason and any financial effect.

Question 6

AS 9 deals with Revenue Recognition.

TRUE

AS 9 is the standard that governs how and when revenue is recognised.

Question 7

US GAAP is based on 10 core accounting principles.

TRUE

US GAAP rests on ten principles such as regularity, consistency, prudence and materiality.

Question 8

AS 20 deals with Earnings per Share.

TRUE

AS 20 standardises how companies calculate and disclose earnings per share.

Question 9

Auditors who are ICAI members must qualify their audit report if mandatory standards are not followed.

TRUE

Non-conforming audit reports must be qualified, or the auditor risks professional misconduct.

Question 10

AS 8, Accounting for Research and Development, has been deleted from the mandatory list.

TRUE

Although numbered within AS 1 to AS 29, AS 8 no longer applies as it has been deleted.

Question 11

ICAI has issued 35 mandatory Accounting Standards, numbered AS 1 to AS 35.

FALSE

ICAI has issued only 29 mandatory standards, AS 1 to AS 29, with AS 30-32 being recommendatory.

Question 12

The Accounting Standards Board (ASB) was set up by the Reserve Bank of India in 1977.

FALSE

The ASB was set up by ICAI, the Institute of Chartered Accountants of India, not the RBI.

Question 13

AS 17 deals with Earnings per Share.

FALSE

AS 17 covers Segment Reporting; Earnings per Share is covered under AS 20.

Question 14

AS 30, AS 31 and AS 32 are mandatory standards that every company must follow.

FALSE

AS 30, AS 31 and AS 32 are recommendatory, not mandatory, standards on financial instruments.

Question 15

Section 134(5) of the Companies Act places responsibility for AS compliance on shareholders, not directors.

FALSE

Section 134(5) makes the Board of Directors, not shareholders, responsible for accounting standard compliance.

Question 16

AS 22 deals with Segment Reporting.

FALSE

AS 22 covers Accounting for Taxes on Income; Segment Reporting is covered under AS 17.

Question 17

Management Accounting is meant to report exclusively to external investors and regulators.

FALSE

Management Accounting provides data to internal managers; Financial Accounting serves external users.

Question 18

AS 9 deals with Accounting for Fixed Assets.

FALSE

AS 9 covers Revenue Recognition; Accounting for Fixed Assets is covered under AS 10.

Question 19

US GAAP is based on only 5 core accounting principles.

FALSE

US GAAP is built on 10 core principles, not 5, including regularity, prudence and materiality.

Question 20

AS 8 remains an active, mandatory standard on Research and Development accounting.

FALSE

AS 8, Accounting for Research and Development, has been deleted and is no longer active.