

**CONTINGENCIES AND EVENTS OCCURRING AFTER
BALANCE SHEET DATE**

1. Cash amounting to ₹ 4 lakhs, stolen by the cashier in the month of March 2023, was detected in April, 2023. The financial statements for the year ended 31st March, 2023 were approved by the Board of Directors on 15th May, 2023. As per Accounting Standards, this is _____ for the financial statements year ended on 31st March, 2023.
 - a. An Adjusting event.
 - b. Non-adjusting event.
 - c. Contingency.
 - d. Provision
2. As per Accounting Standards, events occurring after the balance sheet date are
 - a. Only favourable events that occur between the balance sheet date and the date when the financial statements are approved by the Board of directors.
 - b. Only unfavourable events that occur between the balance sheet date and the date when the financial statements are approved by the Board of directors.
 - c. Those significant events, both favourable and unfavourable, that occur between the balance sheet date and the date on which the financial statements are approved by the Board of directors.
 - d. Those significant events, both favourable and unfavourable, that occur between the balance sheet date and the date on which the financial statements are not approved by the Board of directors.
3. AS 4 does not apply to
 - a. Obligation under retirement benefit plans.
 - b. Commitments arising from long term lease contracts.
 - c. liabilities of life assurance and general insurance enterprises arising from policies issued.
 - d. Both (a) & (b).
4. A Ltd. sold its building for ₹ 50 lakhs to B Ltd. and has also given the possession to B Ltd. The book value of the building is ₹ 30 lakhs. As on 31st March, 2023, the documentation and legal formalities are pending. For the financial year ended 31st March, 2023
 - a. The company should record the sale.
 - b. The company should recognise profit of ₹ 20 lakhs in its profit & loss account.
 - c. Both (a) and (b).
 - d. The company should disclose the profit of ₹ 20 lakhs in notes to accounts.
5. Which is adjusting event as per AS 4.
 - a. Decline in market value of investments between the balance sheet date and the date on which the financial statements are approved
 - b. Dividend declared after the balance sheet date but before the financial statements are approved for issue.
 - c. Filing of Bankruptcy by a major customer between the balance sheet date and the date on which the financial statements are approved
 - d. Loss from fire which took place between the balance sheet date and the date on which the financial statements are approved

Answers:

1. (a) 2. (c) 3. (d) 4. (c) 5. (c)