

RELATED PARTY DISCLOSURES

1. According to AS-18 Related Party Disclosures, which ONE of the following is not a related party of Skyline Limited?
 - a. A shareholder of Skyline Limited owning 30% of the ordinary share capital
 - b. An entity providing banking facilities to Skyline Limited in the normal course of business
 - c. An associate of Skyline Limited
 - d. Key management personnel of Skyline Limited

2. Are the following statements in relation to related parties true or false, according to AS-18 Related Party Disclosures?
 - A. A party is related to another entity that it is jointly controlled by.
 - B. A party is related to another entity that it controls.

	Statement (A)	Statement (B)
a.	False	False
b.	False	True
c.	True	False
d.	True	True

3. Which of the following is not a related party as envisaged by AS-18 Related Party Disclosures?
 - a. A director of the entity
 - b. The parent company of the entity
 - c. A shareholder of the entity that holds 1% stake in the entity
 - d. The spouse of the managing director of the entity

4. According to AS-18 Related Party Disclosures, related party transaction is a transfer of resources or obligations between related parties – provided a price is charged for such transfer.
 - a. True
 - b. False

5. According to AS-18 Related Party Disclosures, parties are considered to be related, if and only if at the end of the reporting period - one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions.
 - a. True
 - b. False

6. Related party disclosures are primarily intended to
 - a. Ensure a company's financial statements comply with tax regulations
 - b. Highlight potential conflicts of interest and related-party transactions
 - c. Minimize external scrutiny of a company's operations
 - d. Facilitate goodwill among different business entities

7. A director of a company purchases goods from that company for personal use. How should this transaction be disclosed in financial statements?

- a. No disclosure required
 - b. Disclose only if the transaction value exceeds a certain threshold
 - c. Disclose as a related party transaction
 - d. Disclose in the footnotes if the director owns more than 10% of the company's shares
8. What is the primary objective of disclosing related party transactions in financial statements?
- a. To demonstrate the company's profitability
 - b. To comply with legal requirements
 - c. To enhance transparency and avoid potential conflicts of interest
 - d. To increase the company's market value
9. Which of the following is an example of a related party transaction?
- a. Sale of goods to an unrelated third-party customer
 - b. Purchase of inventory from an independent supplier
 - c. Loan provided to a subsidiary company
 - d. Salary payment to regular employees
10. Related party disclosures in financial statements typically include information about
- a. Nature of relationships and transactions
 - b. Names of related parties
 - c. Amounts of transactions and outstanding balances
 - d. All of the above
11. According to accounting standards, who are considered related parties?
- a. Entities under common control
 - b. Individuals having significant influence over the company
 - c. Both a and b
 - d. None of the above
12. A company rents office space from its major shareholder. How should this transaction be disclosed?
- a. As a related party transaction
 - b. Only if the rent exceeds a certain percentage of total expenses
 - c. Disclose the nature of the transaction but not the amount
 - d. No disclosure required
13. Which of the following may be treated as Related party as per AS 18?
- a. A Limited & B Limited only because Mr. X is a common director in both the company.
 - b. A Limited & B Limited are totally independent company, however, majority of the Board of Directors of both the companies are same.
 - c. Mr. S & A Limited only because Mr. S purchases majority of the products of A Limited.
 - d. ABC Bank & N Limited because all borrowings of N Limited is financed by ABC Bank.

14. As per AS 18, A key management personnel is a person who has following authority/responsibility over the reporting entity's organization.
- Planning
 - Directing
 - Controlling
 - All of the above
15. Which of the following is not a related party of Tiger Ltd.
- An associate of Tiger Ltd
 - A key management personnel of Tiger Ltd.
 - A subsidiary of Tiger Ltd
 - The Bank in which Tiger Ltd has a current account

Answers:

- (b)
- (d)
- (c)
- (b)
- (b)
- (b)
- (c)
- (c)
- (c)
- (d)
- (c)
- (a)
- (b)
- (d)
- (d)