20 Lecture - MGT401

Important Subjective

1. What is the purpose of the IASB's Framework?

Answer: The purpose of the IASB's Framework is to provide guidance on how to prepare and present financial statements that provide relevant, reliable, and comparable information to the stakeholders.

2. What is the key concept of the IASB's Framework?

Answer: The key concept of the IASB's Framework is that financial statements should provide relevant, reliable, and comparable information about the company's financial position, performance, and cash flows.

3. What is the importance of consistency in financial reporting according to the IASB's Framework?

Answer: Consistency is important because it ensures that the financial statements are comparable over time and across different companies, which helps stakeholders make informed decisions.

4. How does the IASB's Framework define an asset?

Answer: An asset is defined as a resource controlled by the entity as a result of past events, which is expected to generate future economic benefits.

- 5. What is the role of the IASB in the development and update of the Framework? Answer: The IASB is responsible for developing and updating the Framework to reflect changes in business practices and financial reporting requirements.
- 6. What is the difference between relevance and reliability in financial reporting according to the IASB's Framework?

Answer: Relevance refers to information that is important for the stakeholders in making decisions, while reliability refers to information that is accurate and can be trusted.

7. How does the IASB's Framework define a liability?

Answer: A liability is defined as a present obligation of the entity as a result of past events, which is expected to result in an outflow of economic resources.

8. Why is comparability important in financial reporting according to the IASB's Framework?

Answer: Comparability is important because it allows stakeholders to compare the financial performance and position of different companies, which helps them make informed decisions.

9. What is the difference between an expense and a loss in financial reporting according to the IASB's Framework?

Answer: An expense is a decrease in economic resources as a result of the company's ongoing operations, while a loss is a decrease in economic resources that is not a result of the company's ongoing operations.

10. How does the IASB's Framework define equity? Answer: Equity is defined as the residual interest in the assets of the entity after deducting liabilities.