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.