

31 Lecture - MGT401

Important Mcqs

1. **What is a provision under IAS 37?**

- A) Possible obligations that depend on the occurrence of a future event
- B) Present obligation arising from a past event
- C) Possible assets that depend on the occurrence of a future event
- D) All of the above

Answer: B

2. **Which of the following is an example of a provision?**

- A) Probable future profits
- B) Future research and development costs
- C) Restructuring costs
- D) All of the above

Answer: C

3. **What is a contingent liability?**

- A) A present obligation arising from a past event
- B) A possible obligation that depends on the occurrence of a future event
- C) A possible asset that depends on the occurrence of a future event
- D) None of the above

Answer: B

4. **When is a contingent asset recognized in the financial statements?**

- A) When the inflow of economic benefits is virtually certain
- B) When the outflow of economic resources is probable
- C) When the occurrence of a future event is virtually certain
- D) None of the above

Answer: A

5. **Which of the following is an example of a contingent liability?**

- A) Future research and development costs
- B) A pending lawsuit
- C) Probable future profits
- D) None of the above

Answer: B

6. **What is the criteria for recognizing a provision?**

- A) Possible obligation that depends on the occurrence of a future event
- B) Present obligation arising from a past event

- C) Virtually certain inflow of economic benefits
- D) All of the above

Answer: B

7. **When is a contingent liability disclosed in the financial statements?**
- A) When the occurrence of a future event is probable, and the amount of the obligation can be estimated reliably
 - B) When the outflow of economic resources is probable
 - C) When the inflow of economic benefits is virtually certain
 - D) None of the above

Answer: A

8. **What is the measurement basis for provisions?**
- A) Cost
 - B) Fair value
 - C) Best estimate of the expenditure required to settle the obligation
 - D) All of the above

Answer: C

9. **Which of the following is an example of a contingent asset?**
- A) A pending lawsuit
 - B) A potential customer
 - C) Future research and development costs
 - D) None of the above

Answer: B

10. **What is the criteria for recognizing a contingent liability?**
- A) Probable future profits
 - B) A present obligation arising from a past event
 - C) Possible obligation that depends on the occurrence of a future event
 - D) Probability of the future event and reliability of the estimate

Answer: D