

33 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