

34 Lecture - MGT401

Important Mcqs

- 1. Under IAS 18, revenue is recognized when:**
 - A) it is earned and realized
 - B) it is earned and realizable
 - C) the cash has been received
 - D) it is probable that future economic benefits will flow to the entity, and these benefits can be measured reliably**Answer: D**
- 2. Which of the following is not a type of revenue covered by IAS 18?**
 - A) Sale of goods
 - B) Rendering of services
 - C) Royalties
 - D) Investment income**Answer: D**
- 3. When should revenue from the sale of goods be recognized under IAS 18?**
 - A) When the goods are delivered
 - B) When the customer pays for the goods
 - C) When the goods are dispatched
 - D) When the goods are produced**Answer: A**
- 4. Which of the following is not a criteria for recognizing revenue under IAS 18?**
 - A) The amount of revenue can be measured reliably
 - B) It is probable that economic benefits will flow to the entity
 - C) The entity has legal title to the goods or services
 - D) The risks and rewards of ownership have been transferred to the buyer**Answer: C**
- 5. When should revenue from rendering of services be recognized under IAS 18?**
 - A) When the service is completed
 - B) When the customer pays for the service
 - C) When the entity receives an order for the service
 - D) When the entity starts providing the service**Answer: A**
- 6. Which of the following is an example of a contingency that could affect revenue recognition under IAS 18?**
 - A) A customer may not pay for the goods or services
 - B) The entity may be unable to deliver the goods or services
 - C) The entity may not be able to measure the revenue reliably
 - D) The entity may not have legal title to the goods or services**Answer: A**

7. **What is the revenue recognition criteria for use of an entity's resources by others?**

- A) When the resource is made available for use
- B) When the resource is used
- C) When the customer pays for the use of the resource
- D) When the entity receives an order for the use of the resource

Answer: B

8. **Which of the following is not a disclosure requirement for revenue recognition under IAS 18?**

- A) The amount of revenue recognized for each product or service
- B) The timing of revenue recognition for each product or service
- C) The cost of sales for each product or service
- D) The nature of the entity's relationship with its customers

Answer: C

9. **Which of the following is an example of a situation where revenue cannot be measured reliably under IAS 18?**

- A) A customer has not paid for goods or services
- B) A dispute arises over the quality of goods or services provided
- C) The costs of providing goods or services cannot be determined
- D) The entity has legal title to the goods or services

Answer: C

10. **What is the main objective of IAS 18?**

- A) To ensure the proper recognition and measurement of revenue in financial statements
- B) To provide guidance on the recognition and measurement of liabilities in financial statements
- C) To provide guidance on the recognition and measurement of assets in financial statements
- D) To provide guidance on the presentation of financial statements

Answer: A