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