## 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