

Certificate in International Financial Reporting Practice Test Questions and Answers

1. Under IAS 38, research costs are:

- A) Expensed as incurred
- B) Capitalised when technical feasibility is established
- C) Amortised over five years
- D) Capitalised if management intends to complete the project

2. What is 'value in use' under IAS 36?

- A) Present value of future cash flows expected from the asset
- B) Current market selling price
- C) Replacement cost of the asset
- D) Net book value of the asset

3. Under IAS 37, a contingent liability is:

- A) Disclosed in the notes but not recognised in the financial statements
- B) Recognised as a provision
- C) Recognised as a liability at fair value
- D) Ignored unless the outflow is certain

4. Under IFRS 13, fair value is defined as:

- A) The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date
- B) The amount for which an asset could be exchanged between knowledgeable parties
- C) Net realisable value in the principal market
- D) The cost to replace the asset

Answers: 1-A 2-A 3-A 4-A

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