

CA CPT Account Contingent Assets And Liabilities

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Instruction for Qusetion 1 To 19 MCQ

- Qn.1) If a contingent liability becomes probable, it has to be:** [1]
A. Shown in notes on accounts B. Provided in the books of accounts C. Ignored and no entry will be passed D. Shown in director's report
- Qn.2) Liability for bill discounted is a ____** [1]
A. Short term liability B. Long term liability C. Current liability D. Contingent liability
- Qn.3) Contingent liability if becomes probable then it is _____.** [1]
A. Provided for in the books of A/c B. Provided in Director's report C. Shown in notes to accounts D. None of these.
- Qn.4) Which of the following is not a contingent liability?** [1]
A. Claims against the firm not acknowledged as debts. B. Guarantees given in respect of third parties. C. Amount due to trade creditors which is not disputed. D. Bills discounted from bank.
- Qn.5) Contingent asset is not recognized in the financial statements on the basis of _____ accounting concept:** [1]
A. Prudence B. Materiality C. Substance over form D. Going concern
- Qn.6) Which of the following is not a contingent liability?** [1]
A. Uncalled liability on partly paid shares B. Claims against the company not acknowledged as debts C. Arrears of cumulative fixed dividends D. Debts included in debtors which are doubtful in nature
- Qn.7) Contingent Liabilities are shown :** [1]
A. As current liability B. As Capital fund C. As footnotes to balance sheet D. As Reserves
- Qn.8) If an inflow of economic benefits is probable then a contingent asset is disclosed** [1]
A. In the financial statements B. In the report of the approving authority (Board of Directors in the case of a company, and the corresponding approving authority in the case of any other enterprise.) C. In the cash flow statement. D. None of the above
- Qn.9) Contingent asset usually arises from unplanned or unexpected events that give rise to** [1]
A. The possibility of an inflow of economic benefits to the business entity. B. The possibility of an outflow of economic benefits to the business entity C. Either 1 OR 2 D. None of the above
- Qn.10) Bill discounted with a bank is _____.** [1]
A. Contingent liability B. Current liability C. Current Asset D. None of these
- Qn.11) If a reliable estimate of probable outflow of resources to settle a present obligation can be made it is** [1]
A. To be recognised as a liability B. To be recognised as a provision C. To be disclosed as a contingent liability D. None of these
- Qn.12) Deferred Revenue Expenditure to the extent not written off is shown in the balance sheet under** [1]
A. Miscellaneous expenses B. Capital C. Current Liabilities D. Fixed Asset
- Qn.13) Income tax demand, disputed by a company is _____.** [1]
A. Contingent Liability B. Current Liability C. Long term Liability D. None of these.
- Qn.14) Which of the following is not a contingent liability** [1]
A. Gaurantee given to a creditor B. Claims against the firm not acknowledged as debt C. Undisputed claim payable to creditor D. None of these
- Qn.15) Contingent assets usually arise from unplanned or other unexpected events:** [1]
A. TRUE B. FALSE C. Partly True D. None

- Qn.16) Present liability of uncertain amount, which can be measured reliably by using a substantial degree of estimation is termed as _____.** [1]
A. Provision. B. Liability. C. Contingent liabilities. D. None of the above.
- Qn.17) If a reliable estimate of probable outflow of resources to settle a present obligation cannot be made, it is** [1]
A. To be recognised as a liability B. To be recognised as a provision C. To be disclosed as a contingent liability D. None of these
- Qn.18) 'Workmen Compensation under Dispute' is an example of:** [1]
A. Contingent Liability B. Contingent Asset C. Current Liability D. Current Asset
- Qn.19) In the case of _____ either outflow of resources to settle the obligation is not probable or the amount expected to be paid to settle the liability cannot be measured with sufficient reliability.** [1]
A. Liability. B. Provision. C. Contingent liabilities. D. Contingent assets.