

CFA® SAMPLE QUESTION - LEVEL I

Financial Reporting and Analysis

Q: How should the proceeds received from the advance sale of tickets of a music concert be treated by the seller, assuming the tickets are nonrefundable

CORRECT ANSWER:

(b) Revenue is deferred until the music concert event is held.

The ticket revenue should not be recognized until it is earned.

Even though the tickets are nonrefundable, the seller is still "obligated" to hold the event.



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