

CFA® SAMPLE QUESTION - LEVEL I

Financial Reporting and Analysis

Q: Which of the following is not an essential condition necessary for revenue recognition?

CORRECT ANSWER:

a) Cash has been collected

In order to recognize revenue, the seller must know the sales price and be reasonably sure of collection, and must have delivered the goods or rendered the service.

Actual collection of cash is not required (==> concept of accrual accounting and account receivable account)



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