

21 Lecture - MGT101

Important Mcqs

1. **What is the purpose of revaluation of fixed assets?**

- a) To decrease the value of fixed assets
- b) To increase the value of fixed assets
- c) To reclassify the fixed assets
- d) To dispose of the fixed assets

Answer: b) To increase the value of fixed assets

2. **Which accounting standard provides guidance on revaluation of fixed assets?**

- a) IAS 16
- b) IFRS 9
- c) IAS 36
- d) IAS 10

Answer: a) IAS 16

3. **When should a company revalue its fixed assets?**

- a) Whenever it wants to increase the value of the assets
- b) When there is a significant increase or decrease in the market value of the assets
- c) At the end of every fiscal year
- d) Only when the assets are disposed of

Answer: b) When there is a significant increase or decrease in the market value of the assets

4. **What is the impact of revaluation of fixed assets on the income statement?**

- a) It does not have any impact on the income statement
- b) It results in an increase in profit
- c) It results in a decrease in profit
- d) It depends on the revaluation amount

Answer: d) It depends on the revaluation amount

5. **How is the revaluation reserve reported on the balance sheet?**

- a) As an asset
- b) As a liability
- c) As equity
- d) It is not reported on the balance sheet

Answer: c) As equity

6. **What is the purpose of creating a revaluation reserve?**

- a) To provide a source of funding for future capital expenditures

- b) To offset any future losses that may occur on the fixed assets
- c) To reflect the increase in the value of the fixed assets on the balance sheet
- d) To decrease the value of the fixed assets

Answer: c) To reflect the increase in the value of the fixed assets on the balance sheet

7. **What is the impact of revaluation of fixed assets on the depreciation expense?**
- a) It results in an increase in depreciation expense
 - b) It results in a decrease in depreciation expense
 - c) It does not have any impact on depreciation expense
 - d) It depends on the revaluation amount

Answer: a) It results in an increase in depreciation expense

8. **Which of the following is not a method of revaluing fixed assets?**
- a) Cost model
 - b) Revaluation model
 - c) Market model
 - d) Discounted cash flow model

Answer: c) Market model

9. **What is the journal entry to record the revaluation of fixed assets?**
- a) Debit revaluation reserve, credit fixed asset
 - b) Debit fixed asset, credit revaluation reserve
 - c) Debit revaluation reserve, credit retained earnings
 - d) Debit retained earnings, credit revaluation reserve

Answer: b) Debit fixed asset, credit revaluation reserve

10. **Which of the following is a limitation of revaluation of fixed assets?**
- a) It is time-consuming and expensive
 - b) It can only be done for tangible assets
 - c) It may result in overvaluing assets
 - d) It is not allowed under accounting standards

Answer: c) It may result in overvaluing assets