

6 Lecture - MGT401

Important Mcqs

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

- A) To increase the carrying value of assets
- B) To update the value of assets to reflect their current market value
- C) To decrease the accumulated depreciation of assets
- D) None of the above

Answer: B

2. **What types of assets can be revalued?**

- A) Tangible assets only
- B) Intangible assets only
- C) Both tangible and intangible assets
- D) None of the above

Answer: C

3. **How often is revaluation of assets typically performed?**

- A) Annually
- B) Every five years
- C) Every ten years
- D) It varies by company

Answer: D

4. **What impact does revaluation have on a company's balance sheet?**

- A) It does not impact the balance sheet
- B) It increases the value of assets and equity
- C) It decreases the value of assets and equity
- D) It depends on the specific assets being revalued

Answer: B

5. **How is the revaluation gain or loss recorded on a company's financial statements?**

- A) As a revenue or expense on the income statement
- B) As an adjustment to the carrying value of the asset on the balance sheet
- C) Both A and B
- D) None of the above

Answer: B

6. **What is the impact of revaluation on accumulated depreciation?**

- A) It increases accumulated depreciation
- B) It decreases accumulated depreciation

- C) It has no impact on accumulated depreciation
- D) It depends on the specific assets being revalued

Answer: D

7. What is the difference between fair value and revalued amount?

- A) There is no difference
- B) Fair value reflects the current market value, while revalued amount reflects the value determined by the company
- C) Revalued amount reflects the current market value, while fair value reflects the value determined by the company
- D) None of the above

Answer: B

8. How is revaluation loss treated in the financial statements?

- A) It is recorded as a revenue on the income statement
- B) It is recorded as an expense on the income statement
- C) It is recorded as a reduction to equity on the balance sheet
- D) It is not recorded on the financial statements

Answer: C

9. What is the purpose of revaluation reserve?

- A) To track changes in the value of revalued assets
- B) To record any revaluation gains or losses
- C) To prevent companies from manipulating the value of their assets
- D) All of the above

Answer: D

10. When can a company revalue its assets?

- A) Anytime it wants
- B) Only when there is a significant change in the asset's value
- C) Only when required by accounting standards or regulations
- D) Only when the company is preparing to sell the asset

Answer: C