9 Lecture - MGT401

Important Mcqs

- 1. Under IAS 38, what is the maximum amortization period for intangible assets?
 - a) 5 years
 - b) 10 years
 - c) 15 years
 - d) 20 years

Answer: b) 10 years

- 2. Which of the following is an example of an intangible asset?
 - a) Land
 - b) Machinery
 - c) Patents
 - d) Inventory

Answer: c) Patents

- 3. Under IAS 38, how should research costs be treated?
 - a) Expensed as incurred
 - b) Capitalized as an intangible asset
 - c) Recorded as a liability
 - d) None of the above

Answer: a) Expensed as incurred

- 4. What is the accounting treatment for goodwill under IAS 38?
 - a) Amortized over a period of 10 years
 - b) Revalued annually
 - c) Tested for impairment annually
 - d) Written off immediately

Answer: a) Amortized over a period of 10 years

- 5. What is the maximum period for which goodwill can be amortized under IAS 38?
 - a) 5 years
 - b) 10 years
 - c) 15 years
 - d) 20 years

Answer: b) 10 years

- 6. Which of the following is not an example of an intangible asset?
 - a) Trademark
 - b) Copyright
 - c) Investment in an associate
 - d) Goodwill

Answer: c) Investment in an associate

- 7. What is an investment in associates?
 - a) An equity investment in a company in which the investor has control

- b) An equity investment in a company in which the investor has significant influence
- c) A debt investment in a company
- d) None of the above

Answer: b) An equity investment in a company in which the investor has significant influence

8. How should an investment in an associate be accounted for under IAS 28?

- a) At cost less impairment
- b) At fair value
- c) Using the equity method
- d) None of the above

Answer: c) Using the equity method

9. What is the equity method of accounting?

- a) An accounting method that records an investment in an associate at cost
- b) An accounting method that records an investment in an associate at fair value
- c) An accounting method that records an investment in an associate at the investor's share of the associate's net assets
- d) None of the above

Answer: c) An accounting method that records an investment in an associate at the investor's share of the associate's net assets

10. Which of the following is not an example of an intangible asset that can be recognized under IAS 38?

- a) Brands
- b) Customer lists
- c) Goodwill
- d) Land

Answer: d) Land