# 10 Lecture - MGT401

## **Important Mcqs**

#### 1. Which of the following is an example of other non-current assets?

- A) Land held for investment purposes
- B) Machinery and equipment
- C) Goodwill
- D) Short-term investments

#### Answer: A) Land held for investment purposes

#### 2. How are other non-current assets reported on the balance sheet?

- A) Under the current assets section
- B) Under the liabilities section
- C) Under the non-current assets section
- D) Under the equity section

#### Answer: C) Under the non-current assets section

## 3. Which of the following is an example of long-term prepaid expenses?

- A) Insurance premiums paid for the next six months
- B) Rent paid for the next month
- C) Advertising expenses paid for the next year
- D) Salaries paid for the current month

#### Answer: C) Advertising expenses paid for the next year

#### 4. What are deferred tax assets?

- A) Assets that are recorded at a higher value than their fair market value
- B) Assets that arise due to temporary differences between accounting and tax rules
- C) Assets that are used in the production of goods and services
- D) Assets that are purchased for investment purposes

#### Answer: B) Assets that arise due to temporary differences between accounting and tax rules

#### 5. Which of the following is an example of long-term receivables?

- A) Amounts owed by customers for goods or services sold on credit
- B) Amounts owed by suppliers for goods or services purchased on credit
- C) Amounts owed by employees for advances or loans
- D) Amounts owed by the government for taxes paid in excess

#### Answer: A) Amounts owed by customers for goods or services sold on credit

#### 6. How are other non-current assets typically amortized?

- A) Straight-line method
- B) Double-declining balance method

- C) Sum-of-the-years'-digits method
- D) They are not typically amortized

#### Answer: D) They are not typically amortized

#### 7. How often are other non-current assets tested for impairment?

- A) Monthly
- B) Quarterly
- C) Annually
- D) It depends on the nature of the asset

#### Answer: D) It depends on the nature of the asset

#### 8. Which of the following is an example of an intangible other non-current asset?

- A) Long-term investments in marketable securities
- B) Prepaid expenses for a period exceeding one year
- C) Trademarks and patents
- D) Inventories held for more than one year

### Answer: C) Trademarks and patents

## 9. What is the purpose of accounting for other non-current assets?

- A) To increase net income
- B) To decrease taxes owed
- C) To provide accurate financial reporting
- D) To reduce liabilities

#### Answer: C) To provide accurate financial reporting

#### 10. How are other non-current assets typically valued?

- A) At cost less accumulated depreciation
- B) At fair value less accumulated depreciation
- C) At market value less accumulated depreciation
- D) At replacement cost less accumulated depreciation

Answer: B) At fair value less accumulated depreciation