14 Lecture - MGT401

Important Mcqs

- 1. Which category of assets are expected to be converted into cash within one year or the normal operating cycle of the business?
 - a) Non-current assets
 - b) Current assets
 - c) Tangible assets
 - d) Intangible assets

Answer: b) Current assets

- 2. How should assets be presented in the balance sheet?
 - a) In random order
 - b) In order of magnitude
 - c) In order of liquidity
 - d) In alphabetical order

Answer: c) In order of liquidity

- 3. What should the balance sheet disclose about assets?
 - a) The exact amount of each asset
 - b) Any restrictions on the use of assets
 - c) The purchase price of each asset
 - d) The future expected value of each asset

Answer: b) Any restrictions on the use of assets

- 4. What is the purpose of proper presentation and disclosure of assets?
 - a) To make the balance sheet look more attractive
 - b) To provide transparency and help users make informed decisions
 - c) To hide information from stakeholders
 - d) To confuse investors

Answer: b) To provide transparency and help users make informed decisions

- 5. Which type of assets are not expected to be converted into cash within one year?
 - a) Current assets
 - b) Non-current assets
 - c) Tangible assets
 - d) Intangible assets

Answer: b) Non-current assets

- 6. What should be disclosed in the balance sheet about the value of assets?
 - a) The exact amount of each asset

- b) The method used to determine the value of each asset
- c) The expected future value of each asset
- d) The current market value of each asset

Answer: b) The method used to determine the value of each asset

- 7. Which type of assets are physical items such as buildings and equipment?
 - a) Current assets
 - b) Non-current assets
 - c) Tangible assets
 - d) Intangible assets

Answer: c) Tangible assets

- 8. What does the disclosure of significant estimates or judgments made in determining the value of assets help with?
 - a) It helps stakeholders understand the process used to value assets
 - b) It makes the balance sheet look more attractive
 - c) It hides information from stakeholders
 - d) It confuses investors

Answer: a) It helps stakeholders understand the process used to value assets

- 9. Which category of assets can include items such as patents and copyrights?
 - a) Current assets
 - b) Non-current assets
 - c) Tangible assets
 - d) Intangible assets

Answer: d) Intangible assets

- 10. What is the purpose of presenting assets in the balance sheet?
 - a) To hide information from stakeholders
 - b) To make the company look more profitable
 - c) To provide transparency and help users make informed decisions
 - d) To confuse investors

Answer: c) To provide transparency and help users make informed decisions