15 Lecture - MGT401

Important Subjective

1. What is the definition of long-term investments?

Answer: Long-term investments are assets held by a company for a period exceeding one year.

2. How are marketable securities categorized?

Answer: Marketable securities are categorized as long-term investments.

3. What are non-marketable securities?

Answer: Non-marketable securities include loans to other companies or affiliates.

4. Where should long-term investments be presented in the balance sheet?

Answer: Long-term investments should be presented in the non-current assets section of the balance sheet.

5. What should be disclosed regarding the value of long-term investments?

Answer: The value of long-term investments should be disclosed in the balance sheet, along with any significant estimates or judgments made in determining their value.

6. What should be disclosed regarding the use of long-term investments?

Answer: Any restrictions on the use of long-term investments should be disclosed in the notes to the financial statements.

7. Why is it important to include the purpose and risks associated with long-term investments in the notes to the financial statements?

Answer: It is important to include the purpose and risks associated with long-term investments in the notes to the financial statements to provide stakeholders with a better understanding of the company's investment strategy and potential risks.

8. What is the difference between marketable and non-marketable securities?

Answer: Marketable securities can be easily sold or traded, while non-marketable securities cannot.

9. What is the significance of disclosing significant estimates or judgments made in determining the value of long-term investments?

Answer: Disclosing significant estimates or judgments made in determining the value of long-term investments is important to provide transparency to stakeholders.

10. Why is proper presentation and disclosure of long-term investments important for a company?

Answer: Proper presentation and disclosure of long-term investments is important for a company to improve investor confidence and attract financing.