

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.