21 Lecture - MGT401

Important Mcqs

- 1. Liabilities are typically presented in the balance sheet in:
 - a) Ascending order of maturity dates
 - b) Alphabetical order
 - c) Descending order of maturity dates
 - d) Random order

Answer: c) Descending order of maturity dates

- 2. The presentation of liabilities in the balance sheet provides insights into the company's:
 - a) Inventory turnover
 - b) Solvency and liquidity
 - c) Revenue recognition policies
 - d) Capital structure

Answer: b) Solvency and liquidity

- 3. Which of the following is an example of a current liability?
 - a) Long-term loan
 - b) Accounts payable
 - c) Mortgage payable
 - d) Bonds payable

Answer: b) Accounts payable

- 4. Accrued expenses are an example of:
 - a) Long-term liabilities
 - b) Current liabilities
 - c) Equity
 - d) Assets

Answer: b) Current liabilities

- 5. The order of presentation of liabilities in the balance sheet is determined by:
 - a) The size of the liability
 - b) The order in which the liability was incurred
 - c) The maturity date of the liability
 - d) The industry in which the company operates

Answer: c) The maturity date of the liability

- 6. A contingent liability should be disclosed in the balance sheet:
 - a) Only if it is probable
 - b) Only if it is reasonably possible

- c) Only if it is remote
- d) Regardless of the probability of occurrence

Answer: b) Only if it is reasonably possible

- 7. Which of the following is not an example of a long-term liability?
 - a) Bank loan
 - b) Mortgage payable
 - c) Accounts payable
 - d) Bonds payable

Answer: c) Accounts payable

- 8. A company's debt-to-equity ratio can be calculated using information from the:
 - a) Income statement
 - b) Statement of cash flows
 - c) Balance sheet
 - d) Notes to the financial statements

Answer: c) Balance sheet

- 9. A company's current ratio can be calculated using information from the:
 - a) Income statement
 - b) Statement of cash flows
 - c) Balance sheet
 - d) Notes to the financial statements

Answer: c) Balance sheet

- 10. The disclosure requirements for long-term debt in the balance sheet are governed by:
 - a) IAS 1
 - b) IAS 2
 - c) IAS 16
 - d) IAS 39

Answer: d) IAS 39