

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