30 Lecture - MGT401

Important Mcqs

- 1. Which type of lease requires the recognition of the leased asset and associated liability on the balance sheet of the lessee?
 - a) Operating lease
 - b) Finance lease
 - c) Both a and b
 - d) None of the above
 - Answer: b

2. How are lease incentives recognized under IAS 17?

- a) As an expense in the income statement
- b) As a reduction in lease payments and amortized over the lease term
- c) As a gain on the income statement
- d) None of the above

Answer: b

3. How are subleases accounted for under IAS 17?

- a) As an expense in the income statement
- b) As a reduction in lease payments and amortized over the lease term
- c) In the same way as the original lease
- d) None of the above

Answer: c

4. Which type of leaseback transaction can result in a gain recognized in the income statement?

- a) Finance lease
- b) Operating lease
- c) Both a and b
- d) None of the above

Answer: b

5. What are the disclosure requirements for finance leases under IAS 17?

- a) Future minimum lease payments
- b) Contingent rent payments
- c) General description of lease terms
- d) All of the above
- Answer: d

Provisions, Contingent assets and Contingent Liabilities - IAS 37

6. When is a provision recognized under IAS 37?

- a) When there is a possible obligation or benefit that depends on future events
- b) When there is a present obligation as a result of a past event
- c) When there is a contingent asset

d) None of the above Answer: b

7. What are the disclosure requirements for provisions under IAS 37?

- a) Nature of the obligation
- b) Amount of the provision
- c) Uncertainties surrounding the obligation
- d) All of the above

Answer: d

8. How are contingent assets recognized under IAS 37?

- a) As a gain on the income statement
- b) As an asset on the balance sheet
- c) Only when the inflow of economic benefits is virtually certain
- d) None of the above

Answer: c

9. What is the probability threshold for recognizing a contingent liability under IAS 37?

- a) Reasonably possible
- b) Probable
- c) Virtually certain
- d) None of the above

Answer: b

10. How are contingent liabilities disclosed under IAS 37?

- a) Nature of the contingency
- b) Estimate of the financial effect
- c) Probability of the contingency occurring
- d) All of the above

Answer: d