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

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