

# 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