

41 Lecture - MGT401

Important Mcqs

1. **What are events after the balance sheet date?**

- A. Events that occur after the reporting period but before the financial statements are authorized for issue.
- B. Events that occur after the financial statements are authorized for issue.
- C. Events that occur before the reporting period but after the financial statements are authorized for issue.
- D. Events that occur after the reporting period and after the financial statements are authorized for issue.

Answer: A.

2. **Which of the following is an example of a type 1 subsequent event?**

- A. Settlement of a lawsuit after the reporting period but before the financial statements are authorized for issue.
- B. Sale of a subsidiary after the financial statements are authorized for issue.
- C. Acquisition of a business before the reporting period but after the financial statements are authorized for issue.
- D. Payment of a dividend after the reporting period but before the financial statements are authorized for issue.

Answer: A.

3. **How should type 1 subsequent events be treated in the financial statements?**

- A. Adjusted in the financial statements.
- B. Disclosed in the notes to the financial statements.
- C. Not recognized or disclosed in the financial statements.
- D. Disclosed in the income statement.

Answer: A.

4. **What is the treatment for type 2 subsequent events?**

- A. Adjusted in the financial statements.
- B. Disclosed in the notes to the financial statements.
- C. Not recognized or disclosed in the financial statements.
- D. Disclosed in the income statement.

Answer: B.

5. **Which of the following events would be considered a type 2 subsequent event?**

- A. Settlement of a lawsuit after the reporting period but before the financial statements are authorized for issue.
- B. Sale of a subsidiary after the financial statements are authorized for issue.

- C. Acquisition of a business before the reporting period but after the financial statements are authorized for issue.
- D. Payment of a dividend after the reporting period but before the financial statements are authorized for issue.

Answer: B.

6. **How should events after the balance sheet date that do not require adjustment in the financial statements be disclosed?**
- A. Disclosed in the income statement.
 - B. Disclosed in the balance sheet.
 - C. Disclosed in the notes to the financial statements.
 - D. Disclosed in the cash flow statement.

Answer: C.

7. **Which of the following events would require adjustment in the financial statements?**
- A. Settlement of a lawsuit after the reporting period but before the financial statements are authorized for issue.
 - B. Sale of a subsidiary after the financial statements are authorized for issue.
 - C. Acquisition of a business before the reporting period but after the financial statements are authorized for issue.
 - D. Payment of a dividend after the reporting period but before the financial statements are authorized for issue.

Answer: A.

8. **How should an event after the balance sheet date that results in the recognition of a liability be disclosed?**
- A. Disclosed in the income statement.
 - B. Disclosed in the balance sheet.
 - C. Disclosed in the notes to the financial statements.
 - D. Disclosed in the cash flow statement.

Answer: B.

9. **How should an event after the balance sheet date that results in the recognition of an asset be disclosed?**
- A. Disclosed in the income statement.
 - B. Disclosed in the balance sheet.
 - C. Disclosed in the notes to the financial statements.
 - D. Disclosed in the cash flow statement.

Answer: C.

10. **Which of the following events would not be considered an event after the balance sheet date?**
- A. Sale of inventory after the reporting period but before the financial statements are authorized for issue.
 - B. Settlement of a lawsuit after