1 Lecture - MGT101

Important Mcqs

1. **Which of the following is the fundamental equation of accounting?** a) Assets = Liabilities b) Assets = Liabilities + Equity c) Revenue = Expenses d) None of the above

Answer: b) Assets = Liabilities + Equity

2. Which accounting concept requires that expenses be recognized when incurred, regardless of when payment is made? a) Going concern concept b) Matching concept c) Accrual concept d) None of the above

Answer: c) Accrual concept

3. Which type of accounting records the flow of money in and out of a business? a) Financial accounting b) Management accounting c) Cost accounting d) None of the above

Answer: a) Financial accounting

4. What is the purpose of double-entry accounting? a) To record every transaction twice b) To prevent errors and ensure accuracy c) To calculate net income d) None of the above

Answer: b) To prevent errors and ensure accuracy

5. Which financial statement shows a company's revenues and expenses over a period of time? a) Balance sheet b) Income statement c) Statement of cash flows d) None of the above

Answer: b) Income statement

6. Which accounting concept assumes that a business will continue to operate into the foreseeable future? a) Going concern concept b) Matching concept c) Accrual concept d) None of the above

Answer: a) Going concern concept

7. Which account represents a company's obligations to pay for goods or services received? a) Accounts receivable b) Accounts payable c) Inventory d) None of the above

Answer: b) Accounts payable

8. **Which of the following is a current asset?** a) Property, plant, and equipment b) Accounts receivable c) Patents d) None of the above

Answer: b) Accounts receivable

9. Which financial statement shows a company's assets, liabilities, and equity at a specific point in time? a) Balance sheet b) Income statement c) Statement of cash flows d) None of the above

Answer: a) Balance sheet

10. **Which account represents a company's ownership interest in its assets?** a) Liabilities b) Equity c) Revenue d) None of the above

Answer: b) Equity