

8 Lecture - MGT101

Important Mcqs

1. **What financial statement shows a company's revenues and expenses over a period of time?**
 - a. Balance Sheet
 - b. Income Statement
 - c. Cash Flow Statement**Solution: b. Income Statement**

2. **What financial statement shows a company's assets, liabilities, and equity at a specific point in time?**
 - a. Balance Sheet
 - b. Income Statement
 - c. Cash Flow Statement**Solution: a. Balance Sheet**

3. **Which financial statement shows how much cash a company generated or used during a period?**
 - a. Balance Sheet
 - b. Income Statement
 - c. Cash Flow Statement**Solution: c. Cash Flow Statement**

4. **What is the accounting equation?**
 - a. $\text{Assets} = \text{Liabilities} + \text{Equity}$
 - b. $\text{Revenue} - \text{Expenses} = \text{Net Income}$
 - c. $\text{Cash Flow} = \text{Cash Inflows} - \text{Cash Outflows}$**Solution: a. $\text{Assets} = \text{Liabilities} + \text{Equity}$**

5. **What is the formula for calculating net income?**
 - a. $\text{Revenue} - \text{Expenses} = \text{Net Income}$
 - b. $\text{Assets} = \text{Liabilities} + \text{Equity}$
 - c. $\text{Cash Flow} = \text{Cash Inflows} - \text{Cash Outflows}$**Solution: a. $\text{Revenue} - \text{Expenses} = \text{Net Income}$**

6. **Which financial statement reports a company's retained earnings?**
 - a. Balance Sheet
 - b. Income Statement
 - c. Statement of Retained Earnings**Solution: c. Statement of Retained Earnings**

7. **What is the purpose of financial statements?**
 - a. To show a company's profitability
 - b. To provide information for decision-making
 - c. To show a company's cash balance**Solution: b. To provide information for decision-making**

8. **What is the formula for calculating total assets?**

- a. Total Assets = Total Liabilities + Equity
- b. Total Assets = Current Assets - Current Liabilities
- c. Total Assets = Non-Current Assets + Current Assets

Solution: c. Total Assets = Non-Current Assets + Current Assets

9. **What is the formula for calculating total equity?**

- a. Total Equity = Total Assets - Total Liabilities
- b. Total Equity = Retained Earnings + Common Stock
- c. Total Equity = Net Income - Dividends

Solution: b. Total Equity = Retained Earnings + Common Stock

10. **Which financial statement shows how a company's equity changed over a period?**

- a. Balance Sheet
- b. Income Statement
- c. Statement of Retained Earnings

Solution: c. Statement of Retained Earnings