

8 Lecture - MGT101

Important Mcqs

- 1. What financial statement shows a company's revenues and expenses over a period of time?**

 - Balance Sheet
 - Income Statement
 - 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?**

 - Balance Sheet
 - Income Statement
 - Cash Flow Statement

Solution: a. Balance Sheet
- 3. Which financial statement shows how much cash a company generated or used during a period?**

 - Balance Sheet
 - Income Statement
 - Cash Flow Statement

Solution: c. Cash Flow Statement
- 4. What is the accounting equation?**

 - $\text{Assets} = \text{Liabilities} + \text{Equity}$
 - $\text{Revenue} - \text{Expenses} = \text{Net Income}$
 - $\text{Cash Flow} = \text{Cash Inflows} - \text{Cash Outflows}$

Solution: a. Assets = Liabilities + Equity
- 5. What is the formula for calculating net income?**

 - $\text{Revenue} - \text{Expenses} = \text{Net Income}$
 - $\text{Assets} = \text{Liabilities} + \text{Equity}$
 - $\text{Cash Flow} = \text{Cash Inflows} - \text{Cash Outflows}$

Solution: a. Revenue - Expenses = Net Income
- 6. Which financial statement reports a company's retained earnings?**

 - Balance Sheet
 - Income Statement
 - Statement of Retained Earnings

Solution: c. Statement of Retained Earnings
- 7. What is the purpose of financial statements?**

 - To show a company's profitability
 - To provide information for decision-making
 - 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