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. Assets = Liabilities + Equity
 - b. Revenue Expenses = Net Income
 - c. Cash Flow = Cash Inflows Cash Outflows

Solution: a. Assets = Liabilities + Equity

- 5. What is the formula for calculating net income?
 - a. Revenue Expenses = Net Income
 - b. Assets = Liabilities + Equity
 - c. Cash Flow = Cash Inflows Cash Outflows

Solution: a. Revenue - Expenses = 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