9 Lecture - MGT101

Important Subjective

1. What are the three types of financial statements?

Answer: The three types of financial statements are the income statement, balance sheet, and cash flow statement.

2. What is the purpose of the income statement?

Answer: The purpose of the income statement is to show a company's revenues and expenses over a period of time and calculate its net income.

3. What is the accounting equation?

Answer: The accounting equation is Assets = Liabilities + Equity.

4. What is the purpose of the balance sheet?

Answer: The purpose of the balance sheet is to show a company's assets, liabilities, and equity at a specific point in time.

5. What is the statement of cash flows?

Answer: The statement of cash flows is a financial statement that shows how much cash a company generated or used during a period.

6. What is the purpose of the statement of retained earnings?

Answer: The purpose of the statement of retained earnings is to show how a company's retained earnings changed over a period.

7. What is net income?

Answer: Net income is the amount of money a company earned after deducting all of its expenses from its revenues.

8. What is the difference between accounts payable and accounts receivable?

Answer: Accounts payable is money owed by a company to its creditors, while accounts receivable is money owed to a company by its customers.

9. What is the difference between long-term and short-term assets?

Answer: Long-term assets are expected to provide benefits for more than one year, while short-term assets are expected to provide benefits for less than one year.

10. What is the difference between long-term and short-term liabilities?

Answer: Long-term liabilities are due in more than one year, while short-term liabilities are due within one year.