10 Lecture - MGT101

Important Mcqs

- 1. Which of the following accounts is classified as an asset?
 - a. Accounts payable
 - b. Common stock
 - c. Inventory
 - d. Retained earnings

Answer: c. Inventory

- 2. What is the accounting equation?
 - a. Assets = Liabilities Equity
 - b. Assets Liabilities = Equity
 - c. Assets + Liabilities = Equity
 - d. Assets = Liabilities + Equity

Answer: d. Assets = Liabilities + Equity

- 3. Which of the following accounts increases with a debit?
 - a. Accounts payable
 - b. Common stock
 - c. Sales revenue
 - d. Rent expense

Answer: d. Rent expense

- 4. What is the normal balance for liabilities?
 - a. Debit
 - b. Credit
 - c. Neither debit nor credit
 - d. Both debit and credit

Answer: b. Credit

- 5. Which of the following transactions would decrease assets and decrease liabilities?
 - a. Payment of accounts payable
 - b. Purchase of inventory on credit
 - c. Sale of goods on credit
 - d. Receipt of cash from a customer

Answer: a. Payment of accounts payable

- 6. Which of the following financial statements shows the net income of a company?
 - a. Balance sheet
 - b. Income statement
 - c. Statement of retained earnings
 - d. Statement of cash flows

Answer: b. Income statement

- 7. Which of the following accounts is classified as a liability?
 - a. Accounts receivable

- b. Prepaid rent
- c. Notes payable
- d. Supplies expense

Answer: c. Notes payable

8. Which of the following transactions would increase both assets and liabilities?

- a. Purchase of equipment with cash
- b. Sale of goods on credit
- c. Borrowing money from a bank
- d. Payment of accounts payable

Answer: c. Borrowing money from a bank

9. What is the normal balance for equity accounts?

- a. Debit
- b. Credit
- c. Neither debit nor credit
- d. Both debit and credit

Answer: b. Credit

10. Which of the following financial statements shows a company's cash flows from operating, investing, and financing activities?

- a. Balance sheet
- b. Income statement
- c. Statement of retained earnings
- d. Statement of cash flows

Answer: d. Statement of cash flows