

29 Lecture - MGT101

Important Mcqs

1. **Which of the following financial statements reports an entity's financial position as of a specific date?**
- Income statement
 - Balance sheet
 - Statement of changes in equity
 - Cash flow statement

Solution: b. Balance sheet

2. **Which financial statement shows the entity's revenues and expenses during a period of time?**
- Income statement
 - Balance sheet
 - Statement of changes in equity
 - Cash flow statement

Solution: a. Income statement

3. **What is the purpose of the statement of changes in equity?**
- To show the net cash inflows and outflows during a period
 - To report changes in equity accounts during a period
 - To report the entity's financial position as of a specific date
 - To show the entity's revenues and expenses during a period

Solution: b. To report changes in equity accounts during a period

4. **Which financial statement shows the changes in the entity's cash and cash equivalents during a period?**
- Income statement
 - Balance sheet
 - Statement of changes in equity
 - Cash flow statement

Solution: d. Cash flow statement

5. **Which of the following financial statements is not required for a small business according to the Generally Accepted Accounting Principles (GAAP)?**
- Income statement
 - Balance sheet
 - Statement of changes in equity
 - Cash flow statement

Solution: d. Cash flow statement

6. **What is the purpose of the notes to the financial statements?**
- a. To provide additional information and explanations about the financial statements
 - b. To report the entity's financial position as of a specific date
 - c. To show the net cash inflows and outflows during a period
 - d. To show the entity's revenues and expenses during a period

Solution: a. To provide additional information and explanations about the financial statements

7. **Which of the following is not an asset on the balance sheet?**
- a. Accounts payable
 - b. Cash and cash equivalents
 - c. Inventory
 - d. Property, plant, and equipment

Solution: a. Accounts payable

8. **Which financial statement shows the entity's net income or net loss for a period?**
- a. Income statement
 - b. Balance sheet
 - c. Statement of changes in equity
 - d. Cash flow statement

Solution: a. Income statement

9. **Which of the following is not a type of financial statement analysis?**
- a. Vertical analysis
 - b. Horizontal analysis
 - c. Ratio analysis
 - d. Annual analysis

Solution: d. Annual analysis

10. **Which of the following is a limitation of financial statement analysis?**
- a. It is based on historical data
 - b. It does not consider qualitative factors
 - c. It relies on estimates and assumptions
 - d. All of the above

Solution: d. All of the above