29 Lecture - MGT101

Important Mcqs

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

Solution: b. Balance sheet

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

Solution: a. Income statement

- 3. What is the purpose of the statement of changes in equity?
 - a. To show the net cash inflows and outflows during a period
 - b. To report changes in equity accounts during a period
 - c. To report the entity's financial position as of a specific date
 - d. 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?
 - a. Income statement
 - b. Balance sheet
 - c. Statement of changes in equity
 - d. 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)?
 - a. Income statement
 - b. Balance sheet
 - c. Statement of changes in equity
 - d. 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