30 Lecture - MGT101

Important Mcqs

1. What is the purpose of presenting financial statements?

- A. To provide a summary of financial performance and position
- B. To determine the value of the entity
- C. To determine tax liabilities
- D. To pay dividends

Answer: A

2. Which financial statement 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

Answer: B

3. 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 changes in equity accounts
- C. To report changes in cash and cash equivalents
- D. To analyze financial trends over a period

Answer: A

4. Which financial statement reports the changes in an entity's equity accounts during a period?

- A. Income statement
- B. Balance sheet
- C. Statement of changes in equity
- D. Cash flow statement

Answer: C

5. What is the significance of adhering to GAAP or IFRS in financial reporting?

- A. Ensures financial statements are prepared in a consistent, transparent, and accurate manner
- B. Determines the value of the entity
- C. Provides guidelines for tax reporting
- D. Determines dividend payouts

Answer: A

6. What is the purpose of vertical analysis?

- A. To analyze financial trends over a period
- B. To evaluate an entity's financial performance and position
- C. To report changes in equity accounts
- D. To analyze relationships between items on a financial statement

Answer: D

7. Which financial statement reports an entity's revenues and expenses during a period?

- A. Income statement
- B. Balance sheet
- C. Statement of changes in equity
- D. Cash flow statement

Answer: A

8. What is the purpose of ratio analysis?

- A. To evaluate an entity's financial performance and position
- B. To analyze financial trends over a period
- C. To report changes in equity accounts
- D. To analyze relationships between items on a financial statement

Answer: A

9. Which financial statement reports the changes in an 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

Answer: D

10. What is the purpose of horizontal analysis?

- A. To analyze relationships between items on a financial statement
- B. To evaluate an entity's financial performance and position
- C. To report changes in equity accounts
- D. To analyze financial trends over a period

Answer: D