

37 Lecture - MGT101

Important Mcqs

1. **Which of the following financial statements shows a company's financial position at a specific point in time?**
 - a) Income statement
 - b) Statement of cash flows
 - c) Balance sheet
 - d) Statement of changes in equity**Answer: c) Balance sheet**

2. **Which of the following is a component of the income statement?**
 - a) Cash flows from operating activities
 - b) Retained earnings
 - c) Gross profit
 - d) Beginning balance of cash**Answer: c) Gross profit**

3. **Which financial statement reports a company's cash inflows and outflows during a specific period?**
 - a) Balance sheet
 - b) Income statement
 - c) Statement of cash flows
 - d) Statement of changes in equity**Answer: c) Statement of cash flows**

4. **Which financial statement shows changes in a company's equity over a period of time?**
 - a) Balance sheet
 - b) Income statement
 - c) Statement of cash flows
 - d) Statement of changes in equity**Answer: d) Statement of changes in equity**

5. **What does the income statement report?**
 - a) The company's financial position at a specific point in time
 - b) The company's cash inflows and outflows during a specific period
 - c) The company's revenues, expenses, and net income or loss for a specific period
 - d) The changes in the company's equity over a period of time**Answer: c) The company's revenues, expenses, and net income or loss for a specific period**

6. **Which of the following is a current asset?**
 - a) Building
 - b) Inventory
 - c) Patent
 - d) Trademark**Answer: b) Inventory**

7. **Which of the following is a component of the statement of cash flows?**

- a) Net income
- b) Retained earnings
- c) Depreciation expense
- d) Beginning balance of accounts payable

Answer: c) Depreciation expense

8. **Which of the following is a long-term liability?**

- a) Accounts payable
- b) Notes payable due within one year
- c) Salaries payable
- d) Bonds payable

Answer: d) Bonds payable

9. **Which financial statement reports the changes in a company's cash balance during a specific period?**

- a) Balance sheet
- b) Income statement
- c) Statement of cash flows
- d) Statement of changes in equity

Answer: c) Statement of cash flows

10. **What is the formula for calculating net income?**

- a) Total assets minus total liabilities
- b) Total revenues minus total expenses
- c) Beginning balance plus ending balance divided by 2
- d) Total cash inflows minus total cash outflows

Answer: b) Total revenues minus total expenses