37 Lecture - MGT101

Important Subjective

1. What is the purpose of the balance sheet?

Answer: The balance sheet provides information about a company's financial position at a specific point in time, including its assets, liabilities, and equity.

2. What is the purpose of the income statement?

Answer: The income statement reports a company's revenues, expenses, and net income or loss for a specific period.

3. What is the difference between gross profit and net profit?

Answer: Gross profit is the difference between a company's revenue and the cost of goods sold. Net profit is the revenue minus all expenses, including the cost of goods sold.

4. What are some examples of current assets?

Answer: Examples of current assets include cash, accounts receivable, inventory, and prepaid expenses.

5. What are some examples of long-term assets?

Answer: Examples of long-term assets include property, plant, and equipment, investments, and intangible assets.

6. What are some examples of current liabilities?

Answer: Examples of current liabilities include accounts payable, short-term loans, and accrued expenses.

7. What are some examples of long-term liabilities?

Answer: Examples of long-term liabilities include long-term loans, bonds payable, and deferred taxes.

8. What is the statement of cash flows used for?

Answer: The statement of cash flows reports a company's cash inflows and outflows during a specific period and is used to evaluate a company's liquidity and ability to meet its financial obligations.

9. What is the difference between operating, investing, and financing activities on the statement of cash flows?

Answer: Operating activities include cash flows related to the day-to-day operations of a business, investing activities include cash flows related to the purchase or sale of long-term assets, and financing activities include cash flows related to the issuance or repayment of debt or equity.

10. What is the purpose of the statement of changes in equity?

Answer: The statement of changes in equity reports the changes in a company's equity over a period of time and is used to understand the factors that contributed to changes in equity, such as net income, dividends, and stock issuances.