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.