

# 40 Lecture - MGT101

## Important Mcqs

- 1. Which financial statement reflects a company's cash inflows and outflows?**
  - a) Income Statement
  - b) Balance Sheet
  - c) Cash Flow Statement
  - d) Statement of Changes in Equity**Solution: c) Cash Flow Statement**
- 2. What does the Income Statement reflect?**
  - a) A company's assets, liabilities, and equity
  - b) A company's revenue, expenses, and profit or loss
  - c) A company's cash inflows and outflows
  - d) A company's changes in equity**Solution: b) A company's revenue, expenses, and profit or loss**
- 3. Which financial statement outlines the company's assets, liabilities, and equity?**
  - a) Income Statement
  - b) Balance Sheet
  - c) Cash Flow Statement
  - d) Statement of Changes in Equity**Solution: b) Balance Sheet**
- 4. Who uses financial statements to make informed decisions about a company?**
  - a) Government Agencies
  - b) Employees
  - c) Investors
  - d) All of the Above**Solution: c) Investors**
- 5. What is the role of auditors in verifying the accuracy of financial statements?**
  - a) Enhancing investor confidence
  - b) Maintaining transparency and credibility
  - c) Ensuring compliance with accounting standards and regulations
  - d) All of the Above**Solution: d) All of the Above**
- 6. What is the formula for calculating a company's profit?**
  - a) Revenue - Assets
  - b) Assets - Liabilities
  - c) Revenue - Expenses
  - d) Expenses - Liabilities**Solution: c) Revenue - Expenses**
- 7. What does the Statement of Changes in Equity reflect?**
  - a) A company's assets, liabilities, and equity

- b) A company's revenue, expenses, and profit or loss
- c) A company's cash inflows and outflows
- d) A company's changes in equity

**Solution: d) A company's changes in equity**

8. **What is the main purpose of financial statements?**

- a) To provide information about a company's financial health, performance, and position
- b) To minimize taxes paid by the company
- c) To enhance employee satisfaction
- d) To increase government revenue

**Solution: a) To provide information about a company's financial health, performance, and position**

9. **Which financial statement provides a snapshot of a company's financial position at a specific point in time?**

- a) Income Statement
- b) Balance Sheet
- c) Cash Flow Statement
- d) Statement of Changes in Equity

**Solution: b) Balance Sheet**

10. **What is the difference between assets and liabilities in a company's balance sheet?**

- a) Assets represent the company's obligations, while liabilities represent what the company owns
- b) Assets represent what the company owns, while liabilities represent the company's obligations
- c) Assets and liabilities are interchangeable terms in accounting
- d) There is no difference between assets and liabilities in a company's balance sheet

**Solution: b) Assets represent what the company owns, while liabilities represent the company's obligations**