## 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

