42 Lecture - MGT101

Important Mcqs

- 1. Which section of the cash flow statement reports cash inflows and outflows from a company's core operations?
 - a) Investing activities
 - b) Financing activities
 - c) Operating activities
 - d) None of the above

Answer: c) Operating activities

- 2. Which method of preparing the cash flow statement reports cash inflows and outflows directly?
 - a) Direct method
 - b) Indirect method
 - c) Both methods
 - d) None of the above

Answer: a) Direct method

- 3. The cash flow statement provides information on a company's:
 - a) Assets
 - b) Liabilities
 - c) Equity
 - d) Cash inflows and outflows

Answer: d) Cash inflows and outflows

- 4. Positive cash flow from operating activities indicates that a company is:
 - a) Generating enough cash from its operations to meet its expenses
 - b) Experiencing financial difficulties
 - c) Generating too much cash from its operations
 - d) None of the above

Answer: a) Generating enough cash from its operations to meet its expenses

- 5. Which section of the cash flow statement shows the cash inflows and outflows from a company's investments in long-term assets?
 - a) Operating activities
 - b) Financing activities
 - c) Investing activities
 - d) None of the above

Answer: c) Investing activities

- 6. The indirect method of preparing the cash flow statement adjusts net income for:
 - a) Cash transactions
 - b) Non-cash transactions
 - c) Operating expenses
 - d) None of the above

Answer: b) Non-cash transactions

- 7. Which financial statement provides insight into a company's liquidity and ability to meet its financial obligations?
 - a) Balance sheet
 - b) Income statement
 - c) Cash flow statement
 - d) None of the above

Answer: c) Cash flow statement

- 8. Negative cash flow from operating activities may indicate that a company is:
 - a) Generating enough cash from its operations
 - b) Experiencing financial difficulties
 - c) Investing in long-term assets
 - d) None of the above

Answer: b) Experiencing financial difficulties

- 9. The financing activities section of the cash flow statement shows the cash inflows and outflows from:
 - a) Issuance or repayment of debt
 - b) Issuance or repurchase of equity
 - c) Payment of dividends
 - d) All of the above

Answer: d) All of the above

- 10. Which method of preparing the cash flow statement is more commonly used by companies?
 - a) Direct method
 - b) Indirect method
 - c) Both methods are used equally
 - d) None of the above

Answer: b) Indirect method