

# 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**