

# 3 Lecture - MGT201

## Important Mcqs

1. **Which of the following financial statements reports an organization's revenues and expenses over a specific period?**
- a) Balance sheet
  - b) Income statement
  - c) Cash flow statement
  - d) Retained earnings statement

**Answer: b) Income statement**

2. **Which financial statement shows an organization's assets, liabilities, and equity at a specific point in time?**
- a) Income statement
  - b) Balance sheet
  - c) Cash flow statement
  - d) Retained earnings statement

**Answer: b) Balance sheet**

3. **What is the formula for calculating the current ratio?**
- a) Current assets / Total assets
  - b) Current assets / Current liabilities
  - c) Total liabilities / Total assets
  - d) Net income / Total assets

**Answer: b) Current assets / Current liabilities**

4. **Which financial ratio measures an organization's ability to pay off its short-term debt obligations?**
- a) Debt-to-equity ratio
  - b) Return on equity
  - c) Quick ratio
  - d) Gross profit margin

**Answer: c) Quick ratio**

5. **Which financial statement shows the cash inflows and outflows of an organization over a specific period?**
- a) Balance sheet
  - b) Income statement
  - c) Cash flow statement
  - d) Retained earnings statement

**Answer: c) Cash flow statement**

6. **Which financial ratio measures an organization's profitability?**

- a) Debt-to-equity ratio
- b) Return on equity
- c) Quick ratio
- d) Gross profit margin

**Answer: b) Return on equity**

7. **Which financial ratio measures an organization's ability to meet its long-term debt obligations?**

- a) Debt-to-equity ratio
- b) Current ratio
- c) Gross profit margin
- d) Interest coverage ratio

**Answer: d) Interest coverage ratio**

8. **Which financial ratio measures an organization's efficiency in using its assets to generate revenue?**

- a) Debt-to-equity ratio
- b) Asset turnover ratio
- c) Return on assets
- d) Gross profit margin

**Answer: b) Asset turnover ratio**

9. **Which financial statement shows changes in an organization's retained earnings over a specific period?**

- a) Balance sheet
- b) Income statement
- c) Cash flow statement
- d) Retained earnings statement

**Answer: d) Retained earnings statement**

10. **Which financial ratio measures an organization's leverage?**

- a) Debt-to-equity ratio
- b) Return on equity
- c) Quick ratio
- d) Gross profit margin

**Answer: a) Debt-to-equity ratio**