

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