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