

40 Lecture - MGT201

Important Mcqs

1. **What is cash management?**

- a) Management of long-term investments
- b) Management of short-term assets
- c) Management of employee salaries
- d) Management of capital expenditure

Answer: b) Management of short-term assets

2. **What is the primary goal of cash management?**

- a) To maximize profitability
- b) To minimize expenses
- c) To optimize cash flow
- d) To reduce debt

Answer: c) To optimize cash flow

3. **What is working capital financing?**

- a) Financing for long-term assets
- b) Financing for short-term assets
- c) Financing for employee salaries
- d) Financing for marketing expenses

Answer: b) Financing for short-term assets

4. **Which of the following is an example of a short-term financing option for working capital?**

- a) Equity financing
- b) Bonds
- c) Trade credit
- d) Venture capital

Answer: c) Trade credit

5. **What is the cash conversion cycle?**

- a) The time it takes to sell inventory
- b) The time it takes to collect accounts receivable
- c) The time it takes to pay accounts payable
- d) All of the above

Answer: d) All of the above

6. **What is the purpose of a cash budget?**

- a) To project cash inflows and outflows
- b) To track inventory levels
- c) To calculate employee salaries
- d) To forecast long-term investments

Answer: a) To project cash inflows and outflows

7. **Which of the following is a common tool for managing cash flow?**

- a) Accounts receivable aging report
- b) Balance sheet
- c) Income statement
- d) Cash flow statement

Answer: d) Cash flow statement

8. **What is the role of a line of credit in working capital financing?**

- a) To provide long-term financing
- b) To provide short-term financing
- c) To fund capital investments
- d) To finance mergers and acquisitions

Answer: b) To provide short-term financing

9. **Which of the following is an example of an operating expense?**

- a) Interest on a loan
- b) Payment for raw materials
- c) Purchase of long-term assets
- d) Investment in a new business venture

Answer: b) Payment for raw materials

10. **Which of the following is a benefit of effective cash management?**

- a) Reduced profitability
- b) Increased expenses
- c) Improved liquidity
- d) Increased debt

Answer: c) Improved liquidity