

43 Lecture - MGT211

Important Mcqs

1. **Which of the following is NOT a financial statement?**

- a) Balance sheet
- b) Income statement
- c) Cash flow statement
- d) Sales report

Answer: d) Sales report

2. **What is the purpose of a balance sheet?**

- a) To show the profitability of a company
- b) To provide information about cash inflows and outflows
- c) To show the financial position of a company at a specific point in time
- d) To report the revenues and expenses of a company over a period of time

Answer: c) To show the financial position of a company at a specific point in time

3. **Which accounting principle requires that expenses be recorded in the same period as the related revenues?**

- a) Matching principle
- b) Revenue recognition principle
- c) Cost principle
- d) Conservatism principle

Answer: a) Matching principle

4. **Which of the following is an example of a current liability?**

- a) Mortgage payable
- b) Accounts receivable
- c) Accounts payable
- d) Long-term notes payable

Answer: c) Accounts payable

5. **What is the purpose of an income statement?**

- a) To show the financial position of a company at a specific point in time
- b) To provide information about cash inflows and outflows
- c) To report the revenues and expenses of a company over a period of time
- d) To show the profitability of a company

Answer: d) To show the profitability of a company

6. **What is the purpose of a cash flow statement?**

- a) To show the financial position of a company at a specific point in time

- b) To provide information about cash inflows and outflows
- c) To report the revenues and expenses of a company over a period of time
- d) To show the profitability of a company

Answer: b) To provide information about cash inflows and outflows

7. Which of the following is an example of a fixed asset?

- a) Inventory
- b) Accounts receivable
- c) Land
- d) Prepaid expenses

Answer: c) Land

8. What is the purpose of a trial balance?

- a) To ensure that the total debits equal the total credits
- b) To prepare financial statements
- c) To record adjusting entries
- d) To calculate the net income of a company

Answer: a) To ensure that the total debits equal the total credits

9. What is the purpose of adjusting entries?

- a) To record transactions in the general ledger
- b) To calculate the net income of a company
- c) To bring accounts up to date and match revenues and expenses
- d) To close temporary accounts at the end of the accounting period

Answer: c) To bring accounts up to date and match revenues and expenses

10. What is the purpose of a general journal?

- a) To record transactions in the general ledger
- b) To prepare financial statements
- c) To record adjusting entries
- d) To calculate the net income of a company

Answer: a) To record transactions in the general ledger