# 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