

38 Lecture - MGT401

Important Mcqs

- 1. Which of the following is not a component of cash and cash equivalents in a cash flow statement under IAS 7?**
 - A) Cash on hand
 - B) Bank overdrafts
 - C) Cash at bank
 - D) Short-term bank loans

Answer: D
- 2. Which of the following is not a method of presenting the operating section in a cash flow statement under IAS 7?**
 - A) Direct method
 - B) Indirect method
 - C) Statement of changes in equity method
 - D) None of the above

Answer: C
- 3. Which of the following activities would be classified as a cash inflow from investing activities in a cash flow statement under IAS 7?**
 - A) Payment for property, plant and equipment
 - B) Proceeds from sale of property, plant and equipment
 - C) Payment for long-term investments
 - D) All of the above

Answer: B
- 4. Which of the following is a cash outflow from financing activities in a cash flow statement under IAS 7?**
 - A) Payment of dividends
 - B) Proceeds from sale of long-term investments
 - C) Payment for property, plant and equipment
 - D) None of the above

Answer: A
- 5. Under IAS 7, cash inflows from interest received and dividends received should be classified as:**
 - A) Operating activities
 - B) Investing activities
 - C) Financing activities
 - D) None of the above

Answer: A
- 6. Which of the following adjustments would not be made when preparing a cash flow statement under the indirect method?**
 - A) Depreciation and amortization
 - B) Changes in current assets and liabilities

- C) Gain or loss on sale of assets
- D) All of the above are adjustments made under the indirect method

Answer: D

7. **Which of the following items is excluded from the definition of cash equivalents under IAS 7?**

- A) Bank overdrafts
- B) Short-term, highly liquid investments
- C) Money market funds
- D) Commercial paper with a maturity of less than three months

Answer: A

8. **A company reports a net loss on its income statement. Which of the following could be a reason why its cash flow from operations is still positive?**

- A) The company received a large loan from a bank
- B) The company sold a significant amount of inventory
- C) The company made large capital expenditures
- D) None of the above

Answer: B

9. **Under IAS 7, which of the following items would not be disclosed in a cash flow statement?**

- A) The opening and closing balances of cash and cash equivalents
- B) Significant non-cash transactions
- C) Details of dividends paid to shareholders
- D) None of the above

Answer: C

10. **In a cash flow statement under IAS 7, which section would the purchase of a long-term investment be classified under?**

- A) Operating activities
- B) Investing activities
- C) Financing activities
- D) It depends on the nature of the investment

Answer: B