# 11 Lecture - MGT201

# **Important Mcqs**

- 1. Which of the following is a special area of capital budgeting?
  - a. Payback period
  - b. Strategic investment decisions
  - c. Net present value
  - d. Internal rate of return

# Answer: b. Strategic investment decisions

- 2. Real options analysis is an approach used to:
  - a. Determine project cash flows
  - b. Evaluate the timing of cash flows
  - c. Incorporate uncertainty into capital budgeting decisions
  - d. Calculate the profitability index

## Answer: c. Incorporate uncertainty into capital budgeting decisions

- 3. Green investment decisions refer to investments that:
  - a. Have a positive impact on the environment
  - b. Are financially unprofitable
  - c. Do not require significant funding
  - d. Are unrelated to environmental sustainability

### Answer: a. Have a positive impact on the environment

- 4. Which of the following is not a special area of capital budgeting?
  - a. Risk analysis
  - b. Joint ventures
  - c. Profitability index
  - d. Divestitures

# Answer: c. Profitability index

- 5. Mergers and acquisitions are an example of:
  - a. Green investment decisions
  - b. Strategic investment decisions
  - c. Real options analysis
  - d. Risk analysis

## Answer: b. Strategic investment decisions

- 6. Which approach is used to evaluate the value of management flexibility in making investment decisions?
  - a. Real options analysis

- b. MIRR
- c. Payback period
- d. Profitability index

# Answer: a. Real options analysis

# 7. Which of the following is a key factor in assessing the risk associated with a capital budgeting project?

- a. Project timing
- b. Net present value
- c. Inflation rates
- d. Uncertainty

# Answer: d. Uncertainty

#### 8. Divestitures refer to:

- a. Investments made in green technology
- b. Selling off a portion of the company
- c. Investment decisions made by joint ventures
- d. Investments made to expand the company's product line

# Answer: b. Selling off a portion of the company

# 9. Joint ventures are a type of:

- a. Strategic investment decision
- b. Real options analysis
- c. Green investment decision
- d. Risk analysis

## Answer: a. Strategic investment decision

### 10. Risk analysis involves:

- a. Determining the value of management flexibility
- b. Evaluating the environmental impact of a project
- c. Analyzing the likelihood and impact of various risks
- d. Calculating the profitability of a project

Answer: c. Analyzing the likelihood and impact of various risks