

16 Lecture - MGT201

Important Mcqs

1. **What are stocks?** a) A type of bond b) A type of derivative c) Securities representing ownership in a company d) None of the above

Solution: c) Securities representing ownership in a company

2. **What is stock valuation?** a) The process of determining the price of a stock b) The process of determining the intrinsic value of a stock c) The process of determining the dividend yield of a stock d) None of the above

Solution: b) The process of determining the intrinsic value of a stock

3. **What are some factors considered in stock valuation?** a) Company's financial performance b) Growth potential c) Industry trends d) All of the above

Solution: d) All of the above

4. **Why is understanding stock valuation important?** a) To make informed investment decisions b) To maximize profits c) To minimize risks d) All of the above

Solution: d) All of the above

5. **What is the difference between a stock and a bond?** a) Stocks represent ownership in a company, while bonds represent debt b) Bonds represent ownership in a company, while stocks represent debt c) Stocks and bonds are the same thing d) None of the above

Solution: a) Stocks represent ownership in a company, while bonds represent debt

6. **What is the stock market?** a) A place where stocks are bought and sold b) A place where bonds are bought and sold c) A place where commodities are bought and sold d) None of the above

Solution: a) A place where stocks are bought and sold

7. **What is the difference between common stock and preferred stock?** a) Common stockholders have voting rights, while preferred stockholders do not b) Preferred stockholders have voting rights, while common stockholders do not c) Common stockholders receive dividends before preferred stockholders d) None of the above

Solution: a) Common stockholders have voting rights, while preferred stockholders do not

8. **What is a dividend?** a) A payment made by a company to its stockholders b) A payment made by a company to its creditors c) A payment made by a company to its employees d) None of the above

Solution: a) A payment made by a company to its stockholders

9. **What is a stock split?** a) When a company issues more shares of stock b) When a company reduces the number of shares of stock c) When a company changes the face value of its stock d) None of the above

Solution: a) When a company issues more shares of stock

10. **What is insider trading?** a) When a company's employees buy or sell the company's stock based on non-public information b) When a company's employees buy or sell the company's stock based on public information c) When a company's employees refuse to buy or sell the company's stock d) None of the above

Solution: a) When a company's employees buy or sell the company's stock based on non-public information