

45 Lecture - MGT201

Important Mcqs

1. **What is the time value of money?**

- A. The concept that money is worth more today than in the future
- B. The concept that money is worth less today than in the future
- C. The concept that money has no value over time

Answer: A

2. **Which of the following is an example of a long-term financing option?**

- A. Bank overdraft
- B. Trade credit
- C. Bonds

Answer: C

3. **What is the purpose of capital budgeting?**

- A. To determine how much working capital a company needs
- B. To identify investment opportunities that will generate long-term returns
- C. To manage the day-to-day cash flows of a company

Answer: B

4. **What is the formula for calculating net present value (NPV)?**

- A. PV of cash inflows - PV of cash outflows
- B. PV of cash inflows + PV of cash outflows
- C. PV of cash inflows / PV of cash outflows

Answer: A

5. **What is the optimal level of working capital?**

- A. The highest possible level to ensure sufficient liquidity
- B. The lowest possible level to minimize costs
- C. The level that balances liquidity and profitability

Answer: C

6. **What is financial leverage?**

- A. The use of debt financing to increase returns to shareholders
- B. The use of equity financing to increase returns to shareholders
- C. The use of short-term financing to increase returns to shareholders

Answer: A

7. **Which financial statement shows a company's financial position at a specific point in time?**

- A. Income statement
- B. Statement of cash flows
- C. Balance sheet

Answer: C

8. **What is the role of the financial manager in a company?**

- A. To manage the day-to-day operations of the company
- B. To make investment decisions that maximize shareholder value
- C. To market the company's products and services

Answer: B

9. **Which of the following is an example of an ethical issue in financial management?**

- A. Misleading financial reporting
- B. Paying employees a fair wage
- C. Providing excellent customer service

Answer: A

10. **What is the purpose of financial analysis?**

- A. To compare a company's financial performance to its competitors
- B. To determine the market demand for a company's products
- C. To identify potential investment opportunities

Answer: A