

45 Lecture - MGT211

Important Mcqs

1. **Which of the following is not a primary objective of financial management?**
- a) Maximizing shareholder wealth
 - b) Maximizing profits
 - c) Minimizing risk
 - d) Maximizing market share

Answer: d) Maximizing market share

2. **The net present value (NPV) method is used to:**

- a) Evaluate the profitability of a project
- b) Determine the payback period of a project
- c) Calculate the internal rate of return of a project
- d) None of the above

Answer: a) Evaluate the profitability of a project

3. **The capital asset pricing model (CAPM) is used to calculate:**

- a) The cost of debt
- b) The cost of equity
- c) The weighted average cost of capital (WACC)
- d) None of the above

Answer: b) The cost of equity

4. **A company's current ratio is calculated by dividing its current assets by its:**

- a) Total assets
- b) Long-term liabilities
- c) Current liabilities
- d) Shareholders' equity

Answer: c) Current liabilities

5. **The time value of money refers to:**

- a) The idea that money today is worth more than the same amount of money in the future
- b) The idea that money today is worth less than the same amount of money in the future
- c) The idea that money has the same value regardless of when it is received
- d) None of the above

Answer: a) The idea that money today is worth more than the same amount of money in the future

6. **The debt-to-equity ratio is calculated by dividing a company's total liabilities by its:**

- a) Total assets
- b) Shareholders' equity
- c) Net income
- d) Gross profit

Answer: b) Shareholders' equity

7. **The quick ratio is a measure of a company's:**

- a) Liquidity
- b) Solvency
- c) Profitability
- d) Efficiency

Answer: a) Liquidity

8. **The goal of financial leverage is to:**

- a) Increase a company's profitability
- b) Reduce a company's risk
- c) Maximize a company's market share
- d) Increase a company's return on investment (ROI)

Answer: d) Increase a company's return on investment (ROI)

9. **The internal rate of return (IRR) is the discount rate that makes the:**

- a) NPV of a project positive
- b) NPV of a project negative
- c) Payback period of a project equal to its useful life
- d) None of the above

Answer: a) NPV of a project positive

10. **A company's cash flow statement shows:**

- a) Its revenue and expenses over a period of time
- b) Its assets, liabilities, and equity at a specific point in time
- c) Its cash inflows and outflows over a period of time
- d) None of the above

Answer: c) Its cash inflows and outflows over a period of time