



BIJU PATNAIK INSTITUTE OF INFORMATION TECHNOLOGY
& MANAGEMENT STUDIES, BHUBANEWAR

Semester: 2nd Sem. MBA
Batch : 2024-26
Subject: Corporate Finance

Date: 2024
Quiz Test
Duration: 10 Min
Full Marks: 10

1. Capital Budgeting is a part of:
(a) Investment Decision, (b) Working Capital Management,
(c) Marketing Management, (d) Capital Structure.
2. Capital Budgeting deals with:
(a) Long-term Investment Decisions, (b) Short-term Investment Decisions
(c) Both (a) and (b), (d) Neither (a) nor (b).
3. A project costs Rs. 1, 00,000 annual cash flow of Rs. 20,000 for 8 years. It's
payback Period is _____.
(a) 1 year. (b) 2 years.
(c) 3 years. (d) 5 years.
4. Which of the following is most popular and widely accepted method?
(a) Internal Rate of Return Method (b) Net Present Value Method
(c) Profitability Index Method (d) None of the above
5. Cost of Capital refers to:
(a) Flotation Cost (b) Maximum rate of return
(c) Minimum Rate of Return (d) None of the above.
6. Which of the following has the highest cost of capital?
(a) Equity shares (b) Loans
(c) Bonds (d) Preference shares
7. Fixed cost funds used along with equity is known as:
(a) Operating Leverage (b) Financial Leverage
(c) Combined Leverage (d) None of the above
8. Operating Leverage is calculated as:
(a) $\text{Contribution} \div \text{EBIT}$ (b) $\text{EBIT} \div \text{PBT}$
(c) $\text{EBIT} \div \text{Interest}$ (d) $\text{EBIT} \div \text{Tax}$
9. Theories of capital structure based on establishing the relation between
(a) Debt, Overall cost of capital and Equity (c) Debt, Equity and Preference
(b) Debt, Overall cost of capital and Value of the firm (d) None of the above
10. Dividend Policy related to a decision?
(a) Not to give dividend (b) Give full dividend
(c) How much to retain and how much to give as dividend (d) All of the above