



**Biju Patnaik Institute of Information Technology & Management Studies**

**Subject: Corporate Finance**

**Subject Code: MBPC1004**

**Stream: MBA**

**Semester: 2<sup>nd</sup>**

**Name of the Test: Surprise Test**

**Name:** \_\_\_\_\_

**Registration No:** \_\_\_\_\_

**Answer the following questions within three sentences each.**

**FM: 05**

1. Name few long-term sources of finance.
2. Explain the term 'agency problem' in corporate finance.
3. What is compounding in the context of time value of money?
4. Identify and explain one key function of a financial manager.
5. Give your understanding of the term "Capital Budgeting"?

**Answer:**



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**Answer the following questions within three sentences each.**

**FM: 05**

1. Define the scope of Corporate Finance in one sentence.
2. What is the primary objective of a firm's financial decision-making?
3. State examples of a short-term source of finance.
4. What is meant by the 'time value of money'?
5. What does capital budgeting mean?

**Answer:**



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Answer the following questions within three sentences each.

FM: 05

1. Mention and explain one emerging responsibility of financial managers in India.
2. Name and discuss the financial function that involves deciding capital structure.
3. Define capital budgeting with example.
4. Define sinking fund.
5. What is the formula for simple future value?

Answer:



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**Answer the following questions within three sentences each.**

**FM: 05**

1. State one difference between equity and debt financing.
2. Define working capital with example.
3. What is the main aim of wealth maximization?
4. Give an example of a nonmonetary benefit considered in capital budgeting.
5. Give your understanding of the term "Annuity" with example.

**Answer:**



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Answer the following questions within three sentences each.

FM: 05

1. State one difference between compounding and discounting technique.
2. Define doubling period with example.
3. What is the main aim of creating a sinking fund?
4. Give examples of advantages of capital budgeting.
5. Give your understanding of the term "Perpetuity" with example.

Answer: