

Question 1: If the Internal Rates of Return of two, mutually exclusive options are both greater than the cost of capital, which option should be selected under the Internal Rate of Return method?

- The one with the largest Internal Rate of Return.
- The one with the smallest Internal Rate of Return.
- The one with the highest Net Present Value at the firm's cost of capital.
- None of the given options

Question 2: Which of the following is included in the cost of capital of a firm?

- Cost of sales
- Depreciation cost
- Depletion cost
- Cost of retained earnings

Question 3: Which of the following is the Dividend Payout ratio for a common stock?

- Dividend per share: Market value per share
- Earning per share: Intrinsic value per share
- Dividend per share: Earning per share
- Market value per share: intrinsic value per share

Question 4: A Company's common stock is currently selling at Rs.3.00 per share, its quarterly dividend is Rs.0.07, and the stock is expected to rise to Rs.3.30 in a year. What is its expected rate of return?

- 0.093
- 0.193
- 0.1
- 0.11

Question 5: Which of the following is a measure of risk of an asset?

- Weighted average
- Standard deviation
- Probability distribution
- Geometric mean

Question 6: Which of the following is tax deductible?

- Dividend on preferred shares
- Dividend on common stocks
- Coupon payments on bonds
- Capital gain on common stocks