



# THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

## FINANCIAL MANAGEMENT AND BUSINESS DATA ANALYTICS (PAPER - 11)

### MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
1	Time value of money explains that:	a unit of money received today is worth more than a unit received in future	a unit of money received today is worth less than a unit received in future	a unit of money received today and at some other time in future is equal	none of the above
2	Time value of money facilitates comparison of cash flows occurring at different time periods by:	compounding all cash flows to a common point of time	discounting all cash flows to a common point of time	using either (1) or (2)	neither (1) nor (2).
3	If the nominal rate of interest is 10 per cent per annum and frequency of compounding is 4 i.e. quarterly compounding, the effective rate of interest will be:	10.25% per annum	10.38% per annum	10% per annum	none of the above
4	Relationship between annual effective rate of interest and annual nominal rate of interest is, if frequency of compounding is more than 1:	Effective Rate < Nominal rate	Effective Rate > Nominal rate	Effective Rate = Nominal rate	none of the above
5	If annual effective rate of interest is 10.25% per annum and nominal rate of return is 10% per annum what is the frequency of compounding?	1	3	2	4
6	A student takes a loan of Rs. 50,000 from SBI. The rate of interest being charged by SBI is 10% per annum. What would be the amount of equal annual instalment if he wishes to pay it back in five instalments and first instalment, he will pay at the end of year 5?	Rs. 11,000	Rs. 19,310	Rs. 15,000	None of the above
7	How much amount should an investor invest now in order to receive five annuities starting from the end of this year of Rs. 10,000 if the rate of interest offered by bank is 10% per annum?	Rs. 40,000	Rs. 45,000	Rs. 37,910	none of the above
8	A bank offers 12% compound interests payable quarterly. If you deposit Rs.2,000 now, how much it will grow at the end of 5 years?	Rs.3,050	Rs.3,430	Rs.3,612	Rs.3,722
9	A company wants to repay a loan of Rs. 5,00,000, 10 years from today. What amount should it invest each year for 10 years if the funds can earn 8% per annum? The first investment will be made at the beginning of this year.	Rs. 50,000	Rs. 31,950	Rs. 40,000	Rs. 32,950
10	Risk of two securities having different expected return can be compared with:	standard deviation of securities	variance of securities	coefficient of variation	mean
11	A portfolio consists of two securities and the expected return on two securities is 12% and 16% respectively. Calculate return of portfolio if first security accounts for 40% of portfolio.	14%	14.40%	16%	12%
12	If the rate of interest is 12%, what are the doubling periods as per the rule 72 and the rule of 69 respectively?	5 Years and 5.2 Years	5.8 Years and 5.3 Years	6 Years and 6.1 Years	6.5 Years and 6.6 Years
13	To create a minimum variance portfolio, in what proportion should the two securities be mixed if the following information is given $S_1 = 10\%$ , $S_2 = 12\%$ , $P_{12} = 0.6$ ?	0.72 and 0.28	0.70 and 0.30	0.60 and 0.40	0.50 and 0.40
14	A portfolio consisting of two risky securities can be made risk less i.e., $S_p = 0$ , if:	the securities are perfectly positively correlated	the securities are perfectly negatively correlated	if the correlation ranges between 0 to 1	if the correlation ranges between -1 to +1



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15	Efficient portfolios are those portfolios, which offer (for a given level of risk)	maximum return	minimum return	average return	positive return
16	CAPM accounts for -	systematic risk	unsystematic risk	both of the above	moderate risk
17	Assets Management company is formed:	To manage bank's assets	To manage mutual funds investments	To construct infrastructure projects	To run a stock exchange
18	Prime duty of a merchant banker is -	Maintaining records of clients	Giving loans to clients	Working as a Capital Market Intermediary	None of the above
19	Basic objective of a money market mutual fund is:	Guaranteed rate of return	Investment in short-term securities	Both (1) and (2)	None of (1) and (2)
20	Short selling refers to:	Buying shares and then selling them on the same day	Selling shares without owning them	Selling some shares out of a large holding	Continuously selling shares in lots.
21	Which of the following is not regulated by SEBI?	Foreign Institutional Investors	Foreign Direct Investment	Mutual Funds	Depositories
22	Which of the following is true for mutual funds in India?	Exit load is not allowed	Entry load is allowed	Entry load is not allowed	Exit load allowed in some cases
23	Which of the following is not available in India?	Index Options	Index Futures,	Commodity Options	Commodity Futures
24	Which of the following is the benefit of Depositories?	Reduction in the share transfer time to the buyer	Reduced Risk of stolen, fake, forged shares	No Stamp duty on transfer of shares in dematerialized form	All of the above
25	Credit Rating of a debt security is:	Guarantee of Repayment	Merely opinion	Positive suggestion	Negative suggestion
26	The first computerised online stock exchange in India was:	NSE	OTCEI	BSE	MCX
27	Which of the following derivative is not traded on Indian Stock Market?	Index Options	Stock Futures	Index Futures	Forward Rate Agreements
28	How many depositories are there in India?	2	3	0	1
29	Secondary Market in India is regulated by:	Reserve Bank of India	Securities and Exchange Board of India	Ministry of Finance	Forward Market Commission
30	_____ funds do not have a fixed date of redemption.	Open ended funds	Close ended funds	Diversified funds	Both A and B.
31	In India, NIFTY and SENSEX are calculated on the basis of:	Market Capitalization	Paid up Capital	Free-float Capitalization	Authorized Share Capital
32	The type of collateral (security) used for short-term loan is:	Real estate	Plant & Machinery	Stock of good	Equity share capital
33	Which of the following is a liability of a bank?	Treasury Bills	Commercial papers	Certificate of Deposits	Junk Bonds.
34	Commercial paper is a type of:	Fixed coupon Bond	Unsecured short-term debt	Equity share capital	Government Bond
35	Which of the following is not a spontaneous source of short-term funds?	Trade credit	Accrued expenses	Provision for dividend	All of the above
36	In India, Commercial Papers are issued as per the lines issued by -	Securities and Exchange Board of India	Reserve Bank of India	Forward Market Commission	RBI
37	Commercial paper are generally issued at a price:	Equal to face value	More than face value	Less than face value	Equal to redemption value
38	Which of the following is not applicable to commercial paper?	Face Value	Issue Price	Coupon Rate	None of the above
39	Accounting Ratios are important tools used by –	Managers	Researchers	Investors	All of the above
40	Net Profit Ratio Signifies:	Operational Profitability	Liquidity Position	Big-term Solvency	Profit for Lenders



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41	Working Capital Turnover measures, the relationship of Working Capital with:	Fixed Assets	Sales	Purchases	Stock
42	Dividend Pay-out Ratio is:	PAT Capital	DPS ÷ EPS	Prof. Dividend ÷ PAT	Prof. Dividend ÷ Equity Dividend
43	DuPont Analysis deals with:	Analysis of Current Assets	Analysis of Profit	Capital Budgeting	Analysis of Fixed Assets
44	In Net Profit Ratio, the denominator is:	Net Purchases	Net Sales	Credit Sales	Cost of goods sold
45	Inventory Turnover measures the relationship of inventory with:	Average Sales	Cost of Goods Sold	Total Purchases	Total Assets
46	The term 'EVA' is used for:	Extra Value Analysis	Economic Value Added	Expected Value Analysis	Engineering Value Analysis.
47	Return on Investment may be improved by:	Increasing Turnover	Reducing Expenses	Increasing Capital Utilization	All of the above
48	In Current Ratio, Current Assets are compared with:	Current Profit	Current Liabilities	Fixed Assets	Equity Share Capital
49	ABC Ltd. has a Current Ratio of 1.5: 1 and Net Current Assets of Rs. 5,00,000. What are the Current Assets?	Rs. 5,00,000	Rs. 10,00,000	Rs. 15,00,000	Rs. 25,00,000
50	There is deterioration in the management of working capital of XYZ Ltd. What does it refer to?	That the Capital Employed has reduced	That the Profitability has gone up	That debtors collection period has increased	That Sales has decreased
51	Which of the following does not help to increase Current Ratio?	Issue of Debentures to buy Stock	Issue of Debentures to pay Creditors	Sale of Investment to pay Creditors	Avail Bank Overdraft to buy Machine
52	Debt to Total Assets Ratio can be improved by:	Borrowing More	Issue of Debentures	Issue of Equity Shares	Redemption of Debt
53	Ratio of Net Income to Number of Equity Shares known as:	Price Earnings Ratio	Net Profit Ratio	Earnings per Share	Dividend per Share
54	Trend Analysis helps comparing performance of a firm -	With other firms	Over a period of firm	With other industries	With other companies
55	A Current Ratio of less than one means:	Current Liabilities < Current Assets	Fixed Assets > Current Assets	Current Assets < Current Liabilities	Share Capital > Current Assets
56	A firm has Capital of Rs. 10,00,000; Sales of Rs. 5,00,000; Gross Profit of Rs. 2,00,000 and Expenses of Rs. 1,00,000. What is the Net Profit Ratio?	20%	50%	10%	40%
57	XYZ Ltd. has earned 8% Return on Total Assests of Rs. 50,00,000 and has a Net Profit Ratio of 5%. Find out the Sales of the firm.	Rs. 4,00,000	Rs. 2,50,000	Rs. 80,00,000	Rs. 83,33,333
58	Suppliers and Creditors of a firm are interested in:	Profitability Position	Liquidity Position	Market Share Position	Debt Position
59	Which of the following is a measure of Debt Service capacity of a firm?	Current Ratio	Acid Test Ratio	Interest Coverage Ratio	Debtors Turnover
60	Gross Profit Ratio for a firm remains same but the Net Profit Ratio is decreasing. The reason for such behavior could be:	Increase in Costs of Goods Sold	If Increase in Expense	Increase in Dividend	Decrease in Sales
61	Which of the following statements is correct?	A Higher Receivable Turnover is not desirable	Interest Coverage Ratio depends upon Tax Rate	Increase in Net Profit Ratio means increase in Sales	Lower Debt-Equity Ratio means lower Financial Risk
62	Debt to Total Assets of a firm is 2. The Debt to Equity would be:	0.80	0.25	1.00	0.75



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63	Which of the following helps analysing return to equity Shareholders?	Return on Assets	Earnings Per Share	Net Profit Ratio	Return on Investment
64	Return on Assets and Return on Investment Ratios belong to:	Liquidity Ratios	Profitability Ratios	Solvency Ratios	Turnover
65	XYZ Ltd. has a Debt Equity Ratio of 1.5 as compared to 1.3 Industry average. It means that the firm has:	Higher Liquidity	Higher Financial Risk	Higher Profitability	Higher Capital Employed
66	Ratio Analysis can be used to study liquidity, turnover, profitability, etc. of a firm. What does Debt-Equity Ratio help to study?	Solvency	Liquidity	Profitability	Turnover
67	In Inventory Turnover calculation, what is taken in the numerator?	Sales	Cost of Goods Sold	Opening Stock	Closing Stock
68	Statement of cash flows are included in:	Ind AS - 3	Ind AS - 6	Ind AS - 7	Ind AS - 113
69	Cost of capital refers to:	Flotation Cost	Dividend	Required Rate of Return	None of the above
70	Which of the following sources of funds has an implicit cost of capital?	Equity Share Capital	Preference Share Capital	Debentures	Retained earnings
71	Which of the following has the highest cost of capital?	Equity shares	Loans	Bonds	Preference shares
72	Cost of capital for Government securities is also known as:	Risk-free Rate of Interest	Maximum Rate of Return	Rate of Interest on Fixed Deposits	None of the above
73	Cost of capital for bonds and debentures is calculated on:	Before Tax basis	After Tax basis	Risk-free Rate of Interest basis	Compound interest
74	Weighted Average Cost of Capital (WACC) is generally denoted by:	$k_a$	$k_w$	$k_0$	$k_c$
75	Which of the following cost of capital require tax adjustment?	Cost of Equity Shares	Cost of Preference Shares	Cost of Debentures	Cost of Retained Earnings
76	Which is the most expensive source of funds?	New Equity Shares	New Preference Shares	New Debts	Retained Earnings
77	Marginal cost of capital is the cost of:	Additional Sales	Additional Funds	Additional Interests	Additional Revenue
78	In case the firm is all-equity financed, the WACC would be equal to:	Cost of Debt	Cost of Equity	Neither (1) nor (2)	Both (1) and (2)
79	In order to calculate Weighted Average Cost of capitals (WACC) weights may be based on:	Market Values	Target Values	Book Values	All of the above
80	Firm's cost of capital is the average cost of:	All sources	All borrowings	Share capital	Share, Bonds and Debentures
81	An implicit cost of increasing proportion of debt is:	Tax should would not be available on new debt	P/E Ratio would increase	Equity shareholders would demand higher return	Rate of Return of the company would decrease.
82	Cost of redeemable preference share capital is:	Rate of Dividend	After Tax Rate of Dividend	Discount Rate that equates PV of inflows and out-flows relating to capital	None of the above
83	Which of the following is true?	Retained earnings are cost free	External Equity is cheaper than Internal Equity	Retained Earnings are cheaper than External Equity	Retained Earnings are costlier than External Equity



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84	Capital Budgeting is a part of:	Investment Decision	Working Capital Management	Marketing Management	Capital Structure
85	Capital Budgeting deals with:	Long-term Decisions	Short-term Decisions	Both (1) and (2)	Neither (1) nor (2)
86	Which of the following is not used in Capital Budgeting?	Time Value of Money	Sensitivity Analysis	Net Assets Method	Cash Flows
87	Capital Budgeting Decisions are:	Reversible	Irreversible	Unimportant	All of the above
88	Which of the following is not incorporated in Capital Budgeting?	Tax-Effect	Time Value of Money	Required Rate of Return	Rate of Cash Discount
89	Which of the following is not a capital budgeting decision?	Expansion Programme	Merger	Replacement of an Asset	Inventory Level
90	A sound Capital Budgeting technique is based on:	Cash Flows	Accounting Profit	Interest Rate on Borrowings	Last Dividend Paid
91	Which of the following is not a relevant cost in Capital Budgeting?	Sunk Cost	Opportunity Cost	Allocated Overheads	Both (1) and (3) above
92	Capital Budgeting Decisions are based on:	Incremental Profit	Incremental Cash Flows	Incremental Assets	Incremental Capital
93	Which of the following does not effect cash flows proposal?	Salvage Value	Depreciation Amount	Tax Rate Change	Method of Project Financing
94	Cash Inflows from a project include:	Tax Shield of Depreciation	After-tax Operating Profits	Raising of Funds	Both (1) and (2)
95	Which of the following is not true with reference capital budgeting?	Capital budgeting is related to asset replacement decisions	Cost of capital is equal to minimum required return	Existing investment in a project is not treated as sunk cost	Timing of cash flows is relevant
96	Which of the following is not followed in capital budgeting?	Cash flows Principle	Interest Exclusion Principle	Accrual Principle	Post-tax Principle
97	Depreciation is incorporated in cash flows because it:	Is unavoidable cost	Is a cash flow	Reduces Tax liability	Involves an outflow
98	Which of the following is not true for capital budgeting?	Sunk costs are ignored	Opportunity costs are excluded	Incremental cash flows are considered	Relevant cash flows are considered
99	Which of the following is not applied in capital budgeting?	Cash flows be calculated in incremental terms	All costs and benefits are measured on cash basis	All accrued costs and revenues be incorporated	All benefits are measured on after-tax basis
100	Evaluation of Capital Budgeting proposals is based on Cash Flows because:	Cash Flows are easy to calculate	Cash Flows are suggested by SEBI	Cash is more important than profit	Cash Flows are suggested by RBI
101	Which of the following is not included in incremental A flows?	Opportunity Costs	Sunk Costs	Change in Working Capital	Inflation effect
102	A proposal is not a Capital Budgeting proposal if it:	is related to Fixed Assets	brings long-term benefits	brings short-term benefits only	has very large investment
103	In Capital Budgeting, Sunk cost is excluded because it is:	of small amount	not incremental	not reversible	All of the above
104	Savings in respect of a cost is treated in capital budgeting as:	An Inflow	An Outflow	Opening balance	Closing balance
105	_____ ignores the time value of money.	Internal Rate of Return (IRR)	Average Rate of Return (ARR)	Net Present Value (NPV)	Profitability Index (PI)
106	The discounted cash flows techniques are:	Net Present Value (NPV)	Internal Rate of Return (IRR)	Profitability Index (PI)	All of the above
107	Working capital is calculated as _____.	Core current assets less core current liabilities	Current assets less current liabilities	Core current assets less current liabilities	Liquid assets less current liabilities
108	The basic current liabilities are _____.	accounts payable and bills payable	bank overdraft	outstanding expenses	All of the above



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109	There are two concepts of working capital – gross and _____	Zero	Net	Cumulative	distinctive
110	Working capital is also known as _____ capital.	Current asset	Operating	Projecting	Operation capital
111	_____ working Capital refers to the firm's investment in current assets.	Zero	Net	Gross	Distinctive
112	In finance, "working capital" means the same thing as _____ assets.	Current	Fixed	Total	All of the above
113	_____ working capital refers to the difference between current assets and current liabilities.	Zero	Net	Gross	Distinctive
114	A _____ net working capital will arise when current assets exceed current liabilities.	Summative	Negative	Excessive	Positive
115	A _____ net working capital occurs when current liabilities are in excess of current assets.	Positive	Negative	Excessive	Zero
116	X Ltd. distributes its products to more than 500 retailers. The company's collection period is 30 days and keeps its inventory for 20 days. The operating cycle would be:	40 Days	43 Days	45 Days	50 Days
117	_____ refers to the funds, which an organisation must possess to finance its day to day operations.	Retained earnings	Fixed capital	Working Capital	All of the above
118	Investment in current assets should be _____	just adequate	more	less	maximum
119	_____ varies inversely with profitability.	Risk	Assets	Liquidity	Revenue
120	Capital intensive firms rely on _____	debt	retained earnings	short term debts	equity
121	On the basis of _____, working capital is classified as gross working capital and net working capital.	concept	time	future	work
122	_____ cycle analyzes the accounts receivable, inventory, and accounts payable cycles in terms of a number of days?	Business	Current asset	Operation	Operating
123	_____ method is not used for calculating working capital cycle.	Trial and error method	Regression analysis method	Percentage of sales method	Operating cycle approach
124	On the basis of _____, working capital may be classified as: 1) Permanent or fixed working capital. 2) Temporary or variable working capital.	concept	time	future	work
125	Operating cycle is also called as _____	Business cycle	Working capital cycle	Working cycle	Current asset cycle
126	Spontaneous financing consists of _____	a line of credit	short-term loans	accounts receivable	accounts payable
127	Conversion of marketable securities into cash entails a fixed cost of Rs.1,000 per transaction. What will be the optimal conversation size as per Baumol model of cash management?	Rs. 315,628	Rs. 316,228	Rs. 317,678	Rs. 318,426
128	Average collection period is 2 months, cash sales and average receivables are Rs.5,00,000 and Rs.6,50,000 respectively. The sales amount would be-	Rs. 40,00,000	Rs. 42,00,000	Rs. 44,00,000	Rs. 48,50,000
129	If the current ratio is 2.4:1 and working capital is Rs.25,20,000, find the amount of current assets and current liabilities.	Current Assets Rs. 43,20,000 and Current Liabilities Rs.18,00,000	Current Assets Rs. 44,00,000 and Current Liabilities Rs.18,50,000	Current Assets Rs. 45,50,000 and Current Liabilities Rs. 19,00,000	Current Assets Rs. 46,60,000 and Current Liabilities Rs. 19,30,000
130	Operating leverage helps in analysis of:	Business Risk	Financing Risk	Production Risk	Credit Risk



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131	Which of the following is studied with the help of financial leverage?	Marketing Risk	Interest Rate Risk	Foreign Exchange Risk	Financing risk
132	Combined Leverage is obtained from OL and FL by their:	Addition	Subtraction	Multiplication	Any of these
133	High degree of financial leverage means:	High debt proportion	Lower debt proportion	Equal debt and equity	No debt
134	Operating leverage arises because of:	Fixed Cost of Production	Fixed Interest Cost	Variable Cost	Step Cost
135	Financial Leverage arises because of:	Fixed cost of production	Variable Cost	Interest Cost	Step Cost
136	Operating Leverage is calculated as:	Contribution ÷ EBIT	EBIT ÷ PBT	EBIT ÷ Interest	EBIT ÷ Tax
137	Financial Leverage is calculated as:	EBIT ÷ Contribution	EBIT ÷ PBT	EBIT ÷ Sales	EBIT ÷ Variable Cost
138	Which combination is generally good for firms?	High Operating leverage, High Financial leverage	Low Operating leverage, Low Financial leverage	High Operating leverage, Low Financial leverage	Moderate Operating leverage. Moderate Financial leverage
139	Combined leverage can be used to measure the relationship between:	EBIT and EPS	PAT and EPS	Sales and EPS	Sales and EBIT
140	Financial Leverage is zero if:	EBIT = Interest	EBIT = Zero	EBIT = Fixed Cost	EBIT = Pref. Dividend
141	Business risk can be measured by:	Financial leverage	Operating leverage	Combined leverage	All of the above
142	Financial Leverage measures relationship between	EBIT and PBT	EBIT and EPS	Sales and PBT	Sales and EPS
143	Use of Preference Share Capital in Capital structure	Increases Operating leverage	Increases Financial leverage	Decreases Operating leverage	Decreases Financial leverage
144	Relationship between change in sales and change in EPS is measured by:	Financial leverage	Combined leverage	Operating leverage	All of the above
145	Numerical data may be expressed as:	In the form of text	In the form of numbers	In the form of images	All of the above
146	The descriptive data may be deciphered as:	May be deciphered in the form of qualitative information	May be deciphered in the form of quantitative information	May be deciphered in the form of information from informal sources	All of the above
147	Data represented in the form of picture is termed as:	Graphic data	Qualitative data	Quantitative data	All of the above
148	Which of the following is/are the reason for digitization?	Helps in work processing	Requires less physical storage space	Digitized records may be accessed by more than one person simultaneously	All of the above
149	To make the data turn into user friendly information, it should go one/more of following core steps:	Collection of data	Organising the data	Data processing	All of the above
150	Any data expressed as a number is a _____ data.	graphical	descriptive	numerical	None of the above
151	Classifying equities into small-cap, mid-cap, and large-cap categories are the examples of _____ Scale	Nominal	Ordinal	Interval	Ratio
152	Which of the following is a phase for a process of digitization?	Justification of the proposed digitization project	Assessment	Planning	All of the above
153	Data science plays an important role in:	Risk analytics	Customer data management	Consumer analytics	All of the above



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154	The primary benefit of data distribution is:	the estimation of the probability of any certain observation within a sample space	the estimation of the probability of any certain observation within a non-sample space	the estimation of the probability of any certain observation within a population	the estimation of the probability of any certain observation without a non-sample space
155	Binomial distribution applies to attributes:	that are categorised into two mutually exclusive and exhaustive classes	that are categorised into three mutually exclusive and exhaustive classes	that are categorised into less than two mutually exclusive and exhaustive classes	that are categorised into four mutually exclusive and exhaustive classes
156	The geometric distribution is a discrete distribution that assesses:	the probability of the occurrence of the first success	the probability of the occurrence of the second success	the probability of the occurrence of the third success	the probability of the occurrence of the less success
157	The probability density function describes:	the characteristics of a random variable	the characteristics of a non-random variable	the characteristics of a random constant	the characteristics of a non-random constant
158	When independent variables with standard normal distribution are squared and added, the _____ distribution occurs.	Normal	Chi square	Exponential	Lognormal
159	The procedure that organises data into a meaningful order to make it simpler to comprehend, analyse, and visualise, is called _____	Data validation	Data sorting	Data aggregation	Data analysis
160	Following is a widely used graph for data Visualisation:	Bar chart	Pie chart	Histogram	All of the above
161	Following are the objectives of data visualisation:	Making a better data analysis	Faster decision making	Analysing complicated data	All of the above
162	Following are the scope of DPA:	Defining significant meaning (relevant information) required by each audience member in every scenario.	Obtaining the proper data (focus area, historic reach, extensiveness, level of detail, etc.)	Determining the needed frequency of data refreshes (the currency of the data)	All of the above
163	Maps may be used for displaying:	Pincode	Country name	State abbreviation	All of the above
164	A scatter plot displays several unique data points:	on a single graph	On two different graphs	On four different graphs	None of the above
165	A _____ chart depicts tasks that must be accomplished before others may begin, as well as the allocation of resources.	Bubble	Gantt	Scatter	Density
166	_____ is a set of skills that aims to identify, find, modify, format, and present data in a manner that ideally conveys meaning and provides insight.	Data Presentation Architecture	Data Presentation Hierarchy	Data Visualization Architecture	None of the above
167	Which of the following is a data discovery platform that enables users to make quicker, more informed choices by speeding analytics, uncovering new business insights, and enhancing the precision of outcomes?	Microsoft Excel	Microsoft Power BI	QlikView	Tableau
168	Which of the following is/ are the benefit/ benefits of data analytics?	Improves decision making process	Increase in efficiency of operations	Improved service to stakeholders	All of the above
169	Which of the following is/ are the technique/s of data mining?	Association rules	Neural network	Decision tree	All of the above



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170	XML is the abbreviated form of:	Extensible mark-up language	Extended mark-up language	Extendable mark-up language	Extensive mark-up language
171	XBRL is the abbreviated form of:	eXtensible Business Reporting Language	eXtensive Business Reporting Language	eXtended Business Reporting Language	eXtensive Business Reporting Language
172	Which of the following is/ are the types of cloud computing?	Private cloud	Public cloud	Hybrid cloud	All of the above
173	On the basis of the type of "signal" or "feedback" provided to the learning system, which of the following is not a type of machine learning?	Supervised learning	Unsupervised learning	Semi supervised learning	Robotic Process learning
174	In recent years, business intelligence has expanded to incorporate more procedures and activities designed to enhance performance. These procedures consist of:	Data mining	Reporting	Querying	All of the above
175	What does the term "break-even point" refer to?	The point where expenses are double the income	The point at which total revenue equals total costs	The point where profits are at their maximum	The time when a firm repays its debts
176	Why is it important for a firm to move far from the break-even point?	To increase tax liabilities	To attract new investors	To ensure survival against seasonal fluctuations	To avoid employee layoffs
177	What is one reason profit maximization is criticized?	It enhances employee satisfaction	It increases the firm's equity base	It can lead to exploitation of workers and consumers	It ensures long-term sustainability
178	What is a key assumption of the time value of money concept in financial decision-making?	The timing of cash flows affects their value	Cash flows occur at the same time	Money depreciates automatically	Interest rates have no impact on investment
179	In which situation is the time value of money most relevant?	Evaluating historical costs	Budgeting fixed expenses	Recording daily transactions	Comparing cash flows at different points in time
180	What is the present value of ₹2,000 receivable 5 years from now at an 8% annual discount rate?	₹ 1,500.00	₹ 1,200.50	₹ 1,361.73	₹ 1,750.20
181	If the future value remains the same, what happens to present value if the time period increases?	Present value decreases	Present value increases	Present value remains unchanged	Present value becomes zero
182	What type of risk is caused by factors that affect the entire market or economy?	Unsystematic Risk	Credit Risk	Systematic Risk	Default Risk
183	Given: Beta = 1.2, Risk-free rate = 4%, Expected market return = 12%. What is the expected return on the security?	12%	10.40%	13.60%	15.20%
184	SPO refers to _____, the second and subsequent time a company raises money from the public directly.	Secondary Public Offering	Second Public Offering	Subsequent Public Offer	Subsequent Public Offering
185	Which of the following is an example of a non-banking financial intermediary?	LIC (Life Insurance Corporation)	Reserve Bank of India	State Bank of India	Ministry of Finance
186	What is the primary role of the Reserve Bank of India (RBI)?	To collect taxes from citizens	To maintain India's monetary and financial stability	To manage public sector banks	To regulate stock markets
187	Which of the following is an example of a sector that may receive refinance support from RBI?	Real estate	Film industry	Retail trade	Export sector
188	Which of the following assets can be used to maintain Statutory Liquidity Ratio (SLR)?	Personal loans	Government securities, cash, and gold	Real estate investments	Corporate shares



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### MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
189	What is the purpose of maintaining CRR?	To increase bank profits	To control inflation only	To ensure banks have enough cash to meet withdrawal needs	To promote stock market investments
190	What does the Liquidity Adjustment Facility (LAF) primarily deal with?	Managing long-term loans to the government	Daily liquidity injection and absorption through repo and reverse repo	Regulating foreign exchange reserves	Issuing new currency notes
191	An increase in Repo Rate by RBI is generally aimed at:	Controlling inflation by making borrowing costlier	Encouraging borrowing by banks	Boosting exports	Reducing the cash reserve ratio
192	What is the main purpose of Open Market Operations (OMO)?	To fund government spending	To control stock market volatility	To regulate medium-term liquidity in the economy	To provide long-term capital to banks
193	Who is the sole authority for issuing currency notes in India?	Ministry of Finance	State Bank of India	Reserve Bank of India	Indian Banks' Association
194	The increasing importance of the foreign exchange market in India is due to:	A decline in international investments	India's isolation from global markets	Restriction on currency exchange	Increased trade and capital flows
195	Which of the following is empowered to issue, renew, modify, suspend, or cancel registration certificates of insurers?	IRDA	SEBI	RBI	LIC
196	Who supervises the functioning of the Tariff Advisory Committee?	LIC	RBI	SEBI	IRDA
197	IRDA has the power to specify how insurers should:	File for bankruptcy	Maintain and report their accounts	Manage real estate	Issue credit cards
198	How can an Angel Fund raise money?	Through bank loans	By issuing shares to the public	By issuing units to angel investors	By crowdfunding platforms
199	Compared to mutual funds, hedge funds are:	More regulated	Less regulated	Equally regulated	Regulated by RBI
200	A major characteristic of hedge fund returns is:	Guaranteed fixed returns	High correlation with equity markets	Consistency of returns and capital preservation	Government-backed guarantees
201	Which of the following is a feature of hedge funds?	Investment only in government securities	Strict adherence to equity-only investment	Flexibility in investment options	Tax-free returns
202	What is the main function of SEBI as per its preamble?	To protect investors and regulate the securities market	To promote foreign direct investment	To regulate banks and insurance companies	To provide loans to startups
203	What is another name for the Primary Market?	Old issue market	New issue market	Secondary market	Derivatives market
204	What is another name for the Secondary Market?	New issue market	Bond market	Derivatives market	Stock market
205	Who introduced Masala Bonds in India?	Reserve Bank of India	World Bank	International Finance Corporation (IFC)	Ministry of Finance
206	Insider trading becomes illegal when:	Done by a foreign investor	It leads to a rise in share price	It is based on confidential information not available to the public	It is done through a SEBI-registered broker
207	What does the repo rate represent?	The inflation rate in the economy	The annual interest rate earned on a repo transaction	The profit earned from securities	The tax rate on capital gains



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### MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
208	In which currency is a GDR typically denominated?	Local currency	British Pound	Indian Rupee	US Dollar
209	Who facilitates the conversion of GDRs into underlying shares?	Stock exchanges	Government agencies	Depository or custodian banks	Mutual funds
210	What formula is used to calculate the cost of equity capital under the CAPM model?	$K_e = R_f + \beta(R_m - R_f)$	$K_e = R_m + R_f + \beta$	$K_e = R_f + \beta(R_m - R_f)$	$K_e = R_m + \beta + R_f$
211	If the risk-free rate is 14%, the market return is 18%, and $\beta = 1$ , what is the cost of equity?	14%	16%	18%	20%
212	What is the formula for calculating the cost of retained earnings (kr)?	$kr = ke \times (1 + t) \times (1 + b)$	$kr = ke \times (1 - t) \times (1 - b)$	$kr = ke \div (1 - t)$	$kr = ke \times t \times b$
213	Company X issues 11% bonds of 100 for an amount aggregating 200,000 at 10% premium, redeemable at par after 5 years. Corporate tax rate is 35%. The cost of bonds would be:	4.90%	5.00%	5.20%	6.00%
214	Ramya Ltd.'s share beta factor is 1.40. The risk free rate of interest of government securities is 9%. The expected rate of return on the company equity shares is 16%. The cost of equity capital based on CAPM is:	9%	16%	18.80%	15.80%
215	What does a positive Net Present Value (NPV) indicate about a project?	The project generates returns lower than the firm's required rate	The project will result in a loss	The project earns a return higher than the required rate	The firm should reject the project
216	A company has the following data: Sales: 2,00,000 Variable Costs: ₹160,000 Fixed Costs: ₹20,000 What is the Degree of Operating Leverage (DOL)?	1.5	2	2.5	3
217	A firm has: DOL = 4.0 DFL = 3.5 What is the Degree of Combined Leverage (DCL)?	2.5	3.5	6	14
218	According to Walter's Model, when should a company retain its earnings?	- When return (r) < cost of capital (k)	- When return (r) = cost of capital (k)	- When return (r) > cost of capital (k)	. When the company has surplus cash
219	If EBIT is ₹2,50,000 and Net Sales are ₹12,00,000, what is the Operating Profit Ratio?	18.50%	20.83%	21.50%	25%
220	Operating Profit is also known as:	Net Profit	Gross Profit	EBIT	EBT
221	What is the formula for Operating Profit Ratio?	$EBIT \div \text{Total Assets} \times 100$	$\text{Net Profit} \div \text{Net Sales} \times 100$	$\text{Gross Profit} \div \text{Net Sales} \times 100$	$EBIT \div \text{Net Sales} \times 100$
222	If the Cost of Goods Sold (COGS) is ₹8,00,000 and the Average Inventory is ₹2,00,000, what is the Inventory Turnover Ratio?	4 times	6 times	7 times	5 times
223	A company has the following data: Net Credit Purchases ₹12,00,000, Opening Accounts Payable ₹4,00,000, Closing Accounts Payable ₹8,00,000. What is the Creditors Turnover Ratio?	1.5 times	2 times	2.5 times	3 times
224	A company reports Net Annual Sales of ₹20,00,000 and has Working Capital of ₹5,00,000. What is the Working Capital Turnover Ratio?	2.5 times	4 times	3 times	10 times



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### MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
225	XYZ Ltd. has a Current Ratio of 3: 1 and Net Current Assets of 10,00,000. What are the Current Assets?	₹ 10,00,000	₹ 12,00,000	₹ 15,00,000	₹ 20,00,000
226	A firm has Capital of 18,00,000; Sales of 9,00,000; Gross Profit of 3,00,000 and Expenses of 1,50,000. What is the Net Profit Ratio?	10%	16.67%	20%	25%
227	Current Assets ₹50,00,000; Current Liabilities ₹20,00,000; and Stock ₹10,00,000. What is the Liquid Ratio?	1.5 times	2 times	2.5 times	1.75 times
228	JK Ltd. has a gearing of 40%. Its cost of equity is 18%, and the cost of debt is 12%. The company's WACC is:	15.60%	16.20%	13.20%	12.80%
229	X Ltd. has issued a 10% perpetual debt of ₹1,00,000 at par. The tax rate is 35%. What is the cost of capital?	10% before tax; 6.5% after tax	6.5% before tax; 10% after tax	10% before tax; 3.5% after tax	6.5% before tax; 6.5% after tax
230	Using the CAPM approach, determine the cost of equity capital from the following data: Risk-free rate = 8% Market return = 13% Beta of the firm = 1.6	13%	16%	15%	18%
231	Calculate the cost of equity capital of Mamon Ltd., whose risk-free rate is 10%, beta is 1.75, and market return is 15%.	17.25%	18.75%	16.50%	19.25%
232	Net Income Approach to capital structure decision was proposed by _____	J. E. Walter	D. Durand	E. Solomon	M.H. Miller and D. Orr
233	If a firm has a DOL of 3.5, it means:	If sales increase by 3.5%, the EBIT will increase by 1%	If EBIT increases by 3.5%, the EPS will increase by 1%	If sales rise by 1%, EBIT will rise by 3.5%	None of the above
234	The Degree of Operating Leverage and Degree of Financial Leverage of VINTEX LTD. are 2.00 and 1.5 respectively. What will be the percentage change in EPS if the sales increase by 10%?	10% increase	30% increase	35% increase	15% increase
235	What is data?	Processed facts and figures with meaning	Raw facts and figures, often numbers or text strings	Analysis of information for decision making	Knowledge gained from experience
236	Which of the following represents the correct flow from raw input to decision making?	Knowledge → Data → Information	Data → Knowledge → Information	Information → Data → Knowledge	Data → Information → Knowledge
237	Which of the following is an example of quantitative financial data?	Management discussion and analysis in text	Stock price data	Executive interviews on business channels	Video presentations
238	Qualitative financial data can be in the form of:	Financial statements	Stock prices	Text, videos, and audio	Numerical tables
239	Which of the following is easier after digitization?	Reusing very large maps or data from microfilms	Increasing the size of physical files	Preventing data backups	Limiting data access to a single location
240	Digitization requires:	More physical storage space	Less physical storage space	No changes in storage requirements	More manual filing
241	Which of the following is a benefit of digitization during disasters?	Makes backup files harder to retrieve	Easier to keep backup files and retrieve data during unexpected disasters	Increases physical storage space requirements	Limits access to one location only
242	Resources that may face quick destruction should be:	Ignored	Stored for later	Given low priority	Prioritized for early digitization



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### MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
243	In which phase is it decided whether digitization will be done in-house or outsourced?	Justification	Assessment	Planning	Digitization activities
244	Which phase includes deciding the digitization format (e.g. consolidated or detailed)?	Justification	Assessment	Planning	Editing
245	Which of the following is NOT part of the care of digitized records?	Intellectual control over data	Permission for accession of data	Editing and cropping	Maintenance and upkeep



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### ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
1	Time value of money explains that:	a unit of money received today is worth more than a unit received in future	1
2	Time value of money facilitates comparison of cash flows occurring at different time periods by:	using either (1) or (2)	3
3	If the nominal rate of interest is 10 per cent per annum and frequency of compounding is 4 i.e. quarterly compounding, the effective rate of interest will be:	10.38% per annum	2
4	Relationship between annual effective rate of interest and annual nominal rate of interest is, if frequency of compounding is more than 1:	Effective Rate > Nominal rate	2
5	If annual effective rate of interest is 10.25% per annum and nominal rate of return is 10% per annum what is the frequency of compounding?	2	3
6	A student takes a loan of Rs. 50,000 from SBI. The rate of interest being charged by SBI is 10% per annum. What would be the amount of equal annual instalment if he wishes to pay it back in five instalments and first instalment, he will pay at the end of year 5?	Rs. 19,310	2
7	How much amount should an investor invest now in order to receive five annuities starting from the end of this year of Rs. 10,000 if the rate of interest offered by bank is 10% per annum?	Rs. 37,910	3
8	A bank offers 12% compound interests payable quarterly. If you deposit Rs.2,000 now, how much it will grow at the end of 5 years?	Rs.3,612	3
9	A company wants to repay a loan of Rs. 5,00,000, 10 years from today. What amount should it invest each year for 10 years if the funds can earn 8% per annum? The first investment will be made at the beginning of this year.	Rs. 31,950	2
10	Risk of two securities having different expected return can be compared with:	coefficient of variation	3
11	A portfolio consists of two securities and the expected return on two securities is 12% and 16% respectively. Calculate return of portfolio if first security accounts for 40% of portfolio.	14.40%	2
12	If the rate of interest is 12%, what are the doubling periods as per the rule 72 and the rule of 69 respectively?	6 Years and 6.1 Years	3
13	To create a minimum variance portfolio, in what proportion should the two securities be mixed if the following information is given $S_1 = 10\%$ , $S_2 = 12\%$ , $P_{12} = 0.6$ ?	0.72 and 0.28	1
14	A portfolio consisting of two risky securities can be made risk less i.e., $S_p = 0$ , if:	the securities are perfectly negatively correlated	2
15	Efficient portfolios are those portfolios, which offer (for a given level of risk)	maximum return	1
16	CAPM accounts for -	systematic risk	1
17	Assets Management company is formed:	To manage mutual funds investments	2
18	Prime duty of a merchant banker is -	Working as a Capital Market Intermediary	3
19	Basic objective of a money market mutual fund is:	Investment in short-term securities	2
20	Short selling refers to:	Selling shares without owning them	2
21	Which of the following is not regulated by SEBI?	Foreign Direct Investment	2
22	Which of the following is true for mutual funds in India?	Exit load allowed in some cases	4
23	Which of the following is not available in India?	Commodity Options	3
24	Which of the following is the benefit of Depositories?	All of the above	4
25	Credit Rating of a debt security is:	Merely opinion	2
26	The first computerised online stock exchange in India was:	OTCEI	2
27	Which of the following derivative is not traded on Indian Stock Market?	Forward Rate Agreements	4
28	How many depositories are there in India?	2	1
29	Secondary Market in India is regulated by:	Securities and Exchange Board of India	2
30	_____ funds do not have a fixed date of redemption.	Open ended funds	1
31	In India, NIFTY and SENSEX are calculated on the basis of:	Free-float Capitalization	3
32	The type of collateral (security) used for short-term loan is:	Stock of good	3
33	Which of the following is a liability of a bank?	Certificate of Deposits	3
34	Commercial paper is a type of:	Unsecured short-term debt	2
35	Which of the following is not a spontaneous source of short-term funds?	Provision for dividend	3
36	In India, Commercial Papers are issued as per the lines issued by -	Reserve Bank of India	2
37	Commercial paper are generally issued at a price:	Less than face value	3
38	Which of the following is not applicable to commercial paper?	None of the above	4
39	Accounting Ratios are important tools used by -	All of the above	4
40	Net Profit Ratio Signifies:	Operational Profitability	1
41	Working Capital Turnover measures, the relationship of Working Capital with:	Sales	2
42	Dividend Pay-out Ratio is:	DPS ÷ EPS	2
43	DuPont Analysis deals with:	Analysis of Profit	2
44	In Net Profit Ratio, the denominator is:	Net Sales	2
45	Inventory Turnover measures the relationship of inventory with:	Cost of Goods Sold	2
46	The term 'EVA' is used for:	Economic Value Added	2
47	Return on Investment may be improved by:	All of the above	4
48	In Current Ratio, Current Assets are compared with:	Current Liabilities	2
49	ABC Ltd. has a Current Ratio of 1.5: 1 and Net Current Assets of Rs. 5,00,000. What are the Current Assets?	Rs. 15,00,000	3



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### ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
50	There is deterioration in the management of working capital of XYZ Ltd. What does it refer to?	That debtors collection period has increased	3
51	Which of the following does not help to increase Current Ratio?	Avail Bank Overdraft to buy Machine	4
52	Debt to Total Assets Ratio can be improved by:	Redemption of Debt	4
53	Ratio of Net Income to Number of Equity Shares known as:	Earnings per Share	3
54	Trend Analysis helps comparing performance of a firm -	Over a period of firm	2
55	A Current Ratio of less than one means:	Current Assets < Current Liabilities	3
56	A firm has Capital of Rs. 10,00,000; Sales of Rs. 5,00,000; Gross Profit of Rs. 2,00,000 and Expenses of Rs. 1,00,000. What is the Net Profit Ratio?	20%	1
57	XYZ Ltd. has earned 8% Return on Total Assets of Rs. 50,00,000 and has a Net Profit Ratio of 5%. Find out the Sales of the firm.	Rs. 80,00,000	3
58	Suppliers and Creditors of a firm are interested in:	Liquidity Position	2
59	Which of the following is a measure of Debt Service capacity of a firm?	Interest Coverage Ratio	3
60	Gross Profit Ratio for a firm remains same but the Net Profit Ratio is decreasing. The reason for such behavior could be:	If Increase in Expense	2
61	Which of the following statements is correct?	Lower Debt-Equity Ratio means lower Financial Risk	4
62	Debt to Total Assets of a firm is 2. The Debt to Equity would be:	0.25	2.00
63	Which of the following helps analysing return to equity Shareholders?	Earnings Per Share	2.00
64	Return on Assets and Return on Investment Ratios belong to:	Profitability Ratios	2.00
65	XYZ Ltd. has a Debt Equity Ratio of 1.5 as compared to 1.3 Industry average. It means that the firm has:	Higher Financial Risk	2.00
66	Ratio Analysis can be used to study liquidity, turnover, profitability, etc. of a firm. What does Debt-Equity Ratio help to study?	Solvency	1
67	In Inventory Turnover calculation, what is taken in the numerator?	Cost of Goods Sold	2
68	Statement of cash flows are included in:	Ind AS - 7	3
69	Cost of capital refers to:	Required Rate of Return	3
70	Which of the following sources of funds has an implicit cost of capital?	Retained earnings	4
71	Which of the following has the highest cost of capital?	Equity shares	1
72	Cost of capital for Government securities is also known as:	Risk-free Rate of Interest	1
73	Cost of capital for bonds and debentures is calculated on:	After Tax basis	2
74	Weighted Average Cost of Capital (WACC) is generally denoted by:	$k_0$	3
75	Which of the following cost of capital require tax adjustment?	Cost of Debentures	3
76	Which is the most expensive source of funds?	New Equity Shares	1
77	Marginal cost of capital is the cost of:	Additional Funds	2
78	In case the firm is all-equity financed, the WACC would be equal to:	Cost of Equity	2
79	In order to calculate Weighted Average Cost of capitals (WACC) weights may be based on:	All of the above	4
80	Firm's cost of capital is the average cost of:	All sources	1
81	An implicit cost of increasing proportion of debt is:	Equity shareholders would demand higher return	3
82	Cost of redeemable preference share capital is:	Discount Rate that equates PV of inflows and out-flows relating to capital	3
83	Which of the following is true?	Retained Earnings are cheaper than External Equity	3
84	Capital Budgeting is a part of:	Investment Decision	1
85	Capital Budgeting deals with:	Long-term Decisions	1
86	Which of the following is not used in Capital Budgeting?	Net Assets Method	3
87	Capital Budgeting Decisions are:	Irreversible	2
88	Which of the following is not incorporated in Capital Budgeting?	Rate of Cash Discount	4
89	Which of the following is not a capital budgeting decision?	Inventory Level	4
90	A sound Capital Budgeting technique is based on:	Cash Flows	1
91	Which of the following is not a relevant cost in Capital Budgeting?	Both (1) and (3) above	4
92	Capital Budgeting Decisions are based on:	Incremental Cash Flows	2
93	Which of the following does not effect cash flows proposal?	Method of Project Financing	4
94	Cash Inflows from a project include:	Both (1) and (2)	4
95	Which of the following is not true with reference capital budgeting?	Existing investment in a project is not treated as sunk cost	3
96	Which of the following is not followed in capital budgeting?	Accrual Principle	3
97	Depreciation is incorporated in cash flows because it:	Reduces Tax liability	3
98	Which of the following is not true for capital budgeting?	Opportunity costs are excluded	2
99	Which of the following is not applied in capital budgeting?	All accrued costs and revenues be incorporated	3
100	Evaluation of Capital Budgeting proposals is based on Cash Flows because:	Cash is more important than profit	3
101	Which of the following is not included in incremental A flows?	Sunk Costs	2
102	A proposal is not a Capital Budgeting proposal if it:	brings short-term benefits only	3
103	In Capital Budgeting, Sunk cost is excluded because it is:	not incremental	2
104	Savings in respect of a cost is treated in capital budgeting as:	An Inflow	1
105	_____ ignores the time value of money.	Average Rate of Return (ARR)	2



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SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
106	The discounted cash flows techniques are:	All of the above	4
107	Working capital is calculated as _____.	Current assets less current liabilities	2
108	The basic current liabilities are _____.	All of the above	4
109	There are two concepts of working capital – gross and _____	Net	2
110	Working capital is also known as _____ capital.	Operating	2
111	_____ working Capital refers to the firm's investment in current assets.	Gross	3
112	In finance, "working capital" means the same thing as _____ assets.	Current	1
113	_____ working capital refers to the difference between current assets and current liabilities.	Net	2
114	A _____ net working capital will arise when current assets exceed current liabilities.	Positive	4
115	A _____ net working capital occurs when current liabilities are in excess of current assets.	Negative	2
116	X Ltd. distributes its products to more than 500 retailers. The company's collection period is 30 days and keeps its inventory for 20 days. The operating cycle would be:	50 Days	4
117	_____ refers to the funds, which an organisation must possess to finance its day to day operations.	Working Capital	3
118	Investment in current assets should be _____	just adequate	1
119	_____ varies inversely with profitability.	Liquidity	3
120	Capital intensive firms rely on _____	debt	1
121	On the basis of _____, working capital is classified as gross working capital and net working capital.	concept	1
122	_____ cycle analyzes the accounts receivable, inventory, and accounts payable cycles in terms of a number of days?	Operating	4
123	_____ method is not used for calculating working capital cycle.	Trial and error method	1
124	On the basis of _____, working capital may be classified as: 1) Permanent or fixed working capital. 2) Temporary or variable working capital.	time	2
125	Operating cycle is also called as _____	Working capital cycle	2
126	Spontaneous financing consists of _____	accounts payable	4
127	Conversation of marketable securities into cash entails a fixed cost of Rs.1,000 per transaction. What will be the optimal conversation size as per Baumol model of cash management?	Rs. 316,228	2
128	Average collection period is 2 months, cash sales and average receivables are Rs.5,00,000 and Rs.6,50,000 respectively. The sales amount would be-	Rs. 44,00,000	3
129	If the current ratio is 2.4:1 and working capital is Rs.25,20,000, find the amount of current assets and current liabilities.	Current Assets Rs. 43,20,000 and Current Liabilities Rs.18,00,000	1
130	Operating leverage helps in analysis of:	Business Risk	1
131	Which of the following is studied with the help of financial leverage?	Financing risk	4
132	Combined Leverage is obtained from OL and FL by their:	Multiplication	3
133	High degree of financial leverage means:	High debt proportion	1
134	Operating leverage arises because of:	Fixed Cost of Production	1
135	Financial Leverage arises because of:	Interest Cost	3
136	Operating Leverage is calculated as:	Contribution ÷ EBIT	1
137	Financial Leverage is calculated as:	EBIT ÷ PBT	2
138	Which combination is generally good for firms?	High Operating leverage, Low Financial leverage	3
139	Combined leverage can be used to measure the relationship between:	Sales and EPS	3
140	Financial Leverage is zero if:	EBIT = Zero	2
141	Business risk can be measured by:	Operating leverage	2
142	Financial Leverage measures relationship between	EBIT and EPS	2
143	Use of Preference Share Capital in Capital structure	Increases Financial leverage	2
144	Relationship between change in sales and change in EPS is measured by:	Combined leverage	2
145	Numerical data may be expressed as:	In the form of numbers	2
146	The descriptive data may be deciphered as:	May be deciphered in the form of qualitative information	1
147	Data represented in the form of picture is termed as:	Graphic data	1
148	Which of the following is/are the reason for digitization?	Requires less physical storage space	2
149	To make the data turn into user friendly information, it should go one/more of following core steps:	All of the above	4
150	Any data expressed as a number is a _____ data.	numerical	3
151	Classifying equities into small-cap, mid-cap, and large-cap categories are the examples of _____ Scale	Nominal	1
152	Which of the following is a phase for a process of digitization?	All of the above	4
153	Data science plays an important role in:	All of the above	4
154	The primary benefit of data distribution is:	the estimation of the probability of any certain observation within a sample space	1
155	Binomial distribution applies to attributes:	that are categorised into two mutually exclusive and exhaustive classes	1
156	The geometric distribution is a discrete distribution that assesses:	the probability of the occurrence of the first success	1



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SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
157	The probability density function describes:	the characteristics of a random variable	1
158	When independent variables with standard normal distribution are squared and added, the _____ distribution occurs.	Chi square	2
159	The procedure that organises data into a meaningful order to make it simpler to comprehend, analyse, and visualise, is called _____	Data sorting	2
160	Following is a widely used graph for data Visualisation:	All of the above	4
161	Following are the objectives of data visualisation:	All of the above	4
162	Following are the scope of DPA:	All of the above	4
163	Maps may be used for displaying:	All of the above	4
164	A scatter plot displays several unique data points:	on a single graph	1
165	A _____ chart depicts tasks that must be accomplished before others may begin, as well as the allocation of resources.	Gantt	2
166	_____ is a set of skills that aims to identify, find, modify, format, and present data in a manner that ideally conveys meaning and provides insight.	Data Presentation Architecture	1
167	Which of the following is a data discovery platform that enables users to make quicker, more informed choices by speeding analytics, uncovering new business insights, and enhancing the precision of outcomes?	QlikView	3
168	Which of the following is/ are the benefit/ benefits of data analytics?	All of the above	4
169	Which of the following is/ are the technique/s of data mining?	All of the above	4
170	XML is the abbreviated form of:	Extensible mark-up language	1
171	XBRL is the abbreviated form of:	eXtensible Business Reporting Language	1
172	Which of the following is/ are the types of cloud computing?	All of the above	4
173	On the basis of the type of "signal" or "feedback" provided to the learning system, which of the following is not a type of machine learning?	Robotic Process learning	4
174	In recent years, business intelligence has expanded to incorporate more procedures and activities designed to enhance performance. These procedures consist of:	All of the above	4
175	What does the term "break-even point" refer to?	The point at which total revenue equals total costs	2
176	Why is it important for a firm to move far from the break-even point?	To ensure survival against seasonal fluctuations	3
177	What is one reason profit maximization is criticized?	It can lead to exploitation of workers and consumers	3
178	What is a key assumption of the time value of money concept in financial decision-making?	The timing of cash flows affects their value	1
179	In which situation is the time value of money most relevant?	Comparing cash flows at different points in time	4
180	What is the present value of ₹2,000 receivable 5 years from now at an 8% annual discount rate?	₹ 1,361.73	3
181	If the future value remains the same, what happens to present value if the time period increases?	Present value decreases	1
182	What type of risk is caused by factors that affect the entire market or economy?	Systematic Risk	3
183	Given: Beta = 1.2, Risk-free rate = 4%, Expected market return = 12%. What is the expected return on the security?	13.60%	3
184	SPO refers to _____, the second and subsequent time a company raises money from the public directly.	Subsequent Public Offer	3
185	Which of the following is an example of a non-banking financial intermediary?	LIC (Life Insurance Corporation)	1
186	What is the primary role of the Reserve Bank of India (RBI)?	To maintain India's monetary and financial stability	2
187	Which of the following is an example of a sector that may receive refinance support from RBI?	Export sector	4
188	Which of the following assets can be used to maintain Statutory Liquidity Ratio (SLR)?	Government securities, cash, and gold	2
189	What is the purpose of maintaining CRR?	To ensure banks have enough cash to meet withdrawal needs	3
190	What does the Liquidity Adjustment Facility (LAF) primarily deal with?	Daily liquidity injection and absorption through repo and reverse repo	2
191	An increase in Repo Rate by RBI is generally aimed at:	Controlling inflation by making borrowing costlier	1
192	What is the main purpose of Open Market Operations (OMO)?	To regulate medium-term liquidity in the economy	3
193	Who is the sole authority for issuing currency notes in India?	Reserve Bank of India	3
194	The increasing importance of the foreign exchange market in India is due to:	Increased trade and capital flows	4
195	Which of the following is empowered to issue, renew, modify, suspend, or cancel registration certificates of insurers?	IRDA	1
196	Who supervises the functioning of the Tariff Advisory Committee?	IRDA	4
197	IRDA has the power to specify how insurers should:	Maintain and report their accounts	2
198	How can an Angel Fund raise money?	By issuing units to angel investors	3



# THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

## FINANCIAL MANAGEMENT AND BUSINESS DATA ANALYTICS (PAPER - 11)

### ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
199	Compared to mutual funds, hedge funds are:	Less regulated	2
200	A major characteristic of hedge fund returns is:	Consistency of returns and capital preservation	3
201	Which of the following is a feature of hedge funds?	Flexibility in investment options	3
202	What is the main function of SEBI as per its preamble?	To protect investors and regulate the securities market	1
203	What is another name for the Primary Market?	New issue market	2
204	What is another name for the Secondary Market?	Stock market	4
205	Who introduced Masala Bonds in India?	International Finance Corporation (IFC)	3
206	Insider trading becomes illegal when:	It is based on confidential information not available to the public	3
207	What does the repo rate represent?	The annual interest rate earned on a repo transaction	2
208	In which currency is a GDR typically denominated?	US Dollar	4
209	Who facilitates the conversion of GDRs into underlying shares?	Depository or custodian banks	3
210	What formula is used to calculate the cost of equity capital under the CAPM model?	$K_e = R_f + \beta(R_m - R_f)$	3
211	If the risk-free rate is 14%, the market return is 18%, and $\beta = 1$ , what is the cost of equity?	18%	3
212	What is the formula for calculating the cost of retained earnings (kr)?	$kr = k_e \times (1 - t) \times (1 - b)$	2
213	Company X issues 11% bonds of 100 for an amount aggregating 200,000 at 10% premium, redeemable at par after 5 years. Corporate tax rate is 35%. The cost of bonds would be:	4.90%	1
214	Ramya Ltd.'s share beta factor is 1.40. The risk free rate of interest of government securities is 9%. The expected rate of return on the company equity shares is 16%. The cost of equity capital based on CAPM is:	18.80%	3
215	What does a positive Net Present Value (NPV) indicate about a project?	The project earns a return higher than the required rate	3
216	A company has the following data: Sales: 2,00,000 Variable Costs: ₹160,000 Fixed Costs: ₹20,000 What is the Degree of Operating Leverage (DOL)?	2	2
217	A firm has: DOL = 4.0 DFL = 3.5 What is the Degree of Combined Leverage (DCL)?	14	4
218	According to Walter's Model, when should a company retain its earnings?	- When return (r) > cost of capital (k)	3
219	If EBIT is ₹2,50,000 and Net Sales are ₹12,00,000, what is the Operating Profit Ratio?	20.83%	2
220	Operating Profit is also known as:	EBIT	3
221	What is the formula for Operating Profit Ratio?	$EBIT \div \text{Net Sales} \times 100$	4
222	If the Cost of Goods Sold (COGS) is ₹8,00,000 and the Average Inventory is ₹2,00,000, what is the Inventory Turnover Ratio?	4 times	1
223	A company has the following data: Net Credit Purchases ₹12,00,000, Opening Accounts Payable ₹4,00,000, Closing Accounts Payable ₹8,00,000. What is the Creditors Turnover Ratio?	2 times	2
224	A company reports Net Annual Sales of ₹20,00,000 and has Working Capital of ₹5,00,000. What is the Working Capital Turnover Ratio?	4 times	2
225	XYZ Ltd. has a Current Ratio of 3: 1 and Net Current Assets of 10,00,000. What are the Current Assets?	₹ 15,00,000	3
226	A firm has Capital of 18,00,000; Sales of 9,00,000; Gross Profit of 3,00,000 and Expenses of 1,50,000. What is the Net Profit Ratio?	16.67%	2
227	Current Assets ₹50,00,000; Current Liabilities ₹20,00,000; and Stock ₹10,00,000. What is the Liquid Ratio?	2 times	2
228	JK Ltd. has a gearing of 40%. Its cost of equity is 18%, and the cost of debt is 12%. The company's WACC is:	15.60%	1
229	X Ltd. has issued a 10% perpetual debt of ₹1,00,000 at par. The tax rate is 35%. What is the cost of capital?	10% before tax; 6.5% after tax	1
230	Using the CAPM approach, determine the cost of equity capital from the following data: Risk-free rate = 8% Market return = 13% Beta of the firm = 1.6	16%	2
231	Calculate the cost of equity capital of Mamon Ltd., whose risk-free rate is 10%, beta is 1.75, and market return is 15%.	18.75%	2
232	Net Income Approach to capital structure decision was proposed by _____	D. Durand	2
233	If a firm has a DOL of 3.5, it means:	If sales rise by 1%, EBIT will rise by 3.5%	3
234	The Degree of Operating Leverage and Degree of Financial Leverage of VINTEX LTD. are 2.00 and 1.5 respectively. What will be the percentage change in EPS if the sales increase by 10%?	30% increase	2
235	What is data?	Raw facts and figures, often numbers or text strings	2
236	Which of the following represents the correct flow from raw input to decision making?	Data → Information → Knowledge	4
237	Which of the following is an example of quantitative financial data?	Stock price data	2
238	Qualitative financial data can be in the form of:	Text, videos, and audio	3
239	Which of the following is easier after digitization?	Reusing very large maps or data from microfilms	1
240	Digitization requires:	Less physical storage space	2



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241	Which of the following is a benefit of digitization during disasters?	Easier to keep backup files and retrieve data during unexpected disasters	2
242	Resources that may face quick destruction should be:	Prioritized for early digitization	4
243	In which phase is it decided whether digitization will be done in-house or outsourced?	Planning	3
244	Which phase includes deciding the digitization format (e.g. consolidated or detailed)?	Assessment	2
245	Which of the following is NOT part of the care of digitized records?	Editing and cropping	3