



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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| 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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|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------|-----------------------------------------|
| 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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| 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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| 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 upkeeping |



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| 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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| 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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|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------|
| 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 |



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 |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|-------------|
| 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 |



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| 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 |