



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

STRATEGIC PERFORMANCE MANAGEMENT & BUSINESS VALUATION (PAPER - 20A)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
1	Performance management is a key concept in the field of _____	Human Resource Management	Financial Management	Technical Analysis	Marketing Management
2	Operation management _____	The most important issues of performance management are	It is a continuous process	Alignment with strategic goal	None of the above
3	The _____ ratios are used to compare financial statements of different size companies or the same company over different periods.	Common size	DuPont	Liquidity	P/E
4	Trend analysis is an important tool of financial statement analysis and is also known as _____.	Horizontal analysis	Vertical analysis	Pyramid method	None of the above
5	_____ is an important aspect of well-defined Procure to Pay process.	Supply chain management	Strategic management	Operations management	Vendor management
6	Vendor relationship management is an extension of the _____ relationship.	Supply chain management	Buyer –supplier	Porter’s value chain	Value analysis
7	_____ is also referred as the ‘focal’ company in supply chain management.	Original equipment manufacturer	Original brand manufacturer	Both (a) and (b)	None of the above
8	Reverse mapping is a bottom up approach used in _____.	Strategy formulation	Strategy implementation	Formulation of operational plan	Formulation of tactical plan
9	The top key performance indicators (KPIs) of the Order to Cash (O2C) are _____.	Process cycle time	Days sales outstanding (DSO)	On-time delivery performance	All of the above
10	The main forms of Customer Relationship Management (CRM) are _____.	Strategic CRM	Operational CRM	Analytical CRM	All of the above
11	What is one of the vary basic parameters of the financial performance of a company?	Employee Satisfaction	Customer Profitability	Production efficiency	Innovation rate
12	How does an organisation benefit from a comprehensive knowledge of customers?	By improving employee retention	By enhancing supply chain efficiency	By Retaining existing profitable customers and luring in new ones	By Increasing Production speed
13	What is the Primary strategy of an organisation to positively impact its market share ?	Increase product prices	Reduce production costs	Lure in new customers	Enhance employee benefits



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14	Which model has a tactical orientation in evaluating the financial performance of an organisation?	Customer lifetime value model	Customer profitability Analysis	Balanced Scorecard	Six Sigma
15	What are the first signs of financial distress in a company?	Declining employee morale	Increased production costs	Loss of customers impacting cashflows	Decreasing customer
16	Which of the following is not one of the main parts of the Kaplan-Norton balanced scorecard concept?	financial and non-financial measurements.	cash flows and non-cash flows.	short term and long term measurements.	leading and lagging indicators
17	According to Kaplan & Norton, which of the balanced scorecard perspectives serves as the focus of the other perspectives?	Financial	Customer.	Internal business processes	Learning & growth
18	According to Norton and Kaplan, the balanced scorecard should be used as _____.	control system	diagnostic system	strategic system	None of the above
19	Given the following information for a business: Asset turnover = 3.50, Equity multiplier = 1, Return on Equity = 30% using the Dupont analysis, the net profit margin is _____.	8.57%	5.87%	7.65%	6.75%
20	What is the missing item in this formula? Return on Equity (ROE) = _____ × Equity multiplier.	Asset turnover	Financial leverage	Return on Assets	Net profit margin
21	One of the following is not a specific type of Benchmarking _____.	Generic Benchmarking	Internal Benchmarking	External Benchmarking	Competitive Benchmarking
22	Six Sigma is a business-driven, multi-dimensional structured approach to _____.	Reducing process variability	Lowering Defects	Improving Processes	All of the above
23	Small/Mid-sized Six Sigma projects are executed by professionals titled as:	Champion	Green Belt	Black Belt	Site Champion
24	Mura and Muri refer to _____ and _____ respectively.	Unevenness, waste	Unevenness, overburden	Overburden, waste	Overburden, poka-yoke
25	Variations in the quality characteristic of a product is due to _____.	chance causes	assignable causes	both (a) and (b)	neither (a) nor (b)
26	What is the primary purpose of the BSC?	To increased production speed	To reduce employee turnover	To translate vision, mission and strategy into tangible objectives and measures	To enhance product innovation



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27	Which of the following is not one of the critical management processes accomplished by the BSC?	Clarity and translate vision and strategy	Communicate and link strategic objectives and measures	Improve employee benefits and Incentives	Enhance strategic feedback and learning
28	Which of the following statements best describes the main goal of benchmarking according to the definition provided?	To replicate the exact processes of successful companies	To create unique internal standards for measuring quality	To Provide an external standard for measuring internal activities and identify improvement opportunities	To innovate new processes without considering external comparisons
29	What are the two methodologies used for the deployment of Six Sigma?	DMMI & DMAD	DMAIC & DMADV	DMAC & DMMV	DMAC & DMADV
30	Which Six sigma methodology is used to develop new processes or products?	DMAIC	DMADV	DMAC	DMID
31	Which phase of the DMADV Process involves creating high-level design and evaluating design capability to select the best design?	Define	Measure	Analyze	Verify
32	What is the first step in the DMAIC Process?	Measure the current process and collect relevant data	Define the process improvement goals consistent with customer demands and enterprise strategy	Analyze to verify the relationship and casual of factors	Control to ensure variances are corrected
33	What does the PDCA cycle stand for _____.	Plan-Do-Check-Adjust	Plan-Do-Check-Act	Prepare-Do-Check-Analyze	Plan-Design-Check-Act
34	What does the "S" in the PDSA cycle stand for _____.	Simplify	Study	Solve	Systemize
35	Which phase of the PDCA cycle is associated with " Sales" ?	Plan	Do	Check	Act
36	What does MIS stand for _____.	Management Information system	Marketing Information system	Manufacturing Information System	Monetary Information system
37	What are the three elements of MIS method in the text?	Management, Information, System.	Data, Process, Output	Collection, Analysis, Reporting	Planning, Implementation, Monitoring



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38	The relationship between the economy and an economic indicator can be_____.	Procyclic	Countercyclic	Acyclic	All of the above
39	Key Performance Indicator (KPI) is defined as _____.	A vision statement that outlines a company's successful strategy	An executive officer's ability to lead his division	A performance measurement tool to gauge how a company	A growth strategy that takes competition into account
40	Pareto improvement is an action that makes_____.	Both the person better off	At least one person worse off	At least one person worse off without making anyone better	At least one person better off without making anyone worse
41	On the basis of timing an economic indicator is_____.	Leading	Lagged	Coincident	All of the above
42	Which of the following is a characteristic of a perfectly competitive market?	Firms are price setters	There are few sellers in the market;	Firms can exit and enter the market freely;	All of these
43	In order to maximize profits, a firm should produce at the output level for which:	Average cost is minimized;	Marginal revenue equals marginal cost;	Marginal cost is minimized;	Price minus average cost is as large as possible
44	A firm's marginal revenue is defined as:	The ratio of total revenue to total quantity produced;	The additional output produced by lowering price;	The additional revenue received due to technical innovation;	The additional revenue received when selling one more unit of output.
45	Which one of the following is not a Competition based pricing method?	Going rate pricing	Sealed bid pricing	Marginal cost pricing	Trade association based
46	The pricing of niche products is appropriate to_____.	Perceived value pricing	Penetration pricing	Differential pricing	Full cost pricing
47	Which one of the below mentioned is not a modern theory of the firm?	Baumol's sales maximisation	Shareholder's wealth maximisation	Marri's model of maximisation of Firm's Growth rate	Williamson's model of managerial discretion
48	What is the role of a Perfectly competitive firm in the market ?	Price Maker	Price taker	Price setter	Price Influencer
49	In a Perfectly competitive Market, what does the demand curve facing the firm look like?	Downward slopping	Upward slopping	Vertical	Horizontal
50	At what point does a perfectly competitive firm maximize its total profits in the short run?	Where $MR = MC$	Where $MC > MR$	Where $MR > MC$	Where $MR < MC$



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51	If the price (P) is equal to average cost (AC), what is the profit condition of the firm?	The firm incurs a loss	The firm breaks even	The firms earn super normal profit	The firm shuts down
52	What happens if the price (P) is smaller than the average variable cost (AVC)?	The firm incurs a loss but continues operating	The firm earns a profit	The firms minimizes total losses by shutting down	The firm break even
53	What will happen in the long run if firms in a perfectly competitive industry are earning profits in the short run?	Market Prices will increase	Firms will exit the industry	Market price will decline as supply increases	The firms will continue earning super normal profits
54	What is the shutdown point for a firm in the short run?	$P=AC$	$P=MC$	$P=AVC$	$P>AVC$
55	What is the profit condition for a firm when the price (P) exceeds average cost (AC)?	The firm is incurring a loss	The firm Break even	The firm earns super normal profit	The firm shuts down
56	In long-run equilibrium, where do all firms in a perfectly competitive industry produce?	Where $P =$ lowest average cost	Where $P > AC$	Where $P < AC$	Where $P > AVC$
57	Which two conditions summarize short-term profit maximization for a perfectly competitive firm?	$MR = AC$ & Slope of $MR >$ Slope of MC	$MR=AVC$ & Slope of $MR <$ Slope of MC	$MR=MC$ & Slope of $MR >$ Slope of MC	$MR=MC$ & Slope of $MR <$ Slope of MC
58	One of the following is cannot be classified as systematic risk.	Interest rate risk	Political risk	Credit risk	Foreign exchange risk
59	Risk management strategies are _____.	Avoid risk, Reduce risk, Retain risk, Combine risk	Transfer risk, share risk, Hedge risk	Both (a) and (b)	None of the above
60	Systematic risk is measured by _____.	Alpha	Beta	Gamma	Delta
61	The elements of ERM includes _____.	Risk identification	Risk assessment	Risk response	All of the above
62	The goal of ERM as provided in Committee of Sponsoring Organisation's (COSO) ERM –Integrated Framework is to provide companies with _____.	key principles and concepts	common language	clear direction and guidance regarding the management enterprise	All of the above
63	Unique risk is also referred as _____.	Systematic risk	Operational risk	Default risk	Non-systematic risk
64	When $r_{ij} = -1$ (given that i and j are two securities comprising the portfolio)	the overall portfolio risk can be completely eliminated	nothing to help reduce risk	systematic risk can be diversified	political risk can be diversified



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65	The standard error (SE) of the sample mean loss distribution is equal to the _____.	standard deviation of the population multiplied by the square root of the sample size.	standard deviation of the population multiplied by the cube root of the sample size	standard deviation of the population divided by the square root of the sample size	standard deviation of the population divided by the cube root of the sample size.
66	Which one of the following is not a qualitative method used for determining the level of risk of a business?	Brainstorming	Computer simulation	Evaluation for multidisciplinary groups	Judgment of specialists and experts (Delphi Technique)
67	A colour coded version of the risk map is known as _____.	Red – Blue risk map	Red –Yellow map	Heat Map	None of the above
68	Which type of risk is considered non-diversifiable and affects all investments and securities ?	Unsystematic risk	Credit risk	systematic risk	Liquidity risk
69	What type of systematic risk occurs due to variations in the market interest rates ?	Interest rate risk	Purchasing power risk	Market risk	Foreign exchange risk
70	Which risk is associated with the overall tendency of security prices to move collectively due to social, political and economic events ?	Market risk	Liquidity risk	Credit risk	Operational risk
71	What type of systematic risk arises from uncertainties of purchasing power due to inflation ?	Market risk	Interest rate risk	Purchasing power risk	Foreign exchange risk
72	Political instability in a country leading to business risks for companies operating there is an example of which type of risk?	Political risk	Market risk	Operational risk	Interest rate risk
73	What type of risk is associated with the difficulty of selling an asset quickly without a price discount ?	Liquidity risk	Credit risk	Market risk	Operational risk
74	The risk arising from a company's failure to meet its financial obligations, such as not paying interest or principal on time, is known as _____.	Market risk	Credit risk	Operational risk	Liquidity risk
75	What is a key requirement for effectively executing strategy and delivering performance in today's changing risk landscape ?	Focusing solely on financial risks	Ignoring non-financial risks with potential impact on organisational value	Leveraging historical comparisons of KRIs & KPIs	Identifying, assessing, evaluating and managing non-financial risks
76	Which of the following is not a method of risk management strategy?	Avoidance	Retention	Hedging	Transfer
77	What is another term for the strategy of risk retention ?	Reduction	Avoidance	Transfer	Acceptance



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78	What does VaR stand for in finance ?	Value at Risk	Value Assessment Ratio	Volatility Analysis Report	Variable Asset Return
79	How is VaR defined ?	The average loss scenario arising from fluctuations in the value of a portfolio over a given period of time	The best-case scenario for a portfolio's value over a specific time frame	The worst loss scenario arising from unexpected fluctuations in the value of a portfolio over a given period of time, at a specific confidence	The expected return from a portfolio over a given period of time.
80	When was the Basel Committee on Banking Supervision (BCBS) established, and what was its purpose ?	Established in 1988 to provide recommendations on banking regulations	Established in 1971 to replace the Bretton woods system	Established in 1974 by central bankers from G-10 countries to rebuild international financial structure	Established in 2018 to regulate global banking operations
81	Where is the headquarters of the Basel committee on banking supervision (BCBS) ?	New York, USA	Geneva, Switzerland	London, UK	Basel, Switzerland
82	What are the primary objectives of bank supervision according to the Basel committee core principles ?	Maximizing profits for banks	Protecting depositor's interests	Promoting risky investment strategies	Minimizing regulatory oversight
83	Which Basel accord is referred to as the Basel capital accord and was documented in 1988 ?	Basel II	Basel III	Basel I	Basel IV
84	What are the three categories of risk under Basel II ?	Market risk, operational risk and liquidity risk	Credit risk, Market risk and liquidity risk	Credit risk, Market risk and operational risk	Credit risk, liquidity risk and Interest rate risk
85	Which of the following is NOT one of the specific issues addressed by Basel III guidelines ?	Enhanced quality and quantity of capital instruments	Introduction of new global liquidity standards	Relaxation of leverage ratio requirements	Revision of credit Risk weights
86	What is the main focus of Basel III guidelines regarding risk management ?	Encouraging excessive risk-taking behaviour	Reducing regulatory oversight	strengthening the minimum capital requirements outlined in Basel I & II	Enhancing market stability through sound compensation practices



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87	What does a Z-score lower than 1.81 indicate about a company's financial status?	The company is financially safe and healthy	The company is in a grey area with a moderate chance of filing for bank	The company is in financial distress and has a high probability of going bankrupt	The company is unlikely to file for bankruptcy
88	How is a Z-score of 2.99 and above interpreted in terms of a company's financial health ?	The company is financially safe and healthy	The company is in a grey zone with a moderate chance of filing for bankruptcy	The company is unlikely to file for bankruptcy	The company is in distress and has a high probability of going bankrupt
89	_____ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.	Investment Value	Fair Value	Fair market value	Equitable Value
90	_____ is the estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties.	Market Value	Liquidation Value	Equitable Value	Investment Value
91	Liquidation Value can be determined under what premises:	an orderly transaction with a typical marketing period;	a forced transaction with a shortened marketing period	both	none of the above
92	The amount that would be realised when an asset or group of assets are sold on a piecemeal basis is known as _____.	Fair Market Value	Market Value	Investment Value	Liquidation Value
93	Companies that grow and earn a return on capital that exceeds their cost of capital create value.	Alfred Marshall	Black scholes	Michael Porter	None of the above
94	What term best describes "the price a willing buyer would pay a willing seller in a transaction on the open market"?	Market Value	Fair Value	Equitable Value	Investment Value
95	Fair Value is defined as the price that would be received to sell an asset or paid to transfer a _____ in an orderly transaction between market participants at the measurement date.	Asset	Liability	Equity	None of the above
96	The current use may be, but is _____ also the highest and best use.	Not necessarily	Not necessarily	Either a or b	none of the above
97	_____ is the use, that would produce the highest value for an asset.	Current Use	Existing Use	Best Use	Highest and best use



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98	In Orderly Transactions the reasonable period of time to find a purchaser _____ vary by asset type and market conditions.	Yes	No	May	May not
99	Tangible assets are usually valued using any of the premises except _____.	Forced Sale	Going Concern	Orderly liquidation	Highest and best use
100	When to apply Income approach?	where the asset does not have any market comparable or comparable transaction	where the asset has fewer relevant market comparables	where the asset is an income producing asset for which the future cash flows are available and can reasonably be projected	All of the above
101	Key inputs of Discounted Cash Flow (DCF) Method are _____.	Cashflow	Terminal Value	Discount Rate	All of the above
102	Which ratio reveals the number of times company can make its interest payments from its operating profit?	Debt-Equity Ratio	Interest Coverage Ratio	Both	None of the above
103	The price-earnings ratio is calculated as _____.	MPS/EPS	EPS/MPS	MPS/BV	any of the above
104	When did the Insolvency and Bankruptcy Code 2016 receive the President's assent?	5th August 2016	28th May 2016	5th May 2016	15th June 2016
105	The term related party is defined in of the Insolvency and Bankruptcy Code, 2016:	Section 5 (22)	Section 5 (23)	Section 5 (24)	Section 5 (25)
106	How much time is given to start-ups and small and medium enterprises (SMEs) to complete the resolution process in Fast-track insolvency process?	30 days	60 days	90 days	45 days
107	Who can initiate an Insolvency Resolution Process under the Code ?	Debtor	Creditor	Insolvency resolution Professional	all of the above
108	What is the minimum amount of default for being admitted into Corporate Insolvency Resolution Process (CIRP)?	₹50 lakhs	₹75 Lakhs	₹90 Lakhs	₹1 Crore
109	During voluntary liquidation, who is required to make declaration of solvency ?	Partners	Directors	Debtor	Creditor
110	Whom does the IRP appoint to determine the liquidation value of the corporate debtor?	Liquidator	CA	Director	Registered valuers



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111	Any arrangement entered into by a company or its holding company in contravention of the provisions of this section shall be -	Voidable	Void	Voidable at the option of others	Valid
112	Under sec 230(3), In case of a listed company, the documents related to notice of meeting under should be sent to -	SEBI	NSE	BSE	all of the above
113	What is the punishment for a valuer for contravening the provisions of this section 247 with the intention to defraud the company or its members?	Fine of ₹1 lacs - ₹5 lacs	Imprisonment may extend to one year	both	None
114	Central Registry of Securitization Asset Reconstruction and security Interest (CERSAI) is under which provision?	SEBI Act,1992	SARFAESI Act,2002	RBI Act,1934	Banking Regulation,1949
115	Acquisition of financial assets by any asset reconstruction company from any originator	Reconstruction	Default	Securitisation	Amalgamation
116	Which of the following assets is an asset or account of a borrower, which has been classified by a bank or financial institution and sub-standard, doubtful or loss asset, in accordance with the directions or guidelines relating to asset classification issued by RBI?	Underlying Assets	Operating Assets	Performing Assets	Non Performing Assets
117	Which Company can act as an agent for any bank or financial institution for the purpose of recovering their dues from the borrower on payment of such fees or charges as may be mutually agreed upon between the parties?	securitisation company	reconstruction company	Both	None
118	Which of the following acts gave birth to the Asset Reconstruction Company ?	Banking regulation act 1949	SEBI Act 1992	Companies Act 2013	SARFAESI Act 2002
119	Market price per share of a firm having equity capital of ₹ 100,000 consisting of shares of ₹ 10 each, profit after tax of ₹ 82,000 & P/E ratio of 8 is _____.	₹ 65.70	₹ 10.25	₹ 65.60	₹ 1.03
120	If the rate at which the company can borrow funds from the financial institutions is 11 percent and the tax rate applicable to the company is 30 percent. The Post Tax Cost of Debt would be _____.	15.71 percent	7.7 percent	0.3 percent	3.3 percent
121	If the 10 Year Government bond yield is 7.5% and the BSE Sensex return over the last one year is 15%. Assuming the company's Beta is 1.2, what is the Required return on Equity?	15.6 Percent	16.6 Percent	16.5 Percent	17 Percent



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122	If a company has a P/E ratio of 20 and a ROE (Return on Equity) of 15% then the Market to Book Value Ratio is-	3 times	0.03	Cannot be calculated from the given information	None of the above
123	If an all equity firm has cash from operating Activities amounting to ₹ 60 lakhs, Depreciation ₹ 30 lakhs, increase in non-cash working capital ₹25 lakhs and capital expenditure ₹20 lakhs , its Free cash flows to Equity amounts to (in ₹ Lakhs)_____.	₹40 lakhs	₹45 lakhs	₹60 lakhs	₹90 lakhs
124	Assume that in a stock market, the CAPM is working. A company has presently beta of 0.84 and its going to finance its new project through debt. This would increase its Debt/Equity Ratio to 1.56 from the existing 1.26. Due to increased Debt/Equity Ratio, the company's beta would be _____.	Increase	Decrease	remain unchanged	Nothing can be concluded
125	Which one is the advantage of DCF valuation?	Its not based upon an asset's fundamentals	It is not the right way to think about what an investor would get when buying an asset	it forces an investor to think about the underlying features of the firm and understand its business	All of these
126	X ltd's share beta factor is 1.40. The risk free rate of interest on government securities is 9%. The expected rate of return on the company equity shares is 16%. The cost of equity capital based on CAMP is_____.	15.8 Percent	16 Percent	18.8 Percent	9 Percent
127	The sensitivity of an asset's return to the return on the market index is referred to as its _____.	Beta	Delta	gama	alpha
128	The additional return required by investors to invest in equities rather than a risk-free asset is known as _____.	Equity risk premium	unique risk	firm-specific risk	systematic risk
129	Which theory describes money received in the current time it has more worth than money received in future?	Cash value of money	Time value of money	Storage value of money	Lead value of money
130	A project assumed monetary gain or loss by discounting entire cash inflows and outflows by utilising the necessary rate of return is listed as _____.	Net recorded cash value	Net discounted value	Net future value	Net present value
131	The cash flows method, utilized by the internal rate of return and net present value method are_____.	Future cash flows	Lean cash flows	Discounted cash flows	Vertical cash flows



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132	Which method in a capital budgeting is based on the discounted cash flow?	Net equity budgeting method	Net capital budgeting method	Net future value method	Net present value method
133	Cash flows are a project's revenue and are indicated by_____.	Positive numbers	Negative numbers	Relative number	Hurdle number
134	In which payback period a due cash flows are discounted with the cost of capital of the project is categorised as_____.	Discounted project cost	Discounted cash flows	Discounted rate of return	Discounted payback period
135	Which of the following most likely represents an interpretation of a high P/E ratio of a stock?	A company shares are currently overpriced.	A company shares are currently underpriced.	A company shares are currently fairly priced.	None of the above
136	High P/E ratios tend to indicate that a company may _____.	grow quickly	grow at the same speed as the average	grow slowly	not grow
137	_____ is equal to (common shareholders' equity/common shares outstanding).	Book value per share	Liquidation value per share	Market value per share	Tobin's Q
138	8% bond of Face Value ₹ 100 is selling for ₹ 96. What would be its Current Yield?	8%	12%	8.33%	None of the above
139	Certain costs are excluded in valuing inventory are_____.	Abnormal amounts of wasted materials, labour, or other	Storage costs unless they are essential to the production process	Selling costs.	All of the above
140	In the absence of any information, valuers must consider valuing such unquoted investments at their_____.	Net Asset Values under cost approach	P/BV under market approach	PECV under Income approach	the Discounted Cash Flow (DCF) approach
141	Fixed income securities that usually carry a fixed rate of interest and can be issued by government or corporate is_____.	Debentures	NSC	Bond	None of the above
142	Bonds typically pay interest periodically at a pre specified rate of interest the rate at which this interest is paid is known as_____.	Coupon	Bond Yield	Bond Price	None of the above
143	The rate of return required by the bond holders from the bond is known as the_____.	Bond Price	Call Option	Bond Yield	Coupon
144	Option which entitles the bondholders to put the bonds back to the issuer for redemption before the maturity date is known as _____.	Put Option	Call Option	Coupon	None of the above
145	Current yield of bonds selling at par would be equal to the coupon interest rate, is it true?	TRUE	FALSE	Maybe	Either of the above



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146	Interest rate risk refers to the risk that bond prices will _____ as interest rates rise.	Rise	Stay constant	Fall	None of the above
147	Reinvestment Risk refers to the risk that the proceeds from a bond will be reinvested at a _____ than the bond originally provided.	Higher rate	Lower rate	Same rate	Slightly higher rate
148	A _____ is an option issued by a company to buy a stated number of shares of stock at a specified price.	Warrant	Bond	Puttable bond	None of the above
149	_____ is one in which the bondholder has the right to sell the issue back to the issuer at a specified price _____ is one in which the bondholder has the right to sell the issue back to the issuer at a specified price on a designated dates.	Puttable bond	Warrant	Bond	None of the above
150	A _____ grants the bondholder the right to convert the bond into a specified number of issuing company's shares	Call Option	Put Option	Conversion Option	Warrant
151	Price of a Callable bond =	Price of an Option-free bond - Price of embedded call option	Price of an Option-free bond + Price of embedded call option	Price of Option-free bond + Price of Embedded Option	None of the above
152	Price of a Puttable Bond =	Price of an Option-free bond - Price of embedded call option	Price of an Option-free bond + Price of embedded call option	Price of Option-free bond + Price of Embedded Option	None of the above
153	Which IND AS states that, "An intangible asset is an identifiable non-monetary asset without physical substance."	IND AS 38	IND AS 113	IND AS 19	IND AS 12
154	EVA =	Net Operating Profit After Tax – Currency Cost of Capital	Net operating Profit After tax – (Capital Employed x Cost of Capital)	Net Operating Profit After Tax + Currency Cost of Capital	Both a and b
155	Market value Added (MVA) is the difference between the _____ of a firm and the contributed by investors.	Current market value, Capital	Book value, Capital	Book Value, Debt	None of the above
156	If MVA is positive, the firm has added value. If it is negative the firm has destroyed value. Is it correct or not ?	Incorrect	Partly Correct	Partly Incorrect	Correct



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MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
157	A _____ MVA means that the value of the actions and investments of management is less than the value of the capital contributed to the company by the capital markets, meaning wealth or value has been _____.	Positive	Negative	Constant	None of the above
158	The aim of the company should be to maximize _____.	MVA	EVA	Both	None of the above
159	Asset-Liability management can be used to manage _____.	Exchange Risk	Interest Rate Risk	Default Risk	Both a and b above
160	An Investment is risk free when actual returns are always _____ the expected results.	Equal to	Less than	More than	Depends upon circumstances
161	If the Value of target Co. is ₹ 500 Million and the value of acquiring company is ₹ 800 Million. Present value of cost savings if the two companies are merged together is ₹ 100 million. Acquiring company expects the cost of integration as ₹ 80 million and the shareholders of Target Co. are expecting a deal premium to be paid of 15 percent over their company's value. what is the value of Combined entity?	₹ 1400 million	₹ 1345 million	₹ 1445 million	₹ 1540 million
162	X ltd has ₹ 100 crores worth of common equity on its balance sheet comprising of 50 lakhs shares. The company's market value Added (MVA) is ₹ 24 crores. What is company's stock price?	230	238	248	₹ 264
163	A firm's current assets and current liabilities are 1600 and 1000 respectively . How much can it borrow on a short-term basis without reducing the current ratio below 1.25?	1000	1200	1400	1600
164	Identify which of the following is not a financial liability	X ltd has 1 lakh ₹ 10 ordinary shares issued	X ltd has 1 lakh 8% ₹ 10 redeemable preference shares issued	X Ltd has ₹ 2,00,000 of 6% bonds issued	Both (A) and (B)
165	In 2018, Walmart acquired 77 percent stake in Flipkart India for USD 16 billion. Is it an example of merger or acquisition?	Acquisition	Merger	Both	None of these
166	Acquisitions create value when the cash flows of the combined companies are greater than the sum of their individual values. Is it true ?	FALSE	TRUE	May be	None of these
167	Value gap is the difference between _____ and _____.	Synergy value and purchase price	Intrinsic value and purchase price	Market value and purchase price	Intrinsic value and Synergy value



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168	_____ refers to the excess that an acquirer pays over the market trading value of the target company's shares being acquired.	purchase premium	acquisiton premium	Both	None of these
169	_____ are those where an acquirer intends to run the company themselves. There are significant changes in the way the company operates.	Financial Acquisition	Strategic acquisitions	Hostile takeover	None of these
170	_____ are often done by Private Equities, Venture Capitalists and portfolio companies who acquirer a company purely for their value and normally do not make significant operational changes.	Financial Acquisition	Strategic acquisitions	Hostile takeover	None of these
171	If the combined entity is more than the sum of its parts, the transaction is said to have created _____.	Combined Value	Net Worth	Synergies	Economic gains
172	The merger of one or more companies with another company or the merger of two or more companies to form one company is called _____.	Demerger	Acquisition	Amalgamation	Slump sale
173	The difference between the current market value of a firm and the capital contributed by investors is _____.	Economic Value Added	Market Value Added	Enterprise Value Added	Book value Added
174	Future retail Ltd and Reliance Ltd go into liquidation and a new company Reliance Retail Ltd is formed. It is a case of:	Absorption	External reconstruction	Amalgamation	Take over
175	Net assets minus capital reserve is _____.	Goodwill	General reserves	Purchase consideration	None of the above
176	If purchase consideration is more than net assets of the transferor company, then difference will be shown as:	Goodwill account	Capital reserve account	General reserve account	None of the above
177	In the books of Transferor Company, shares received from the new company are recorded at:	Face value	Market Price	Intrinsic value of shares	None of the above
178	Intangible assets are treated as _____ assets.	Fictitious assets	Fixed assets	Cash and cash equivalents	Marketable securities
179	EVA is _____ related to shareholder's value	directly	inversely	not related	None of the above
180	Which is not a, human-capital related intangible assets?	Trained workforce	Employment agreements	Union Contracts	Design patent
181	When amalgamation is in the nature of merger, the accounting method to be followed is:	Equity method	Purchase method	Pooling of interests method	Consolidated method



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182	What are the tax consequences of a taxable merger ?	Selling shareholders can defer any capital gain until they sell their shares in the merged company	Depreciation tax shield is unchanged by merger	Selling shareholders must recognize any capital gain	Depreciable value of assets will remain unchanged
183	The Income tax Act, 1961 define "amalgamation" under Section _____.	1(1B)	2(1B)	3(B)	2(2B)
184	_____ grant a company the right to issue stock options to existing shareholders enabling them to purchase additional shares of stock at significantly discounted prices.	Poison pills	Poison puts	Share repurchase	None of these
185	The primary goal of Strategic Performance Management (SPM) is to:	Compare employees' performance with that of competitors	Align individual and organizational goals to drive strategic success	Reduce the workload of top management	All of the above
186	Performance measurement focuses on _____, while performance management focuses on _____.	Quantitative data; quality	Employees; management	Systems; individuals	Past results; continuous improvement
187	Which statement best differentiates performance appraisal from performance management?	Appraisal is future-oriented; management is past-oriented	Appraisal is continuous; management is annual	Appraisal is a component of performance management	There is no difference between the two
188	Productivity is best defined as the ratio of:	Inputs to outputs	Outputs to inputs	Costs to revenue	Revenue to market share
189	A company producing 1,000 units with 500 labor hours improves output to 1,200 units with the same hours. This indicates:	Lower productivity	Higher productivity	Decreased efficiency	No change in performance
190	Which of the following best describes labor productivity?	Total cost ÷ labor hours	Input × labor hours	Output ÷ total cost	Output ÷ labor hours
191	A rise in productivity usually leads to:	Higher costs	Lower performance	Better resource utilization	Increased idle time
192	Financial Performance Analysis primarily aims to:	Record business transactions	Evaluate the financial health and operational efficiency of an organization	Prepare annual budgets	Manage employee performance



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193	Which of the following is not a primary tool of financial performance analysis?	Ratio Analysis	Trend Analysis	SWOT Analysis	Common Size Statements
194	Liquidity ratios are used to measure:	Long-term solvency	Profitability of shareholders	Asset utilization efficiency	Short-term debt-paying ability
195	A current ratio lower than 1 indicates that:	Current liabilities exceed current assets	The company has surplus working capital	Liquidity position is strong	Profitability is high
196	Which ratio measures how effectively a company uses its assets to generate sales?	Current Ratio	Inventory Turnover Ratio	Debt-Equity Ratio	Asset Turnover Ratio
197	The Debt-Equity Ratio assesses:	Profitability	Solvency	Liquidity	Market performance
198	If Net Profit Margin increases while Sales remain constant, it indicates:	Decrease in expenses	Increase in liabilities	Decline in profitability	Inefficiency in cost management
199	The Return on Capital Employed (ROCE) is a measure of:	Liquidity position	Market price appreciation	Operational efficiency of capital invested	Leverage control
200	Which of the following is a limitation of ratio analysis?	It is easy to compute	It relies on historical financial data	It provides a quick view of performance	It shows comparative results
201	A low debtor turnover ratio usually means:	Effective credit collection	Faster realization of cash	Inefficient collection policy	Lower sales volume
202	The Procurement to Pay (P2P) process begins with:	Payment to supplier	Purchase requisition	Goods receipt	Invoice verification
203	The final step in the P2P cycle is:	Purchase order creation	Vendor selection	Payment to vendor	Goods inspection
204	The main objective of the P2P process is to:	Increase sales revenue	Ensure smooth procurement and timely payment to vendors	Manage customer relationships	Forecast future demand
205	Vendor Relationship Management (VRM) primarily aims to:	Minimize communication with suppliers	Build long-term, mutually beneficial relationships with vendors	Focus only on cost reduction	Ensure single-source procurement
206	Downstream supply chain activities mainly include:	Procurement and production	Customer order fulfillment and distribution	Supplier relationship management	Product design and R&D



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207	The term “upstream supply chain” refers to:	Distribution activities to customers	Activities related to suppliers and inbound logistics	Marketing and sales functions	Customer service operations
208	A key enabler of reverse mapping in modern businesses is:	Manual record-keeping	Predictive analytics and machine learning	Fixed cost budgeting	Traditional ratio analysis
209	Reverse mapping of business strategy refers to:	Developing a strategy before understanding market behavior	Deriving strategic insights by analyzing marketplace data and trends	Reversing marketing channels	Abandoning existing business models
210	The Order-to-Cash (O2C) process begins with:	Invoice generation	Receipt of customer order	Dispatch of goods	Collection of payment
211	The final stage of the Order-to-Cash cycle is:	Order confirmation	Payment collection and reconciliation	Shipping	Customer inquiry handling
212	The main goal of an efficient O2C process is to:	Increase marketing expenditure	Convert customer orders into cash quickly and accurately	Delay cash conversion for higher interest income	Reduce the number of orders processed
213	The “Order Management” phase in O2C includes:	Managing supplier relations	Adjusting inventory reorders	Recording, validating, and confirming customer orders	Preparing marketing campaigns
214	A major KPI to assess the performance of the O2C process is:	Days Sales Outstanding (DSO)	Return on Capital Employed (ROCE)	Inventory Turnover Ratio	Profit Margin
215	A profitable customer is one whose:	Total revenue exceeds total costs associated with serving them	Orders infrequently	Requires frequent discounts	Only interacts with marketing
216	Which of the following is the most effective way for a company to improve its credit rating?	Delaying supplier payments	Reducing debt-to-equity ratio	Increasing dividend payouts	Expanding fixed costs
217	The Balanced Scorecard was originally developed by:	Robert Kaplan and David Norton	Michael Porter	Philip Kotler	Peter Drucker
218	The Balanced Scorecard framework traditionally includes how many perspectives?	3	4	2	6



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219	Which perspective measures profitability and shareholder value?	Customer	Learning & Growth	Financial	Internal Business Processes
220	Employee satisfaction surveys typically fall under which perspective?	Customer	Learning & Growth	Financial	Internal Business Processes
221	Equity Multiplier in DuPont analysis is a measure of:	Financial leverage	Market share	Profitability	Asset utilization
222	RONA is primarily used to measure:	Profitability of fixed assets and working capital	Tax planning efficiency	Dividend distribution	Debt repayment capacity
223	Formula for RONA is:	Net Income ÷ Shareholder Equity	Net Profit ÷ (Fixed Assets + Net Working Capital)	Net Profit ÷ Total Assets	Gross Profit ÷ Equity
224	Which of the following is NOT a type of benchmarking?	Internal	Competitive	Generic	Hypothetical
225	Six Sigma aims to reduce defects to:	1.5 defect per million	3.4 defects per million opportunities	10.6 defects per thousand	Zero defects always
226	In Six Sigma, "Black Belt" refers to:	Entry-level trainee	Expert project leader	External consultant	Auditor
227	Lean management focuses primarily on:	Increasing defects	Reducing waste	Increasing taxes	Maximizing downtime
228	The "Plan" phase in PDCA involves:	Executing the solution immediately	Identifying problems and designing solutions	Monitoring results only	Taking corrective actions
229	The main goal of TPM is to:	Increase employee turnover	Maximize equipment effectiveness and minimize downtime	Reduce marketing expenses	Increase inventory levels
230	Who is considered the father of TQM?	W. Edwards Deming	Henry Ford	Philip Kotler	Michael Porter
231	Risk management is primarily concerned with:	Ignoring potential losses	Identifying, assessing, and mitigating risks	Maximizing taxes	Increasing marketing spend
232	Insurance is used in risk management to:	Transfer risk to another party	Eliminate all risks	Reduce productivity	Increase debt levels
233	Which framework is widely used for corporate risk management?	COSO ERM	SWOT	PESTLE	DMAIC
234	Common causes of corporate failure include:	Efficient operations	Strong marketing	High employee satisfaction	intensification of competition
235	Which approach to valuation uses comparable companies or transactions?	Income approach	Market approach	Asset-based approach	Cost approach
236	The income approach to valuation primarily relies on:	Historical cost	Discounted future cash flows	Current market prices	Replacement cost



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237	In valuation, “terminal value” represents:	The depreciation on fixed assets	The residual value of the business after forecast period	The book value of equity	The market value of assets
238	The appropriate discount rate in DCF is usually the:	Average cost of debt	Weighted average cost of capital (WACC)	Cost of equity only	Prime lending rate
239	In valuation, “beta” measures:	Business growth rate	Systematic risk relative to the market	Dividend yield	Liquidity position
240	The Gordon Growth Model assumes:	Cash flows grow at varying rates	Perpetual constant growth in dividends	Finite forecast horizon	Declining growth over time
241	The “cost of equity” is typically estimated using:	CAPM	ROI	Debt–equity ratio	Dividend payout ratio
242	A company’s future free cash flows are expected to be ₹15 lakh per year indefinitely. If the WACC is 6%, the firm’s value is:	₹250 lakh	₹150 lakh	₹.90 lakh	₹400 lakh
243	Under the market approach, a firm with EPS ₹25 and industry P/E of 15 would have an estimated equity value of:	₹ 200	₹ 375	₹ 167	₹ 60
244	If FCFF = ₹15 lakh, WACC = 12%, and debt = ₹20 lakh, the firm value and equity value are:	₹125 lakh; ₹105 lakh	₹167 lakh; ₹152lakh	₹42 lakh; ₹27 lakh	₹42 lakh; ₹22 lakh
245	If risk-free rate = 4%, market return = 12%, and beta = 1.4, the cost of equity = ?	10.00%	5.40%	13.40%	15.20%
246	A portfolio’s beta of 0.6 means:	It is 40% less risky than the market	It earns 40% higher return than the market	It has no systematic risk	It is independent of the market
247	A company has Current Ratio 2:1 and Quick Ratio 1.5:1. If current liabilities are ₹200 lakh, inventories = ?	₹400 lakh	₹300 lakh	₹200 lakh	₹100 lakh
248	Enterprise Value (EV) is calculated as:	Market capitalization + Debt – Cash	Market value of assets + Liabilities	Equity + Retained Earnings	Net assets + Cash
249	If Market Cap = ₹650 crore, Debt = ₹250 crore, Cash = ₹75 crore, Enterprise Value (EV) = ?	₹450 crore	₹825 crore	₹475 crore	₹325 crore
250	If EV = ₹300 crore, Debt = ₹100 crore, Cash = ₹20 crore, Equity Value = ?	₹180 crore	₹200 crore	₹220 crore	₹250 crore
251	A company with no debt has equity value ₹500 lakh. If it borrows ₹200 lakh and invests at the same return, the firm value under MM theory (no taxes) = ?	₹200 lakh	₹600 lakh	₹300 lakh	Unchanged
252	If a company’s post-merger EPS is lower than its pre-merger EPS, the merger is considered:	EPS-accretive	EPS-dilutive	Value-creating	Neutral
253	A company expects free cash flows of ₹15 lakh per year for the next 5 years. If the discount rate is 10%, the present value of these cash flows is:	₹50.00 lakh	₹56.87 lakh	₹60.00 lakh	₹62.50 lakh



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SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
254	A firm will have constant FCF of ₹25 lakh for 7 years. The discount rate is 10%. PV = ?	₹150.0 lakh	₹150.7 lakh	₹151.2 lakh	₹155.0 lakh
255	A firm's debt = ₹120 crore, equity = ₹180 crore, cost of debt = 9%, cost of equity = 15%. Tax = 30%. WACC = ?	10.50%	11.52%	12.56%	13.53%
256	A firm's intrinsic value per share (₹180) is higher than market price (₹150). This suggests:	Stock is overvalued	Stock is undervalued	Stock is fairly valued	Cannot determine
257	A company owns machinery with a book value of ₹50 lakh. Its market value is ₹65 lakh. For valuation purposes, the asset should be recorded at:	₹50 lakh	₹55 lakh	₹60 lakh	₹65 lakh
258	Land purchased for ₹30 lakh, replacement cost ₹50 lakh, accumulated depreciation = ₹10 lakh. Depreciated replacement cost = ?	₹30 lakh	₹40 lakh	₹50 lakh	₹60 lakh
259	Goodwill arising from acquisition is calculated as:	Purchase price – Net assets fair value	Net assets fair value – Purchase price	Market price – Book value of equity	Revenue – Expenses
260	A company has inventory costing ₹20 lakh. Replacement cost = ₹22 lakh. NRV = ₹19 lakh. Inventory value for balance sheet = ?	₹19 lakh	₹20 lakh	₹21 lakh	₹22 lakh
261	A company has Net Operating Profit After Tax (NOPAT) = ₹50 lakh, Capital Employed = ₹400 lakh, WACC = 10%. EVA = ?	₹10 lakh	₹20 lakh	₹30 lakh	₹40 lakh
262	A firm's market value = ₹250 crore, capital invested = ₹200 crore, EVA = ₹15 crore. Which statement is correct?	MVA = 50 crore	EVA negative	Capital return < WACC	Firm destroying wealth
263	In a merger, "synergy" refers to:	Debt repayment	Additional value from combining firms	Excess cash reserves	Tax liabilities
264	Synergy expected from merger = ₹40 crore, price paid = ₹360 crore, target value = ₹320 crore. Acquirer's gain = ?	₹0 crore	₹5 crore	₹10 crore	₹15 crore



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ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER
1	Performance management is a key concept in the field of _____.	Human Resource Management
2	Operation management _____.	Alignment with strategic goal
3	The _____ ratios are used to compare financial statements of different size companies or the same company over different periods.	Common size
4	Trend analysis is an important tool of financial statement analysis and is also known as _____.	Pyramid method
5	_____ is an important aspect of well-defined Procure to Pay process.	Vendor management
6	Vendor relationship management is an extension of the _____ relationship.	Porter's value chain
7	_____ is also referred as the 'focal' company in supply chain management.	Both (a) and (b)
8	Reverse mapping is a bottom up approach used in _____.	Strategy formulation
9	The top key performance indicators (KPIs) of the Order to Cash (O2C) are _____.	All of the above
10	The main forms of Customer Relationship Management (CRM) are _____.	All of the above
11	What is one of the vary basic parameters of the financial performance of a company?	Customer Profitability
12	How does an organisation benefit from a comprehensive knowledge of customers?	By Retaining existing profitable customers and luring in new ones
13	What is the Primary strategy of an organisation to positively impact its market share ?	Lure in new customers
14	Which model has a tactical orientation in evaluating the financial performance of an organisation?	Customer profitability Analysis
15	What are the first signs of financial distress in a company?	Loss of customers impacting cashflows
16	Which of the following is not one of the main parts of the Kaplan-Norton balanced scorecard concept?	cash flows and non-cash flows.
17	According to Kaplan & Norton, which of the balanced scorecard perspectives serves as the focus of the other perspectives?	Financial
18	According to Norton and Kaplan, the balanced scorecard should be used as _____.	strategic system
19	Given the following information for a business: Asset turnover = 3.50, Equity multiplier = 1, Return on Equity = 30% using the Dupont analysis, the net profit margin is _____.	8.57%
20	What is the missing item in this formula? Return on Equity (ROE) = _____ × Equity multiplier.	Return on Assets
21	One of the following is not a specific type of Benchmarking _____.	External Benchmarking
22	Six Sigma is a business-driven, multi-dimensional structured approach to _____.	All of the above
23	Small/Mid-sized Six Sigma projects are executed by professionals titled as:	Green Belt
24	Mura and Muri refer to _____ and _____ respectively.	Unevenness, overburden

25	Variations in the quality characteristic of a product is due to_____.	both (a) and (b)
26	What is the primary purpose of the BSC?	To translate vision, mission and strategy into tangible objectives and measures
27	Which of the following is not one of the critical management processes accomplished by the BSC?	Improve employee benefits and Incentives
28	Which of the following statements best describes the main goal of benchmarking according to the definition provided?	To Provide an external standard for measuring internal activities and identify improvement opportunities
29	What are the two methodologies used for the deployment of Six Sigma?	DMAIC & DMADV
30	Which Six sigma methodology is used to develop new processes or products?	DMADV
31	Which phase of the DMADV Process involves creating high-level design and evaluating design capability to select the best design?	Analyze
32	What is the first step in the DMAIC Process?	Define the process improvement goals consistent with customer demands and enterprise strategy
33	What does the PDCA cycle stand for_____.	Plan-Do-Check-Act
34	What does the "S" in the PDSA cycle stand for_____.	Study
35	Which phase of the PDCA cycle is associated with " Sales" ?	Check
36	What does MIS stand for_____.	Management Information system
37	What are the three elements of MIS method in the text?	Management, Information, System.
38	The relationship between the economy and an economic indicator can be_____.	All of the above
39	Key Performance Indicator (KPI) is defined as_____.	A performance measurement tool to gauge how a company is doing
40	Pareto improvement is an action that makes_____.	At least one person better off without making anyone worse off.
41	On the basis of timing an economic indicator is_____.	All of the above
42	Which of the following is a characteristic of a perfectly competitive market?	Firms can exit and enter the market freely;
43	In order to maximize profits, a firm should produce at the output level for which:	Marginal revenue equals marginal cost;
44	A firm's marginal revenue is defined as:	The additional revenue received when selling one more unit of output.
45	Which one of the following is not a Competition based pricing method?	Marginal cost pricing
46	The pricing of niche products is appropriate to_____.	Perceived value pricing
47	Which one of the below mentioned is not a modern theory of the firm?	Shareholder's wealth maximisation
48	What is the role of a Perfectly competitive firm in the market ?	Price taker
49	In a Perfectly competitive Market, what does the demand curve facing the firm look like?	Horizontal
50	At what point does a perfectly competitive firm maximize its total profits in the short run?	Where MR = MC
51	If the price (P) is equal to average cost (AC), what is the profit condition of the firm?	The firm breaks even

52	What happens if the price (P) is smaller than the average variable cost (AVC)?	The firms minimizes total losses by shutting down
53	What will happen in the long run if firms in a perfectly competitive industry are earning profits in the short run?	Market price will decline as supply increases
54	What is the shutdown point for a firm in the short run?	$P=AVC$
55	What is the profit condition for a firm when the price (P) exceeds average cost (AC)?	The firm earns super normal profit
56	In long-run equilibrium, where do all firms in a perfectly competitive industry produce?	Where $P =$ lowest average cost
57	Which two conditions summarize short-term profit maximization for a perfectly competitive firm?	$MR=MC$ & Slope of $MR >$ Slope of MC
58	One of the following is cannot be classified as systematic risk.	Credit risk
59	Risk management strategies are _____.	Both (a) and (b)
60	Systematic risk is measured by _____.	Beta
61	The elements of ERM includes _____.	All of the above
62	The goal of ERM as provided in Committee of Sponsoring Organisation's (COSO) ERM –Integrated Framework is to provide companies with _____.	All of the above
63	Unique risk is also referred as _____.	Non-systematic risk
64	When $r_{ij} = -1$ (given that i and j are two securities comprising the portfolio)	the overall portfolio risk can be completely eliminated
65	The standard error (SE) of the sample mean loss distribution is equal to the _____.	standard deviation of the population divided by the square root of the sample size
66	Which one of the following is not a qualitative method used for determining the level of risk of a business?	Computer simulation
67	A colour coded version of the risk map is known as _____.	Heat Map
68	Which type of risk is considered non-diversifiable and affects all investments and securities ?	systematic risk
69	What type of systematic risk occurs due to variations in the market interest rates ?	Interest rate risk
70	Which risk is associated with the overall tendency of security prices to move collectively due to social, political and economic events ?	Market risk
71	What type of systematic risk arises from uncertainties of purchasing power due to inflation ?	Purchasing power risk
72	Political instability in a country leading to business risks for companies operating there is an example of which type of risk?	Political risk
73	What type of risk is associated with the difficulty of selling an asset quickly without a price discount ?	Liquidity risk
74	The risk arising from a company's failure to meet its financial obligations, such as not paying interest or principal on time, is known as _____.	Credit risk
75	What is a key requirement for effectively executing strategy and delivering performance in today's changing risk landscape ?	Identifying, assessing, evaluating and managing non-financial risks
76	Which of the following is not a method of risk management strategy?	Hedging
77	What is another term for the strategy of risk retention ?	Acceptance
78	What does VaR stand for in finance ?	Value at Risk

79	How is VaR defined ?	The worst loss scenario arising from unexpected fluctuations in the value of a portfolio over a given period of time, at a specific confidence level.
80	When was the Basel Committee on Banking Supervision (BCBS) established, and what was its purpose ?	Established in 1974 by central bankers from G-10 countries to rebuild international financial structure
81	Where is the headquarters of the Basel committee on banking supervision (BCBS) ?	Basel, Switzerland
82	What are the primary objectives of bank supervision according to the Basel committee core principles ?	Protecting depositor's interests
83	Which Basel accord is referred to as the Basel capital accord and was documented in 1988 ?	Basel I
84	What are the three categories of risk under Basel II ?	Credit risk, Market risk and operational risk
85	Which of the following is NOT one of the specific issues addressed by Basel III guidelines ?	Relaxation of leverage ratio requirements
86	What is the main focus of Basel III guidelines regarding risk management ?	strengthening the minimum capital requirements outlined in Basel I & II
87	What does a Z-score lower than 1.81 indicate about a company's financial status?	The company is in financial distress and has a high probability of going bankrupt
88	How is a Z-score of 2.99 and above interpreted in terms of a company's financial health ?	The company is financially safe and healthy
89	_____ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.	Fair Value
90	_____ is the estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties.	Equitable Value
91	Liquidation Value can be determined under what premises:	both
92	The amount that would be realized when an asset or group of assets are sold on a piecemeal basis is known as _____.	Liquidation Value
93	Companies that grow and earn a return on capital that exceeds their cost of capital create value.	Alfred Marshall
94	What term best describes "the price a willing buyer would pay a willing seller in a transaction on the open market"?	Market Value
95	Fair Value is defined as the price that would be received to sell an asset or paid to transfer a _____ in an orderly transaction between market participants at the measurement date.	Liability
96	The current use may be, but is _____ also the highest and best use.	Not necessarily
97	_____ is the use, that would produce the highest value for an asset.	Highest and best use
98	In Orderly Transactions the reasonable period of time to find a purchaser _____ vary by asset type and market conditions.	May
99	Tangible assets are usually valued using any of the premises except _____.	Going Concern
100	When to apply Income approach?	All of the above
101	Key inputs of Discounted Cash Flow (DCF) Method are _____.	All of the above

102	Which ratio reveals the number of times company can make its interest payments from its operating profit?	Interest Coverage Ratio
103	The price-earnings ratio is calculated as _____.	MPS/EPS
104	When did the Insolvency and Bankruptcy Code 2016 receive the President's assent?	28th May 2016
105	The term related party is defined in of the Insolvency and Bankruptcy Code, 2016:	Section 5 (24)
106	How much time is given to start-ups and small and medium enterprises (SMEs) to complete the resolution process in Fast-track insolvency process?	90 days
107	Who can initiate an Insolvency Resolution Process under the Code ?	all of the above
108	What is the minimum amount of default for being admitted into Corporate Insolvency Resolution Process (CIRP)?	₹1 Crore
109	During voluntary liquidation, who is required to make declaration of solvency ?	Directors
110	Whom does the IRP appoint to determine the liquidation value of the corporate debtor?	Registered valuers
111	Any arrangement entered into by a company or its holding company in contravention of the provisions of this section shall be -	Voidable
112	Under sec 230(3), In case of a listed company, the documents related to notice of meeting under should be sent to -	all of the above
113	What is the punishment for a valuer for contravening the provisions of this section 247 with the intention to defraud the company or its members?	both
114	Central Registry of Securitization Asset Reconstruction and security Interest (CERSAI) is under which provision?	SARFAESI Act,2002
115	Acquisition of financial assets by any asset reconstruction company from any originator	Securitisation
116	Which of the following assets is an asset or account of a borrower, which has been classified by a bank or financial institution and sub-standard, doubtful or loss asset, in accordance with the directions or guidelines relating to asset classification issued by RBI?	Non Performing Assets
117	Which Company can act as an agent for any bank or financial institution for the purpose of recovering their dues from the borrower on payment of such fees or charges as may be mutually agreed upon between the parties?	Both
118	Which of the following acts gave birth to the Asset Reconstruction Company ?	SARFAESI Act 2002
119	Market price per share of a firm having equity capital of ₹ 100,000 consisting of shares of ₹ 10 each, profit after tax of ₹ 82,000 & P/E ratio of 8 is _____.	₹ 65.60

120	If the rate at which the company can borrow funds from the financial institutions is 11 percent and the tax rate applicable to the company is 30 percent. The Post Tax Cost of Debt would be _____.	7.7 percent
121	If the 10 Year Government bond yield is 7.5% and the BSE Sensex return over the last one year is 15%. Assuming the company's Beta is 1.2, what is the Required return on Equity?	16.5 Percent
122	If a company has a P/E ratio of 20 and a ROE (Return on Equity) of 15% then the Market to Book Value Ratio is-	3 times
123	If an all equity firm has cash from operating Activities amounting to ₹ 60 lakhs, Depreciation ₹ 30 lakhs, increase in non-cash working capital ₹25 lakhs and capital expenditure ₹20 lakhs , its Free cash flows to Equity amounts to (in ₹ Lakhs)_____.	₹40 lakhs
124	Assume that in a stock market, the CAPM is working. A company has presently beta of 0.84 and its going to finance its new project through debt. This would increase its Debt/Equity Ratio to 1.56 from the existing 1.26. Due to increased Debt/Equity Ratio, the company's beta would be _____.	remain unchanged
125	Which one is the advantage of DCF valuation?	it forces an investor to think about the underlying features of the firm and understand its business
126	X Ltd's share beta factor is 1.40. The risk free rate of interest on government securities is 9%. The expected rate of return on the company equity shares is 16%. The cost of equity capital based on CAMP is _____.	18.8 Percent
127	The sensitivity of an asset's return to the return on the market index is referred to as its _____.	Beta
128	The additional return required by investors to invest in equities rather than a risk-free asset is known as _____.	Equity risk premium
129	Which theory describes money received in the current time it has more worth than money received in future?	Time value of money
130	A project assumed monetary gain or loss by discounting entire cash inflows and outflows by utilising the necessary rate of return is listed as _____.	Net present value
131	The cash flows method, utilized by the internal rate of return and net present value method are _____.	Discounted cash flows
132	Which method in a capital budgeting is based on the discounted cash flow?	Net present value method
133	Cash flows are a project's revenue and are indicated by _____.	Positive numbers
134	In which payback period a due cash flows are discounted with the cost of capital of the project is categorised as _____.	Discounted project cost
135	Which of the following most likely represents an interpretation of a high P/E ratio of a stock?	A company shares are currently overpriced.
136	High P/E ratios tend to indicate that a company may _____.	grow quickly
137	_____ is equal to (common shareholders' equity/common shares outstanding).	Book value per share

138	8% bond of Face Value ₹ 100 is selling for ₹ 96. What would be its Current Yield?	8.33%
139	Certain costs are excluded in valuing inventory are _____.	All of the above
140	In the absence of any information, valuers must consider valuing such unquoted investments at their _____.	Net Asset Values under cost approach
141	Fixed income securities that usually carry a fixed rate of interest and can be issued by government or corporate is _____.	Bond
142	Bonds typically pay interest periodically at a pre specified rate of interest the rate at which this interest is paid is known as _____.	Coupon
143	The rate of return required by the bond holders from the bond is known as the _____.	Bond Yield
144	Option which entitles the bondholders to put the bonds back to the issuer for redemption before the maturity date is known as _____.	Put Option
145	Current yield of bonds selling at par would be equal to the coupon interest rate, is it true?	TRUE
146	Interest rate risk refers to the risk that bond prices will _____ as interest rates rise.	Fall
147	Reinvestment Risk refers to the risk that the proceeds from a bond will be reinvested at a _____ than the bond originally provided.	Lower rate
148	A _____ is an option issued by a company to buy a stated number of shares of stock at a specified price.	Warrant
149	_____ is one in which the bondholder has the right to sell the issue back to the issuer at a specified price is one in which the bondholder has the right to sell the issue back to the issuer at a specified price on a designated dates.	Puttable bond
150	A _____ grants the bondholder the right to convert the bond into a specified number of issuing company's shares	Conversion Option
151	Price of a Callable bond =	Price of an Option-free bond - Price of embedded call option
152	Price of a Puttable Bond =	Price of Option-free bond + Price of Embedded Option
153	Which IND AS states that, "An intangible asset is an identifiable non-monetary asset without physical substance."	IND AS 38
154	EVA =	Both a and b
155	Market value Added (MVA) is the difference between the _____ of a firm and the contributed by investors.	Current market value, Capital
156	If MVA is positive, the firm has added value. If it is negative the firm has destroyed value. Is it correct or not ?	Correct
157	A _____ MVA means that the value of the actions and investments of management is less than the value of the capital contributed to the company by the capital markets, meaning wealth or value has been destroyed.	Negative
158	The aim of the company should be to maximize _____.	MVA
159	Asset-Liability management can be used to manage _____.	Both a and b above

160	An Investment is risk free when actual returns are always _____ the expected results.	Equal to
161	If the Value of target Co. is ₹ 500 Million and the value of acquiring company is ₹ 800 Million. Present value of cost savings if the two companies are merged together is ₹ 100 million. Acquiring company expects the cost of integration as ₹ 80 million and the shareholders of Target Co. are expecting a deal premium to be paid of 15 percent over their company's value. what is the value of Combined entity?	₹ 1400 million
162	X ltd has ₹ 100 crores worth of common equity on its balance sheet comprising of 50 lakhs shares. The company's market value Added (MVA) is ₹ 24 crores. What is company's stock price?	248
163	A firm's current assets and current liabilities are 1600 and 1000 respectively . How much can it borrow on a short-term basis without reducing the current ratio below 1.25?	1400
164	Identify which of the following is not a financial liability	X ltd has 1 lakh ₹ 10 ordinary shares issued
165	In 2018, Walmart acquired 77 percent stake in Flipkart India for USD 16 billion. Is it an example of merger or acquisition?	Acquisition
166	Acquisitions create value when the cash flows of the combined companies are greater than the sum of their individual values. Is it true ?	TRUE
167	Value gap is the difference between _____ and _____.	Intrinsic value and purchase price
168	_____ refers to the excess that an acquirer pays over the market trading value of the target company's shares being acquired.	purchase premium
169	_____ are those where an acquirer intends to run the company themselves. There are significant changes in the way the company operates.	Strategic acquisitions
170	_____ are often done by Private Equities, Venture Capitalists and portfolio companies who acquirer a company purely for their value and normally do not make significant operational changes.	Financial Acquisition
171	If the combined entity is more than the sum of its parts, the transaction is said to have created _____.	Synergies
172	The merger of one or more companies with another company or the merger of two or more companies to form one company is called _____.	Amalgamation
173	The difference between the current market value of a firm and the capital contributed by investors is _____.	Market Value Added
174	Future retail Ltd and Reliance Ltd go into liquidation and a new company Reliance Retail Ltd is formed. It is a case of:	Amalgamation
175	Net assets minus capital reserve is _____.	Purchase consideration
176	If purchase consideration is more than net assets of the transferor company, then difference will be shown as:	Goodwill account
177	In the books of Transferor Company, shares received from the new company are recorded at:	Market Price
178	Intangible assets are treated as _____ assets.	Fixed assets
179	EVA is _____ related to shareholder's value	directly
180	Which is not a, human-capital related intangible assets?	Design patent

181	When amalgamation is in the nature of merger, the accounting method to be followed is:	Pooling of interests method
182	What are the tax consequences of a taxable merger ?	Selling shareholders must recognize any capital gain
183	The Income tax Act, 1961 define ‘‘amalgamation’’ under Section _____.	2(1B)
184	_____ grant a company the right to issue stock options to existing shareholders enabling them to purchase additional shares of stock at significantly discounted prices.	Poison pills
185	The primary goal of Strategic Performance Management (SPM) is to:	Align individual and organizational goals to drive strategic success
186	Performance measurement focuses on _____, while performance management focuses on _____.	Past results; continuous improvement
187	Which statement best differentiates performance appraisal from performance management?	Appraisal is a component of performance management
188	Productivity is best defined as the ratio of:	Outputs to inputs
189	A company producing 1,000 units with 500 labor hours improves output to 1,200 units with the same hours. This indicates:	Higher productivity
190	Which of the following best describes labor productivity?	Output ÷ labor hours
191	A rise in productivity usually leads to:	Better resource utilization
192	Financial Performance Analysis primarily aims to:	Evaluate the financial health and operational efficiency of an organization
193	Which of the following is not a primary tool of financial performance analysis?	SWOT Analysis
194	Liquidity ratios are used to measure:	Short-term debt-paying ability
195	A current ratio lower than 1 indicates that:	Current liabilities exceed current assets
196	Which ratio measures how effectively a company uses its assets to generate sales?	Asset Turnover Ratio
197	The Debt-Equity Ratio assesses:	Solvency
198	If Net Profit Margin increases while Sales remain constant, it indicates:	Decrease in expenses
199	The Return on Capital Employed (ROCE) is a measure of:	Operational efficiency of capital invested
200	Which of the following is a limitation of ratio analysis?	It relies on historical financial data
201	A low debtor turnover ratio usually means:	Inefficient collection policy
202	The Procurement to Pay (P2P) process begins with:	Purchase requisition
203	The final step in the P2P cycle is:	Payment to vendor
204	The main objective of the P2P process is to:	Ensure smooth procurement and timely payment to vendors
205	Vendor Relationship Management (VRM) primarily aims to:	Build long-term, mutually beneficial relationships with vendors
206	Downstream supply chain activities mainly include:	Customer order fulfillment and distribution
207	The term ‘‘upstream supply chain’’ refers to:	Activities related to suppliers and inbound logistics
208	A key enabler of reverse mapping in modern businesses is:	Predictive analytics and machine learning
209	Reverse mapping of business strategy refers to:	Deriving strategic insights by analyzing marketplace data and trends
210	The Order-to-Cash (O2C) process begins with:	Receipt of customer order
211	The final stage of the Order-to-Cash cycle is:	Payment collection and reconciliation

212	The main goal of an efficient O2C process is to:	Convert customer orders into cash quickly and accurately
213	The "Order Management" phase in O2C includes:	Recording, validating, and confirming customer orders
214	A major KPI to assess the performance of the O2C process is:	Days Sales Outstanding (DSO)
215	A profitable customer is one whose:	Total revenue exceeds total costs associated with serving them
216	Which of the following is the most effective way for a company to improve its credit rating?	Reducing debt-to-equity ratio
217	The Balanced Scorecard was originally developed by:	Robert Kaplan and David Norton
218	The Balanced Scorecard framework traditionally includes how many perspectives?	4
219	Which perspective measures profitability and shareholder value?	Financial
220	Employee satisfaction surveys typically fall under which perspective?	Learning & Growth
221	Equity Multiplier in DuPont analysis is a measure of:	Financial leverage
222	RONA is primarily used to measure:	Profitability of fixed assets and working capital
223	Formula for RONA is:	Net Profit ÷ (Fixed Assets + Net Working Capital)
224	Which of the following is NOT a type of benchmarking?	Hypothetical
225	Six Sigma aims to reduce defects to:	3.4 defects per million opportunities
226	In Six Sigma, "Black Belt" refers to:	Expert project leader
227	Lean management focuses primarily on:	Reducing waste
228	The "Plan" phase in PDCA involves:	Identifying problems and designing solutions
229	The main goal of TPM is to:	Maximize equipment effectiveness and minimize downtime
230	Who is considered the father of TQM?	W. Edwards Deming
231	Risk management is primarily concerned with:	Identifying, assessing, and mitigating risks
232	Insurance is used in risk management to:	Transfer risk to another party
233	Which framework is widely used for corporate risk management?	COSO ERM
234	Common causes of corporate failure include:	intensification of competition
235	Which approach to valuation uses comparable companies or transactions?	Market approach
236	The income approach to valuation primarily relies on:	Discounted future cash flows
237	In valuation, "terminal value" represents:	The residual value of the business after forecast period
238	The appropriate discount rate in DCF is usually the:	Weighted average cost of capital (WACC)
239	In valuation, "beta" measures:	Systematic risk relative to the market
240	The Gordon Growth Model assumes:	Perpetual constant growth in dividends
241	The "cost of equity" is typically estimated using:	CAPM
242	A company's future free cash flows are expected to be ₹15 lakh per year indefinitely. If the WACC is 6%, the firm's value is:	₹250 lakh
243	Under the market approach, a firm with EPS ₹25 and industry P/E of 15 would have an estimated equity value of:	375
244	If FCFF = ₹15 lakh, WACC = 12%, and debt = ₹20 lakh, the firm value and equity value are:	₹125 lakh; ₹105 lakh
245	If risk-free rate = 4%, market return = 12%, and beta = 1.4, the cost of equity = ?	0.152
246	A portfolio's beta of 0.6 means:	It is 40% less risky than the market

247	A company has Current Ratio 2:1 and Quick Ratio 1.5:1. If current liabilities are ₹200 lakh, inventories = ?	₹100 lakh
248	Enterprise Value (EV) is calculated as:	Market capitalization + Debt – Cash
249	If Market Cap = ₹650 crore, Debt = ₹250 crore, Cash = ₹75 crore, Enterprise Value (EV) = ?	₹825 crore
250	If EV = ₹300 crore, Debt = ₹100 crore, Cash = ₹20 crore, Equity Value = ?	₹220 crore
251	A company with no debt has equity value ₹500 lakh. If it borrows ₹200 lakh and invests at the same return, the firm value under MM theory (no taxes) = ?	Unchanged
252	If a company's post-merger EPS is lower than its pre-merger EPS, the merger is considered:	EPS-dilutive
253	A company expects free cash flows of ₹15 lakh per year for the next 5 years. If the discount rate is 10%, the present value of these cash flows is:	₹56.87 lakh
254	A firm will have constant FCF of ₹25 lakh for 7 years. The discount rate is 10%. PV = ?	₹150.7 lakh
255	A firm's debt = ₹120 crore, equity = ₹180 crore, cost of debt = 9%, cost of equity = 15%. Tax = 30%. WACC = ?	0.1152
256	A firm's intrinsic value per share (₹180) is higher than market price (₹150). This suggests:	Stock is undervalued
257	A company owns machinery with a book value of ₹50 lakh. Its market value is ₹65 lakh. For valuation purposes, the asset should be recorded at:	₹65 lakh
258	Land purchased for ₹30 lakh, replacement cost ₹50 lakh, accumulated depreciation = ₹10 lakh. Depreciated replacement cost = ?	₹40 lakh
259	Goodwill arising from acquisition is calculated as:	Purchase price – Net assets fair value
260	A company has inventory costing ₹20 lakh. Replacement cost = ₹22 lakh. NRV = ₹19 lakh. Inventory value for balance sheet = ?	₹19 lakh
261	A company has Net Operating Profit After Tax (NOPAT) = ₹50 lakh, Capital Employed = ₹400 lakh, WACC = 10%. EVA = ?	₹10 lakh
262	A firm's market value = ₹250 crore, capital invested = ₹200 crore, EVA = ₹15 crore. Which statement is correct?	MVA = 50 crore
263	In a merger, "synergy" refers to:	Additional value from combining firms
264	Synergy expected from merger = ₹40 crore, price paid = ₹360 crore, target value = ₹320 crore. Acquirer's gain = ?	₹0 crore