

National Testing Agency

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Management Accounting for Decision Making

Group Number : 1
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Management Accounting for Decision Making

Section Id : 416529101
Section Number : 1
Section type : Online
Mandatory or Optional: Mandatory
Number of Questions: 60
Number of Questions to be attempted: 60
Section Marks: 120
Display Number Panel: Yes
Group All Questions: No

Sub-Section Number: 1
Sub-Section Id: 416529110
Question Shuffling Allowed : Yes

Question Number : 1 Question Id : 4165297996 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical
Correct Marks : 2 Wrong Marks : 0

Robinson & Co, a manufacturer of chemicals used in household cleaning received the following data compiled by his accounting department for the month of June 2016: Material Cost \$ 200,000; Labour Cost \$ 20,000; Power and other Utilities \$ 30,000; Repairs and Maintenance \$ 10,000; Depreciation expenses related to machines used in the production \$ 2,000; Administrative Expenses \$ 6,000 and Selling and Distribution Expenses \$ 10000. During the month 100,000 Kilograms of chemicals are produced by the production shop. If 80,000 units are sold during this period, what is the cost of goods sold per unit?

- a) \$ 2.62
- b) \$ 2.40
- c) \$ 2.82
- d) \$ 2.78

Question Number : 2 Question Id : 4165297997 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Which one of the following is generally not included in computing production overhead?

- a) Material used for quality control testing
- b) Machine operator's salary
- c) Lubricants used while operating machines
- d) Rent paid for factory premises

Question Number : 3 Question Id : 4165297998 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

An Engineering component manufacturing company started the month with 500 units in opening inventory. Material was drawn in full for these units. The work was completed to an extent of 40%. During the month, the production shop drawn additional material for 4000 units and started working on the same. At the end of the month, the production shop finds 300 units are in closing stock and balance items are transferred to finished goods. The closing stock has drawn 100% of the material. The production shop estimates that it has spent 60% worth of efforts on closing work-in-progress inventory. Find total equivalent units of the month related to conversion cost.

- a) 4000
- b) 4200
- c) 4500
- d) 4380

Question Number : 4 Question Id : 4165297999 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

A carpenter received an enquiry to furnish an apartment and asked to produce estimation. He estimates that material would cost \$ 5000. The job would require 500 labour hours at the rate of \$ 4 per labour hour. He estimates monthly overhead amount of \$10,000 and expected to work for 10000 labour hours. He normally adds 20% of the total cost towards profit. How much the carpenter should quote for this order?

- a) \$ 8000
- b) \$ 9000
- c) \$ 8500
- d) \$ 8200

Question Number : 5 Question Id : 4165298000 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Which one of the following activities is in the nature of variable cost?

- a) Unit Level activities
- b) Batch Level activities
- c) Product Level activities
- d) Facility Level activities

Question Number : 6 Question Id : 4165298001 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

A company manufacturing electrical goods finds 200 unit are in Work in Process on 1st of the month and 300 units at the end of the month. If 5,000 units were completed during the period, how many units were started during the month?

- a) 5200
- b) 5300
- c) 4900
- d) 5100

Question Number : 7 Question Id : 4165298002 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Oriental Forging estimates total overhead costs for the next year at \$ 50,000. The Production Manager feels Machine Hours is the most appropriate basis of charging overhead of the department to job performed by the department. Which one of the following statements related to predetermined overhead is true?

- a) If the company expects to use 10000 machine hours, the predetermined overhead rate is \$2.00 per machine hour.
- b) If the company expects to use 5000 machine hours, the predetermined overhead rate is \$ 0.10 per machine hour.
- c) If the company expects to use 2000 machine hours, the predetermined overhead rate is \$ 25.00 per machine hour.
- d) If the company expects to use 2500 machine hours, the predetermined overhead rate is \$ 0.05 per machine hour.

Question Number : 8 Question Id : 4165298003 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Which one of the following firm is NOT likely to use process costing?

- a) Courier Firm
- b) Banking Company
- c) Tour Operator
- d) Airline

Question Number : 9 Question Id : 4165298004 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

An Advertising Consultant has got a media job to promote a high-end jewelry. Two senior consultant and 8 junior consultants worked on the job for nearly 20 days to complete the film. Each Senior consultant was paid a salary of \$ 100 per day whereas each Junior Consultant was paid at \$ 40 per day. The lead artist who acted on the film was paid \$ 30,000. The firm charges \$ 60 per consultant day as overhead. What is the cost at which the job was completed?

- a) 10400
- b) 30000
- c) 12000
- d) 52400

Question Number : 10 Question Id : 4165298005 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

A law firm consisting of 5 senior advocates and 20 junior advocates has incurred the following expenditure per month: Office Rent \$ 10000; Salary paid to support staff \$ 30000; Other expenses \$ 10000. On average, the firm bills 200 hours. The firm would like to know what is the overhead rate that they should charge the jobs to compute cost per job?

- a) \$ 100 per hour
- b) \$ 250 per hour
- c) \$ 400 per hour
- d) \$ 420 per hour

Question Number : 11 Question Id : 4165298006 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Which one of the following firm is likely to use process costing?

- a) Management Consultant
- b) Sugar manufacturer
- c) IT service provider
- d) Automobile Service Station

Question Number : 12 Question Id : 4165298007 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Andrew System produces sensors which are used in different applications. The material cost is \$16 and direct labour cost is \$ 9. The fixed cost for the year is \$ 15000. The selling price is \$ 40 per unit. How many units the company should produce and sell to achieve break-even?

- a) 500 units
- b) 1000 units
- c) 2000 units
- d) 641 unit

Question Number : 13 Question Id : 4165298008 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Andrew System produces sensors which are used in different applications. The material cost is \$16 and direct labour cost is \$ 9. The fixed cost for the year is \$ 15000. The selling price is \$ 40 per unit. The firm is selling 1500 units. The firm is planning to automate one of the process resulting labour cost saving of \$ 3 per unit but increases the fixed cost by \$ 3000. If there is no change in the sales volume and price, what is the impact of this automation decision on the profit of the firm?

- a) The revised profit is \$ 9000
- b) The revised profit is \$ 12000
- c) The revised profit is \$ 6000
- d) There is no change in the profit level

Question Number : 14 Question Id : 4165298009 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Andrew System produces sensors which are used in different applications. The material cost is \$16 and direct labour cost is \$ 9. The fixed cost for the year is \$ 15000. The selling price is \$ 40 per unit. What is the contribution Margin ratio for the company?

- a) 0.6
- b) 0.3
- c) 0.425
- d) 0.375

Question Number : 15 Question Id : 4165298010 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Jupiter Bio has three products with sales volume of 1000 units of Product Ace, 3000 units of Product Ace Pro and 6000 units of Ace Classic. The contribution from the three products are as follows. Ace: \$ 3; Ace Pro: \$ 4 and Ace Classic: \$ 10. If the total fixed cost for the period is \$ 15000, how many units the firm should produce to break-even?

- a) 600 units of ACE; 1200 units of ACE PRO; 200 units of ACE CLASSIC
- b) 1200 units of ACE; 600 units of ACE PRO; 200 units of ACE CLASSIC
- c) 600 units of ACE; 200 units of ACE PRO; 1200 units of ACE CLASSIC
- d) 200 units of ACE; 600 units of ACE PRO; 1200 units of ACE CLASSIC

Question Number : 16 Question Id : 4165298011 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Leo Toys has reported the following data for two quarters: Quarter 1: Sales \$ 500 & Profit \$ 60; Quarter 2: Sales \$ 800 & Profit \$ 120. Find the Contribution Margin (Contribution/Sales).

- a) 0.8
- b) 0.2
- c) 0.05
- d) Information is not adequate to compute Contribution Margin

Question Number : 17 Question Id : 4165298012 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Beta Ceramics has 200 square meters of granite produced at a cost of \$ 100,000. Of this inventory, it was found 50 Square Meters of stone has few minor scratch and hence has to be sold as seconds. These defective stones can be sold after incurring distribution cost of \$ 5000. What is the relevant cost in pricing the defective units?

- a) \$ 25,000
- b) \$ 30,000
- c) \$ 5,000
- d) \$ 50,000

Question Number : 18 Question Id : 4165298013 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Queen Cosmetics currently has 8 products used. It currently allocates the fixed cost on the basis of Revenue. The company is planning to discontinue one of its products whose details are below: Sales : \$50,000; Variable Cost: \$ 40000; Fixed Cost: \$ 20,000. Accountant estimates that on discontinuing the product, the company is expected save \$ 2000 fixed cost. The impact of discontinuing the product on the profitability of the company is:

- a) Profit will increase by \$ 10000
- b) Profit will increase by \$ 8000
- c) Profit will decline by \$ 8000
- d) Profit will not be affected and will remain same

Question Number : 19 Question Id : 4165298014 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

The HIGH-LOW method is used for

- a) Profit planning
- b) Determining break-even point
- c) Splitting mixed cost into fixed cost and variable cost
- d) All the three reasons listed here.

Question Number : 20 Question Id : 4165298015 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Account Analysis Method is used for

- a) Profit planning
- b) Determining break-even point
- c) Splitting mixed cost into fixed cost and variable cost
- d) All the three reasons listed here.

Question Number : 21 Question Id : 4165298016 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Cool-Rays manufactures and sells sun glasses. The cost structure shows the product gives a contribution of \$ 2 per unit. The firm spends \$ 20000 towards fixed cost. Currently, the firm sells 20000 units. The marketing department proposes an additional spending \$ 50000 to increase the selling price by \$ 1 and increase the volume from 20000 to 40000. What is the impact of this decision on the profitability of the firm?

- a) Profit will increase by \$ 50000
- b) Profit will increase by \$ 20000
- c) Profit will increase by \$ 2000
- d) No change in profit

Question Number : 22 Question Id : 4165298017 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Which one of the following statements is true?

- a) Fixed per unit will decline with increase in volume
- b) Variable cost per unit will remain same with increase in volume
- c) Total cost per unit will decline with increase in volume
- d) All three statements are true and hold good.

Question Number : 23 Question Id : 4165298018 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Dolphin Publisher has acquired right to publish the translated version of an Indian work. The publisher agreed to pay a lump sum of \$10000 plus \$ 1 per copy sold. The publishing cost consists of variable cost of \$ 2 per copy and \$20000 fixed cost. If 10000 copies are planned for the first run, how much the publisher should price the book if the expected profit is \$ 3?

- a) \$ 6
- b) \$ 9
- c) \$ 12
- d) \$14.3

Question Number : 24 Question Id : 4165298019 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

A firm is manufacturing two products. In taking optimal product mix decision, the manager should give priority to a product whose _____ is high.

- a) Contribution Margin Ratio
- b) Contribution per unit
- c) Contribution per machine hour
- d) Contribution per limited resource (contribution per constraint unit)

Question Number : 25 Question Id : 4165298020 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

TANCO is an assembler of telephone instruments. While most of the components are procured from outside vendors, the company manufactures the speakers used for the phone internally. The company is now considering whether to close down or continue the division. In taking the decision, which one of the following is NOT relevant cost?

- a) Material
- b) Fixed cost exclusively incurred for the division
- c) Corporate Office fixed cost allocated to the division
- d) Sale value of the machine used for the division

Question Number : 26 Question Id : 4165298021 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

A production head desires to know the break-up of variable and fixed component of repairs and maintenance cost. He collected the data related to machine hours and repairs and maintenance cost on monthly basis for one year. He finds the highest volume achieved was 800 hours in November and lowest volume was achieved was 300 hours in February. The Repairs and Maintenance expenses for the corresponding period are \$ 600 and \$ 400. Compute the fixed cost of Repairs and Maintenance if the machine works for 600 hours

- a) 240
- b) 280
- c) 500
- d) 520

Question Number : 27 Question Id : 4165298022 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Naturecure is in the process of acquiring a machine used in the production department. The firm is evaluating two machines whose automation levels are different. The machines are available on lease basis. The firm estimates that at the minimum, it will achieve 60% capacity utilization. The break-even capacity based on variable and fixed cost of the two machine shows the following: Fully automated machine: 40%; Semi-automated machine: 25%. Which of the two machines should be acquired? Note: Sales price will remain same irrespective of machine used.

- a) Fully-automated machine
- b) Semi-automated machine
- c) Indifferent (Both machines will have same outcome)
- d) Information not adequate to take decision

Question Number : 28 Question Id : 4165298023 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Smith & Co manufactures watches. It decides to add couple of features with the existing model which will increase the assembly time from 20 minutes to 40 minutes. It is not possible to add another assembly line or add another machine in the same assembly line. If the existing model gives a contribution of \$ 2 per unit, what is the minimum contribution required for the new model?

- a) \$ 6
- b) \$ 4
- c) \$ 2
- d) \$ 1

Question Number : 29 Question Id : 4165298024 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Degree of Operating Leverage measures

- a) Changes in profit when sales revenue changes
- b) Changes in contribution when sales revenue changes
- c) Changes in fixed cost when sales revenue changes.
- d) Changes in market share when sales revenue changes

Question Number : 30 Question Id : 4165298025 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Fastreach is an air-cargo firm which operates its own air-craft to deliver parcels of various courier companies and postal department. Its current sales per year is \$ 2,000,000. Variable cost is \$ 600,000 and fixed cost is \$ 1,000,000. When the revenue drops by 10%, how much percentage the profit will decline?

- a) Profit declines by 5%
- b) Profit declines by 14%
- c) Profit declines by 23.33%
- d) Profit declines by 35%

Question Number : 31 Question Id : 4165298026 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Malta & Co sells two health drink products. The sales of the two products are currently equal at \$ 500. Product X reports a profit of \$ 80 and Product Y reports a profit of \$ 150. The degree of operating leverage of the two products based on the current Sales and Cost structure is 2.50 and 2.00. Recently, the company launched a new promotion for Product Y that costed \$ 6. It results in 20% increase in Product Y and 10% drop in Product X. Compute the combined revised profit of the firm.

- a) \$ 382
- b) \$ 292
- c) \$ 264
- d) \$ 190

Question Number : 32 Question Id : 4165298027 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

The cost structure of a soft-drink producer shows the following: Sale \$100,000; Variable cost \$70,000; Fixed cost \$10000; Profit \$20000. A new process results in reduction of variable cost by \$ 10000 but increases the fixed cost by \$ 10000 and hence no impact on profit. What is the impact of the new process on the operating risk of the firm?

- a) Operating risk has increased
- b) Operating risk has declined
- c) No change in the operating risk
- d) Operating risk can't be measured

Question Number : 33 Question Id : 4165298028 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Which one of the following is NOT an assumption of Cost-Volume-Profit analysis?

- a) Selling price per unit remains same
- b) Variable cost per unit remains same
- c) Total fixed cost remains same
- d) Production and sales volume remain same

Question Number : 34 Question Id : 4165298029 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

The term 'standard cost' refers to

- a) Cost data compiled from financial records
- b) Cost incurred under ideal setting
- c) Cost incurred by competitor company
- d) Lowest cost of the industry players

Question Number : 35 Question Id : 4165298030 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

The term 'variance' refers to

- a) the differences between standard and actual costs.
- b) the difference between last year cost and current period cost
- c) the difference between competitor cost and firm's cost of current year
- d) the difference between sales quantity and production quantity

Question Number : 36 Question Id : 4165298031 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Diamond Abrasives sells 70% of its sales on cash basis and balance on credit basis. Of the credit sales, 60% of credit sales are collected in the same month, 30% in the month following the sale, and 10% is collected two months following the sales. Budgeted sales data is as follows: April: \$10,000; May: \$20,000; June: \$30,000. How much is total 'Accounts Receivable' at the end of June?

- a) \$ 37,000
- b) \$ 11,400
- c) \$ 4,200
- d) \$ 9,000

Question Number : 37 Question Id : 4165298032 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Everest Traders is a wholesale paper dealer and the firm maintains a minimum cash balance of \$ 20,000 for its working capital needs. At the beginning of January the company's cash balance was \$24,000. Budgeted cash receipts for January are \$ 200,000 and budgeted cash disbursements are \$ 240,000. The firm is expected to report a net income of \$ 23,000. For the month of January, how much Everest Traders should raise additional funds to run the operations?

- a) \$ 90,000
- b) \$ 36,000
- c) \$ 60,000
- d) \$ 13,000

Question Number : 38 Question Id : 4165298033 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Star Sports manufacturer of Tennis balls is expected to have opening stock 5000 tennis balls on 1st April. The budgeted sales for April is 70000 balls and May 90000 balls. If the production policy is to keep 10% of next month sales as inventory, how many units the firm should produce in April?

- a) 79000 balls
- b) 74000 balls
- c) 84000 balls
- d) 66000 balls

Question Number : 39 Question Id : 4165298034 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Hi-volt manufacturers power control equipment and insulators. The firm estimates a production variable overhead for August at \$ 120000 and 2000 machine hours while preparing budget. Actual machine hours for August was 2000 hours. Actual production overhead was \$ 124000. How much the variance report related to production overhead will show?

- a) Under-absorption of \$ 4,000
- b) Under-absorption of \$ 2,000
- c) Over-absorption of \$ 4,000
- d) Zero variance

Question Number : 40 Question Id : 4165298035 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

OM Mattresses launched a high-end mattresses specially made for patients who are bedridden. The company plan to produce 3000 units per month and the estimated material cost is \$ 200 per unit. As the product was received well in the market, the firm ended the period with a volume of 3600 unit for the month of June. It incurred \$ 680,000 towards material cost. What is the material cost variance?

- a) \$ 80,000 Adverse
- b) \$ 80,000 Favorable
- c) \$ 40,000 Favorable
- d) \$ 40,000 Adverse

Question Number : 41 Question Id : 4165298036 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Kochi Naturals extracts essence (oleoresin) a from various plantation items. It expects 120 grams of oleoresin from 1000 grams of pepper (1 KG of pepper). The standard Price per KG of pepper is \$ 6. In the month of May, the company used 5000 KG of pepper and extracted 480 KG of oleoresin. The average procurement cost of pepper is \$ 5 per KG. What is the total material cost variance?

- a) \$ 5000 Adverse
- b) \$ 1000 Adverse
- c) \$ 2300 Adverse
- d) \$ 1000 Favorable

Question Number : 42 Question Id : 4165298037 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Softpro budgeted 20000 employees hours at the rate of \$ 4 per hour to complete a project. It ended up using 24000 employees hours and paid an average salary of \$ 4.20 per hour to complete the project. What is the total Labour cost Variance?

- a) \$ 20800 Adverse
- b) \$ 4800 Adverse
- c) \$ 16000 Adverse
- d) \$ 4000 Adverse

Question Number : 43 Question Id : 4165298038 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Micron is a pharmaceutical company specializing diabetic drugs. The company recently diversified into related FMCG sector and launched cookies for diabetic patients. The manufacturing of cookies is outsourced. The firm estimates sales volume of 200000 packets at a price of \$ 1.20 per packet for the first quarter. Actual sales for the quarter is 180000 packets. As the volume was not picking up, it offered additional discount and could realize only \$ 1 per packet. What is the total sales variance?

- a) \$ 60,000 Adverse
- b) \$ 36,000 Adverse
- c) \$ 24,000 Adverse
- d) \$ 40,000 Adverse

Question Number : 44 Question Id : 4165298039 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Trident Chemicals manufactures stain remover which requires mixing of two chemicals X (30 ml) and Y (70 ml) to make 100 ml bottle. The mix in the ratio of 3:7 is approximate and in actual manufacturing, the mix deviate to an extent depending on the quality and reaction of the chemicals. The standard cost for 100 ml of Chemical X is \$ 4.00 and for material Y \$ 6.00. That is, \$ 40 per litter for Chemical X and \$ 60 for Chemical Y. During January, Trident produced of 5000 bottles of stain remover and consumed 142 litters of Chemical X and 360 litters of Chemical Y. The average procurement cost per litter of Chemicals are: \$ 39 for Chemical X and \$ 62 for Chemical Y. How much of the variance is related to difference material price (material price variance)?

Note: 1 litter = 1000 ml.

- a) 578 Adverse
- b) 172 Adverse
- c) 108 Adverse
- d) 858 Adverse

Question Number : 45 Question Id : 4165298040 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Sona Motors currently manufactures two scooters with the brand names of Zoom and Pride targeted for two different sections. The budgeted sales quantity for November is 30000 Zoom and 12000 Pride. The contribution from each Unit of Zoom is budgeted at \$ 120 and for Pride, \$ 80. As the market was good, the firm sold 35000 Zoom and 15000 Pride but realized lower contribution margin of \$ 110 from Zoom and \$ 75 from Pride. How much of difference in contribution is related to changes in contribution margin (contribution margin rate variance)?

- a) 425000.00 Adverse
- b) 28571.43 Adverse
- c) 868571.43 Favorable
- d) 415000.00 Adverse

Question Number : 46 Question Id : 4165298041 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

The term 'flexible budget' refers to

- a) Preparation of budget with the assumption of different selling prices
- b) Preparation of budget under different cost structure
- c) Preparation of budget with zero fixed cost (by converting all fixed costs to variable cost)
- d) Preparation of budget with different production volume

Question Number : 47 Question Id : 4165298042 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

If actual production volume is more than budgeted production volume, it should result in_____?

- a) Overall cost variance should be favorable
- b) Overall cost variance should be unfavorable
- c) Overall cost variance should be zero
- d) Overall cost variance can be anything (favourable or unfavourable or zero)

Question Number : 48 Question Id : 4165298043 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Robinson & Co, a manufacturer of chemicals used in household cleaning received the following data compiled by his accounting department for the month of June 2016: Material Cost \$ 200,000; Labour Cost \$ 20,000; Power and other Utilities \$ 30,000; Repairs and Maintenance \$ 10,000; Depreciation expenses related to machines used in the production \$ 2,000; Administrative Expenses \$ 6,000 and Selling and Distribution Expenses \$ 10000. During the month 100,000 Kilograms of chemicals are produced by the production shop. What is the conversion cost?

- a) \$ 62000
- b) \$ 220000
- c) \$ 50000
- d) \$ 42000

Question Number : 49 Question Id : 4165298044 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Which one of the following firm is likely to use job costing?

- a) Courier Firm
- b) Insurance Company
- c) Book Publishing Company
- d) Airline

Question Number : 50 Question Id : 4165298045 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

An Engineering component manufacturing company started the month with 500 units in opening inventory. Material was drawn in full for these units. The work was completed to an extent of 40%. During the month, the production shop drawn additional material for 4000 units and started working on the same. At the end of the month, the production shop finds 300 units are in closing stock and balance items are transferred to finished goods. The closing stock has drawn 100% of the material. The production shop estimates that it has spent 60% worth of efforts on closing work-in-progress inventory. Find total equivalent units of the month related to material.

- a) 4000
- b) 4200
- c) 4500
- d) 4380

Question Number : 51 Question Id : 4165298046 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

An Engineering component manufacturing company started the month with 500 units in opening inventory. Material was drawn in full for these units. The work was completed to an extent of 40%. During the month, the production shop drawn additional material for 4000 units and started working on the same. At the end of the month, the production shop finds 300 units are in closing stock and balance items are transferred to finished goods. The closing stock has drawn 100% of the material. The production shop estimates that it has spent 60% worth of efforts on closing work-in-progress inventory. An estimate shows conversion cost of opening inventory is \$ 200 and during the month, the production shop incurred additional conversion cost of \$4180. Find the conversion cost per EU.

- a) \$ 1.05
- b) \$ 1.00
- c) \$ 1.09
- d) \$ 0.96

Question Number : 52 Question Id : 4165298047 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Which one of the following strategies will reduce cost incurred in set-up?

- a) Increase Volume
- b) Increase volume per batch
- c) Reduce product range
- d) Increase product range

Question Number : 53 Question Id : 4165298048 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Andrew System produces sensors which are used in different applications. The material cost is \$16 and direct labour cost is \$ 9. The fixed cost for the year is \$ 15000. The selling price is \$ 40 per unit. If the firm is selling 1500 units, how much the firm would report profit?

- a) \$ 7500
- b) \$ 5000
- c) \$ 3000
- d) Loss of \$ 1500

Question Number : 54 Question Id : 4165298049 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Andrew System produces sensors which are used in different applications. The material cost is \$16 and direct labour cost is \$ 9. The fixed cost for the year is \$ 15000. The selling price is \$ 40 per unit. The firm is currently selling 1500 units. The CEO of the company wants to increase the selling price from \$ 40 to \$ 44. The marketing managers wants additional promotion budget of \$ 4000. If sales are not going to be affected due to increase in the price provided additional promotion expenses is incurred, compute the revised profit.

- a) Loss of \$ 3000
- b) Profit of \$ 6000
- c) Profit of \$ 9500
- d) Profit of \$ 15000

Question Number : 55 Question Id : 4165298050 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Andrew System produces sensors which are used in different applications. The material cost is \$16 and direct labour cost is \$ 9. The fixed cost for the year is \$ 15000. The selling price is \$ 40 per unit. How many units the company should produce and sell to achieve a target profit of \$ 60,000?

- a) 1000 units
- b) 2000 units
- c) 3000 units
- d) 4000 units

Question Number : 56 Question Id : 4165298051 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Leo Toys has reported the following data for two quarters: Quarter 1: Sales \$ 500 & Profit \$ 60; Quarter 2: Sales \$ 800 & Profit \$ 120. Find the fixed cost.

- a) \$ 240
- b) \$ 120
- c) \$ 40
- d) Information is not adequate to compute fixed cost

Question Number : 57 Question Id : 4165298052 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Which one of the following is not part of the master budget?

- a) Direct material purchases budget.
- b) Variance Reports
- c) Projected cash receipts and disbursements.
- d) A pro-forma balance sheet.

Question Number : 58 Question Id : 4165298053 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

In which one of the following types of budget, previous year budget data or performance is completely ignored?

- a) Rolling Budget
- b) Zero base Budget
- c) Activity Budget
- d) Flexible Budget

Question Number : 59 Question Id : 4165298054 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

The difference between budgeted fixed overhead and actual fixed overhead is called _____?

- a) Spending Variance
- b) Volume Variance
- c) Total Fixed Overhead Variance
- d) Overhead Yield Variance

Question Number : 60 Question Id : 4165298055 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 2 Wrong Marks : 0

Kochi Naturals extracts essence (oleoresin) a from various plantation items. It expects 120 grams of oleoresin from 1000 grams of pepper (1 KG of pepper). The standard Price per KG of pepper is \$ 6. In the month of May, the company used 5000 KG of pepper and extracted 480 KG of oleoresin. The average procurement cost of pepper is \$ 5 per KG. What is the Material Price variance?

- a) 5000 Favorable
- b) 6000 Adverse
- c) 4000 Favorable
- d) 5000 Adverse