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National Testing Agency

Question Paper Name :	MCO 05 Accounting for Managerial Decisions 26th March 2021 Shift 1
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MCO 05 Accounting for Managerial Decisions

Group Number :	1
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Edit Attended Group? :	No
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Is this Group for Examiner? :	No

MCO 05 Accounting for Managerial Decisions-1

Section Id :	864351573
Section Number :	1
Section type :	Online
Mandatory or Optional :	Mandatory

Number of Questions :	20
Number of Questions to be attempted :	20
Section Marks :	20
Mark As Answered Required? :	Yes
Sub-Section Number :	1
Sub-Section Id :	864351640
Question Shuffling Allowed :	Yes

Question Number : 1 Question Id : 86435112078 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which one of the following standards cannot be used for cost control?

1. Basic Standard
2. Normal Standard
3. Both Basic Standard and Normal Standard
4. Accounting Standard

Options :

86435139889. 1
86435139890. 2
86435139891. 3
86435139892. 4

Question Number : 2 Question Id : 86435112079 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

When standard costs are used, the amount of detailed record keeping will normally:

1. Reduce
2. Increase by 5%
3. Stay the same
4. Increase by 0.5 %

Options :

- 86435139893. 1
- 86435139894. 2
- 86435139895. 3
- 86435139896. 4

Question Number : 3 Question Id : 86435112080 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Standard Costing Committee is not responsible for:

- 1. Computation of variances
- 2. Linking the deviations with responsibilities
- 3. Setting all types of standards
- 4. Reduction in profit

Options :

- 86435139897. 1
- 86435139898. 2
- 86435139899. 3
- 86435139900. 4

Question Number : 4 Question Id : 86435112081 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

.....focuses only on factors that change from one course of action to another.

- 1. Incremental analysis
- 2. Margin of safety
- 3. Operating leverage
- 4. A break-even chart

Options :

- 86435139901. 1

86435139902. 2

86435139903. 3

86435139904. 4

Question Number : 5 Question Id : 86435112082 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

In a CVP graph, the area between the total cost line and the total revenue line represents total:

1. Contribution margin
2. Variable costs
3. Fixed costs
4. Profit

Options :

86435139905. 1

86435139906. 2

86435139907. 3

86435139908. 4

Question Number : 6 Question Id : 86435112083 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

At the break-even point, fixed costs are always:

1. Less than the contribution margin
2. Equal to the contribution margin
3. More than the contribution margin
4. More than the variable cost

Options :

86435139909. 1

86435139910. 2

86435139911. 3

86435139912. 4

Question Number : 7 Question Id : 86435112084 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

The form of Balance Sheet is:

1. Vertical
2. Horizontal
3. Horizontal and Vertical
4. Either Horizontal or Vertical

Options :

86435139913. 1
86435139914. 2
86435139915. 3
86435139916. 4

Question Number : 8 Question Id : 86435112085 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

P&L Account is also known as:

1. Statement of operations
2. Statement of income
3. Statement of earnings
4. Statement of tax

Options :

86435139917. 1
86435139918. 2
86435139919. 3
86435139920. 4

Question Number : 9 Question Id : 86435112086 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Cash Flow Statement is based upon:

1. Cash basis of accounting
2. Accrual basis of accounting
3. Credit basis of accounting
4. Change in working capital

Options :

- 86435139921. 1
- 86435139922. 2
- 86435139923. 3
- 86435139924. 4

Question Number : 10 Question Id : 86435112087 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which statement is prepared in the process of funds flow analysis?

1. Schedule of changes in working capital
2. Funds Flow Statement
3. Both option 1 and option 2
4. Inflow of cash

Options :

- 86435139925. 1
- 86435139926. 2
- 86435139927. 3
- 86435139928. 4

Question Number : 11 Question Id : 86435112088 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Budgetary control helps to introduce a suitable incentive and remuneration based on... ..

1. Changes in government policies
2. Inflationary conditions
3. Deflationary Conditions
4. Change in organisational policies

Options :

- 86435139929. 1
- 86435139930. 2
- 86435139931. 3
- 86435139932. 4

Question Number : 12 Question Id : 86435112089 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

Budgetary control _____ replace management in decision-making.

1. Can
2. Cannot
3. Sometimes
4. Usually

Options :

- 86435139933. 1
- 86435139934. 2
- 86435139935. 3
- 86435139936. 4

Question Number : 13 Question Id : 86435112090 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0

The success of budgetary control system does not depend upon the willing cooperation of...

1. Shareholders
2. Management
3. Creditors
4. Customers

Options :

86435139937. 1
86435139938. 2
86435139939. 3
86435139940. 4

**Question Number : 14 Question Id : 86435112091 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

Recording of actual performance is....

1. An advantage of budgetary control
2. A step-in budgetary control
3. A limitation of budgetary control
4. A Step in Decision making

Options :

86435139941. 1
86435139942. 2
86435139943. 3
86435139944. 4

**Question Number : 15 Question Id : 86435112092 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 1 Wrong Marks : 0**

Key factor is not known as:

1. Limiting factor
2. Governing factor
3. Principal factor
4. Political factor

Options :

86435139945. 1
86435139946. 2
86435139947. 3
86435139948. 4

Question Number : 16 Question Id : 86435112093 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

The responsibility centres come under the responsibility of:

1. Cost accountants
2. Management accountants
3. Responsibility managers
4. Auditors

Options :

86435139949. 1
86435139950. 2
86435139951. 3
86435139952. 4

Question Number : 17 Question Id : 86435112094 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Internal transfer of processes at profit _____ of the company .

1. Will not increase the asset
2. Will increase the asset
3. Will increase the liabilities
4. Will not increase the liabilities

Options :

86435139953. 1
86435139954. 2
86435139955. 3
86435139956. 4

Question Number : 18 Question Id : 86435112095 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

The determination of actual value of assets employed in a responsibility centre is:

1. Easy
2. Very easy
3. Difficult
4. Not necessary

Options :

86435139957. 1
86435139958. 2
86435139959. 3
86435139960. 4

Question Number : 19 Question Id : 86435112096 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Given production is 1,00,000 units, fixed costs is Rs. 2,00,000, Selling price is Rs. 10 per unit and variable cost is Rs. 6 per unit. Determine the amount of profit using technique of marginal costing.

1. Rs 2,00,000
2. Rs 8,00,000
3. Rs 6,00,000
4. Rs.4,00,000

Options :

86435139961. 1
86435139962. 2
86435139963. 3
86435139964. 4

Question Number : 20 Question Id : 86435112097 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Under absorption costing, managerial decisions are based on:

1. Profit
2. Contribution
3. Profit volume ratio
4. Capital employed

Options :

86435139965. 1
86435139966. 2
86435139967. 3
86435139968. 4

MCO 05 Accounting for Managerial Decisions-2

Section Id :	864351574
Section Number :	2
Section type :	Offline
Mandatory or Optional :	Mandatory
Number of Questions :	10
Number of Questions to be attempted :	10
Section Marks :	30
Mark As Answered Required? :	Yes
Sub-Section Number :	1
Sub-Section Id :	864351641
Question Shuffling Allowed :	No

Question Number : 21 Question Id : 86435112098 Question Type : SUBJECTIVE

Correct Marks : 3

State the objectives of Accounting.

Question Number : 22 Question Id : 86435112099 Question Type : SUBJECTIVE

Correct Marks : 3

What is Balance Sheet? Briefly explain.

Question Number : 23 Question Id : 86435112100 Question Type : SUBJECTIVE

Correct Marks : 3

Discuss the limitations of Ratio Analysis.

Question Number : 24 Question Id : 86435112101 Question Type : SUBJECTIVE

Correct Marks : 3

Explain the steps involved in preparation of Funds Flow Statement.

Question Number : 25 Question Id : 86435112102 Question Type : SUBJECTIVE

Correct Marks : 3

Discuss the essentials of effective budgeting.

Question Number : 26 Question Id : 86435112103 Question Type : SUBJECTIVE

Correct Marks : 3

What is Zero Base Budgeting? Briefly explain.

Question Number : 27 Question Id : 86435112104 Question Type : SUBJECTIVE

Correct Marks : 3

State the pre-requisites for the success of standard costing.

Question Number : 28 Question Id : 86435112105 Question Type : SUBJECTIVE

Correct Marks : 3

What are the methods of classification of variance? Briefly explain.

Question Number : 29 Question Id : 86435112106 Question Type : SUBJECTIVE

Correct Marks : 3

Discuss the managerial uses of Marginal Costing.

Question Number : 30 Question Id : 86435112107 Question Type : SUBJECTIVE

Correct Marks : 3

What are the various modes of Reporting? Explain.

MCO 05 Accounting for Managerial Decisions-3

Section Id :	864351575
Section Number :	3
Section type :	Offline
Mandatory or Optional :	Mandatory
Number of Questions :	7
Number of Questions to be attempted :	5
Section Marks :	50
Mark As Answered Required? :	Yes
Sub-Section Number :	1
Sub-Section Id :	864351642
Question Shuffling Allowed :	No

Question Number : 31 Question Id : 86435112108 Question Type : SUBJECTIVE

Correct Marks : 10

Explain the role of Management Accountant in a Modern Business organization.

Question Number : 32 Question Id : 86435112109 Question Type : SUBJECTIVE

Correct Marks : 10

During the year 2019, Satyam Company made sales of Rs. 4,00,000. Its Gross Profit Ratio is 25% and Net Profit Ratio is 10%. The Stock Turnover Ratio was 10 Times. Determine the following:

1. Gross Profit
2. Net Profit
3. Cost of Goods Sold
4. Operating Expenses

Question Number : 33 Question Id : 86435112110 Question Type : SUBJECTIVE

Correct Marks : 10

"Performance budgeting requires preparation of periodic performance reports". Explain.

Question Number : 34 Question Id : 86435112111 Question Type : SUBJECTIVE

Correct Marks : 10

A company has decided to introduce a system of standard costing. What essentials need to be considered before developing such a system? Explain.

Question Number : 35 Question Id : 86435112112 Question Type : SUBJECTIVE

Correct Marks : 10

The following information is supplied to you

Standard Time for a month: 4000 hours, Standard Wage rate: Rs. 2.25 per hour, Number of labourers employed: 30

Average working days in a Month: 25, Number of hours a worker works per day: 7 hours, Total Wage bill in a Month: Rs. 13125

Idle Time due to power failure: 100 hours

You are required to calculate the following:

- a. Labour Cost Variance
- b. Labour Rate Variance
- c. Labour Efficiency Variance
- d. Labour Idle Time Variance

Question Number : 36 Question Id : 86435112113 Question Type : SUBJECTIVE

Correct Marks : 10

"Cost Volume Profit analysis and Break- even point analysis are same". Justify your answer with suitable example.

Question Number : 37 Question Id : 86435112114 Question Type : SUBJECTIVE

Correct Marks : 10

Write short notes on the following:

a) Human Resource Accounting, b) Environmental Accounting, c) International Accounting, d) Activity Based Costing