

National Testing Agency

Question Paper Name :	Management Accounting for Decision Making 28th August 2021 Shift 2
Subject Name :	Management Accounting for Decision Making
Creation Date :	2021-08-29 11:19:16
Duration :	180
Total Marks :	100
Display Marks:	Yes

Management Accounting for Decision Making

Group Number :	1
Group Id :	94091820
Group Maximum Duration :	0
Group Minimum Duration :	120
Show Attended Group? :	No
Edit Attended Group? :	No
Break time :	0
Group Marks :	100
Is this Group for Examiner? :	No

Management Accounting for Decision Making-1

Section Id :	94091836
Section Number :	1
Section type :	Online

Mandatory or Optional :	Mandatory
Number of Questions :	50
Number of Questions to be attempted :	50
Section Marks :	100
Enable Mark as Answered Mark for Review and Clear Response :	Yes
Sub-Section Number :	1
Sub-Section Id :	94091868
Question Shuffling Allowed :	Yes

Question Number : 1 Question Id : 9409181197 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Dickson & Co, a manufacturer of chemicals used in household cleaning received the following data compiled by their 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 cost of goods manufactured per unit?

1. \$2.00
2. \$2.20
3. \$2.42
4. \$2.62

Options :

- 9409184175. 1
- 9409184176. 2
- 9409184177. 3
- 9409184178. 4

Question Number : 2 Question Id : 9409181198 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. Material used for quality control testing
2. Machine operator's salary
3. Lubricants used while operating machines
4. Rent paid for factory premises

Options :

9409184179. 1

9409184180. 2

9409184181. 3

9409184182. 4

Question Number : 3 Question Id : 9409181199 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

An insurance company wants to work out Administrative Overhead Rate. The most appropriate basis of working out the administrative overhead rate is _____.

1. Value of Insurance Policy (Administrative Overhead Rate per \$100 of policy)
2. Number of policies (Administrative Overhead Rate per policy)
3. Number of riders (Administrative Overhead Rate per rider)
4. Policy Years (Administrative overhead rate per year)

Options :

9409184183. 1

9409184184. 2

9409184185. 3

9409184186. 4

Question Number : 4 Question Id : 9409181200 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Dickson & Co, a manufacturer of chemicals used in household cleaning received the following data compiled by their 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?

1. \$62000
2. \$220000
3. \$50000
4. \$42000

Options :

9409184187. 1

9409184188. 2

9409184189. 3

9409184190. 4

Question Number : 5 Question Id : 9409181201 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

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 2000 hours. The firm would like to know what is the overhead rate that they should charge the jobs to compute cost per job?

1. \$100 per hour
2. \$250 per hour
3. \$400 per hour
4. \$420 per hour

Options :

9409184191. 1

9409184192. 2

9409184193. 3

9409184194. 4

Question Number : 6 Question Id : 9409181202 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. Courier Firm
2. Insurance Company
3. Book Publishing Company
4. Airline

Options :

9409184195. 1

9409184196. 2

9409184197. 3

9409184198. 4

Question Number : 7 Question Id : 9409181203 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. Management Consultant
2. Sugar manufacturer
3. IT service provider
4. Automobile Service Station

Options :

9409184199. 1

9409184200. 2

9409184201. 3

9409184202. 4

Question Number : 8 Question Id : 9409181204 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. Management Consultant
2. Five Star Hotel
3. IT service provider
4. Event Management Service Firm

Options :

9409184203. 1

9409184204. 2

9409184205. 3

9409184206. 4

Question Number : 9 Question Id : 9409181205 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

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. How many units are completed during the month?

1. 4000
2. 4200
3. 3800
4. 4180

Options :

9409184207. 1

9409184208. 2

9409184209. 3

9409184210. 4

Question Number : 10 Question Id : 9409181206 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

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?

1. 5200
2. 5300
3. 4900
4. 5100

Options :

9409184211. 1

9409184212. 2

9409184213. 3

9409184214. 4

Question Number : 11 Question Id : 9409181207 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

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?

1. If the company expects to use 10000 machine hours, the predetermined overhead rate is \$2.00 per machine hour.
2. If the company expects to use 5000 machine hours, the predetermined overhead rate is \$0.10 per machine hour.
3. If the company expects to use 2000 machine hours, the predetermined overhead rate is \$25.00 per machine hour.
4. If the company expects to use 2500 machine hours, the predetermined overhead rate is \$0.05 per machine hour.

Options :

9409184215. 1

9409184216. 2

9409184217. 3

9409184218. 4

Question Number : 12 Question Id : 9409181208 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

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?

1. \$8000
2. \$9000
3. \$9500
4. \$8200

Options :

9409184219. 1

9409184220. 2

9409184221. 3

9409184222. 4

Question Number : 13 Question Id : 9409181209 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Alco Products manufactures customized doors and windows. Currently it has two cost pools namely (a) Material and (b) Production Overhead. The overhead is charged on the basis of square feet. The estimated overhead for the month is \$500,000 and estimated volume is 100,000 sq. ft. Recently, the company hired a Consultant to implement Activity Based Costing (ABC) and he estimates the following activities, cost drivers and activity cost:

Activity	Cost Driver	Activity Volume	Activity Cost
Assembly	Assembly Hours	5000 hours	\$300,000
Material Handling	Number of batches	100 batches	\$50,000
Set-up cost	Number of set ups	200 set-ups	\$80,000
Order Processing	Number of orders	50 orders	\$20,000
Designing	Number of Designs	20 designs	\$50,000

Eastern Group, a construction company placed order for 200 units of windows and doors of different sizes and total sq. ft of the order is 5000 sq. ft. The Production manager estimates the order would require 200 assembly hours, 4 batches, 6 set-ups, 6 designs and 2 delivery (2 orders).

If the overhead is charged on the basis of sq.ft. how much should be charged to the order as production overhead?

1. \$5000
2. \$10000
3. \$25000
4. \$50000

Options :

9409184223. 1
9409184224. 2
9409184225. 3
9409184226. 4

Question Number : 14 Question Id : 9409181210 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Alco Products manufactures customized doors and windows. Currently it has two cost pools namely (a) Material and (b) Production Overhead. The overhead is charged on the basis of square feet. The estimated overhead for the month is \$500,000 and estimated volume is 100,000 sq. ft. Recently, the company hired a Consultant to implement Activity Based Costing (ABC) and he estimates the following activities, cost drivers and activity cost:

Activity	Cost Driver	Activity Volume	Activity Cost
Assembly	Assembly Hours	5000 hours	\$300,000
Material Handling	Number of batches	100 batches	\$50,000
Set-up cost	Number of set ups	200 set-ups	\$80,000
Order Processing	Number of orders	50 orders	\$20,000
Designing	Number of Designs	20 designs	\$50,000

Eastern Group, a construction company placed order for 200 units of windows and doors of different sizes and total sq. ft of the order is 5000 sq. ft. The Production manager estimates the order would require 200 assembly hours, 4 batches, 6 set-ups, 6 designs and 2 delivery (2 orders).

If the company follows ABC, how much is charged towards Assembling the product?

1. \$12000
2. \$2000
3. \$8000
4. \$20000

Options :

9409184227. 1
9409184228. 2
9409184229. 3
9409184230. 4

Question Number : 15 Question Id : 9409181211 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Alco Products manufactures customized doors and windows. Currently it has two cost pools namely (a) Material and (b) Production Overhead. The overhead is charged on the basis of square feet. The estimated overhead for the month is \$500,000 and estimated volume is 100,000 sq. ft. Recently, the company hired a Consultant to implement Activity Based Costing (ABC) and he estimates the following activities, cost drivers and activity cost:

Activity	Cost Driver	Activity Volume	Activity Cost
Assembly	Assembly Hours	5000 hours	\$300,000
Material Handling	Number of batches	100 batches	\$50,000
Set-up cost	Number of set ups	200 set-ups	\$80,000
Order Processing	Number of orders	50 orders	\$20,000
Designing	Number of Designs	20 designs	\$50,000

Eastern Group, a construction company placed order for 200 units of windows and doors of different sizes and total sq. ft of the order is 5000 sq. ft. The Production manager estimates the order would require 200 assembly hours, 4 batches, 6 set-ups, 6 designs and 2 delivery (2 orders).

If the company follows ABC, how much is charged towards Set-up cost of the product?

1. \$400
2. \$1200
3. \$1800
4. \$2400

Options :

9409184231. 1
9409184232. 2
9409184233. 3
9409184234. 4

Question Number : 16 Question Id : 9409181212 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. Unit Level activities
2. Batch Level activities
3. Product Level activities
4. Facility Level activities

Options :

9409184235. 1

9409184236. 2

9409184237. 3

9409184238. 4

Question Number : 17 Question Id : 9409181213 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. Increase Volume
2. Increase volume per batch
3. Reduce product range
4. Increase product range

Options :

9409184239. 1

9409184240. 2

9409184241. 3

9409184242. 4

Question Number : 18 Question Id : 9409181214 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which one of the following will be affected when a firm launches several new products?

1. Assembly hours
2. Training sales and service personnel
3. Set up cost
4. All the three items listed

Options :

9409184243. 1

9409184244. 2

9409184245. 3

9409184246. 4

Question Number : 19 Question Id : 9409181215 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

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?

1. 500 units
2. 1000 units
3. 2000 units
4. 641 units

Options :

9409184247. 1

9409184248. 2

9409184249. 3

9409184250. 4

Question Number : 20 Question Id : 9409181216 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Plus 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 should be the dollar value of sales that the company should achieve to break-even?

1. \$20000
2. \$40000
3. \$80000
4. \$25640

Options :

9409184251. 1

9409184252. 2

9409184253. 3

9409184254. 4

Question Number : 21 Question Id : 9409181217 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

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?

1. 60%
2. 30%
3. 42.5%
4. 37.5%

Options :

9409184255. 1

9409184256. 2

9409184257. 3

9409184258. 4

Question Number : 22 Question Id : 9409181218 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

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, the Margin of Safety in units is equal to _____

1. 200 units
2. 500 units
3. 625 units
4. 728 units

Options :

9409184259. 1

9409184260. 2

9409184261. 3

9409184262. 4

Question Number : 23 Question Id : 9409181219 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

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?

1. \$7500
2. \$5000
3. \$3000
4. Loss of \$1500

Options :

9409184263. 1

9409184264. 2

9409184265. 3

9409184266. 4

Question Number : 24 Question Id : 9409181220 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

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?

1. 1000 units
2. 2000 units
3. 3000 units
4. 4000 units

Options :

9409184267. 1

9409184268. 2

9409184269. 3

9409184270. 4

Question Number : 25 Question Id : 9409181221 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

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 current volume is 1500 units. A customer who buys 500 units asked the Andrew to add an additional feature in the product and supply the same. Andrew estimates that it would have to spend another \$5 towards variable cost and another \$3000 towards fixed cost. What should be the minimum price that Andrew should charge the customer to supply the new product to protect the existing profit? Note, there is no change in the total volume of the sales

1. The minimum revised price should be \$43
2. The minimum revised price should be \$46
3. The minimum revised price should be \$49
4. The minimum revised price should be \$51

Options :

9409184271. 1

9409184272. 2

9409184273. 3

9409184274. 4

Question Number : 26 Question Id : 9409181222 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

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.

1. \$240
2. \$120
3. \$40
4. Information is not adequate to compute fixed cost

Options :

9409184275. 1

9409184276. 2

9409184277. 3

9409184278. 4

Question Number : 27 Question Id : 9409181223 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

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?

1. \$25,000
2. \$30,000
3. \$5,000
4. \$50,000

Options :

9409184279. 1

9409184280. 2

9409184281. 3

9409184282. 4

Question Number : 28 Question Id : 9409181224 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

A garment manufacturer has the following details related to one of the products: Sales \$80000; Variable Cost: \$60000 and Fixed Cost: 10,000. Currently, it is selling 10000 units. The company now got an offer from a customer who procures 2000 units to add certain additional features. The customer is willing to pay \$6 additionally. The incremental variable cost is \$2 for adding the features. There are no incremental fixed costs. If the firm agrees to take up additional work, what is the impact of this decision on profitability?

1. Increase in profit worth of \$2000
2. Increase in profit worth of \$4000
3. Increase in profit worth of \$6000
4. Increase in profit worth of \$8000

Options :

9409184283. 1

9409184284. 2

9409184285. 3

9409184286. 4

Question Number : 29 Question Id : 9409181225 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The HIGH-LOW method is used for

1. Profit planning
2. Determining break-even point
3. Splitting mixed cost into fixed cost and variable cost
4. All the three reasons listed here.

Options :

9409184287. 1

9409184288. 2

9409184289. 3

9409184290. 4

Question Number : 30 Question Id : 9409181226 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which one of the following statements is true?

1. Fixed per unit will decline with increase in volume
2. Variable cost per unit will remain same with increase in volume
3. Total cost per unit will decline with increase in volume
4. All three statements are true and hold good.

Options :

9409184291. 1

9409184292. 2

9409184293. 3

9409184294. 4

Question Number : 31 Question Id : 9409181227 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

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?

1. Material
2. Fixed cost exclusively incurred for the division
3. Corporate Office fixed cost allocated to the division
4. Sale value of the machine used for the division

Options :

9409184295. 1

9409184296. 2

9409184297. 3

9409184298. 4

Question Number : 32 Question Id : 9409181228 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

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.

1. 320
2. 280
3. 120
4. Zero

Options :

9409184299. 1

9409184300. 2

9409184301. 3

9409184302. 4

Question Number : 33 Question Id : 9409181229 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

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.

1. Contribution Margin Ratio
2. Contribution per unit
3. Contribution per machine hour
4. Contribution per limited resource (contribution per constraint unit)

Options :

9409184303. 1

9409184304. 2

9409184305. 3

9409184306. 4

Question Number : 34 Question Id : 9409181230 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Naturecare currently sells several personal care products including shampoo and hair-conditioner. The contribution from shampoo is two times of hair-conditioner. In order to increase the sales volume of shampoo, the company wants to offer hair-conditioner along with shampoo for limited period (promotion sales). Hair-conditioner is currently being sold at \$2 per unit. The cost details of the product show variable cost of \$0.80 per unit and fixed cost of \$0.40 per unit. The promotion sales is not likely to affect the sales of hair-conditioner. What should be the minimum additional price that the company should charge during the promotion sales for shampoo plus hair-conditioner?

1. \$2.00
2. \$0.80
3. \$0.40
4. \$1.20

Options :

9409184307. 1

9409184308. 2

9409184309. 3

9409184310. 4

Question Number : 35 Question Id : 9409181231 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Degree of Operating Leverage measures

1. Changes in profit when sales revenue changes
2. Changes in contribution when sales revenue changes
3. Changes in fixed cost when sales revenue changes.
4. Changes in market share when sales revenue changes

Options :

9409184311. 1

9409184312. 2

9409184313. 3

9409184314. 4

Question Number : 36 Question Id : 9409181232 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

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?

1. Profit declines by 5%
2. Profit declines by 14%
3. Profit declines by 23.33%
4. Profit declines by 35%

Options :

9409184315. 1

9409184316. 2

9409184317. 3

9409184318. 4

Question Number : 37 Question Id : 9409181233 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Other things remaining same, what is the impact of increase in fixed cost on degree of operating leverage?

1. Increase in fixed cost increases degree of operating leverage
2. Increase in fixed cost decreases degree of operating leverage
3. Increase in fixed cost has no impact on degree of operating leverage
4. Increase in fixed cost will result in negative degree of operating leverage

Options :

9409184319. 1

9409184320. 2

9409184321. 3

9409184322. 4

Question Number : 38 Question Id : 9409181234 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. Selling price per unit remains same
2. Variable cost per unit remains same
3. Total fixed cost remains same
4. Production and sales volume remain same

Options :

9409184323. 1

9409184324. 2

9409184325. 3

9409184326. 4

Question Number : 39 Question Id : 9409181235 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

An ice-cream producer increases sales volume by reducing the selling price per unit. The total sales value remains same. Fixed cost of the period was also not affected. What is the impact of this action on the CVP relationship?

1. Increase in BEP and increase in Profit
2. Increase in BEP and decrease in Profit
3. Decrease in BEP and decrease in Profit
4. Decrease in BEP and increase in profit

Options :

9409184327. 1

9409184328. 2

9409184329. 3

9409184330. 4

Question Number : 40 Question Id : 9409181236 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The term 'standard cost' refers to

1. Cost data compiled from financial records
2. Cost incurred under ideal setting
3. Cost incurred by competitor company
4. Lowest cost of the industry players

Options :

9409184331. 1

9409184332. 2

9409184333. 3

9409184334. 4

Question Number : 41 Question Id : 9409181237 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The term 'variance' refers to

1. the differences between standard and actual costs.
2. the difference between last year cost and current period cost
3. the difference between competitor cost and firm's cost of current year
4. the difference between sales quantity and production quantity

Options :

9409184335. 1

9409184336. 2

9409184337. 3

9409184338. 4

Question Number : 42 Question Id : 9409181238 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

In which one of the following firms, standard costs is more relevant?

1. Ice-cream manufacturer
2. Tax preparation firm.
3. Retail store
4. Customised home builder.

Options :

9409184339. 1

9409184340. 2

9409184341. 3

9409184342. 4

Question Number : 43 Question Id : 9409181239 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following input is *not* required in order to calculate the cost of goods sold in the budgeted income statement?

1. Opening and closing value of finished goods
2. Capital Expenditure
3. Policies related to holding inventory
4. Number of units sold.

Options :

9409184343. 1

9409184344. 2

9409184345. 3

9409184346. 4

Question Number : 44 Question Id : 9409181240 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. Rolling Budget
2. Zero base Budget
3. Activity Budget
4. Flexible Budget

Options :

9409184347. 1

9409184348. 2

9409184349. 3

9409184350. 4

Question Number : 45 Question Id : 9409181241 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

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?

1. \$80,000 Adverse
2. \$80,000 Favorable
3. \$40,000 Favorable
4. \$40,000 Adverse

Options :

9409184351. 1

9409184352. 2

9409184353. 3

9409184354. 4

Question Number : 46 Question Id : 9409181242 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. Direct material purchases budget.
2. Variance Reports
3. Projected cash receipts and disbursements.
4. A pro-forma balance sheet.

Options :

9409184355. 1

9409184356. 2

9409184357. 3

9409184358. 4

Question Number : 47 Question Id : 9409181243 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

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?

1. \$37,000
2. \$11,400
3. \$4,200
4. \$9,000

Options :

9409184359. 1

9409184360. 2

9409184361. 3

9409184362. 4

Question Number : 48 Question Id : 9409181244 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

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?

1. \$20800 Adverse
2. \$4800 Adverse
3. \$16000 Adverse
4. \$4000 Adverse

Options :

9409184363. 1

9409184364. 2

9409184365. 3

9409184366. 4

Question Number : 49 Question Id : 9409181245 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

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?

1. 10400
2. 30000
3. 12000
4. 52400

Options :

9409184367. 1

9409184368. 2

9409184369. 3

9409184370. 4

Question Number : 50 Question Id : 9409181246 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

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 Sales Quantity variance?

1. \$36,000 Adverse
2. \$24,000 Adverse
3. \$40,000 Adverse
4. \$20,000 Adverse

Options :

9409184371. 1

9409184372. 2

9409184373. 3

9409184374. 4