

National Testing Agency

Question Paper Name :	MCO 05 Accounting for Managerial Decisions 29th August 2021 Shift 2
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MCO 05 Accounting for Managerial Decisions

Group Number :	1
Group Id :	940918115
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

MCO 05 Accounting for Managerial Decisions -1

Section Id :	940918167
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 :	940918232
Question Shuffling Allowed :	Yes

Question Number : 1 Question Id : 9409187667 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 2 Wrong Marks : 0

Which 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 :
94091828777. 1
94091828778. 2
94091828779. 3
94091828780. 4

Question Number : 2 Question Id : 9409187668 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No
Correct Marks : 2 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 :

94091828781. 1

94091828782. 2

94091828783. 3

94091828784. 4

Question Number : 3 Question Id : 9409187669 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 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 :

94091828785. 1

94091828786. 2

94091828787. 3

94091828788. 4

Question Number : 4 Question Id : 9409187670 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 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 :

94091828789. 1

94091828790. 2

94091828791. 3

94091828792. 4

Question Number : 5 Question Id : 9409187671 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 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 :

94091828793. 1

94091828794. 2

94091828795. 3

94091828796. 4

Question Number : 6 Question Id : 9409187672 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 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 :

94091828797. 1

94091828798. 2

94091828799. 3

94091828800. 4

Question Number : 7 Question Id : 9409187673 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The form of balance sheet is

1. Vertical
2. Horizontal
3. Horizontal and vertical
4. EitherHorizontal or vertical

Options :

94091828801. 1

94091828802. 2

94091828803. 3

94091828804. 4

Question Number : 8 Question Id : 9409187674 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

P&L statement is also known as

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

Options :

94091828805. 1

94091828806. 2

94091828807. 3

94091828808. 4

Question Number : 9 Question Id : 9409187675 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 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 :

94091828809. 1

94091828810. 2

94091828811. 3

94091828812. 4

Question Number : 10 Question Id : 9409187676 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 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 Schedule of changes in working capital and Funds Flow Statement
4. inflow of cash

Options :

94091828813. 1

94091828814. 2

94091828815. 3

94091828816. 4

Question Number : 11 Question Id : 9409187677 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 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 :

94091828817. 1

94091828818. 2

94091828819. 3

94091828820. 4

Question Number : 12 Question Id : 9409187678 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Budgetary control _____ replace management in decision-making.

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

Options :

94091828821. 1

94091828822. 2

94091828823. 3

94091828824. 4

Question Number : 13 Question Id : 9409187679 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

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

Options :

94091828825. 1

94091828826. 2

94091828827. 3

94091828828. 4

Question Number : 14 Question Id : 9409187680 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 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 :

94091828829. 1

94091828830. 2

94091828831. 3

94091828832. 4

Question Number : 15 Question Id : 9409187681 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Key factor is also not known as...

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

Options :

94091828833. 1

94091828834. 2

94091828835. 3

94091828836. 4

Question Number : 16 Question Id : 9409187682 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The responsibility centres come under the responsibility of...

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

Options :

94091828837. 1

94091828838. 2

94091828839. 3

94091828840. 4

Question Number : 17 Question Id : 9409187683 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Internal transfer of process at profit _____ of the company

1. Will not increase the asset
2. Will increase the asset
3. Can't say
4. Inadequate information

Options :

94091828841. 1

94091828842. 2

94091828843. 3

94091828844. 4

Question Number : 18 Question Id : 9409187684 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. Easy
2. Can't determine
3. Difficult
4. Not necessary

Options :

94091828845. 1

94091828846. 2

94091828847. 3

94091828848. 4

Question Number : 19 Question Id : 9409187685 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 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 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 :

94091828849. 1

94091828850. 2

94091828851. 3

94091828852. 4

Question Number : 20 Question Id : 9409187686 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Under absorption costing, managerial decisions are based on

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

Options :

94091828853. 1

94091828854. 2

94091828855. 3

94091828856. 4

Question Number : 21 Question Id : 9409187687 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The process of budgeting helps in the control of

1. Cost of production
2. Liquidity
3. Capital Expenditure
4. All of these

Options :

94091828857. 1

94091828858. 2

94091828859. 3

94091828860. 4

Question Number : 22 Question Id : 9409187688 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Provision for income tax is

1. Debited to P/L appropriation A/C
2. Debited to P/L, A/C
3. Dbited to Trading A/C
4. Credited to P/L Appropriation A/C

Options :

94091828861. 1

94091828862. 2

94091828863. 3

94091828864. 4

Question Number : 23 Question Id : 9409187689 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

corporate dividend tax is

1. computed on Net Profit
2. Computed on Share Capital
3. Computed on Gross Profit
4. Computed on Dividend paid

Options :

94091828865. 1

94091828866. 2

94091828867. 3

94091828868. 4

Question Number : 24 Question Id : 9409187690 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Working Capital will increase

1. If current assets decrease
2. If current liabilities decrease
3. If current liabilities increase
4. If new shares are issued

Options :

94091828869. 1

94091828870. 2

94091828871. 3

94091828872. 4

Question Number : 25 Question Id : 9409187691 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following is not a current liability:

1. Bank overdraft
2. Bills payable
3. Accounts payable
4. Retained earnings

Options :

94091828873. 1

94091828874. 2

94091828875. 3

94091828876. 4

Question Number : 26 Question Id : 9409187692 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following statements are true about labour idle time?

1. Labour idle time variance is not caused by non-availability of raw material
2. Labour idle time variance is measured as : Abnormal idle hours * Actual hourly rate
3. Labour idle time variance is always unfavorable or adverse
4. All of the above

Options :

94091828877. 1

94091828878. 2

94091828879. 3

94091828880. 4

Question Number : 27 Question Id : 9409187693 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Following is the source of fund:

1. Decrease in balance of Debenture
2. Decrease in long - term liability
3. Increase in long - term loan
4. Redemption of shares

Options :

94091828881. 1

94091828882. 2

94091828883. 3

94091828884. 4

Question Number : 28 Question Id : 9409187694 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The maximum allowable discount on equity share is

1. 8% of issue price
2. 10% of issue price
3. 12% of issue price
4. 6% of issue price

Options :

94091828885. 1

94091828886. 2

94091828887. 3

94091828888. 4

Question Number : 29 Question Id : 9409187695 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Volume variance arises when

1. There is rise in overhead rate per hour
2. There is decline in overhead rate per hour
3. There is decrease or increase in actual output compared to the budgeted output
4. None of the above

Options :

94091828889. 1

94091828890. 2

94091828891. 3

94091828892. 4

Question Number : 30 Question Id : 9409187696 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Share application account is

1. Real A/C
2. Personal A/C
3. Nominal A/C
4. Fictitious A/C

Options :

94091828893. 1

94091828894. 2

94091828895. 3

94091828896. 4

Question Number : 31 Question Id : 9409187697 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Debenture holders are

1. creditors of the company
2. Debtors of the company
3. Owners of the company
4. Members of the company

Options :

94091828897. 1

94091828898. 2

94091828899. 3

94091828900. 4

Question Number : 32 Question Id : 9409187698 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which is the form of Divident

1. Cash Dividend
2. Bond dividend
3. Stock dividend
4. All of these

Options :

94091828901. 1

94091828902. 2

94091828903. 3

94091828904. 4

Question Number : 33 Question Id : 9409187699 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Analysis of overhead variances can be done by

1. Two variance method
2. Three variance method
3. Four variance method
4. All of these

Options :

94091828905. 1

94091828906. 2

94091828907. 3

94091828908. 4

Question Number : 34 Question Id : 9409187700 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 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 function of budgetary control

Options :

94091828909. 1

94091828910. 2

94091828911. 3

94091828912. 4

Question Number : 35 Question Id : 9409187701 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Revision of budgets is...

1. Unnecessary
2. Can't determine
3. Necessary
4. Inadequate data

Options :

94091828913. 1

94091828914. 2

94091828915. 3

94091828916. 4

Question Number : 36 Question Id : 9409187702 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Break-even analysis assumes over the relevant range that

1. total variable costs are linear.
2. fixed costs per unit are constant.
3. total variable costs are nonlinear.
4. total revenue is nonlinear.

Options :

94091828917. 1

94091828918. 2

94091828919. 3

94091828920. 4

Question Number : 37 Question Id : 9409187703 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Usually the production budget is stated in terms of...

1. Money
2. Quantity
3. Both Money and Quantity
4. Price

Options :

94091828921. 1

94091828922. 2

94091828923. 3

94091828924. 4

Question Number : 38 Question Id : 9409187704 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Budget period is the...

1. Period of budget committee
2. Period of budget centres
3. Period for which a budget is prepared
4. Period of budget officer

Options :

94091828925. 1

94091828926. 2

94091828927. 3

94091828928. 4

Question Number : 39 Question Id : 9409187705 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The contribution margin ratio always increases when the

1. variable costs as a percentage of net sales increase.
2. variable costs as a percentage of net sales decrease.
3. break-even point increases.
4. break-even point decreases.

Options :

94091828929. 1

94091828930. 2

94091828931. 3

94091828932. 4

Question Number : 40 Question Id : 9409187706 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Budget is prepared for a...

1. Indefinite period
2. Definite period
3. Period of one year
4. Six months

Options :

94091828933. 1

94091828934. 2

94091828935. 3

94091828936. 4

Question Number : 41 Question Id : 9409187707 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

ROI stands for

1. Return on inume
2. Return on investment
3. Return on Interest
4. Return on Intelligence

Options :

94091828937. 1

94091828938. 2

94091828939. 3

94091828940. 4

Question Number : 42 Question Id : 9409187708 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Budget relating to the key factor is prepared...

1. After other budgets
2. With other budgets
3. Before other budgets
4. without other budgets

Options :

94091828941. 1

94091828942. 2

94091828943. 3

94091828944. 4

Question Number : 43 Question Id : 9409187709 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Match the columns

List I	List II
A. Activity Ratio ----- ---	I. (Actual hours worked / Budgeted hours) * 100
B. Capacity Ratio ----- ---	II. (Standard hours of actual production / Actual hours worked) * 100
C. Efficiency Ratio ----- -----	III. (Standard hours for actual output / Budgeted hours) * 100

Choose the **correct** answer from the options given below:

1. A - II, B - III, C - I
2. A - I, B - II, C - III
3. A - III, B - I, C - II
4. None of these

Options :

94091828945. 1

94091828946. 2

94091828947. 3

94091828948. 4

Question Number : 44 Question Id : 9409187710 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

An example of long period budget is...

1. R& D budget
2. Master budget
3. Sales budget
4. Personnel budget

Options :

94091828949. 1

94091828950. 2

94091828951. 3

94091828952. 4

Question Number : 45 Question Id : 9409187711 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Sales budget does not show the sales details as...

1. Month wise
2. Product wise
3. Area wise
4. Day wise

Options :

94091828953. 1

94091828954. 2

94091828955. 3

94091828956. 4

Question Number : 46 Question Id : 9409187712 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Production budget is...

1. Dependent on purchase budget
2. Dependent on sales budget
3. Dependent on cash budget
4. None of these

Options :

94091828957. 1

94091828958. 2

94091828959. 3

94091828960. 4

Question Number : 47 Question Id : 9409187713 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The main objective of budgetary control is...

1. To define the goal of the firm
2. To coordinate different departments
3. To plan to achieve its goals
4. All of these

Options :

94091828961. 1

94091828962. 2

94091828963. 3

94091828964. 4

Question Number : 48 Question Id : 9409187714 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

A budgeting process which demands each manager to justify his entire budget in detail from beginning is

1. Functional budget
2. Master budget
3. Zero base budgeting
4. None of these

Options :

94091828965. 1

94091828966. 2

94091828967. 3

94091828968. 4

Question Number : 49 Question Id : 9409187715 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The budget committee consists of...

1. Managers
2. Budget officers
3. Creditors
4. Both Managers and Budget officers

Options :

94091828969. 1

94091828970. 2

94091828971. 3

94091828972. 4

Question Number : 50 Question Id : 9409187716 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Plant utilization budget and Manufacturing overhead budgets are types of

1. Production budget
2. Sales budget
3. Cost budget
4. None of these

Options :

94091828973. 1

94091828974. 2

94091828975. 3

94091828976. 4