

PREVIEW QUESTION BANK

Module Name : nou24-cm03 MCO-05-Accounting for Managerial Decisions-ENG
Exam Date : 18-May-2024 Batch : 09:00-12:00

Sr. No.	Client Question ID	Question Body and Alternatives	Marks	Negative Marks
Objective Question				
1	11951001	<p>Financial accounting information _____.</p> <ol style="list-style-type: none"> 1. should be incomplete in order to confuse competitors 2. should be prepared differently by each company 3. provides investors guarantees about the future 4. summarizes what has already occurred <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
Objective Question				
2	11951002	<p>Which of the following groups would have access to managerial accounting information?</p> <ol style="list-style-type: none"> 1. Bankers 2. Investors 3. Competitors of the business 4. Managers <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
Objective Question				
3	11951003	<p>Direct material cost + direct labor cost + other variable costs is equal to...</p> <ol style="list-style-type: none"> 1. Contribution 2. Total cost 3. Marginal cost 4. Sales <p>A1 : 1</p>	2.0	0.00

		A2 : 2		
		A3 : 3		
		A4 : 4		

Objective Question

4	11951004	<p>..... focuses only on factors that change from one course of action to another.</p> <ol style="list-style-type: none"> 1. Incremental analysis 2. Margin of safety 3. Operating leverage 4. Break-even chart <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

5	11951005	<p>In a CVP graph, the area between the total cost line and the total revenue line represents total</p> <ol style="list-style-type: none"> 1. contribution margin 2. variable costs 3. fixed costs 4. profit <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

6	11951006	<p>At the break-even point, fixed costs are always</p> <ol style="list-style-type: none"> 1. less than the contribution margin 2. equal to the contribution margin 3. more than the contribution margin 4. more than the variable cost <p>A1 : 1</p> <p>A2 : 2</p>	2.0	0.00
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		A3 : 3		
		A4 : 4		

Objective Question

7	11951007	<p>The form of balance sheet is:</p> <ol style="list-style-type: none"> 1. Vertical only 2. Horizontal only 3. Neither Horizontal nor vertical 4. Either Horizontal or vertical <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

8	11951008	<p>P&L statement is also known as:</p> <ol style="list-style-type: none"> 1. Statement of operations 2. Statement of income 3. Statement of Cash 4. Statement of tax <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

9	11951009	<p>Cash Flow Statement is based on:</p> <ol style="list-style-type: none"> 1. Cash basis of accounting 2. Accrual basis of accounting 3. Credit basis of accounting 4. Change in working capital <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p>	2.0	0.00
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		A4 : 4		
Objective Question				
10	11951010	<p>Which statement is prepared in the process of funds flow analysis?</p> <ol style="list-style-type: none"> 1. Schedule of changes in cash 2. Schedule of changes in Working Capital 3. Income Statement 4. Schedule of changes in shares <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
Objective Question				
11	11951011	<p>Budgetary control helps to introduce a suitable incentive and remuneration based on...</p> <ol style="list-style-type: none"> 1. Changes in Government policies 2. Inflationary conditions 3. Deflationary Conditions 4. Change in organisational policies <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
Objective Question				
12	11951012	<p>Budgetary control _____ replace management in decision-making.</p> <ol style="list-style-type: none"> 1. can 2. cannot 3. sometimes 4. usually <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00

Objective Question

13	11951013	<p>Success of budgetary control system does not depend upon the willing cooperation of...</p> <ol style="list-style-type: none"> 1. Shareholders 2. Management 3. Creditors 4. Customers <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

14	11951014	<p>Recording of actual performance is....</p> <ol style="list-style-type: none"> 1. an advantage of budgetary control 2. a step-in budgetary control 3. a limitation of budgetary control 4. a step in Decision making <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

15	11951015	<p>The account which increases equity is known as</p> <ol style="list-style-type: none"> 1. Debit Account 2. Credit Account 3. Revenue 4. Treasury Stock <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

16	11951016	<p>The responsibility centres come under the responsibility of...</p> <ol style="list-style-type: none"> 1. Cost accountants 2. Management accountants 3. Responsibility managers 4. Auditors <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

17	11951017	<p>Internal transfer of process at profit _____ of the company</p> <ol style="list-style-type: none"> 1. will not increase the asset 2. will increase the asset 3. will not increase the liabilities 4. will increase the liability <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

18	11951018	<p>The calculation of actual value of assets employed in a responsibility centre is _____ to calculate.</p> <ol style="list-style-type: none"> 1. easy 2. necessary 3. difficult 4. not necessary <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

19	11951019		2.0	0.00
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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 amt. 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

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

20	11951020	<p>Under absorption costing, managerial decisions are based on:</p> <ol style="list-style-type: none"> 1. Profit 2. Contribution 3. Profit volume ratio 4. Capital employed <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

21	11951021	<p>The process of budgeting helps in the control of</p> <ol style="list-style-type: none"> 1. Debtors 2. Creditors 3. Capital Expenditure 4. Bank Overdraft <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

22	11951022		2.0	0.00
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When standard costs are used, the amount of detailed record keeping will normally

1. reduce
2. increase by 5%
3. remain the same
4. increase by 0.5 %

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

23	11951023	<p>Which of the following activities is true under the Standard Costing System?</p> <ol style="list-style-type: none"> 1. The overhead volume variance is always beneficial 2. The ideal time variance is never favourable 3. To calculate the overall costs, a company can either use budgetary control or standard costing but not both of those techniques 4. The overhead efficiency variance plus overhead expense variance is equal to the overhead budget variance for variable overheads <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

24	11951024	<p>Given Sales in first and second year is Rs 80,000 and Rs 90,000 respectively. Also, profit is Rs 10,000 and Rs 14,000 respectively. What is the break-even point in rupees?</p> <ol style="list-style-type: none"> 1. Rs 10,000 2. Rs. 24000 3. Rs. 55000 4. Rs. 60000 <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

25	11951025	<p>The profit/volume ratio in marginal costing can be improved by _____.</p> <ol style="list-style-type: none"> 1. lowering fixed cost 2. increasing the selling price 3. increasing variable cost 4. decreasing the selling price <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

26	11951026	<p>Which of the following statements are true about labour idle time variance?</p> <ol style="list-style-type: none"> 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 x Actual hourly rate 3. Labour idle time variance is always unfavourable or adverse 4. Labour idle time variance is always favourable <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

27	11951027	<p>Inventories, cash and equivalents, and accounts receivables are listed as</p> <ol style="list-style-type: none"> 1. Earnings on Income Statement 2. Payments on Income Statement 3. Assets on the Balance Sheet 4. Liabilities on the Balance Sheet <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question				
28	11951028	<p>Expenses related to the sale of goods are shown in the _____.</p> <ol style="list-style-type: none"> 1. Trading account 2. Trading profit and loss account 3. Balance sheet 4. Profit and loss account <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00

Objective Question				
29	11951029	<p>Volume variance arises when</p> <ol style="list-style-type: none"> 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. There is no change in overhead rate per hour <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00

Objective Question				
30	11951030	<p>Funds flow statement is based on the concept of _____.</p> <ol style="list-style-type: none"> 1. Going concern 2. Business entity 3. Accounting period 4. Matching period concept <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00

Objective Question				
31	11951031		2.0	0.00

Which of the following statements are true for forecast and budget?

1. Forecast and budget are one and same thing
2. Budget is prepared after the forecast
3. Forecast and budget both can be expressed in financial form
4. Budget is prepared before the forecast

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

32	11951032	<p>A budgeting process which demands each manager to justify his entire budget in detail from beginning is</p> <ol style="list-style-type: none"> 1. Functional budget 2. Master budget 3. Zero base budgeting 4. Purchase Budget <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

33	11951033	<p>Analysis of overhead variances can be done by</p> <ol style="list-style-type: none"> 1. Two variance method 2. Zero variance method 3. Marginal Variance Method 4. Half variance method <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

34	11951034		2.0	0.00
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Given Production at 60% activity, 600 units, Material Rs 50 per unit, Labour Rs 20 per unit, Direct expenses Rs 5 per unit, Factory overheads Rs 20,000 (60% variable) and Administration expenses Rs 15,000 (60% fixed). What will be the total cost per unit for production at 80% capacity?

1. Rs 1,01. 000
2. Rs 126.25
3. Rs 122
4. Rs 124.25

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

35	11951035	Revision of budgets is...	2.0	0.00
		<ol style="list-style-type: none"> 1. unnecessary 2. not to be determined 3. necessary 4. optional 		
		A1 : 1		
		A2 : 2		
		A3 : 3		
		A4 : 4		

Objective Question

36	11951036	Break-even analysis assumes over the relevant range that:	2.0	0.00
		<ol style="list-style-type: none"> 1. total variable costs are linear 2. fixed costs per unit are constant 3. total variable costs are nonlinear 4. total revenue is nonlinear 		
		A1 : 1		
		A2 : 2		
		A3 : 3		
		A4 : 4		

Objective Question

37	11951037		2.0	0.00
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		Usually the production budget is stated in terms of...		
		<ol style="list-style-type: none"> 1. Money 2. Quantity 3. Capital 4. Price 		
		A1 : 1		
		A2 : 2		
		A3 : 3		
		A4 : 4		

Objective Question

38	11951038	Budget period is the...	2.0	0.00
		<ol style="list-style-type: none"> 1. period of budget committee 2. period of budget centres 3. period for which a budget is prepared 4. period of budget officer 		
		A1 : 1		
		A2 : 2		
		A3 : 3		
		A4 : 4		

Objective Question

39	11951039	The contribution margin ratio always increases when:	2.0	0.00
		<ol style="list-style-type: none"> 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 		
		A1 : 1		
		A2 : 2		
		A3 : 3		
		A4 : 4		

Objective Question

40	11951040		2.0	0.00
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		<p>Budget is prepared for a/an</p> <ol style="list-style-type: none"> 1. indefinite period 2. definite period 3. period of one year 4. six months <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>		
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Objective Question

41	11951041	<p>The costing method where fixed factory overheads are added to inventory is called _____.</p> <ol style="list-style-type: none"> 1. Activity-based costing 2. Absorption costing 3. Marginal costing 4. Differential Costing <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

42	11951042	<p>Budget relating to the key factor is prepared...</p> <ol style="list-style-type: none"> 1. after other budgets 2. with other budgets 3. before other budgets 4. without other budgets <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

43	11951043		2.0	0.00
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Which of the following industries is most suited for Standard Costing?

1. It is suitable for industries that produce standard products
2. It is suitable for enterprises that are engaged in service activities
3. It is suitable for industries that produce non-standard products
4. It is suitable for enterprises that are engaged in manufacturing activities

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

44	11951044	<p>An example of long period budget is...</p> <ol style="list-style-type: none"> 1. R& D budget 2. Master budget 3. Sales budget 4. Personnel budget <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

45	11951045	<p>Sales budget does not show the sales details as...</p> <ol style="list-style-type: none"> 1. Month wise 2. Product wise 3. Area wise 4. Day wise <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

46	11951046		2.0	0.00
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		<p>Production budget is...</p> <ol style="list-style-type: none"> 1. dependent on purchase budget 2. dependent on sales budget 3. dependent on cash budget 4. dependent on Capital budget <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>		
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Objective Question

47	11951047	<p>The main objective of budgetary control is...</p> <ol style="list-style-type: none"> 1. to define the goals of the firm 2. to coordinate with different departments 3. to plan to achieve its goals 4. to earn huge profit <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

48	11951048	<p>Which of the following is not a demerit of the Standard Costing System?</p> <ol style="list-style-type: none"> 1. The traditional cost variances are not tied to any specific product lines 2. Standard Costing System is much more expensive than other systems 3. It is usually less expensive than normal or actual costing 4. The traditional cost variances are heavily tied to any specific product lines <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

49	11951049		2.0	0.00
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		The budget committee consists of...		
		1. Managers		
		2. Budget officers		
		3. Creditors		
		4. Contractors		
		A1 : 1		
		A2 : 2		
		A3 : 3		
		A4 : 4		

Objective Question

50	11951050		2.0	0.00
		Plant utilization budget and Manufacturing overhead budget are types of		
		1. Production budget		
		2. Sales budget		
		3. Cost budget		
		4. Cash Budget		
		A1 : 1		
		A2 : 2		
		A3 : 3		
		A4 : 4		