

**First semester M.Com (SDE), University of Calicut**

**Accounting for Managerial Decisions–MCQs with Answers**

**Prepared by:**

**Praveen MV**

**Asst.Professor of commerce**

**Govt. College Madappally**

## **M.Com First Semester- MCQs on AMD**

1. Who coined the concept of management accounting?
  - a. Robert Anthony
  - b. James H Bliss
  - c. J. Batty
  - d. Michael Porter
2. The main role of management accounting is:
  - a. Decision making
  - b. Planning
  - c. Direction
  - d. Provision of information to management.
3. The term management accounting was first coined in:
  - a. 1960
  - b. 1930
  - c. 1950
  - d. 1910
4. The use of management accounting is:
  - a. Compulsory
  - b. Optional
  - c. Mandatory
  - d. Any of the above
5. Which of the following is not a predictive tool of management accounting?
  - a. Simulation
  - b. Balanced score card
  - c. Cash flow analysis
  - d. KPIs
6. Which of the following is not an analytical tool of management accounting?
  - a. Ratio analysis
  - b. Standard costing
  - c. Budgetary control
  - d. Cash flow analysis

**M.Com First Semester- MCQs on AMD**

7. "Management Accounting is concerned with accounting information which is useful to management"-whose definition?
- Robert Anthony
  - James H Bliss
  - J. Batty
  - Michael Porter
8. Which of the following is not included in the scope of management accounting?
- Financial accounting
  - Cost accounting
  - Tax accounting
  - None of these.
9. Which of the following is not a feature of management accounting?
- Accounting information
  - Future oriented
  - Management oriented
  - Compulsory accounting.
10. The process of quantifying the efficiency and effectiveness of past actions is called:
- Simulation
  - Decision accounting
  - Revaluation accounting
  - Performance measurement.
11. Which of the following is/are the tools of financial performance measures?
- ROI
  - EVA
  - Residual income
  - All of these.
12. Which of the following is not a tool for financial performance measure?
- EVA
  - Balanced score card
  - Residual income
  - ROI

**M.Com First Semester- MCQs on AMD**

13. “NOPAT-(Capital Employed x WACC)”=?
- ROI
  - EVA
  - Residual income
  - EBIT
14. Net profit before Tax-(average capital employed x Desired minimum rate of return) =?
- ROI
  - EVA
  - Residual income
  - EBIT
15. Operating profit ratio X Capital turnover ratio=?
- ROI
  - EVA
  - Residual income
  - EBIT
16. Return on Investment (ROI) was developed by:
- Michael Porter
  - Du Pont Company
  - Taichi Okno
  - None of these
17. Which of the following is a tool of financial as well as non-financial performance measure?
- Economic Value Added
  - Residual income
  - NOPAT
  - Balanced Score card
18. The term Balanced Score Card coined by:
- Jimmy Carter
  - Art Schneiderman
  - Taichi Okno
  - Robert Anthony

## M.Com First Semester- MCQs on AMD

- 19.----- Integrates financial and non- financial performance measures.
- Economic value added
  - WACC
  - Balanced Score card
  - SCBA
- 20.SCBA stands for-----
- Strategic Control for Business Administration
  - Strategic Cost and Benefit Administration
  - Social Cost Benefit Analysis
  - Socially Controlled Benefit Analysis.
- 21.Which of the following is not a perspective of balanced score card?
- Internal process
  - Customer
  - Financial perspective
  - Value chain
- 22.Customer retention and warranty claims are tools of performance measure in balance score card under----- perspective.
- Financial perspective
  - Internal process
  - Customer
  - Learning and growth.
- 23.Employees training and number of patents are tools of performance measure in balance score card under----- perspective.
- Financial perspective
  - Internal process
  - Customer
  - Learning and growth.
- 24.Defect rates and lead times are tools of performance measure in balance score card under----- perspective.
- Financial perspective
  - Internal process

**M.Com First Semester- MCQs on AMD**

- c. Customer
  - d. Learning and growth.
25. Operating income and sales growth are tools of performance measure in balance score card under----- perspective.
- a. Financial perspective
  - b. Internal process
  - c. Customer
  - d. Learning and growth.
26. Zero based budgeting is also known as:
- a. Scratch based budgeting
  - b. De nova budgeting
  - c. Priority based budgeting
  - d. All of these
27. Zero based budgeting was first applied by:
- a. Abraham Lincon
  - b. Jimmy Carter
  - c. Peter A phyrr
  - d. Alex Ouchy
28. ZBB coined out by :
- a. Art Schneiderman
  - b. Jimmy Carter
  - c. Peter A phyrr
  - d. Taichi Okno
29. ----- budgeting pay more attention on overhead costs.
- a. ZBB
  - b. ABB
  - c. Performance budgeting
  - d. Traditional budgeting
30. ----- budgets are prepared after justifying the cost drivers.
- a. ZBB
  - b. ABB

**M.Com First Semester- MCQs on AMD**

- c. Flexible budget
  - d. Cost budget
- 31.The difference between actual sales and break even sales is:
- a. Contribution
  - b. Profit volume rate
  - c. Margin of safety
  - d. Gross margin
- 32.Net Avoidable fixed cost divided by Contribution per unit is equal to:
- a. PV ratio
  - b. Break Even point
  - c. Contribution
  - d. Shutdown point
- 33.Marginal cost does not include-----
- a. Variable cost
  - b. Fixed cost
  - c. Variable Overhead
  - d. Direct expenses
- 34.In marginal costing, stock of finished goods valued at-----
- a. Fixed cost
  - b. Cost or market price whichever is less
  - c. Market price
  - d. Variable cost
- 35.At break Even Point----- is equal to fixed cost.
- a. Profit
  - b. Loss
  - c. Contribution
  - d. Sales
- 36.The BEP ----- when selling price is increased.
- a. Increases
  - b. Decreases
  - c. Remain unchanged

**M.Com First Semester- MCQs on AMD**

- d. Any of the above.
37. Under marginal costing product cost is equal to-----
- a. Prime cost
  - b. Prime cost + variable overhead
  - c. Cost of production
  - d. Cost of sales
38. An increase in the variable cost-----
- a. Increases PV ratio
  - b. Decreases PV ratio
  - c. Increases Profit
  - d. Increases contribution
39. Sales x PV ratio is equal to-----
- a. Profit
  - b. Contribution
  - c. BEP
  - d. Margin of Safety
40. Contribution / PV ratio is equal to-----
- a. BEP
  - b. Sales
  - c. Fixed cost
  - d. Variable cost
41. Profit / PV ratio is equal to-----
- a. Net profit
  - b. Contribution
  - c. BEP
  - d. Margin of Safety
42. Sales price per unit Rs.10, Variable cost Rs.8 per unit and fixed cost is Rs.20,000, then  
BEP in units is-----
- a. 10,000
  - b. 16,000
  - c. 2,000



**M.Com First Semester- MCQs on AMD**

- d. 2,500
- 43.The difference between gross profit and gross margin is-----
- a. Fixed cost
  - b. Variable cost
  - c. Net profit
  - d. Net loss
- 44.Actual sales is Rs.5,00,000 and BEP sales is 3,00,000, then margin of safety percentage is:
- a. 20%
  - b. 40%
  - c. 33.33%
  - d. 25%
- 45.If sales is Rs.2,50,000 and PV ratio is 40%, contribution will be:
- a. 80,000
  - b. 50,000
  - c. 1,00,000
  - d. 25,000
- 46.Margin of safety x Profit volume ratio is:
- a. BEP
  - b. Angle of incidence
  - c. Margin of safety in units
  - d. Profit.
- 47.Contribution is also known as:
- a. Share Capital
  - b. Gross profit
  - c. Gross margin
  - d. Margin of safety
- 48.-----is formed as curve by the intersection of total cost and total revenue.
- a. BEP
  - b. Angle of incidence
  - c. Margin of safety

## M.Com First Semester- MCQs on AMD

- d. Key factor
49. Variable cost of a product is Rs.10 and firm has an overall PV ratio @ 60%, what will be its selling price?
- a. Rs.60
  - b. Rs.6
  - c. Rs.25
  - d. Rs.16
50. While making make or buy decision under marginal costing, external purchase price of the articles must be compared with:
- a. Its Fixed cost
  - b. Its total cost
  - c. Its variable cost
  - d. Its prime cost.
51. Shut down cost is:
- a. Avoidable fixed cost
  - b. Unavoidable fixed cost
  - c. Avoidable Variable cost
  - d. Unavoidable variable cost.
52. Profit volume ratio can be improved by:
- a. Reducing variable cost
  - b. Reducing the selling price
  - c. Increasing the fixed cost
  - d. Increasing the key factor
53. Profit volume ratio cannot be calculated by using:
- a. Profit / volume of sales
  - b. Profit / volume of costs
  - c. Changes in profit / changes in sales
  - d. Changes in profit / changes in contribution
54. Fixed cost Rs.50,000, Profit Rs.30,000, cost of goods sold Rs.170,000, what is PV ratio?
- a. 25%
  - b. 50%

**M.Com First Semester- MCQs on AMD**

- c. 20%
  - d. 40%
55. Cost of capital is the ----- rate of return expected by the investors.
- a. Maximum
  - b. Average
  - c. Minimum
  - d. Zero
56. In relation to cost of capital,  $k = r_0 + \text{-----} + \text{-----}$
- a. p,d
  - b. b,f
  - c. e, p
  - d. Any of the above.
57. According to traditional approach cost of capital is effected by-----
- a. Debt-equity mix
  - b. Dividend
  - c. EBIT
  - d. EAT
58. ----- is the opportunity cost of dividend foregone by the shareholders.
- a. Cost of equity
  - b. Cost of retained earnings
  - c. Cost of debt
  - d. Cost of preference shares.
59. Which of the following is/ are the method of calculating cost of equity?
- a. Dividend yield method
  - b. Earning yield method
  - c. Realized yield method
  - d. All of these.
60. ----- is the rate of return the firm requires from investment in order to increase the value of the firm in the market place
- a. Net Present Value
  - b. Internal Rate of Return

**M.Com First Semester- MCQs on AMD**

- c. Average Rate of Return
  - d. Cost of capital.
- 61.----- is the weighted average cost of capital.
- a. Specific cost
  - b. Marginal cost
  - c. Composite cost
  - d. Any of these.
- 62.The span of time within which the investment made for the project will be recovered by the net returns of the project is known as:
- a. Period of return
  - b. Payback period
  - c. Span of return
  - d. None of the above
- 63.Projects with ----- are preferred
- a. Lower payback period
  - b. Normal payback period
  - c. Higher payback period
  - d. Any of the above
- 64.----- on capital is called 'Cost of capital'.
- a. Lower expected return
  - b. Normally expected return
  - c. Higher expected return
  - d. None of the above
- 65.The values of the future net incomes discounted by the cost of capital are called:
- a. Average capital cost
  - b. Discounted capital cost
  - c. Net capital cost
  - d. Net present values
- 66.Under Net present value criterion, a project is approved if
- a. Its net present value is positive
  - b. The funds are unlimited

## M.Com First Semester- MCQs on AMD

- c. Both (A) and (B)
  - d. None of the above
67. The internal Rate of Return (IRR) criterion for project acceptance, under theoretically infinite funds is: accept all projects which have:
- a. IRR equal to the cost of capital
  - b. IRR greater than the cost of capital
  - c. IRR less than the cost of capital
  - d. Both a&b above
68. Which of the following is non-discounting method in capital budgeting?
- a. Net present value
  - b. Profitability index
  - c. Internal Rate of Return
  - d. Accounting Rate of return
69. The project is accepted:
- a. If the profitability index is equal to one
  - b. If the profitability index is less than one
  - c. If the profitability index is greater than one
  - d. Both (b) and (c)
70. Where capital availability is unlimited and the projects are not mutually exclusive, for the same cost of capital, following criterion is used.
- a. Net present value
  - b. Internal Rate of Return
  - c. Profitability Index
  - d. Any of the above
71. A project is accepted when:
- a. Net present value is greater than zero
  - b. Internal Rate of Return will be greater than cost of capital
  - c. Profitability index will be greater than unity
  - d. Any of the above
72. With limited finance and a number of project proposals at hand, select that package of projects which has:

## M.Com First Semester- MCQs on AMD

- a. The maximum net present value
- b. Internal rate of return is greater than cost of capital
- c. Profitability index is greater than unity
- d. Any of the above

73. A project may be regarded as high risk project when:

- a. It has smaller variance of outcome but a high initial investment
- b. It has larger variance of outcome and high initial investment
- c. It has smaller variance of outcome and a low initial investment
- d. It has larger variance of outcome and low initial investment

74. Following is (are) the method(s) for adjustment of risks.

- a. Risk-adjusted Discounting Rate
- b. Risk Equivalence Coefficient Method
- c. Both (a) and (b)
- d. None of the above

75. Profitability Index is also known as:

- a. Sensitivity index
- b. Benefit cost ratio
- c. Profit volume Ratio
- d. All of these

76. ----- is the point at which Net Present Value becomes zero;

- a. Break Even point
- b. Average Rate of return
- c. Internal Rate of return
- d. Profitability index

77. Which of the following is not a method of capital budgeting, under risk and uncertainty?

- a. Probability assignment
- b. Risk adjusted discount rate
- c. Certainty equivalent
- d. Discounted pay back

78. Under which method, three types of cash flows such as optimistic, pessimistic and most likely cash flows are estimated?

## M.Com First Semester- MCQs on AMD

- a. Probability assignment
  - b. Risk adjusted discount rate
  - c. Certainty equivalent
  - d. Sensitivity analysis
- 79.----- is graphical representation of alternative courses of action and the possible outcomes and the risk associated with each action.
- a. Pivot table
  - b. Sensitivity analysis
  - c. Decision tree
  - d. All of these.
80. Risk free cash flow /risky cash flow =-----.
- a. Expected cash flow
  - b. Probable cash flow
  - c. Net terminal Value
  - d. CE Co-efficient
81. An investment appraisal approach which gives a precise measure of risk associated with a project is:
- a. Probability assignment
  - b. Sensitivity analysis
  - c. Profitability index
  - d. Standard deviation.
- 82.----- provides absolute measure of risk in a project.
- a. Standard deviation
  - b. Sensitivity analysis
  - c. Profitability index
  - d. Probability assignment.
83. The higher the co-efficient of variation, higher is the----- in the project
- a. Profitability
  - b. Return
  - c. Risk
  - d. Capital

## M.Com First Semester- MCQs on AMD

- 84.----- is a comprehensive view of all the possibilities associated with a proposed project.
- Co-efficient of variation
  - Probability assignment
  - Sensitivity analysis
  - Decision tree.
- 85.Activity Based Costing is developed by:
- Kaplan & Cooper
  - Ouchy
  - Taichi Okno
  - Moulin
- 86.----- is a technique of costing which is based on the benefit received from indirect costs.
- Life Cycle costing
  - Target costing
  - Activity based costing
  - Standard costing.
- 87.In Activity based costing, the cost of an activity is called:
- Cost driver
  - Target cost
  - Cost pool
  - Cost object.
- 88.In activity based costing, -----are the factors which influences the cost.
- Cost pool
  - Cost centre
  - Cost driver
  - Cost object.
- 89.----- is the technique of estimating permissible market driven cost.
- Life Cycle costing
  - Target costing
  - Activity based costing



## M.Com First Semester- MCQs on AMD

- d. Standard costing.
- 90.----- Technique of costing considers all the cost to be incurred during the entire life of the project.
- a. Life Cycle costing
  - b. Target costing
  - c. Activity based costing
  - d. Standard costing.
- 91.----- is the difference between target selling price and desired profit margin.
- a. Activity cost
  - b. Upstream cost
  - c. Downstream cost
  - d. Target cost
- 92.Under ----- total cost are classified into upstream cost, manufacturing cost and downstream cost.
- a. Life Cycle costing
  - b. Target costing
  - c. Activity based costing
  - d. Standard costing.
- 93.Traditional costing is also known as:
- a. Full costing
  - b. Volume based costing
  - c. Proportion based costing
  - d. All of these.
- 94.----- refers to the system of cost reduction based on a series of gradual and small improvements rather than drastic changes in the manufacturing process.
- a. Throughput costing
  - b. Quality costing
  - c. Kaizen costing
  - d. Transaction costing
- 95.Which of the following is also known as transaction costing/accounting?.
- a. Throughput costing

**M.Com First Semester- MCQs on AMD**

- b. Quality costing
  - c. Kaizen costing
  - d. Activity based costing
96. Under 'throughput costing', only ----- is treated as direct cost.
- a. Direct material
  - b. Direct labour
  - c. Direct expense
  - d. Indirect cost
97. Which of the following Japanese concept means 'Change for better'?
- a. Kan Ban
  - b. Kaizen
  - c. JIT
  - d. TQM
98. 'Theory of Constraints' was developed by:
- a. Robert S Kaplan
  - b. Robin Cooper
  - c. Goldratt and J.Cox
  - d. Waldron
99. Under life cycle costing, research and development cost, design cost etc., are considered as:
- a. Activity cost
  - b. Upstream cost
  - c. Downstream cost
  - d. Target cost
100. ----- is a practice of identifying, studying and building upon the best practices of organizational role models.
- a. Core competency
  - b. Bench marking
  - c. Spying
  - d. Conglomerating
101. Which of the following is not a component of Quality costing?

## M.Com First Semester- MCQs on AMD

- a. Cost of failure
- b. Cost of quality maintenance
- c. Appraisal cost
- d. None of these

102. Which of the following is/ are the primary activities under Porter's Value chain?

- a. Inbound logistics
- b. Procurement
- c. Marketing and selling
- d. All of these.

103. Which of the following is/are considered as supportive activities under Porter's Value Chain?

- a. Infrastructure
- b. HRM
- c. Procurement
- d. All of these.

104. Cost of new debentures incorporates:

- a. Floatation cost
- b. No floatation cost
- c. Only a part of floatation cost
- d. None of these.

105. ----- Method of capital budgeting also known as 'trial and error' method.

- a. ARR
- b. NPV
- c. BCR
- d. IRR

106. The process of selecting a combination of investment proposals for the purpose of effectively utilizing firm's limited fund is known as:

- a. Capital budgeting
- b. Project screening
- c. Capital rationing
- d. Capital expending

## M.Com First Semester- MCQs on AMD

107. Which of the following is not statistical technique of capital budgeting?

- a. Sensitivity analysis method
- b. Co-efficient of variation method
- c. Probability assignment method
- d. Certainty equivalent method

108. The philosophy of “Just in Time” developed by:

- a. Robert S Kaplan
- b. Michael Porter
- c. R. Cooper
- d. Taichi Okno

109. ----- System advocates ‘Zero Inventory System’.

- a. TQM
- b. JIT
- c. VED system
- d. Flexible manufacturing system.

110. Which of the following is/are not discounting techniques of capital budgeting?

- a. IRR
- b. Benefit Cost Ratio
- c. Discounted Payback
- d. Average rate of return

111. Which of the following is not a benefit of implementing JIT?

- a. Cost reduction
- b. Variability increase
- c. Work in process reduction
- d. Quality improvement.

112. Kan ban is associated with all of the following except:

- a. Signaling when it is time for next batch
- b. Reducing set up time
- c. Reducing batch size
- d. Increasing material handling

113. The word “ Kanban” means

**M.Com First Semester- MCQs on AMD**

- a. Low inventory
  - b. Employee empowerment
  - c. Card
  - d. Continuous improvement.
114. which one of the following is not a requirement of JIT system
- a. quality deliveries on time
  - b. low set up time
  - c. employee empowerment
  - d. Strong job specialization.
115. “Fish bone diagram is also known as:
- a. Cause and effect diagram
  - b. Poke-yoke diagram
  - c. Kaizen diagram
  - d. Taguchi diagram
- 116.....is the practice of charging all costs, both variable and fixed, to operations, processes, or products.
- a. Marginal costing
  - b. Absorption costing
  - c. Differential costing
  - d. None of these
117. In absorption costing, managerial decision making is based upon .....
- a. Profit
  - b. Contribution
  - c. Costs
  - d. None of these
118. Given sales = Rs.1,50,000, Fixed costs = Rs.30,000, Profit =Rs. 40,000. The variable cost is Rs.....
- a. 110000
  - b. 80000

**M.Com First Semester- MCQs on AMD**

- c. 120000
- d. 10000

119.The Profit/Volume ratio or marginal ratio expresses the relation of ..... to sales.

- a. Profit
- b. Marginal cost
- c. Contribution
- d. None of these

120.Which of the following measures helps to increase the P/V Ratio?

- a. increasing the selling price per unit
- b. reducing the variable or marginal cost
- c. changing the sales mixture
- d. all of these

121.Given sales = 1,00,000, Profit = 10,000 , variable cost = 70%.The sales required to earn a profit of Rs.40000 is-----

- a. 1,40,000
- b. 14,00,000
- c. 20,00,000
- d. 2,00,000

122.Marginal cost is the .....cost of producing an additional unit of output

- a. variable
- b. fixed
- c. semi variable
- d. all of these

123.Gross margin is the another name of-----

- a. Contribution

**M.Com First Semester- MCQs on AMD**

- b. Net Profit
- c. Gross Sales
- d. none of these

124. Which of the following shows the degree of profitability?

- a. Angle of contribution
- b. Angle of incidence
- c. Margin of safety
- d. Both b and c above

125. At Breakeven point contribution will be equal to-----

- a. Variable cost
- b. Fixed price
- c. Profit
- d. None of these

126. The ratio of profit(gross) to Volume of sales called-----

- a. GP Ratio
- b. NP Ratio
- c. PV Ratio
- d. OP ratio

127. Marginal cost is the aggregate of prime cost and -----

- a. Fixed overheads
- b. Variable overheads
- c. Contribution
- d. Work cost

128. When fixed cost is deducted from contribution, the balance will be-----

- a. Variable cost
- b. Gross profit

**M.Com First Semester- MCQs on AMD**

- c. Total cost
- d. sales

129. When sales are Rs.30000 and P/V ratio is 20% then contribution will be-----

- a. 2000
- b. 4000
- c. 6000
- d. 8000

130. When fixed costs are Rs.4000 and Gross margin ratio is 25%, then breakeven point will be-----

- a. 40000
- b. 20000
- c. 16000
- d. 10000

131. When Profit is Rs.5000 and P/v ratio is 20%, Margin of safety is-----

- a. 10000
- b. 25000
- c. 30000
- d. 50000

132. Fixed costs Rs.6000, Profit required Rs.4000 and P/v ratio is 50% , then sales required will be-----

- a. 6000
- b. 4000
- c. 10000
- d. 20000

133. Variable cost ratio is 60% Sales Rs.20000 and fixed cost Rs.5000, then profit will be .....



**M.Com First Semester- MCQs on AMD**

- a. 15000
- b. 12000
- c. 3000
- d. 10000

134. Responsibility Accounting is also called----- Accounting

- a. Profitability
- b. Management
- c. Authority
- d. None of these

135. In responsibility accounting the organization is divided into different -----centers

- a. Responsibility
- b. Cost
- c. Profit
- d. None of these

136. A cost centre is a segment of the organization where the manager is responsible for -----

- a. Costs
- b. Inputs
- c. a or b
- d. None of these

137. Both costs and revenues are measured in----- centers

- a. Cost
- b. Profit
- c. Revenue
- d. All of these

**M.Com First Semester- MCQs on AMD**

138. In Activity based Costing, a factor which causes cost is usually called as.

- a. Cost driver
- b. Governing factor
- c. Key factor
- d. Limiting factor

139. Cost drivers can be classified in two such as :

- a. Activity cost driver and Resource Cost driver
- b. Expense driver and Activity cost driver
- c. Resource cost driver and Transaction cost driver
- d. None of these

140. A centre where the manager is responsible for sales is -----

---

- a. Cost centre
- b. Revenue centre
- c. Investment centre
- d. Sales Centre

141. The performance of investment centre is based on-----

- a. Cost of the centre
- b. Profit of the centre
- c. Profit and investment of the centre
- d. Revenue of the centre

142. Responsibility accounting is used for-----

- a. cost control
- b. planning
- c. decision making
- d. pricing

**M.Com First Semester- MCQs on AMD**

143. Profit – Capital charges=-----

- a. ROI
- b. Residual Income
- c. NPV
- d. Operating profit

144. Capital rationing due to internal factors is known as:

- a. Hard capital rationing
- b. Soft capital rationing
- c. Mild capital rationing
- d. Insider rationing.

145. Capital rationing due to external factors is known as:

- a. Hard capital rationing
- b. Soft capital rationing
- c. Mild capital rationing
- d. Insider rationing.

146. In ----- Costing, actual cost of production is directly charged to units produced and there is no concept of predetermined standard cost.

- a. Activity based costing
- b. Target costing
- c. Back flush costing
- d. All of these.

147. Which of the following is/are not method of transfer pricing?

- a. Total cost method
- b. Marginal cost method
- c. Market price method
- d. Skimming price method

148. Which of the following is/are method of transfer pricing?

- a. Negotiated price method
- b. Cost plus pricing method
- c. Market price method

**M.Com First Semester- MCQs on AMD**

- d. All of these.
149. The Concept of 'Transfer Pricing' is applied for transactions in:
- a. Export of goods
  - b. Import of goods
  - c. Mergers and Acquisition
  - d. Inter-unit transfer of goods
150. Variable cost per unit is Rs.20 and over all PV ratio is 20%, then price of the product will be-----
- a. 40
  - b. 24
  - c. 25
  - d. 30
151. The term "Six Sigma" related to the management of:
- a. Labour cost
  - b. Storage cost
  - c. Defectives
  - d. None of the above
152. Pareto charts are used to:
- a. Identify inspection point
  - b. Organize errors and problems
  - c. Guide the quality training
  - d. Outline the production schedule.
153. Key factor is also called as:
- a. Restricting factors
  - b. Governing factors
  - c. Limiting factor
  - d. All of these.

**M.Com First Semester- MCQs on AMD**

154. Where key factor is present, from alternative best project must be selected on the basis of:
- PV Ratio
  - Contribution per Unit
  - BEP
  - Contribution per key factor
155. There will be two BEP in the case of :
- Analytical BE chart
  - Profit graph
  - Curvilinear BE chart
  - Contribution BE chart
156. Payback period of a project can be called as----- of that project.
- Contribution
  - ROI
  - BEP
  - Residual income.
157. Average rate of return is also known as Accounting rate of return since it considers:
- Cash inflows
  - Cash outflow
  - Profit after tax
  - All of these
158. ----- is preventive action but ----- is corrective action.
- Standard cost, Actual Cost
  - Budgeting, standard costing
  - Cost control, cost reduction
  - All the above.

## M.Com First Semester- MCQs on AMD

159. The purpose of ----- is to attain a real and permanent decline in cost.

- a. Cost control
- b. Budgeting
- c. Decremental costing
- d. Cost reduction.

160. ----- is superior to cost control.

- a. Differential costing
- b. Budgeting
- c. Standard costing
- d. Cost reduction.

### Answers

Q.No	Answer	Q.No	Answer	Q.No	Answer	Q.No	Answer
1	b	41	d	81	d	121	d
2	d	42	a	82	d	122	a
3	c	43	a	83	c	123	a
4	b	44	b	84	d	124	b
5	c	45	c	85	a	125	b
6	d	46	d	86	c	126	a
7	a	47	c	87	c	127	b
8	d	48	b	88	c	128	b
9	d	49	c	89	b	129	c
10	d	50	c	90	a	130	c
11	d	51	b	91	d	131	b
12	b	52	a	92	a	132	d
13	b	53	b	93	d	133	c
14	c	54	d	94	c	134	a
15	a	55	c	95	d	135	a
16	b	56	b	96	a	136	c
17	d	57	a	97	b	137	b
18	b	58	b	98	c	138	a

## M.Com First Semester- MCQs on AMD

19	c	59	d	99	b	139	a
20	c	60	d	100	b	140	b
21	d	61	c	101	d	141	c
22	c	62	b	102	a	142	a
23	d	63	a	103	d	143	b
24	b	64	d	104	a	144	b
25	a	65	d	105	d	145	a
26	d	66	a	106	c	146	c
27	b	67	b	107	d	147	d
28	c	68	d	108	d	148	d
29	b	69	c	109	b	149	d
30	b	70	d	110	d	150	c
31	c	71	d	111	b	151	c
32	d	72	a	112	d	152	d
33	b	73	a	113	c	153	d
34	d	74	c	114	d	154	d
35	c	75	b	115	a	155	c
36	b	76	c	116	b	156	c
37	b	77	d	117	a	157	c
38	b	78	d	118	b	158	c
39	b	79	c	119	c	159	d
40	b	80	d	120	d	160	d