MGT705 SOLVED QUIEZ NO 3 FALL 2012

SOLVED BY ABDUL SABOOR AND MADEEHA GULRAIZ

MB120400120   MB120400124

Activity based costing refers to measurement of indirect ________ for decision making.
Select correct option:

Irrelevant costs   www.vchowk.com
Sunk costs
Opportunity costs
Relevant costs
Lecture # 10: The measurement of indirect relevant cost for decision making using Activity Based Costing techniques will be examined.

Sales budget provides the basic data for budgeting of which one of the following expenses?
Select correct option:

Production costs
Selling expenses
Administrative expenses
All of the given options
Lecture # 19: **Sales Budget:**
It also provides the basic data for constructing budgets for production costs, selling and distribution and administrative expenses.

Which of the following is(are) considered the activity(ies) of ABC systems?
Select correct option:

Setting up machine
Construction of factory building
Sending shipments to abroad
All of the given options
In Profit-volume graph, when units are zero, Loss is equal to:
Select correct option:

Sales revenue
Expected sales
Variable cost   www.vchowk.com
Fixed cost

Implementation of best practices is the aim of:

Select correct option:

Just-in-time
Benchmarking
kaizen costing
All of the given options

Benchmarking

• In order to identify the best way of performing activities and business processes, organizations are turning to benchmarking.
• This involves comparing key activities to world-class best practices.
• Benchmarking identifies an activity, such as customer order processing, that needs to be improved.

In which of the following pricing policies, high prices are charged from the customers?
Select correct option:

Price penetration
Price skimming
Price negotiation
Price keeping

Variable cost includes:
Select correct option:

Direct Material cost
Direct Material cost and Direct Labour cost
Direct Material cost, Direct Labour cost and Energy Cost
All of the given Options

ERP is a(an) _____________ application.
Select correct option:

I.T.
Financial
Economic
Fiscal

Which one of the following is considered a pricing policy?
Select correct option:

Price skimming

Price taking
price keeping
price negotiation

Overseas customer credit worthiness refers will be considered as ___________ factor while decision making of special orders.
Select correct option:

monetary
non-monetary
constant monetary
negative monetary

- **(c)** non-monetary factors:
  - i) is there sufficient spare capacity to undertake the project.
  - ii) is the overseas customer credit-worthy.
  - iii) Does the workforce have the necessary skills to undertake the project.
  - iv) is the contract likely to result in repeat business with the customer.

Determination of the target price which customers will be prepared to pay for the product is the ______ stage of target costing.
Select correct option:

first
second
third
forth

The stages involved in target costing can be summarized as follows:

Stage 1: determine the target price which customers will be prepared to pay for the product.
Stage 2: deduct a target profit margin from the target price to determine the target cost.
Stage 3: estimate actual cost of the product.
Stage 4: if estimated cost exceeds the target cost, investigate ways of driving down the actual cost to the target cost.

Non-variable overheads are also called _________.
Select correct option:

Fixed variable overheads
Semi fixed variable overheads
Common fixed overheads
Semi variable overheads

Which information is an important input for concluding the pricing decisons
Select correct option:

Management Information
Costing Information
Accounting Information
Market Information

Small organizations required cost information for determining ___________ of different products.
Select correct option:

profitability
fixed costs
sunk costs
opportunity costs

________ is not included in inventory valuation.
Select correct option:

Prime Cost
Conversion Cost
Period Cost
All of the given options

The direct labor costs is __________ for short-term decision making.
Select correct option:

irrelevant
relevant
cosntant
average

Which of the following item(s) is(are) considered in activity based performance report?
Select correct option:

Scheduling existing and new production run
Staff training
Research and development
All of the given options (not confirm)

In conventional approach, budget period is _______ months.

Select correct option:

twelve
six
three
nine

Cost volume profit model can be used to determine the ___________.
Select correct option:

Break-even Point
Fixed Point
Variable Point
None of the given options