MGT705 Quiz # 4 – (Lecture # 1-37) Fall 2012

Solved and attempted by

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Question # 20 of 20 (Start time: 05:16:35 PM)

Education and compensation of ground crew is carried out in the ___________ perspective of balanced scorecard.

financial

internal

learning

customer

Question # 1 of 20 (Start time: 05:20:10 PM)

Which of the following covers all the perspectives of balanced scorecard?

Financial and economical relationship

Learning and growth relationship

Internal and external relationship

Cause and effect relationship

Question # 3 ABCM stands for:
Activity based cost measurement
Action based cost management
Action based cost measurement
Activity based cost management

The terms activity based management (ABM) or activity based cost management (ABCM) are used to describe cost management applications of ABC.

Question # 4 The dominant consideration for the international transfer pricing method is ____________ of global taxes.
minimization
maximization
both minimization and maximization
None of the given options

- **In many multi-national organizations, the taxation issues outweigh other transfer pricing issues and the dominant consideration is the minimization of global taxes.**

Question # 9: Strategic decisions normally taken for __________.
Long term
Short term
Mid term
All of the given options

- Strategic decisions usually involve the longer term and have a significant effect on the organization.

Question # 13 Which of the following is not the objective of the customer perspective?

Market price
Customer retention
Customer satisfaction
All of the given options

http://www.tutor2u.net/business/strategy/balanced-scorecard-perspectives.html

Question # 15 Usage of employer stockholder program is carried out in the _________ perspective of balanced scorecard.

Customer
Financial
Learning
Internal

Learning: how will our people accomplish fast turnaround time? Answer: educate and compensate ground crew, use employer stockholder programme.

Question # 18
To finish a given task is called:

Strategy
Mission
Vision
All of the given options

- Strategy – to accomplish a task, win against an opponent.

Question # 8 of 20 (Start time: 01:16:44 AM) Total Marks: 1

Which of following costing technique is used by most of the Japanese organizations for cost reduction?

Kaizen costing Lecture 27

Traditional costing

Activity based costing

Direct costing

Question # 9 of 20 (Start time: 01:18:05 AM) Total Marks: 1

Which of the following is NOT a type of transfer pricing method?

Marginal cost transfer prices

Full cost transfer prices

Cost-plus transfer prices

None of the given options **Lecture 23**

Question # 11 of 20 (Start time: 01:20:02 AM) Total Marks: 1

Which of the following is not a perspective of balanced scorecard?

Financial

Economical

Learning

Internal

Lecture 32:

– Customer perspective (how do customers see us)

– Internal business process perspective (what must we excel at)

– Learning and growth perspective (can we continue to improve and create value)

– Financial perspective (how do we look to shareholders)

Question # 12 of 20

If setup cost is Rs. 1,050 per production run and 15% increase is expected by implantation of JIT system. What will be net effect when total numbers of production runs are 1,000?

Rs. 157,500 **1000*15%=150, 1050*150=157500**

Rs. (157,000)

Rs. 57,500

Rs. (57,500)

Question # 15 of 20 (Start time: 01:25:02 AM) Total Marks: 1

Which of the following is not the objective of the customer perspective?

Market price

Customer retention

Customer satisfaction

All of the given options

http://www.tutor2u.net/business/strategy/balanced-scorecard-perspectives.html

Question # 17 of 20 (Start time: 01:27:48 AM) Total Marks: 1

Strategic decisions normally taken for __________.

Long term

Short term

Mid term

All of the given options

Strategic decisions usually involve the longer term and have a significant effect on the organization.

Question # 18 of 20 (Start time: 01:28:45 AM) Total Marks: 1

Which method(s) seperate(s) fixed and variable costs consists of examining past costs and related activity?

Basic

Break-even analysis

High-low

All of the given options

The high-low method to separate fixed and variable costs consists of examining past costs and related activity.

Question # 7 of 20 (Start time: 04:34:22 PM) Total Marks: 1

Reverse engineering is also known as _________.

tear down analysis

value analysis

growth analysis

benchmarking analysis

Tear-down analysis (also known as reverse engineering) involves examining a competitor's product to identify opportunities for improvement and /or cost reduction

Question # 18 of 20 (Start time: 04:44:32 PM) Total Marks: 1

Kaizen costing heavily relies on which one of the following factors?

Employer empowerment

Employee empowerment

Organization empowerment

Management empowerment

- Kaizen costing relies heavily on employee empowerment. Workers are given responsibility to improve process and reduce costs. Lecture 27

Question # 14 of 20 (Start time: 05:11:23 PM)

To finish a given task is called:

Strategy

Mission

Vision

All of the given options

- Strategy – to accomplish a task, win against an opponent.

Question # 3 of 20 (Start time: 05:22:06 PM)

When company's most of the profits are located in the low tax rate country, _________ method is used for transfer pricing.

domestic transfer pricing

international transfer pricing

mutual transfer pricing

Tax pricing

Lecture 25

Question # 11 of 20 (Start time: 05:29:14 PM)

Which costing approach advocates the 100% in time delivery of products?

Just-in-time

Benchmarking

Value chain

Time value added

- **JIT seeks to achieve the following goals:**
  - **Elimination of non-value added activities**
  - **Zero inventory**
  - **Zero defects**
  - **Batch size of one**
  - **Zero breakdowns**
  - **100% on time delivery**

Question # 3 of 20 (Start time: 05:42:15 PM)

Zero inventory and zero defects are maintained in which of the following costing systems?

Just-in-time

Activity based costing

Traditional costing

Benchmarking

Question # 9 of 20 (Start time: 05:46:20 PM)

Shareholder point of view is measured in which of the following perspective of balanced scorecard?

Financial

Internal

Learning and growth

Customer

Customer perspective (how do customers see us)
Internal business process perspective (what must we excel at)
Learning and growth perspective (can we continue to improve and create value)
Financial perspective (how do we look to shareholders)

Question # 11 of 20 (Start time: 05:47:29 PM)

Which of the following is not the objective of the customer perspective?

Market price

Customer retention

Customer satisfaction

All of the given options

Question # 4 of 20 (Start time: 11:57:11 PM) Total Marks: 1

Companies use different cost bases and mark-ups to determine the _________.

cost price

selling price

market price

Wholesale price

- **Companies use different cost bases and mark-ups to determine their selling price.**

Question # 5 of 20 (Start time: 11:58:04 PM) Total Marks: 1

Which one of the following is the first stage of Activity based cost management?

Assigning cost to cost pools

Determining the cost drivers for each major activity

Identifying major activities that take place **Lecture 27**

None of the given options

Question # 15 of 20 (Start time: 12:04:34 AM) Total Marks: 1

Which of the following covers all the perspectives of balanced scorecard?

Financial and economical relationship

Learning and growth relationship

Internal and external relationship

Cause and effect relationship

QUIZ # 4 – Including questions from Lecture 1-22

Question # 20 of 20 (Start time: 12:09:01 AM) Total Marks: 1

Which one of the following is considered as a cost driver?

Salaries

Rent of building

Advertisement

Training

Question # 1 of 20 (Start time: 04:48:38 PM) Total Marks: 1

_________ is not included in inventory valuation.

Prime Cost

Conversion Cost

Period Cost

All of the given options

Question # 19 of 20 (Start time: 05:35:43 PM)

Prime Cost is equal to __________.

Direct Labour + Indirect Labour

Indirect Material + Indirect Labour

Direct Material + Direct Labour

Direct Material - Production Overhead

Question # 2 of 20 (Start time: 05:41:53 PM)

Salary + Commission is an example of __________.

Variable Cost

Semi Variable Cost

Fixed Cost

Sunk Cost

Question # 14 of 20 (Start time: 05:50:09 PM)

_________ is/are example(s) of Production Overheads.

Supervisor's Salary

Heating Charges

Depreciation

All of the given options

Question # 9 of 20 (Start time: 12:00:12 AM) Total Marks: 1

Total fixed costs of an organization manufacturing two or more product is equal to:

Direct fixed costs and variable costs

Common fixed costs and avoidable costs

Direct and common fixed costs

Variable costs and avoidable costs

Question # 10 of 20 (Start time: 12:01:42 AM) Total Marks: 1

Depreciation of replaced assets is considered as _____________ for decision making.

Sunk cost

opportunity cost

fixed cost

irrelevant cost

Depreciation and profit or loss on sale of replaced assets is irrelevant for replacement decisions

Question # 19 of 20 (Start time: 05:52:48 PM)

Traditional costing refers to:

Direct material costs + Direct Labor costs

Direct labor costs + overheads

Direct material costs + conversion costs

All of the given options

It currently operates a traditional costing system using direct labor hours to allocate overhead to products.

Question # 18 of 20 (Start time: 05:14:35 PM)

The profit is mimimum when:

limiting factors are not applied

limiting costing are not applied

limiting factors are applied

limiting costing not applied

- **Where limiting factors apply, profit is maximized when the contribution to profit from the limiting factor is maximu. (Lecture 6)**

Question # 10 of 20 (Start time: 05:28:14 PM)

Which one of the evaluation of strategic options exploits company strength and environmental opportunities?

Acceptability

feasibility

Suitability

All of the given options

Lecture 17:
Stage 3 – Evaluation of strategic options
• Suitability – exploits company strengths and environmental opportunities, avoid weakness

Question # 19 of 20 (Start time: 05:15:49 PM)

Internal Users of accounting information refers to:

Management of the organization

Creditors of the Organization

Shareholders of the organization

Banks/Financial institutions

- **Users can be divided into 2 categories:**
  - **Internal users within the organization**
  - **External users i.e. shareholders, creditors**
- **Management accounting is for internal users**
- **Financial accounting information is for external users**

Question # 8 of 20 (Start time: 11:59:52 PM) Total Marks: 1

Financial Accounting is for ___________.

External users

Internal users

Both internal and external users

None of the given options

Question # 16 of 20 (Start time: 05:13:14 PM)

Overseas customer credit worthiness refers will be considered as ____________ factor while decision making of special orders.

monetary

non-monetary

constant monetary

negative monetary

- LECTURE 9 (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.

Question # 6 of 20 (Start time: 05:24:50 PM)

Which of the following expenses can be measured through cost drivers?

Salary of the admin staff

Interest on bank overdraft

Rent of factory building

Indirect labor of production **Lecture 11**

- These cost drivers are appropriate for measuring consumption of expenses such as machine energy costs, depreciation related to machine usage and indirect labor employed in production centers.

Question # 15 of 20 (Start time: 05:12:49 PM)

Inflation is __________ factor.

Controllable

Uncontrollable

Both controllable and uncontrollable

None of the given options

- **Lecture 1:**
  Uncontrollable factors:
  - Economic boom / recession
  - Inflation
  - Strength of competition

Question # 4 of 20 (Start time: 11:57:11 PM) Total Marks: 1

Companies use different cost bases and mark-ups to determine the _________.

cost price

selling price

market price

Wholesale price

- Companies use different cost bases and mark-ups to determine their selling price.

Question # 13 of 20 (Start time: 05:10:42 PM)

Sales budget provides the basic data for budgeting of which one of the following expenses?

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.

Question # 1 of 20 (Start time: 05:41:25 PM)

If ___________ is not accurate, all other budgets will not be reliable.

cash budget

production budget

sales budget

master budget

Question # 19 of 20 (Start time: 12:08:09 AM) Total Marks: 1

By preparing ________ budget, we calculate the quantities and selling price of each product that the company plans to sell.

sales

cash

master

production

Question # 4 of 20 (Start time: 05:23:00 PM)

Which of the following budgets help the firms to identify the state cash balances?

Purchase budget

Sales budget

****

Cash budget

Cash budgets help a firm to identify cash balances that are surplus to its requirements, these can be invested in the short term. Lecture 20

Debtors budget

Question # 13 of 20 (Start time: 05:30:07 PM)

The aim of cash budget refers to:

Maximum availability of cash

Maximum availability of income

Maximum availability of sales

All of the given options

- **Cash budgets help a firm to identify cash balances that are surplus to its requirements, these can be invested in the short term.**
- **They also identify cash deficiencies which need to arranged to meet the requirements.**
- **The overall aim should be to attain maximum cash availability and earn maximum return on idle funds.**

Question # 12 of 20 (Start time: 05:09:38 PM)

Direct wages are considered as:

Sunk costs

Opportunity costs

Non-variable costs

Variable costs

Direct wages are regarded as variable cost. Lecture 21

Question # 1 of 20 (Start time: 11:55:27 PM) Total Marks: 1

Activity based costing refers to measurement of indirect _________ for decision making.

Select correct option:

irrelavent costs

sunk costs

Opportunity costs

relevant costs

Question # 10 of 20 (Start time: 05:07:46 PM)

_________ is the example of highest hierarchical level according to activity based costing profitability analysis.

Product

Product lines

Labor costs

Material costs

The highest levels are product lines and distribution channels. Lecture 13

Question # 4 of 20 (Start time: 05:42:57 PM)

Distribution channel is the example of ________ hierarchical level according to activity based costing profitability analysis.

highest

lowest

middle

average

- The lowest hierarchical level may be the product or customer, and ignoring the business unit level, the highest levels are product lines and distribution channels.

Question # 9 of 20 (Start time: 05:00:41 PM)

The qualitative factors effect on __________.

decisions

product quality

profitability

management quality

• Hence qualitative factors should also be taken into account in the decision making process

Question # 5 of 20 (Start time: 04:58:01 PM)

The matching concept considers the following items:

Revenues

Expenses

Related cash flows

All of the given options

According to the matching concept, revenues and expenses may not be attributed to the same period as the related cash flows. Lecture 21

Question # 15 of 20 (Start time: 04:41:49 PM) Total Marks: 1

In Which budget, the expenditures detail is provided but activities are given little attention?

Cash budget

Sales budget

Production budget

Line item budget

A line item budget is where the expenditures are expressed in considerable detail, but the activities

Question # 13 of 20 (Start time: 04:40:01 PM) Total Marks: 1

Activity based cost-centres are also known as __________.

Activity cost pools

Activity cost rivers

Activity cost seas

Activity cost oceans

- **With ABC systems, many activity based cost-centers (called activity cost pools) are established**

Question # 17 of 20 (Start time: 05:51:29 PM)

Which system recognizes the same consumption of purchasing, receiving and inspection activities of both products of a batch.

Activity based costing

Traditional costing

Direct costing

All of the given options

- The ABC system recognizes that where a batch of two products consume the same quantity of purchasing, receiving and inspection activities, it allocates the same cost to both products.

Question # 8 of 20 (Start time: 04:35:36 PM) Total Marks: 1

_________ is the second stage of product life cycle.

Growth

Maturity

Decline

Introduction

- Many products have a product life cycle consisting of four stages:
  - Introductory – product is launched, minimal awareness and acceptance.
  - Growth – sales begin to expand because of introductory promotions
  - Maturity – sales taper off as new customers are exhausted.
  - Decline – sales diminish as the product is replaced with new and better versions.

Question # 3 of 20 (Start time: 11:56:51 PM) Total Marks: 1

_________ is the last stage of product life cycle.

Maturity

Decline

Growth

Introduction

Question # 6 of 20 (Start time: 05:44:21 PM)

According to the replacement of equipment method, The managers may take wrong decisions when:

they view old assets in isolation

they view new assets in isolation

they view old assets alongwith new assets

they view new assets alongwith old assets

Managers can sometimes take incorrect decisions as they may view the old asset in isolation. Lecture 7

Question # 10 of 20 (Start time: 01:18:51 AM) Total Marks: 1

Zero based budgeting is used for which type of the expenses?

Depreciation

Rent of the building

Staff salaries

Advertising expenses

ZBB: It is best suited for discretionary costs such as advertising, research and development and training (Lecture 22)

Question # 16 of 20 (Start time: 05:33:39 PM)

Zero based budgeting is NOT used for which type of the expenses?

Depreciation

Staff salaries

Rent of the building

All of the given options

Question # 14 of 20 (Start time: 01:23:54 AM) Total Marks: 1

In ___________, funds are distributed on the basis of cost-benefit.

Urgent based budgeting

Null based budgeting

Activity based budgeting

Zero based budgeting

- ZBB works on the premise that each year's budget should be compiled as if the programs were being launched for the first time.
- All funds are allocated on the basis of cost-benefit or similar analysis.

Question # 1 of 20 (Start time: 04:28:49 PM) Total Marks: 1

Which budgeting is also known as priority based budgeting?

Activity based budgeting

Null based budgeting

Zero based budgeting

Urgent based budgeting

Zero-based budgeting (also known as priority based budgeting) emerged to overcome the limitations of incremental budgets.

Question # 19 of 20 (Start time: 04:45:39 PM) Total Marks: 1

Which budgeting system emphasizes on programs and activities?

Zero based budgeting

Activity based budgeting

Null based budgeting

Urgent based budgeting

- **Zero-based budgeting also focuses on programs and activities instead of line items of traditional budgeting. Lecture 22**

Question # 16 of 20 (Start time: 04:42:41 PM) Total Marks: 1

Costs tend to be the dominant factor in ___________.

target costing

cost-plus pricing

cost-plus costing

direct costing

- **Whereas costs tend to be the dominant factor in cost-plus pricing.**

Question # 16 of 20 (Start time: 01:26:26 AM) Total Marks: 1

If the materials have some realizable value, their use will result in redduction of sales volume. This will be a(an) ____________.

opportunity cost

sunk cost

variable cost

irrelevant cost

The materials have some realizable value, their use will result in loss of this sales revenue. This will represent an opportunity cost and must be assigned to the activity

Question # 13 of 20 (Start time: 01:23:02 AM) Total Marks: 1

The ________ costs are not affected by the decisions.

fixed

constant

irrelevant

relevant

Question # 14 of 20 (Start time: 05:31:21 PM)

Depreciation of replaced assets is considered as ____________ for decision making.

Sunk cost

opportunity cost

fixed cost

irrelevant cost

Depreciation and profit or loss on sale of replaced assets is irrelevant for replacement decisions (Lecture 7)

Question # 7 of 20 (Start time: 04:59:28 PM)

The organization used casual labor by hiring workers on daily basis. This labor cost will be a ___________ for decision making.

Relevant cost

sunk cost

fixed cost

opportunity cost

- **Where casual labor is used and where workers can be hired on a daily basis, a company may adjust the employment of labor to exactly the amount required. Labor cost will increase if company accepts additional work, and will decrease if production is reduced.**

- In this situation labor cost will be a relevant cost for decision-making purposes.

Question # 11 of 20 (Start time: 05:09:07 PM)

Sunk costs are _____________ for decision making.

irrelevant

relevant

fixed

All of the given options

Sunk costs are irrelevant for decision making, but they are distinguished from irrelevant costs because not all irrelevant costs are sunk costs.

Question # 8 of 20 (Start time: 05:00:11 PM)

_________ is(are) the example of outsourcing.

Cleaning

Machinery

photocopying

All of the given options

- Outsourcing is the process of obtaining goods and services from outside suppliers instead of producing the same goods or providing the same services within the organization. Many organizations outsource some of their activities such as maintenance of certain machinery, cleaning, photocopying and packaging.

Question # 6 of 20 (Start time: 01:13:53 AM) Total Marks: 1

Direct material costs of a product refers to:

Unit-related activities

batch-related activities

Product-sustaining activities

Facility-sustaining activities

Unit-level activities (also known as volume-related activities) are performed each time a unit of product or service is produced. Expenses in this category include direct labor, direct materials, energy costs and expenses that are consumed in proportion to machine processing time (such as maintenance).

Question # 2 of 20 (Start time: 04:54:42 PM)

Energy costs used to manufacture a product refers to:

Facility-sustaining activities

Batch-related activities

Product-sustaining activities

Unit-related activities

Unit-level activities (also known as volume-related activities) are performed each time a unit of product or service is produced. Expenses in this category include direct labor, direct materials, energy costs and expenses that are consumed in proportion to machine processing time (such as maintenance).

Question # 5 of 20 (Start time: 05:24:05 PM)

Processing a purchase order refers to:

Unit-related activities

Batch-related activities

Product-sustaining activities

Facility-sustaining activities

Lecture 12: • Batch-related activities such as setting up a machine, or processing a purchase order are performed each time a batch of goods is produced

Question # 7 of 20 (Start time: 05:26:06 PM)

Budget contains which of the following:

Cash inflow

Cash outflow

Sales revenue

All of the given options

- **The budget is the financial plan for implementing management decisions.**
- **Expressed in terms of cash inflows and outflows, sales revenues and expenses.**

Question # 7 of 20 (Start time: 01:15:18 AM) Total Marks: 1

The sales budget is considered __________ for all other budgets.

road

foundation

track

All of the given options

- **The sales budget is therefore the foundation for all other budgets. If sales budget is not accurate, other budgets will be unreliable.**

Question # 17 of 20 (Start time: 04:43:49 PM) Total Marks: 1

In Profit-volume graph, when units are zero, Loss is equal to:

Sales revenue

Expected sales

Variable cost

Fixed cost **Lectuer - 3**

Question # 19 of 20 (Start time: 01:29:40 AM) Total Marks: 1

Cost volume profit model can be used to determine the ___________.

Break-even Point

Fixed Point

Variable Point

None of the given options

Question # 3 of 20 (Start time: 01:11:11 AM) Total Marks: 1

Contribution margin approach refers to:

Sales revenue - Fixed Expenses

Sales revenue - semi variable expenses

Sales revenue - variable expenses

None of the given options

Question # 18 of 20 (Start time: 05:52:20 PM)

At Break-even point, sales Revenue can be calculated by:

Variable Cost/CM Ratio

Semi variable Cost/CM Ratio

Fixed Cost/CM Ratio

Profit/CM Ratio

Question # 14 of 20 (Start time: 04:41:04 PM) Total Marks: 1

Contribution Margin ratio refers to:

Contribution/Variable expenses

Contribution/Fixed expenses

Contribution/Sales revenue

None of the given options

Question # 15 of 20 (Start time: 05:32:16 PM)

The break-even analysis of standard and deluxe models of the same product of a manufacturing company refers to:

Single product break-even analysis

Dual product break-even analysis

Multi product break-even analysis lecture 5

All of the given options

Question # 10 of 20 (Start time: 05:47:03 PM)

Break-even of batches refers to:

Total fixed costs/Contribution margin per batch

Total variable costs/Contribution margin per batch

Total common costs/Contribution margin per batch

Total indirect costs/Contribution margin per batch

Lecure # 5 :

B/E number of batches = $\frac{\text{Total fixed costs}}{\text{Contribution margin per batch}}$

Question # 18 of 20 (Start time: 12:07:04 AM) Total Marks: 1

Unit level contribution margin is calculated as follows:

conversion costs + unit level activities costs

sales revenue - unit level activities costs

sales revenue + unit level activities costs

prime costs + unit level activities costs

A unit level contribution margin is calculated for each individual product. This is derived by deducting the cost of unit level activities from sale revenue.

Question # 1 of 20 (Start time: 01:09:45 AM) Total Marks: 1

The aim of _____ is to ensure that future cost will remain same like the target cost.

target costing

activity based costing

direct costing

All of the given options

Question # 12 of 20 (Start time: 05:48:48 PM)

Estimation of actual cost of the product is the ______ stage of target costing.

first

second

third **Stage 3: estimate actual cost of the product.**

forth

Question # 20 ______________ set the selling prices of the products in the market.

Small organizations

Small medium enterprises

Market leaders

All of the given options

- Market leaders or organizations that sell highly customized products, have some discretion in setting selling prices.

Question # 20 of 20 (Start time: 05:36:44 PM)

The __________ makes the pricing decisions for a large and unknown volumes, of a product that is sold to the large number of customers.

price leaders

cost leaders

market leaders

All of the given options

- **A market leader must make pricing decisions for large and unknown volumes, of a product that is sold to thousands of customers.**
-

Question # 2 of 20 (Start time: 04:30:10 PM) Total Marks: 1

____________ who sell highly customized products, have discretion in setting selling prices of the products.

Organizations

Markets

Suppliers

Buyers

• Market leaders or organizations that sell highly customized products, have some discretion in setting selling prices.

Question # 3 of 20 (Start time: 04:30:58 PM) Total Marks: 1

Which one of the following is considered a pricing policy?

Price skimming

Price taking

price keeping

price negotiation

Question # 5 of 20 (Start time: 04:32:34 PM) Total Marks: 1

When close subsitutes are available in the market, which one of the following pricing policy is more suitable?

Price penetration

Price skimming

Price keeping

Price negotiation

Question # 11 of 20 (Start time: 12:02:21 AM) Total Marks: 1

In which of the following pricing policies, low prices are charged from the customers?

Price penetration

Price skimming

Price keeping

price negotiation

Question # 4 of 20 (Start time: 04:31:47 PM) Total Marks: 1

Identifying potential strategies is the _______ stage of planning process.

first

second

third

forth

Stage 2 – Identify Potential Strategies

Question # 17 of 20 (Start time: 05:34:36 PM)

Evaluation of strategic options is the _______ stage of planning process.

first

second

third

fifth

Question # 19 Which of the following expenses can be measured through cost drivers?

Salary of the marketing staff

Interest on bank overdraft

Depreciation of machinery
Rent of factory building

These cost drivers are appropriate for measuring consumption of expenses such as machine energy costs, depreciation related to machine usage and indirect labor employed in production centers.

Question # 17 In conventional approach, budget period is ________ months.
twelve
six
three
nine

The conventional approach is that once a year the manager of each budget center prepares a detailed budget for one year. The preparation of budgets on an annual basis has been strongly criticized on that grounds that it ties the company to a twelve month commitment.

Question # 16 Management accounting is for ___________.
External users
Internal users
Both internal and external users
None of the given options

Question # 14 Cost volume profit model can be used to determine the __________.
Break-even Point
Fixed Point
Variable Point
None of the given options

Question # 12 ABC refers to:
Action based costing
Activity based costing
Allocation based costing
All of the given options

Question # 14 of 20 (Start time: 12:04:14 AM) Total Marks: 1

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

Scheduling existing and new production run

Staff training

Research and development

All of the given options

Question # 11 Which method(s) seperate(s) fixed and variable costs consists of examining past costs and related activity?
Basic
Break-even analysis

High-low
All of the given options

- The high-low method to separate fixed and variable costs consists of examining past costs and related activity.

Question # 6 The ________ revenues are not affected by the decisions.
fixed
irrelevant
constant
relevant

- Costs and revenues independent of the decision, and not affected by it, are obviously not relevant and need not be considered when making that decision.
-

Question # 5 of 20 (Start time: 01:13:15 AM) Total Marks: 1

The ________ revenues are affected by the decisions.

relevant

irrelevant

constant

fixed

Question # 12 of 20 (Start time: 04:38:36 PM) Total Marks: 1

When supervision costs and overhead costs continue to incur, then these will be considered:

irrelevant cost

relevant cost

sunk cost

variable cost

- **Supervision and overheads will continue even if the contract is not accepted, hence these are irrelevant.**

Question # 16 of 20 (Start time: 12:05:54 AM) Total Marks: 1

If variable costs per unit remain constant and fixed costs remain unchanged, the increase on costs will be due entirely to an increase in ____________ costs.

Variable

Fixed

Total

Sunk

If variable costs per unit are constant, and fixed costs remain unchanged, the increase in costs will be due entirely to an increase in variable costs.

Question # 1: In which of the following pricing policies, low prices are charged from the customers?

Price penetration
Price skimming
Price keeping
price negotiation

- A **penetration pricing policy** is based on the concept of charging low prices initially with the intention of gaining rapid acceptance of the product. **Lecture 16**

Question # 4 of 20 (Start time: 04:56:41 PM)

Which information is an important input for concluding the pricing decisons

Management Information

Costing Information

Accounting Information

Market Information

- **Accounting information is often an important input to pricing decisions.**

Question # 2 Which of the following is(are) considered the expenses in unit-related activities?
Direct materials costs
Direct labor costs
Energy costs
All of the given options

- **Unit-level activities (also known as volume-related activities) are performed each time a unit of product or service is produced. Expenses in this category include direct labor, direct materials, energy costs and expenses that are consumed in proportion to machine processing time (such as maintenance). Unit-level activities consume resources in proportion to the number of units produced.**

Question # 7 Which of the following expenses can be measured through cost drivers?
Salary of the selling staff

Interest on bank overdraft
Rent, rates and taxes
Energy cost of machine

These cost drivers are appropriate for measuring consumption of expenses such as machine energy costs, depreciation related to machine usage and indirect labor employed in production centers

Question # 8: Zero based budgeting is used for which type of the expenses?
Depreciation
Rent of the building
Staff salaries
Advertising expenses

ZBB: It is best suited for discretionary costs such as advertising, research and development and training.

Question # 10_________ is not included in inventory valuation.
Prime Cost
Conversion Cost
Period Cost
All of the given options

- Period costs are treated as expense in the period in which they are incurred. They are not included in inventory valuation. Non-manufacturing overheads e.g. admin, sales & distribution, are regarded as period costs.

Question # 7 of 20 (Start time: 11:59:17 PM) Total Marks: 1

Implementation of long-term plans is the _________ stage of planning process.

third

forth

fifth

sixth

Stage 5 – Implementation of long-term plans