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CMA-INTER
MANAGEMENT ACCOUNTING
MODEL QUESTION PAPER
DEC'2023 (SET - 1)

(i) _____ is the study of managerial aspects of financial accounting

- A. Cost accounting
- B. Financial accounting
- C. Management accounting
- D. Business accounting

Ans. (C) Management accounting

(ii) X Company uses activity-based costing for Product B and Product D. The total estimated overhead cost for the parts administration activity pool was ₹5,50,000 and the expected activity was 2000 part types. If Product D requires 1200 part types, the amount of overhead allocated to product D for parts administration would be:

- A. ₹2,75,000
- B. ₹3,00,000
- C. ₹3,30,000
- D. ₹3,45,000

Ans. (C) ₹3,30,000

(iii) Cost attribution to cost units on the basis of benefit received from indirect activities, such as ordering, setting-up, assuring quality is known as:

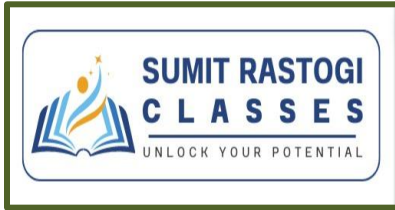
- A. Allocation
- B. Activity-based costing
- C. Always better control
- D. Absorption

Ans. (B) Activity-based costing

(iv) What is Margin of Safety if Sales is 20,000 units and B.E.P is 15,000 units?

- A. 15000 units
- B. 5000 units
- C. 10000 units
- D. 20000 units

Ans. (B) 5000 units



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(v) Fixed cost per unit decrease when

- A. Production volume increases
- B. Production volume decreases
- C. Variable costs per unit decreases
- D. Prime costs per unit decreases

Ans. (A) Production volume increases

(vi) The break-even point of a manufacturing company is ₹1,60,000. Fixed cost is ₹48,000. Variable cost is ₹12 per unit. The PV ratio will be:

- A. 20%
- B. 40%
- C. 30%
- D. 25%

Ans. (C) 30%

(vii) A radio manufacturer finds that it costs ₹6.25 per unit to make component M-140 and the same is available in the market at ₹5.75 each. Continuous supply is also fully assured. The break-down cost per unit as follows: Materials ₹2.75, Labour ₹1.75 other variable expenses ₹0.50, Depreciation and other fixed cost ₹1.25. What would be your decision, if the supplier offered the component at ₹4.85 per unit?

- A. Make
- B. Buy
- C. Sell
- D. None of the above

Ans. (B) Buy

(viii) Which one of the following is not considered as a method of Transfer Pricing?

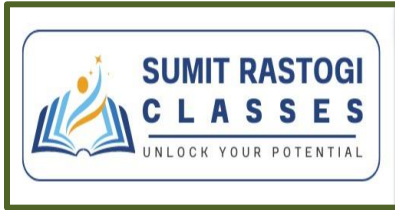
- A. Negotiated Transfer Pricing
- B. Market Price Based Transfer Pricing
- C. Fixed Cost Based Transfer Pricing
- D. Opportunity Cost Based Transfer Pricing

Ans. (C) Fixed Cost Based Transfer Pricing

(ix) Standard quantity of material for one unit of output is 10 kgs @ ₹8 per kg. Actual output during a given period is 800 units. The standards quantity of raw material

- A. 8,000 kgs
- B. 6,400 Kgs
- C. 64,000 Kgs
- D. None of these

Ans. (A) 8,000 kgs



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- (x) Standard price of material per kg is ₹20, standard usage per unit of production is 5 kg. Actual usage of production 100 units is 520 kgs, all of which was purchase at the rate of ₹22 per kg. Material cost variance is

A. ₹2,440 (A)
B. ₹1,440 (A)
C. ₹1,440 (F)
D. ₹2,300 (F)

Ans. (B) ₹1,440 (A)

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

A. ₹1,01,000
B. ₹126.25
C. ₹122
D. ₹1,22,000

Ans. (B) ₹126.25

- (xii) _____ is prepared for single level of activity and single set of business conditions.

A. Fixed budget
B. Flexible budget
C. Both a and b
D. None of the above

Ans. (A) Fixed budget

- (xiii) If the time taken to produce the first unit of a product is 4000 hrs, what will be the total time taken to produce the 5th to 8th unit of the product, when a 90% learning curve applies?

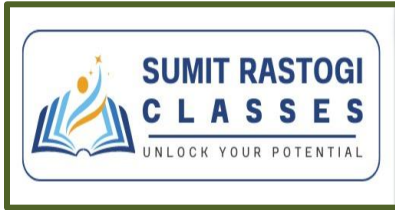
A. 10,500 hours
B. 12,968 hours
C. 9,560 hours
D. 10,368 hours

Ans. (D) 10,368 hours

- (xiv) In responsibility cost accounting the costs in focus are _____.

A. Controllable costs
B. Uncontrollable costs
C. Both A and B
D. None of the above

Ans. (A) Controllable costs



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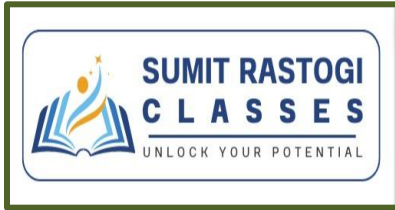
- (xv) ABC stocks a weekly lifestyle magazine. The owner buys the magazines for ₹0.30 each and sells them at the retail price of ₹0.50 each. At the end of the week, unsold magazines are obsolete and have no value. The estimated probability distribution for weekly demand is shown below:

Weekly Demand in units	Probability
20	0.20
30	0.55
40	0.25
1.00	

What is the expected value of demand?

- A. 30
- B. 20
- C. 25
- D. None of the above

Ans. (A) 30



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DEC'2023 (SET - 2)

(i) Management accounting deals with _____ data.

- A. Qualitative
- B. Quantitative
- C. Both qualitative and quantitative
- D. Non-financial

Ans. (C) Both qualitative and quantitative

(ii) According to the Chartered Institute of Management Accountants (CIMA), cost attribution to cost units on the basis of benefits received from indirect activities e.g. ordering, setting up, and assuring quality is known as:

- A. Absorption costing
- B. Marginal costing
- C. Activity-based costing
- D. Job costing

Ans. (C) Activity-based costing

(iii) The following information relate to ABC

Activity level	60%	80%
Variable costs (₹)	12,000	16,000
Fixed costs (₹)	20,000	22,000

The differential cost for 20% capacity is_____.

- A. ₹4,000
- B. ₹2,000
- C. ₹6,000
- D. ₹5,000

Ans. (C) ₹6,000

(iv) The break-even point is the point at which:

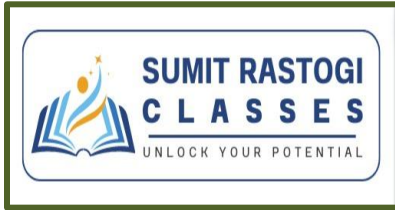
- A. There is no profit, no loss;
- B. Contribution margin is equal to total fixed cost;
- C. Total revenue is equal to total cost;
- D. All of the above.

Ans. (A) There is no profit, no loss;

(v) A decrease in sales price _____.

- A. does not affect the break-even point
- B. lowers the fixed cost
- C. Increases the break-even point
- D. lowers the break-even point

Ans. (C) Increases the break-even point



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(vi) What will be sales in rupees for desired profit if fixed cost is ₹30,000, desired profit is ₹15,000 and P/V ratio is 30%?

- A. ₹1,50,000
- B. ₹1,00,000
- C. ₹2,00,000
- D. None of the above

Ans. (A) ₹1,50,000

(vii) Variable cost is also referred to as in the marginal costing technique:

- A. Total cost
- B. Product cost
- C. Period cost
- D. None of the above

Ans. (B) Product cost

(viii) The sales and profit of a firm for the year 2021 are ₹1,50,000 and ₹20,000 and for the year 2022 are ₹1,70,000 and ₹ 25,000 respectively. The P/V Ratio of the firm is _____.

- A. 15%
- B. 20%
- C. 25%
- D. 30%

Ans. (C) 25%

(ix) A company manufactures and sells three types of products namely A, B and C. Total sales per month is ₹80,000 in which the share of these three products are 50%, 30% and 20% respectively. The variable cost of these products is 60%, 50% and 40% respectively. The combined P/V Ratio will be:

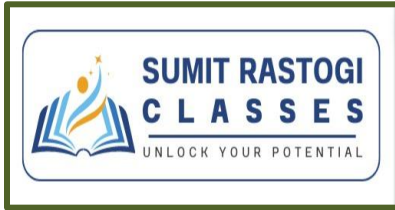
- A. 49%
- B. 48%
- C. 47%
- D. 50%

Ans. (C) 47%

(x) Standard costing is a tool, which replaces the bottleneck of the _____ costing.

- A. Present
- B. Future
- C. Historical
- D. None of the above

Ans. (C) Historical



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- (xi) M Group has two divisions; Division P and Division Q. Division P manufactures an item that is transferred to Division Q. The item has no external market and 6,000 units produced are transferred internally each year. The costs of each division are as follows?

	Division P	Division Q
Variable Cost	₹100 per unit	120 per unit
Fixed cost each year	₹1,20,000	90,000

Head Office management decided that a transfer price should be set that provides a profit of ₹30,000 to Division P. What should be the transfer price per unit?

- A. ₹145
B. ₹125
C. ₹120
D. ₹135

Ans. (B) ₹125

- (xii) During the month of December actual direct labour cost amounted to ₹39,550, the standard direct labour rate was ₹10 per hour and the direct labour rate variance amounted to ₹450 favourable. The actual direct labour hours worked was:

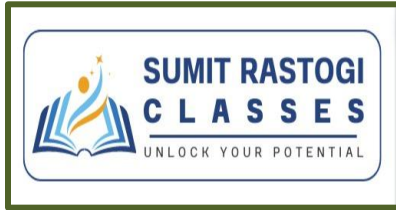
- A. 3,955 hours
B. 4,000 hours
C. 3,910 hours
D. 4,500 hours

Ans. (B) 4,000 hours

- (xiii) A factory produces two types of articles Y and Z. Article Y takes 8 hours to make and Z takes 16 hours. In a month (25 days x 8 hours) 600 units of X and 400 units of Z are produced. Given budgeted hours 8000 per month and men employed are 50. Determine Activity ratio, Capacity ratio and efficiency ratio.

- A. 112%, 140%, 140%
B. 140%, 112%, 140%
C. 140%, 140%, 112%
D. None of the above

Ans. (C) 140%, 112%, 140%



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(xiv) According to Kaplan & Norton, which of the balanced scorecard perspectives serves as the focus of the other perspectives?

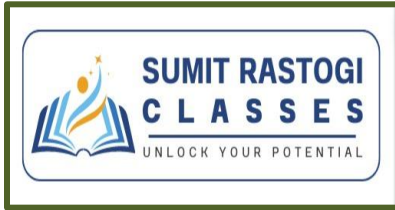
- A. Financial.
- B. Customer.
- C. Internal business processes.
- D. Learning & growth.

Ans. (A) Financial

(xv) If a decision maker is risk averse, then the best strategy to select is the one that yields the _____.

- A. Highest expected payoff.
- B. Lowest coefficient of variation.
- C. Highest expected utility.
- D. Lowest standard deviation

Ans. (C) Highest expected utility.



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JUNE'2024 (SET - 1)

(i) _____ is the study of managerial aspects of financial accounting.

- A. Cost accounting
- B. Financial accounting
- C. Management accounting
- D. Business accounting

Ans. (C) Management accounting

(ii) **Process of Cost allocation under Activity Based Costing is:**

- A. Cost of Activities—Activities—Cost Driver – Cost allocated to cost objects
- B. Cost Driver — Cost of Activities— Cost allocated to cost objects – Activities
- C. Activities— Cost of Activities—Cost Driver – Cost allocated to cost objects
- D. Activities—Cost Driver – Cost allocated to cost objects — Cost of Activities

Ans. (C) Activities— Cost of Activities—Cost Driver – Cost allocated to cost objects

(iii) **Plant depreciation is an example of which activity-level group?**

- A. Unit-level activity
- B. Facility-level activity
- C. Batch-level activity
- D. Product-level activity

Ans. (B) Facility-level activity

(iv) **A decrease in sales price**

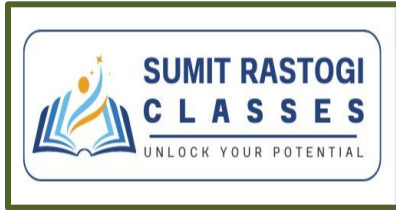
- A. does not affect the break-even point
- B. lowers the fixed cost
- C. Increases the break-even point
- D. lowers the break-even point

Ans. (C) Increases the break-even point

(v) **What will be the margin of safety if sales is ₹3,00,000 and B.E.P is ₹4,50,000?**

- A. ₹1,00,000
- B. ₹1,50,000
- C. Amount of sales < B.E.P, therefore no margin of safety
- D. None of the above

Ans. (A) ₹1,00,000



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(vi) The costing method where fixed factory overheads are added to inventory, is called:

- A. Activity-based costing
- B. Absorption costing
- C. Marginal costing
- D. All of the above

Ans. (B) Absorption costing

(vii) Product A generates a contribution to sales ratio of 40%. Fixed cost directly attributable to Product A amounted to ₹60,000. The sales revenue required to achieve a profit of ₹15,000 is:

- A. ₹2,00,000
- B. ₹1,85,000
- C. ₹1,87,500
- D. ₹2,10,000

Ans. (C) ₹1,87,500

(viii) M Group has two divisions, Division P and Division Q. Division P manufactures an item that is transferred to Division Q. The item has no external market and 6,000 units produced are transferred internally each year. The costs of each division are as follows:

Variable Cost	Division P ₹ 100 per unit	Division Q ₹ 120 per unit
Fixed cost each year	₹1,20,000	₹90,000

Head Office management decided that a transfer price should be set that provides a profit of ₹30,000 to Division P. What should be the transfer price per unit?

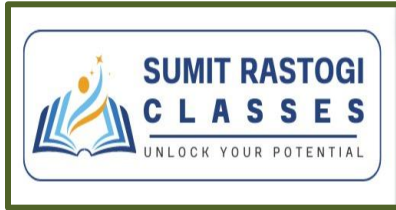
- A. ₹145
- B. ₹125
- C. ₹120
- D. ₹135

Ans. (B) ₹125

(ix) Which one of the following is not considered as a method of Transfer Pricing?

- A. Negotiated Transfer Pricing
- B. Market Price Based Transfer Pricing
- C. Fixed Cost Based Transfer Pricing
- D. Opportunity Cost Based Transfer Pricing

Ans. (C) Fixed Cost Based Transfer Pricing



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(x) If standard cost > actual, then it is:

- A. Not favourable
- B. Favourable
- C. Neither favourable nor not favourable
- D. None of the above.

Ans. (B) Favourable

(xi) What is the labour rate variance if standard hours for 100 units of output are 400 @ ₹2 per hour and actual hours taken are 380 @ ₹2.25 per hour?

- A. ₹120 (A)
- B. ₹100 (A)
- C. ₹95 (A)
- D. ₹25 (F)

Ans. (C) ₹95 (A)

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

- A. Functional budget
- B. Master budget
- C. Zero base budgeting
- D. None of the above

Ans. (C) Zero base budgeting

(xiii) The following ratios have been calculated for a company:

Gross profit margin	42%
Operating profit margin	28%
Gearing (debt/equity)	40%
Asset turnover	65%

What is the return on capital employed for the company?

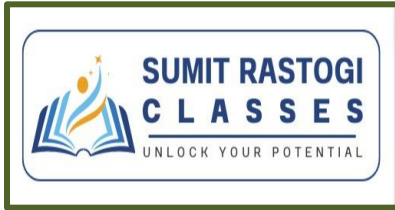
- A. 27.3%
- B. 18.2%
- C. 11.2%
- D. 16.8%

Ans. (B) 18.2%

(xiv) Which of the following is responsibility center?

- A. Expense center
- B. Profit center
- C. Investment center
- D. All of the above

Ans. (D) All of the above

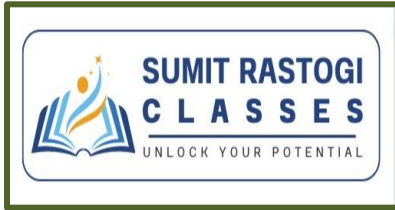


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(xv) The minimum expected opportunity loss (EOL) is

- A. Equal to EVPI
- B. Minimum regret
- C. Equal to EMV
- D. Both (A) and (B)

Ans. (D) Both (A) and (B)



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DEC'2024 (SET - 1)

(i) Which of the following is not a characteristic of management accounting?

- A. Forward-looking
- B. Historical orientation
- C. Internal focus
- D. Decision - making

Ans. (B) Historical orientation

(ii) The break-even point is where:

- A. Total costs equal total revenue
- B. Total revenue exceeds total costs
- C. Variable costs equal fixed costs
- D. Contribution margin is negative

Ans. (A) Total costs equal total revenue

(iii) Variance analysis is used to:

- A. Identify the root causes of inefficiencies
- B. Calculate contribution margin
- C. Prepare financial statements
- D. Determine break-even point

Ans. (A) Identify the root causes of inefficiencies

(iv) Which of the following is not a relevant cost information in a make or buy decision in short run (i.e., in marginal costing)?

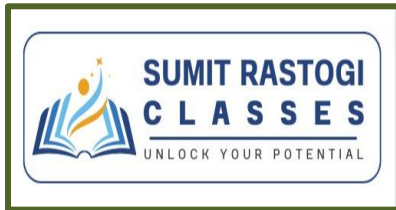
- A. Burglary
- B. Fire
- C. Marine
- D. None of the above

Ans. (B) Fire

(v) If Sales - ₹9,00,000; Margin of safety = 40%; P/V Ratio = 2/3, then what is the Breakeven Sales?

- A. ₹4,50,000
- B. ₹3,60,000
- C. ₹5,40,000
- D. ₹6,00,000

Ans. (C) ₹5,40,000



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(vi) Sale for two consecutive months, of a company are ₹3,80,000 and ₹4,20,000. The company's net profits for these months amounted to ₹24,000 and ₹40,000 respectively. There is no change in contribution/sales ratio or fixed costs. The contribution/sales ratio of the company_____ is.

- A. $\frac{1}{3}$
- B. $\frac{2}{5}$
- C. $\frac{1}{4}$
- D. $\frac{3}{8}$

Ans. (B) $\frac{2}{5}$

(vii) Standard Cost is_____ a cost.

- A. Pre-determined
- B. Actual
- C. Historical
- D. Short-term

Ans. (A) Pre-determined

(viii) Which of the following budgets should be prepared first?

- A. Production Budget
- B. Purchase Budget
- C. Master Budget
- D. Sales Budget

Ans. (D) Sales Budget

(ix) Labour Turnover _____.

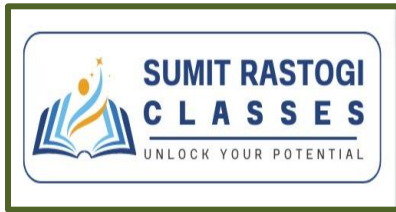
- A. The number of people working in the current period
- B. The number of people who left the organisation in the previous period
- C. Rate of change of labour force
- D. The rate of the change in the wages of the labour force

Ans. (C) Rate of change of labour force

(x) The per unit expenses of the_____portion varies with the volume of production while portion remains the same with volume.

- A. Fixed; Variable
- B. Variable; Fixed
- C. Variable; Semi-Variable
- D. Fixed; Semi-Variable

Ans. (A) Fixed; Variable



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(xi) Which method of costing is commonly used by companies that produce unique products or services?

- A. Process costing
- B. Job costing
- C. Batch costing
- D. Both A and C

Ans. (B) Job costing

(xii) Material price variance is calculated by_____.

- A. Standard Price $\times$ Actual Quantity - Actual Price $\times$ Actual Quantity
- B. Standard Price $\times$ Actual Quantity - Actual price $\times$ Standard Quantity
- C. Actual Price $\times$ Actual Quantity - Standard price $\times$ Standard Quantity
- D. Actual price $\times$ Standard Quantity - Standard price $\times$ Standard Quantity

Ans. (A) Standard Price $\times$ Actual Quantity - Actual Price $\times$ Actual Quantity

(xiii) Calculate the material price variance from the following:

Actual Quantity - 2.5 kgs

Standard Price - ₹3 per kg

Actual Price - ₹5 per kg

Standard Quantity - 4.5 kgs

- A. ₹3(F)
- B. ₹5(A)
- C. ₹12(A)
- D. ₹6 (F)

Ans. (B) ₹5(A)

(xiv) Which budgeting technique involves preparing budgets from the bottom of the organization hierarchy to the top?

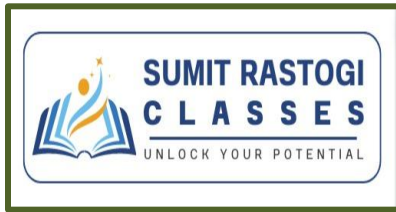
- A. Top-down budgeting
- B. Zero-based budgeting
- C. Incremental budgeting
- D. Bottom-up budgeting

Ans. (D) Bottom-up budgeting

(xv) A manufacturing company budgets to produce 10,000 units during a period. It expects to incur ₹50,000 in fixed overhead costs and ₹3 per unit in variable overhead costs. If the actual production turns out to be 9,500 units, what is the company's flexible budget overhead cost?

- A. ₹74,500
- B. ₹77,000
- C. ₹79,500
- D. ₹78,500

Ans. (D) ₹78,500



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DEC'2024 (SET - 2)

(i) In the context of budgeting, what is a 'flexible budget'?

- A. A budget that remains unchanged regardless of actual performance
- B. A budget that adjusts to changes in activity levels
- C. A budget that is created after the actual results are known
- D. A budget that includes only fixed costs.

Ans. (B) A budget that adjusts to changes in activity levels

(ii) Which of the following methods is used to allocate overhead costs based on the activities that consume resources?

- A. Traditional Costing
- B. Direct Costing
- C. Activity-Based Costing (ABC)
- D. Standard Costing

Ans. (C) Activity-Based Costing (ABC)

(iii) In budgeting, what does a 'master budget' encompass?

- A. Only the sales budget
- B. The comprehensive set of budgets including sales, production, and cash budgets
- C. The production budget alone
- D. Only the cash flow budget

Ans. (B) The comprehensive set of budgets including sales, production, and cash budgets

(iv) Marginal costing is also known as _____.

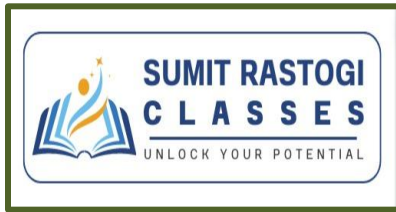
- A. Direct Costing
- B. Variable Costing
- C. Contribution Costing
- D. All of A, B and C

Ans. (B) Variable Costing

(v) A strategy that yields an expected monetary payoff of zero is called a:

- A. Risk-neutral strategy
- B. Fair game
- C. Zero-sum game
- D. Certainty equivalent

Ans. (B) Fair game



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(vi) Fixed cost: - ₹2,80,000

Sales: - ₹10,00,000

P/v ratio: - 30%

Calculate the amount of profit.

A. ₹50,000

B. ₹40,000

C. ₹45,000

D. ₹20,000

Ans. (D) ₹20,000

(vii) Calculate the material price variance from the following:

Actual Quantity - 3.5 kgs

Standard Price - ₹4 per kg

Actual Price - ₹8 per kg

Standard Quantity - 4 kgs

A. ₹3(F)

B. ₹14(A)

C. ₹12(A)

D. ₹6 (F)

Ans. (B) ₹14(A)

(viii) In the context of cost accounting, what does the term 'relevant cost' refer to?

A. Costs that have already been incurred and cannot be changed

B. Costs that are pertinent to a specific decision and will be directly affected by that decision

C. Costs that are allocated equally across all products

D. Costs that are used to determine standard pricing.

Ans. (B) Costs that are pertinent to a specific decision and will be directly affected by that

(ix) A company has a Net Profit Margin of 0.25, total asset turnover is 1.6 times and equity multiplier is 2.5. Calculate ROE as per Du Pont analysis.

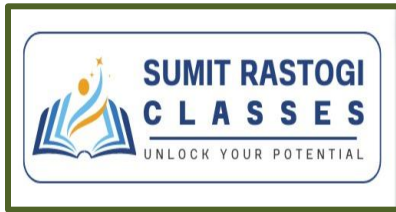
A. 0.625

B. 4

C. 1

D. 1.5

Ans. (C) 1



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- (x) During September, 400 labour hours were worked for a total cost of ₹8,800. The variable overhead expenditure variance was ₹ 800 (A). Overheads are assumed to be related to direct labour hours of active working. What was the standard cost per labour hour?

A. ₹20
B. ₹16.50
C. ₹17.50
D. ₹18

Ans. (A) ₹20

- (xi) Responsibility accounting primarily measures which two aspects of responsibility centers?

A. Costs and expenses
B. Budgets and actual results
C. Revenues and sales
D. Employee performance and satisfaction.

Ans. (B) Budgets and actual results

- (xii) According to Kaplan & Norton, which of the balanced scorecard perspectives serves as the focus of the other perspectives?

A. Financial
B. Customer
C. Internal business processes
D. Learning & growth.

Ans. (A) Financial

- (xiii) Which of the following would be considered an operating asset in return on investment computations?

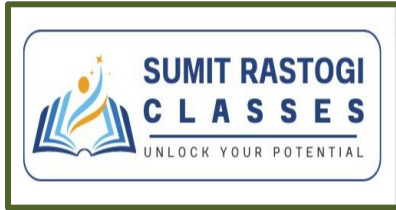
A. Land being held for plant expansion
B. Treasury stock
C. Accounts receivable
D. Common stock.

Ans. (C) Accounts receivable

- (xiv) What is a primary function of Key Performance Indicators (KPIs) in the role of a Management Accountant?

A. Monitoring compliance
B. Assessing organizational performance
C. Implementing cost reduction strategies
D. Conducting variance analysis

Ans. (C) Implementing cost reduction strategies

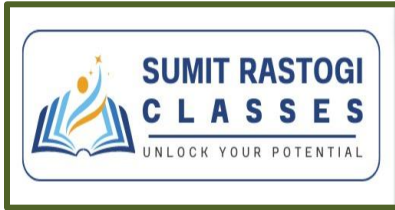


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(xv) In a decentralized organization, what role does responsibility accounting play?

- A.** It helps organization to focus on human resources.
- B.** It acts as the key management control tool.
- C.** It limits the authority of lower-level managers.
- D.** It focuses only on the company's profit margins.

Ans. (B) It acts as the key management control tool.



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JUNE'2025 (SET - 1)

(i) Creation of value through effective use of resources is the focus area of the _____.

- A. 1st stage
- B. 2nd stage
- C. 3rd stage
- D. 4th stage

Ans. (D) 4th stage

(ii) Which personnel of a financial firm play a key role in management accounting?

- A. Investors
- B. Suppliers
- C. Managers
- D. Customers

Ans. (C) Managers

(iii) Activity based cost systems would probably provide the greatest benefits for organizations that use _____.

- A. Job order costing
- B. Process costing
- C. Standard costing
- D. Historical costing

Ans. (A) Job order costing

(iv) Determine sales in rupees for desired profit if fixed cost is ₹10,000, Variable cost is ₹30,000, Sales is ₹50,000 and desired profit is ₹5,000:

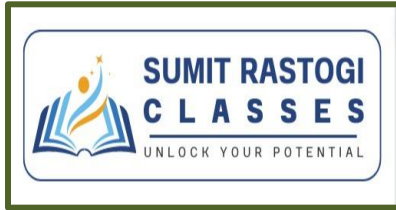
- A. ₹73,500
- B. ₹75,000
- C. ₹5,000
- D. ₹37,500

Ans. (D) ₹37,500

(v) For the coming year, a manufacturing company has budgeted as under:
Contribution/Sales (C/S) Ratio = 45% Margin of Safety Ratio = 33½ % Fixed Costs = ₹5, 85,000. Determine Profit for the coming year.

- A. ₹3,25,000
- B. ₹2,92,500
- C. ₹3,00,000
- D. ₹2,50,000

Ans. (B) ₹2,92,500



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(vi) A company has a break-even point when sales are ₹3,20,000 and variable cost at that level of sales are ₹2,00,000. How much would contribution margin increase or decrease if variable expenses are dropped by ₹30,000?

- A. Increase by 27.5%.
- B. Increase by 9.375%.
- C. Decrease by 9.375%.
- D. Increase by 37.5%.

Ans. (B) Increase by 9.375%.

(vii) XYZ factory working for 50 hours per week employs hundred workers on a job work. The standard output is 200 units per gang hour and standard rate is Rs. 1 per hour. During a week in June, five employees were paid @ Rs. 1.20 per hour and ten employees were paid @ 80 paise per hour. Rest of the employees was paid @ standard hour rate. The actual number of units produced was 10,200. Determine labour cost variance:

- A. ₹100 favourable
- B. ₹150 unfavourable
- C. ₹150 favourable
- D. ₹100 unfavourable

Ans. (C) ₹150 favourable

(viii) _____ is designed after assessment of the volume of output to be produced during budget period.

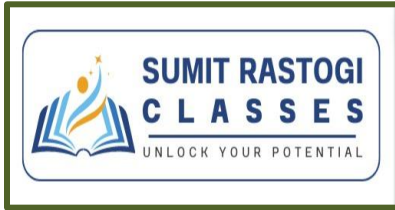
- A. Cost budget
- B. Sales budget
- C. Production budget
- D. Functional budget

Ans. (A) Cost budget

(ix) A factory produces two types of articles Y and Z. Article Y takes 8 hours to make and Z takes 16 hours. In a month (25 days × 8 hours) 600 units of X and 400 units of Z are produced. Given budgeted hours 8000 per month and men employed are 50. Determine Activity ratio, Capacity ratio and efficiency ratio.

- A. 112%, 140%, 140%.
- B. 140%, 112%, 140%
- C. 140%, 140%, 112%
- D. None of the above

Ans. (C) 140%, 140%, 112%



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- (x) According to Kaplan & Norton, which of the balanced scorecard perspectives serves as the focus of the other perspectives?
- A. Learning & growth.
 - B. Internal business processes
 - C. Customer.
 - D. Financial

Ans. (D) Financial

- (xi) There are three departments A, B and C in a company. The sales of A, B and C are ₹3,52,000, ₹2,88,000 and ₹1,60,000, respectively. The variable costs of A, B and C are ₹2,40,000, ₹1,76,000 and ₹1,44,000 respectively. The direct fixed costs of A, B and C are ₹28,000, ₹22,400 and ₹12,800. Rank the different departments on basis of relative profitability.
- A. A- Rank 3, B- Rank 1 and C- Rank 2
 - B. A- Rank 2, B- Rank 1 and C- Rank 3
 - C. A- Rank 3, B- Rank 2 and C- Rank 1
 - D. Insufficient data

Ans. (A) A- Rank 3, B- Rank 1 and C- Rank 2

- (xii) The sequence of possible managerial decisions and their expected outcome under each set of circumstances can be represented and analysed by using:
- A. The minimax regret criterion.
 - B. A decision tree.
 - C. A payoff matrix
 - D. Simulation

Ans. (B) A decision tree.

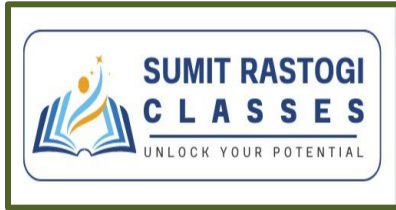
- (xiii) Details of fixed overhead, production hours and production for a period are:

Budgeted hours	10000 hours
Standard fixed overheads per hour	₹10
Standard hours per unit of output	5 hours
Actual production	1920 units
Actual fixed overheads	₹94,000

Calculate fixed overhead cost variance.

- A. ₹3,000(F)
- B. ₹3,000(A)
- C. ₹2000(F)
- D. ₹2000(A)

Ans. (C) ₹2000(F)



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(xiv) Division P transfers its output to Division Q at variable cost. Once a year P charges a fixed fee to Q, representing an allowance for P's fixed costs. This type of transfer pricing system is commonly known as:

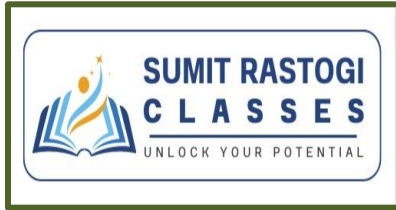
- A. Dual pricing
- B. Two-part tariff transfer pricing
- C. Opportunity cost based transfer pricing
- D. Negotiated transfer pricing

Ans. (B) Two-part tariff transfer pricing

(xv) Production budget is based upon:

- A. Sales budget
- B. Factory capacity
- C. Availability of raw material and labour
- D. All of the above

Ans. (D) All of the above



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JUNE'2025 (SET - 2)

(i) Which of the following is NOT typically part of Management Accounting?

- A. Cost analysis and control
- B. Performance evaluation and variance analysis
- C. Preparation of financial statements for external reporting
- D. Budgeting and forecasting

Ans. (C) Preparation of financial statements for external reporting

(ii) What role do management accountants play in evaluating the impact of external changes on the business?

- A. Assessing the impact of government policy and law changes on business goals
- B. Designing marketing strategies
- C. Setting up employee benefits plans
- D. Managing customer relations

Ans. (A) Assessing the impact of government policy and law changes on business goals

(iii) Activity based cost systems would probably provide the greatest benefits for organizations that use

- A. Job order costing
- B. Process costing
- C. Batch costing
- D. Standard costing

Ans. (A) Job order costing

(iv) In Activity Based Costing:

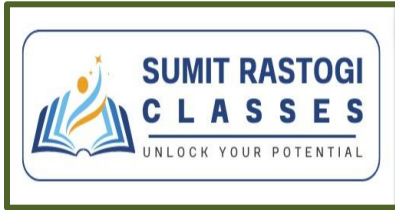
- A. Non-manufacturing costs may not be assigned to products
- B. Some manufacturing costs may be excluded from product costs
- C. Allocation bases are the same as those used in traditional costing methods
- D. Similar to traditional costing, ABC only uses one overhead cost pool

Ans. (B) Some manufacturing costs may be excluded from product costs

(v) The standard cost card contains quantities and costs for

- A. Direct material only.
- B. Direct labour only.
- C. Direct material and direct labour only.
- D. Direct material, direct labour, and overhead.

Ans. (D) Direct material, direct labour, and overhead



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- (vi) In a purely competitive market, 10,000 pocket transistors can be manufactured and sold and certain profit is generated. It is estimated that 2.0 pocket transistors need to be manufactured and sold in a monopoly market to earn the same profit. Profit under both conditions is targeted at ₹2,00,000. The variable cost per transistor is ₹100 and total fixed costs are ₹37,000. Unit selling price per transistor under monopoly condition will be:

A. ₹234.50
B. ₹267.25
C. ₹274.35
D. ₹218.50

Ans. (D) ₹218.50

- (vii) A firm has given the following data: Fixed expenses at 50% ₹15,000, Fixed expenses when factory is close down ₹10,000, Additional expenses in closing down ₹1,000, Production at 50% capacity 5,000 units, contribution per unit ₹1. Advise whether to run the factory or close it down:

A. Run
B. Close
C. Continue
D. None of the above

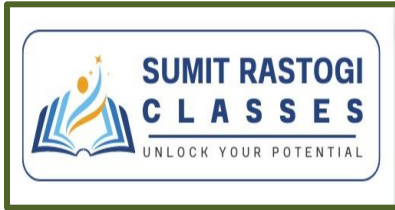
Ans. (A) Run

- (viii) Minimax Ltd. fixes inter - divisional transfer prices for its products on the basis of cost plus a return on investment in the division. The budget for division X for 2022 - 23 appears as under -

Fixed Assets ₹8,00,000
Current Assets ₹5,00,000
Debtors ₹2,00,000
Annual fixed cost of the division ₹8,00,000
Variable cost per unit of the product ₹10
Budgeted volume 4, 00,000 units per year
Desired ROI 28%
Transfer price for division X is?

A. ₹13.05
B. ₹10.70
C. ₹8.70
D. ₹14.70

Ans. (A) ₹13.05



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(ix) In producing product ZZ, 14,800 direct labor hours were used at a rate of ₹8.20 per hour. The standard was 15,000 hours at ₹8.00 per hour. Based on these data, the direct labour:

- A. Quantity variance is ₹1,600 unfavourable.
- B. Price variance is ₹2,960 favourable.
- C. Quantity variance is ₹1,600 favourable.
- D. Price variance is ₹3,000 unfavourable.

Ans. (C) Quantity variance is ₹1,600 favourable.

(x) A company expects to sell 50,000 units at ₹20 each. The variable cost per unit is ₹12, and the fixed costs are ₹180,000. What is the company's budgeted profit?

- A. ₹4,00,000
- B. ₹2,20,000
- C. ₹1,40,000
- D. ₹2,00,000

Ans. (B) ₹2,20,000

(xi) _____ is the first step of budgetary system and all other budgets depends on it.

- A. Cost budget
- B. Sales budget
- C. Production budget
- D. None of the above

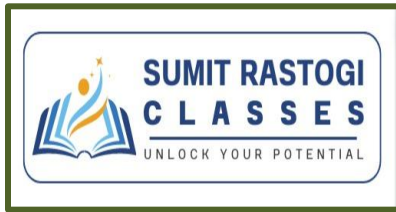
Ans. (B) Sales budget

(xii) The characteristics of a responsibility system for a JIT, or lean organization include:

- A. Competition between subsystems.
- B. Independence of subsystems.
- C. Cross functional measurements.
- D. A and B.

Ans. (C) Cross functional measurements

(xiii) At the start of the year, a division has non-current assets of ₹4 million and makes no additions or disposals during the year. Depreciation is charged at a rate of 10% per annum on all non-current assets held at the end of the year. Working capital is ₹0.5 million at the start of the year although this is expected to increase by 20% by the end of the year. The budgeted profit of the division after depreciation is ₹1.2m. What is the expected ROI of the division for the year, based on average capital employed?



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- A. 31.58%
- B. 26.37%
- C. 18.39%
- D. 27.59%

Ans. (D) 27.59%

(xiv) The most elementary form of responsibility center is the _____.

- A. Investment Center
- B. Revenue Center
- C. Profit Center
- D. Cost Center

Ans. (D) Cost Center

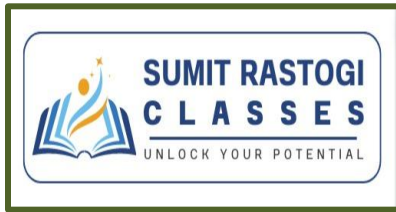
(xv) A company is choosing which of three new products to make (A, B or C) and has calculated likely payoffs under three possible scenarios (I, II or III), giving the following payoff table.

Profit (Loss) Scenario	Product Chosen		
	A	B	C
I	20	80	10
II	40	70	100
III	50	(10)	(10)

Using maximax, which product would be chosen?

- A. Product A
- B. Product B
- C. Product C
- D. None of the Products

Ans. (C) Product C



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DEC'2025 (SET - 1)

(i) Creation of value through effective use of resources is the focus area of the _____.

- A. 1st stage
- B. 2nd stage
- C. 3rd stage
- D. 4th stage

Ans. (D) 4th stage

(ii) Which personnel of a financial firm play a key role in management accounting?

- A. Investors
- B. Suppliers
- C. Managers
- D. Customers

Ans. (C) Managers

(iii) Activity based cost systems would probably provide the greatest benefits for organizations that use _____.

- A. Job order costing
- B. Process costing
- C. Standard costing
- D. Historical costing

Ans. (A) Job order costing

(iv) Which of the following activities is not a batch level activity?

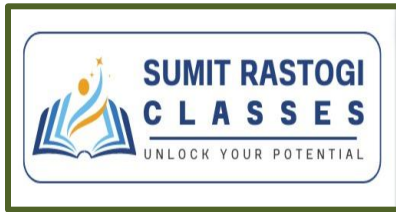
- A. Processing purchase order
- B. Designing products
- C. Receive raw materials from suppliers
- D. Setting up equipment

Ans. (B) Designing products

(v) Determine sales in rupees for desired profit if fixed cost is ₹10,000, Variable cost is ₹30,000, Sales is ₹50,000 and desired profit is ₹5,000:

- A. ₹73,500
- B. ₹75,000
- C. ₹5,000
- D. ₹37,500

Ans. (D) ₹37,500



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- (vi) For the coming year, a manufacturing company has budgeted as under:
Contribution/Sales (C/S) Ratio = 45%
Margin of Safety Ratio = 33½ %
Fixed Costs = ₹ 5, 85,000. Determine Profit for the coming year.

A. ₹3,25,000
B. ₹2,92,500
C. ₹3,00,000
D. ₹2,50,000

Ans. (B) ₹2,92,500

- (vii) A company has a break-even point when sales are ₹3,20,000 and variable cost at that level of sales are ₹2,00,000. How much would contribution margin increase or decrease if variable expenses are dropped by ₹30,000?

A. Increase by 27.5%.
B. Increase by 9.375%.
C. Decrease by 9.375%.
D. Increase by 37.5%.

Ans. (B) Increase by 9.375%.

- (viii) Which of the following is/ are not method of Transfer Pricing?

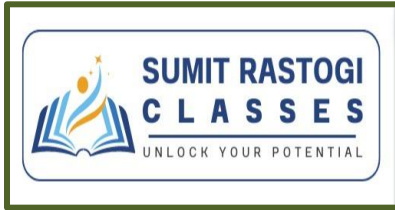
A. Total cost method
B. Marginal cost method
C. Market price method
D. Skimming price method

Ans. (D) Skimming price method

- (ix) XYZ factory working for 50 hours per week employs hundred workers on a job work. The standard output is 200 units per ganghour and standard rate is ₹1 per hour. During a week in June, five employees were paid @ ₹1.20 per hour and ten employees were paid @ 80 paise per hour. Rest of the employees was paid @ standard hour rate. The actual number of units produced was 10,200. Determine labour cost variance:

A. ₹100 favourable
B. ₹150 unfavourable
C. ₹150 favourable
D. ₹100 unfavourable

Ans. (C) ₹150 favourable



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- (x) What is the labour rate variance if standard hours for 100 units of output are 400 @ ₹2 per hour and actual hours taken are 380 @ ₹2.25 per hour?
- A. ₹120 (A)
 - B. ₹100 (A)
 - C. ₹95 (A)
 - D. ₹25 (F)

Ans. (C) ₹95 (A)

- (xi) Purchase budget is prepared using the information from -
- A. Capital Expenditure Budget
 - B. Material Budget
 - C. Both A and B
 - D. None of the above

Ans. (B) Material Budget

- (xii) Which of the following is not one of the main parts of the Kaplan-Norton balanced scorecard concept?
- A. Financial and non-financial measurements.
 - B. Cash flows and non-cash flows.
 - C. Short term and long term measurements.
 - D. Leading and lagging indicators.

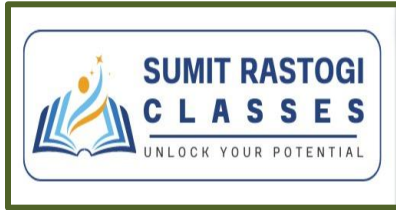
Ans. (B) Cash flows and non-cash flows

- (xiii) There are three departments A, B and C in a company. The sales of A, B and C are ₹3,52,000, ₹2,88,000 and ₹ 1,60,000, respectively. The variable costs of A, B and C are ₹2,40,000, ₹1,76,000 and ₹1,44,000 respectively. The direct fixed costs of A, B and C are ₹28,000, ₹22,400 and ₹12,800. Rank the different departments on basis of relative profitability.
- A. A- Rank 3, B- Rank 1 and C- Rank 2
 - B. A- Rank 2, B- Rank 1 and C- Rank 3
 - C. A- Rank 3, B- Rank 2 and C- Rank 1
 - D. Insufficient data

Ans. (B) A- Rank 2, B- Rank 1 and C- Rank 3

- (xiv) Circumstances that influence the profitability of a decision are referred to as:
- A. Strategies
 - B. A Payoff matrix
 - C. State of nature
 - D. The marginal utility of money

Ans. (C) State of nature

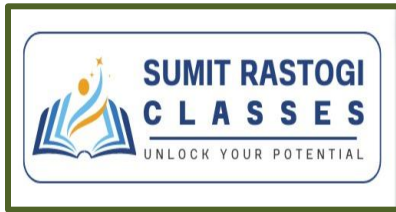


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(xv) A strategy that yields an expected monetary payoff of zero is called:

- A. Risk- neutral strategy
- B. Fair game
- C. Zero-sum game
- D. Certainty equivalent

Ans. (B) Fair game



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DEC'2025 (SET - 2)

(i) The primary objective of Management Accounting is to

- A. maximize profits
- B. minimize losses
- C. maximize profits or minimize losses
- D. All of the above

Ans. (C) maximize profits or minimize losses

(ii) The purpose of management accounting is to help _____ make decisions.

- A. Managers
- B. Investors
- C. Marketers
- D. Banks

Ans. (A) Managers

(iii) In an ABC system, which of the following is likely to be classified as a batch level activity?

- A. Machine set-up
- B. Product design
- C. Inspection of every item produced
- D. Production manager's work

Ans. (A) Machine set-up

(iv) Process of Cost allocation under Activity Based Costing is:

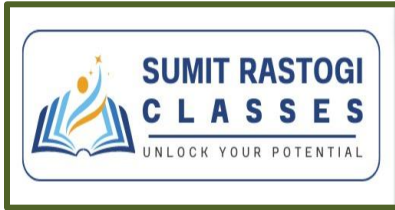
- A. Cost of Activities—Activities —Cost Driver – Cost allocated to cost objects
- B. Cost Driver — Cost of Activities— Cost allocated to cost objects – Activities
- C. Activities— Cost of Activities—Cost Driver – Cost allocated to cost objects
- D. Activities—Cost Driver – Cost allocated to cost objects — Cost of Activities

Ans. (C) Activities— Cost of Activities—Cost Driver – Cost allocated to cost objects

**(v) Sales in units for desired profit if Fixed cost is ₹15,000, desired profit is ₹5,000
Selling price per unit is ₹20 and Variable cost per unit is ₹16.**

- A. ₹5,000 units
- B. ₹5,000 units
- C. ₹10,000 units
- D. ₹10,000 units

Ans. (A) ₹5,000 units



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(vi) Determine B.E.P. if sales is ₹1,00,000, variable cost is ₹50,000 and profit ₹20,000:

- A. ₹60,000
- B. ₹40,000
- C. ₹80,000
- D. None of the above

Ans. (A) ₹60,000

(vii) Fixed cost includes:

- A. Property taxes
- B. Rent
- C. Insurance premium
- D. All of the above

Ans. (D) All of the above

(viii) M Group has two divisions; Division P and Division Q. Division P manufactures an item that is transferred to Division Q. The item has no external market and 6,000 units produced are transferred internally each year. The costs of each division are as follows? Variable Cost Division P ₹100 per unit.

Division Q ₹120 per unit Fixed cost each year ₹1,20,000, ₹90,000 Head Office management decided that a transfer price should be set that provides a profit of ₹30,000 to Division P. What should be the transfer price per unit?

- A. ₹145
- B. ₹125
- C. ₹120
- D. ₹135

Ans. (B) ₹125

(ix) The advantages of standard costs include all of the following except:

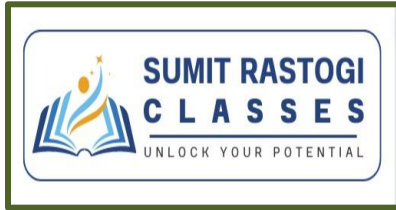
- A. Management by exception may be used
- B. Management planning is facilitated
- C. They may simplify the costing of inventories
- D. Management must use a static budget

Ans. (D) Management must use a static budget

(x) Which of the following equations can be used to calculate a material quantity variance?

- A. $(AQ \times AP) - (AQ \times SP)$
- B. $(AP \times SP) - (AQ \times SP)$
- C. $(AQ \times SP) - (SQ \times SP)$
- D. $(AQ \times SP) - (AQ \times AP)$

Ans. (C) $(AQ \times SP) - (SQ \times SP)$



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(xi) The process of budgeting helps in the control of:

- A. Cost of production
- B. Liquidity
- C. Capital Expenditure
- D. All of the above

Ans. (D) All of the above

(xii) Return on Equity =

- A. Net Profit Margin $\times$ Asset Turnover Ratio $\times$ Financial Leverage
- B. Gross Profit Margin $\times$ Asset Turnover Ratio $\times$ Financial Leverage
- C. Net Profit Margin $\times$ Inventory Turnover Ratio $\times$ Financial Leverage
- D. Net Profit Margin $\times$ Asset Turnover Ratio $\times$ Operating Leverage

Ans. (A) Net Profit Margin $\times$ Asset Turnover Ratio $\times$ Financial Leverage

(xiii) Responsibility accounting is used for _____.

- A. cost control
- B. planning
- C. decision making
- D. pricing

Ans. (A) cost control

(xiv) A type of decision -making environment is

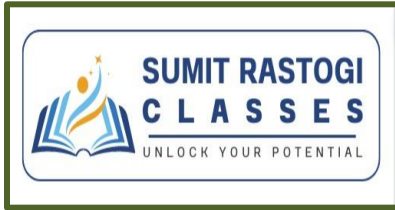
- A. Certainty
- B. Uncertainty
- C. Risk
- D. All of these

Ans. (D) All of these

(xv) The minimum expected opportunity loss (EOL) is:

- A. Equal to EVPI
- B. Minimum regret
- C. Equal to EMV
- D. Both (a) and (b)

Ans. (D) Both (A) and (B)



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JUNE'2026 (SET - 1)

- (i) Management Accounting focused on reduction of Waste of resources in production processes by elimination “no-value activities” during the _____.
- A. 1st Stage
 - B. 2nd Stage
 - C. 3rd Stage
 - D. 4th Stage

Ans. (C) 3rd Stage

- (ii) Which one of the following is not true of Contemporary Techniques?

- A. Marginal Costing
- B. SWOT Analysis
- C. Target Cost
- D. Just in time

Ans. (A) Marginal Costing

- (iii) A _____ activity support the production of a Specific product or Service.

- A. Product - level
- B. Batch - Level
- C. Unit - Level
- D. Facility - Level

Ans. (A) Product - level

- (iv) ALM Ltd. manufactures two types of products S, and Z following Activity based Costing (ABC) System. During the month of October 2025, the Company incurred ₹1,56,000 as inspection Cost and it was worked for 17 and 22 production runs respectively for producing Products S, and Z. The inspection Costs for Product Z under the ABC System was:

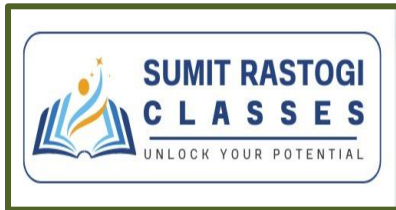
- A. ₹88,000
- B. ₹32,000
- C. ₹48,000
- D. ₹38,000

Ans. (A) ₹88,000

- (v) The Chart that shows the relationship between Profit and Sales Volume is _____.

- A. Break-even Chart
- B. Profit – Volume Chart
- C. Contribution Break-even Chart
- D. None of the above

Ans. (B) Profit – Volume Chart



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(vi) For the coming year, a manufacturing company has budgeted as under:

Contribution / Sales (C/S) Ratio = 45%

Margin of Safety Ratio = 33 1/3%

Fixed Costs = ₹5,85,000.

What will be the profit for the coming year?

A. ₹3,25,000

B. ₹2,92,500

C. ₹3,00,000

D. ₹3,20,000

Ans. (B) ₹2,92,500

(vii) A radio manufacturer finds that its costs ₹6.25 per unit to make component Meu and the same is available in the market at ₹5.75 each. Continuous supply is also fully assured. The break-down cost per unit as follows: Materials ₹2.75, Labour ₹1.75 other variable expenses ₹0.50, Depreciation and other fixed cost ₹1.25. What would be your decision, if the supplier offered the component at ₹4.85 per unit?

A. Make

B. Buy

C. Sell

D. None of the above

Ans. (B) Buy

(viii) 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.

Ans. (D) Skimming price Method

(ix) Z Ltd. uses a Standard Costing System.

The following information pertains to direct Labour Costs for a Month.

Standard Labour Rate per hour

₹15

Actual Labour hours worked

12,000 hours

Standard Labour hours for production

10,000 hours

Labour rate variance

₹18,000 (Adv.)

What will be the actual labour rate per hour?

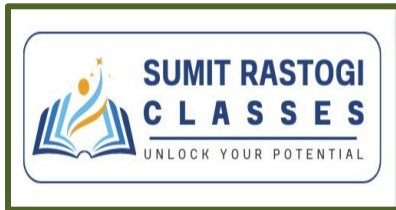
A. ₹16.50

B. ₹12.50

C. ₹13.50

D. ₹21.27

Ans. (A) ₹16.50



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- (x) R Ltd. a manufacturer of Product N using Standard Costing System provides the following information pertaining to Fixed overhead for the month of September 2025.

Budgeted Fixed Overhead	₹60,000
Budgeted hours	2,000
Actual Fixed Overhead incurred	₹61,000
Actual hours worked	2,100

Fixed overhead Cost Variance will be _____

- A. ₹2,000 (Adv.)
- B. ₹2,000 (Fav.)
- C. ₹1,000 (Adv.)
- D. ₹1,000 (Fav.)

Ans. (B) ₹2,000 (Fav.)

- (xi) A budgeting process which demands each manager to justify his entire budget in detail from beginning is _____

- A. Master Budget
- B. Zero Base Budgeting
- C. Functional Budget
- D. None of the above.

Ans. (B) Zero Base Budgeting

- (xii) To complete the first setup on a new machine an employee took 100 minutes. Using an 80% Incremental unit-time learning model indicates that the second set-up on the new machine is expected to take.

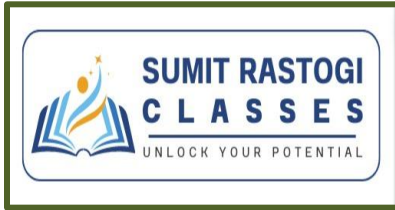
- A. 80 minutes
- B. 60 minutes
- C. 40 minutes
- D. 30 minutes

Ans. (B) 60 minutes

- (xiii) Which one of the following responsibility Centers is an organizational unit whose manager is responsible for generating revenues and managing expenses related to current Activity?

- A. Expense or Cost Center
- B. Profit Center
- C. Revenue Center
- D. Investment Centre

Ans. (B) Profit Center



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- (xiv) Mr. Dinesh, a businessman is trying to decide which of the three mutually exclusive projects to undertake. Each of the projects could lead to varying net profit under three possible Scenarios.

Scenarios	Profits/Project		
	P	Q	R
I	110	70	50
II	80	130	90
III	(10)	20	80

Using Minimax which Project is to be selected?

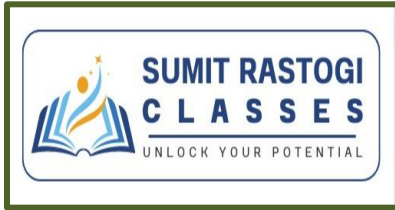
- A. T
- B. Q
- C. P
- D. None of the above.

Ans. (A) T

- (xv) The decision maker's knowledge and experience may influence the decision-making process when using the criterion of _____.

- A. Maximum
- B. Realism
- C. Maximin
- D. Maximax Regret

Ans. (B) Realism



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JUNE'2026 (SET - 2)

- (i) _____ are set of standards for a company's behavior used by a socially conscious investor to screen potential investments in the company
- A. Environment
 - B. Social
 - C. Governance
 - D. All of the above

Ans. (D) All of the above

- (ii) Following are not within the scope of Management Accounting
- A. Financial Accounting
 - B. Cost Accounting
 - C. Tax Accounting
 - D. None of the above

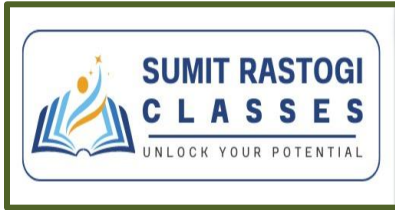
Ans. (D) None of the above

- (iii) In Activity Based Costing, Production Manager's Salary is a _____ level activity:
- A. Unit
 - B. Batch
 - C. Product
 - D. Facility

Ans. (D) Facility

- (iv) M Ltd., using Activity Based Costing (ABC), manufactures two types of products - P and Q respectively. During a period, the company incurred Rs. 1,00,000 as inspection cost and it worked for 20 and 30 production runs respectively for producing product P and Q. The inspection cost for product P under ABC System was _____
- A. ₹20,000
 - B. ₹30,000
 - C. ₹40,000
 - D. ₹50,000

Ans. (C) ₹40,000



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- (v) M/s Super Trust Limited presently manufactures 5,000 units of a product at ₹ 10 each. The Company received an offer from a potential customer for 1,000 units of the same product. If the revised cost of production per unit is reduced to ₹ 9, what will be the minimum selling price per unit?

A. ₹4.50
 B. ₹5.00
 C. ₹4.00
 D. ₹3.00

Ans. (C) ₹4.00

- (vi) M/s Ahmed Corporation produces 5000 units of a particular product and sold 4000 units @ ₹20 each. If variable overheads and fixed overheads recovery rate is @ ₹10 & ₹3 respectively, profit of M/s Ahmed Corporation under Marginal costing and Absorption costing are:

A. ₹28,000 & ₹28,000
 B. ₹25,000 & ₹28,000
 C. ₹40,000 & ₹25,000
 D. ₹28,000 & ₹40,000

Ans. (B) ₹25,000 & ₹28,000

- (vii) Mr. Akash Sharma has the following two options:

Particulars	Old Car	New Car
Fixed Cost	₹80,000	₹1,30,000
Variable Cost per km.	₹10	₹8

The Indifference Point is:

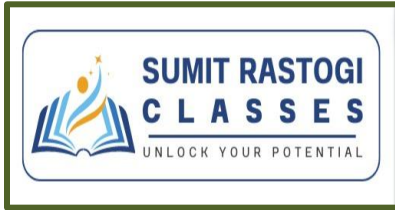
A. 20,000 Km
 B. 25,000 Km
 C. 16,250 Km
 D. 8,000 Km

Ans. (B) 25,000 Km

- (viii) Division - A of Pharma Limited can sell 1900 units of its finished goods in open market at a selling price of ₹30 per unit. The production capacity of Division - A is 2000 units, variable cost per unit is ₹10 and fixed cost per unit is ₹7. Division - B of Pharma Limited requires 600 units of the same finished goods produced by Division - A. The Transfer price of Division - A is _____.

A. ₹32.00
 B. ₹23.33
 C. ₹26.67
 D. ₹25.00

Ans. (C) ₹26.67



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(ix) Standard material requires for 1 unit of finished goods is 5000 Kgs @₹10. If actual material required for 1 unit of finished goods is 6000 Kgs @ ₹12 and also 1000 Kgs @₹20 ordered on emergency basis by the production manager, the Material Price Variance is:

- A. ₹12,000 (Adverse)
- B. ₹22,000 (Adverse)
- C. ₹14,000 (Adverse)
- D. ₹42,000 (Adverse)

Ans. (C) ₹14,000 (Adverse)

(x) During March 2026, 27,000 direct labour hours were worked at an actual cost of ₹2,36,385 and the standard direct labour hours of production were 29,880. The standard direct labour cost per hour was ₹8.50. What was the labour efficiency variance?

- A. ₹17,595 (A)
- B. ₹17,595 (F)
- C. ₹24,480 (A)
- D. ₹24,480 (F)

Ans. (D) ₹24,480 (F)

(xi) A _____ is a budget which is continuously updated by adding a further accounting period when the earlier accounting period has expired.

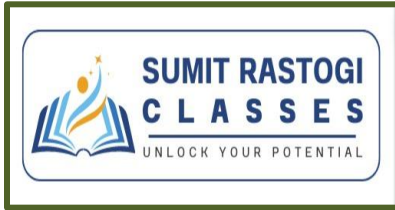
- A. Zero Base Budgeting
- B. Rolling Budget
- C. Continuous Budget
- D. Programme Budget

Ans. (B) Rolling Budget

(xii) If Risk free rate of return is 10%, nifty rate of return is 14% and Beta factor of last five years are 0.68, 0.74, 1.20, 1.35 & 1.55, then Cost of Equity is:

- A. 15.20%
- B. 16.20%
- C. 21.70%
- D. 15.50%

Ans. (B) 16.20%



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(xiii) Responsibility Accounting is also known as _____ Accounting.

- A. Profitability
- B. Performance
- C. Financial
- D. Activity

Ans. (B) Performance

(xiv) _____ is based on the principle of insufficient reason.

- A. The Minimax (Maximin) Criterion
- B. The Laplace Criterion
- C. The Savage Criterion
- D. The Hurwicz Criterion

Ans. (B) The Laplace Criterion

(xv) Situation where a decision maker knows all of the possible outcomes of a decision and also knows the probability associated with each outcome is referred to as:

- A. Certainty
- B. Risk
- C. Uncertainty
- D. Strategy

Ans. (B) Risk