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CMA-FINAL
STRATEGIC COST MANAGEMENT
MODEL QUESTION PAPER
DEC'2023 (SET - 1)

(i) Which of the following is not a term normally used in value analysis?

- A. Resale value
- B. Use value
- C. Esteem value
- D. Cost value

Ans. (A) Resale value

(ii) DMIADV is a methodology associated with

- A. Pareto Analysis
- B. PRAISE
- C. Six Sigma
- D. None of the above

Ans. (C) Six Sigma

(iii) XYZ Ltd. has the following alternative planned activity levels.

Level	E	F	G
Total cost (₹)	1,00,000	1,50,000	2,00,000
No. of units produced	5000	10000	15000

If fixed overhead remains constant, then fixed overhead cost per unit at Level E is:

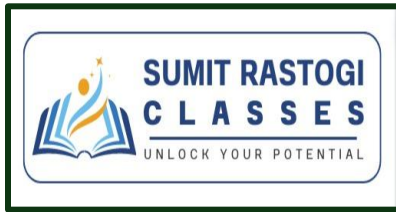
- A. ₹20
- B. ₹15
- C. ₹13.33
- D. ₹10

Ans. (D) ₹10

(iv) A company has a breakeven 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%



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- (v) H 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 6000 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. (D) ₹135

- (vi) A company has the capacity of producing 80000 units and presently sells 20000 units at ₹100 each. The demand is sensitive to selling price and it has been observed that with every reduction of ₹10 in selling price the demand is doubled. What should be the target cost if the demand is doubled at full capacity and profit margin on sale is taken at 25%?

- A. ₹75
B. ₹90
C. ₹25
D. ₹60

Ans. (D) ₹60

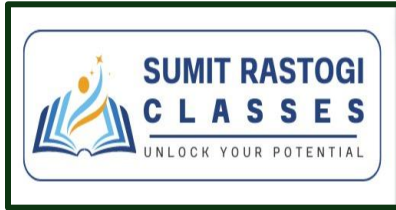
- (vii) A factory can make only one of the three products X, Y or Z in a given production period. The following information is given:

Per Unit ₹	X	Y	Z
Selling Price	1500	1800	2000
Variable Cost	700	950	1000

Assume that there is no constraint on resource utilization or demand and similar resources are consumed by X, Y and Z. The opportunity cost of making one unit of Z is:

- A. ₹850
B. ₹800
C. ₹1,800
D. ₹1,500

Ans. (A) ₹850



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(viii) Twin Ltd. uses JIT and back flush accounting. It does not use a raw material stock control account. During September 2021, 10000 units were produced and sold. The standard cost per unit is ₹150 which includes materials of ₹60. During September 2021, ₹9,90,000 of conversion costs were incurred. The debit balance in cost of goods sold account for September 2021 is:

- A. ₹14,00,000
- B. ₹14,80,000
- C. ₹15,90,000
- D. ₹16,20,000

Ans. (C) ₹15,90,000

(ix) The following figures are extracted from the books of a company:

Budgeted O/H ₹10,000 (Fixed ₹6,000, Variable ₹4,000)

Budgeted Hours 2000

Actual O/H ₹10,400 (Fixed ₹6,100, Variable ₹4,300)

Actual Hours 2100

Variable O/H cost variance and Fixed O/H cost variance will be:

- A. 100 (A) and 200 (A)
- B. 100 (F) and 200 (F)
- C. 100 (A) and 200 (F)
- D. 200 (A) and 100 (F)

Ans. (C) 100 (A) and 200 (F)

(x) Tableau is a –

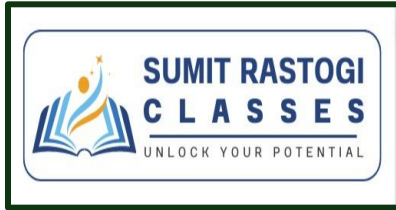
- A. Business Intelligence Tool
- B. Visualisation Tool
- C. Both (a) and (b)
- D. None of the above

Ans. (C) Both (a) and (b)

(xi) Which one of the following is a Key feature of SAS language?

- A. Capability of handling data analysis related to Operations Research and Project Management.
- B. Capability of report formation with perfect graphs.
- C. Capability to interact with multiple host systems
- D. All the above

Ans. (D) All the above



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(xii) A feasible solution of LPP –

- A. Must satisfy all the constraints simultaneously.
- B. Need not satisfy all the constraints, only some of them.
- C. Must be a corner point of the feasible region
- D. All the above

Ans. (A) Must satisfy all the constraints simultaneously

(xiii) A PERT activity has an optimistic time of 3 days, pessimistic time of 15 days and an expected time of 7 days. What is the most likely time of the activity?

- A. 10 days
- B. 6 days
- C. 5 days
- D. None of the above

Ans. (B) 6 days

(xiv) MR is _____.

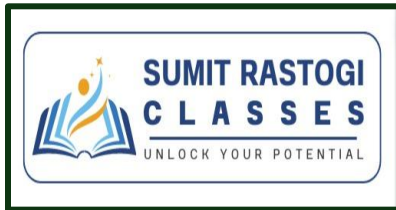
- A. First order derivative of TC
- B. Second order derivative of TR
- C. First order derivative of TR
- D. Second order derivative of TC

Ans. (C) First order derivative of TR

(xv) The equations of the two lines of Regression are $4x + 3y + 7 = 0$ and $3x + 4y + 8 = 0$. The Coefficient of Correlation between x and y is –

- A. 1.25
- B. 0.25
- C. – 0.75
- D. 0.92

Ans. (C) – 0.75



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JUNE'2024 (SET - 1)

(i) Which of the following is not a secondary activity of Value Chain?

- A. Procurement
- B. Human Resource Development
- C. Service
- D. Technology Development

Ans. (C) Service

(ii) 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%

(iii) The higher the actual hours worked _____.

- A. The lower the capacity usage ratio.
- B. The higher the capacity usage ratio.
- C. The lower the capacity utilization ratio.
- D. The higher the capacity utilization ratio.

Ans. (D) The higher the capacity utilization ratio

(iv) The Tech Company has fixed costs of ₹4,00,000 and variable costs are 75% of the selling price. To realize profits of ₹1,00,000 from sales of 5,00,000 units, the selling price per unit _____.

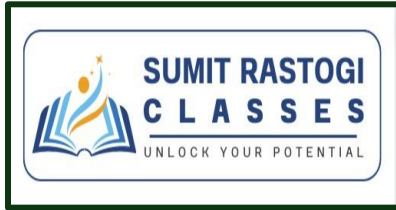
- A. must be ₹1.00
- B. must be ₹4.80
- C. must be ₹4.00
- D. cannot be determined

Ans. (C) must be ₹4.00

(v) A Ltd. Plans to introduce a new product and issuing the target cost approach. Projected sales revenue is ₹90,00,000 (₹45 per unit) and target costs are ₹64,00,000. What is the desired profit per unit?

- A. ₹13
- B. ₹17
- C. ₹32
- D. ₹10

Ans. (A) ₹13



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- (vi) X Ltd. has 1000 units of an obsolete item which are carried in inventory at the original price of ₹50,000. If these items are reworked for ₹ 20,000, they can be sold for ₹36,000. Alternatively, they can be sold as a scrap for ₹ 6,000 in the market. In a decision model used to analyse the reworking proposal, the opportunity cost should be taken as _____.

A. ₹16,000
B. ₹6,000
C. ₹30,000
D. ₹20,000

Ans. (B) ₹6,000

- (vii) AP Products sells product A at a selling price of ₹40 per unit. AP's cost per unit based on the full capacity of 5,00,000 units is as follows:

Direct material	6
Direct Labour	3
Indirect Manufacturing Expense 60% of which is fixed	10
Total	19

A one-time only special order offering to buy 50,000 units was received from an overseas distributor. The only other costs that would be incurred on this order would be ₹4 per unit for shipping. AP has sufficient existing capacity to manufacture the additional units. In negotiating a price for the special order, AP should consider that the minimum selling price per unit should be _____.

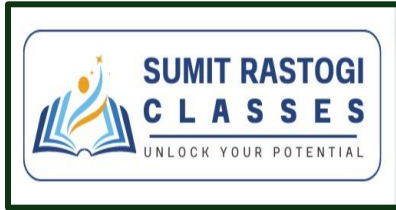
A. ₹17
B. ₹19
C. ₹21
D. ₹23

Ans. (A) ₹17

- (viii) Ankit Ltd. operates throughput accounting system. The details of product A per unit are as under: Selling Price: ₹75 Material Cost: ₹30 Conversion Cost: ₹20 Time to bottleneck resources: 10 minutes. What is the throughput contribution per bottleneck resource per hour?

A. ₹270
B. ₹150
C. ₹120
D. ₹90

Ans. (A) ₹270



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(ix) Efficiency Ratio is _____.

- A. Available working days ÷ Budgeted working days × 100
- B. Budgeted hours ÷ Maximum hours in budgeted period × 100
- C. Standard hours ÷ Actual hours × 100
- D. None of the above

Ans. (B) Budgeted hours ÷ Maximum hours in budgeted period × 100

(x) Which of the following statement is incorrect?

- A. Microsoft Excel is most popular among all the available spreadsheets.
- B. Zoho Analytics is a tool used for Financial Data analysis.
- C. Visualisation Tools are the Reporting Tools.
- D. None of the above.

Ans. (D) None of the above

(xi) Prescriptive Analytics is very important because –

- A. It tells about the action to be taken.
- B. It tells about what is likely to happen.
- C. It tells about how something has happened.
- D. It tells about what has happened.

Ans. (A) It tells about the action to be taken.

(xii) The information relating to the direct material cost of a company is as follows:
Standard price per unit ₹7.20 Actual quantity purchased in units 1600 Standard quantity allowed for actual production in units 1450 Material price variance on purchase (Favourable) ₹480 What is the actual purchase price per unit?

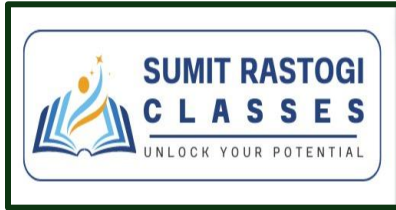
- A. ₹7.50
- B. ₹6.40
- C. ₹6.5
- D. ₹6.90

Ans. (D) ₹6.90

(xiii) The Normal duration and Normal cost of an activity are respectively 10 days and ₹350. The cost slope is ₹75 per day. If the Crash duration is 8 days, then what is the Crash cost of the activity?

- A. ₹400
- B. ₹500
- C. ₹600
- D. ₹650

Ans. (B) ₹500



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(xiv) Optimization is the method of finding _____.

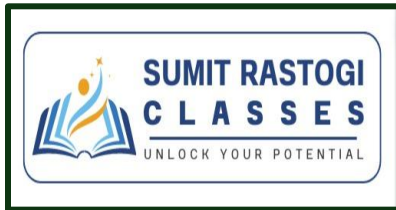
- A. The maximum point
- B. The minimum point
- C. The critical point
- D. All of the above

Ans. (D) All of the above

(xv) The actual demand for a period is 100 units. But forecast demand was 90 units.
The forecast error is –

- A. – 10
- B. 10
- C. 5
- D. None of the above

Ans. (B) 10



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DEC'2024 (SET - 1)

- (i) If project A has a net present value (NPV) of ₹30,00,000 and project B has an NPV of ₹50,00,000, what is the opportunity cost if project B is selected?
- A. ₹23,00,000
 - B. ₹30,00,000
 - C. ₹20,00,000
 - D. ₹50,00,000

Ans. (B) ₹30,00,000

- (ii) Marketing department of an organisation estimates that 40,000 of new mixers could be sold annually at a price of ₹60 each. To design, develop and produce these new mixers an investment of ₹40,00,000 would be required. The company desires a 15% return on investment (ROI). Given these data, the target cost to manufacture, sell, distribute and service one mixer will be
- A. ₹37.50
 - B. ₹40.00
 - C. ₹45.00
 - D. ₹48.60

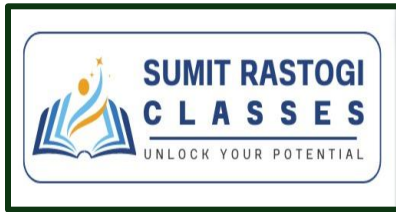
Ans. (C) ₹45.00

- (iii) Activities required to design, develop, produce, market, distribute, and service a product is known as
- A. Target activities
 - B. Value-chain activities
 - C. Whole life activities
 - D. Overhead

Ans. (B) Value-chain activities

- (iv) Which of the following is TRUE about the theory of constraints?
- A. TOC recognizes that lower inventories means slower response to customers.
 - B. TOC recognizes that lowering inventory decreases carrying costs and thus decreases operating expenses and improves net income.
 - C. TOC recognizes that lower inventories means more defects.
 - D. TOC recognizes that EOQ is important.

Ans. (B) TOC recognizes that lowering inventory decreases carrying costs and thus decreases operating expenses and improves net income



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(v) Backflush costing is most likely to be used when:

- A. Management desires sequential tracking of costs
- B. A Just-in-Time inventory philosophy has been adopted
- C. The company carries significant amount of inventory
- D. Actual production costs are debited to work-in-progress

Ans. (B) A Just-in-Time inventory philosophy has been adopted

(vi) A company produces a product which is sold at a price of ₹80. Its Variable cost is ₹32. The company's Fixed cost is ₹11,52,000 p.a. The company operates at a margin of safety of 40%. The total sales of the company are: -

- A. 4,000 units
- B. 40,000 units
- C. 30,000 units
- D. 20,000 units

Ans. (B) 40,000 units

(vii) Max Ltd. Fixes the inter divisional transfer prices for its product on the basis of cost plus a return on investment in the division. The budget for division X for 2023-2024 appears as under -

Fixed Assets	₹5,00,000
Current assets	₹3,00,000
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

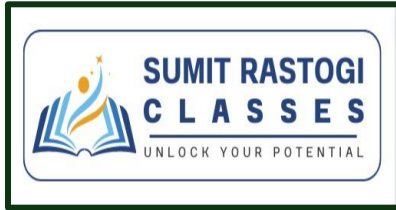
- A. ₹12.70
- B. ₹10.70
- C. ₹8.70
- D. ₹14.70

Ans. (A) ₹12.70

(viii) Standard cost and budgeted cost are _____.

- A. Interrelated but not interdependent.
- B. Interdependent but not interrelated.
- C. Interrelated and interdependent.
- D. None of the above

Ans. (A) Interrelated but not interdependent.



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(ix) Uniform costing is_____.

- A. a separate method of costing
- B. a type of costing
- C. a technique of costing
- D. None of the above

Ans. (C) a technique of costing

(x) 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

(xi) In a transportation matrix (where R_i are rows and C_j are columns), the second allocation under the North West Corner Rule can be -

- A. R_1C_2
- B. R_1C_3
- C. R_2C_3
- D. None of these

Ans. (A) R_1C_2

(xii) Simulation may be applied to:

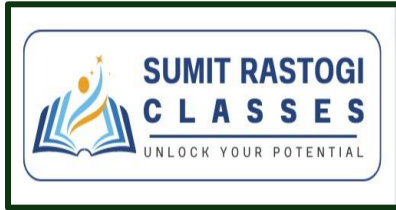
- A. Bricklaying
- B. Scheduling aircraft
- C. Paper manufacturing
- D. Toy manufacturing

Ans. (B) Scheduling aircraft

(xiii) In a PERT network, the optimistic time for a particular activity is 9 weeks and the pessimistic time is 21 weeks. Which one of the following is the best estimate of the standard deviation for the activity?

- A. 12
- B. 9
- C. 6
- D. 2

Ans. (D) 2



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(xiv) Tableau is a –

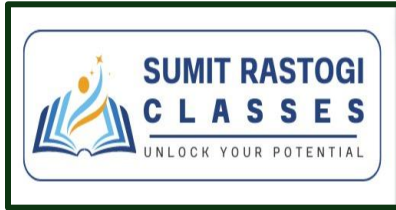
- A. Business Intelligence Tool
- B. Visualisation Tool
- C. Both (a) and (b)
- D. None of the above

Ans. (C) Both (a) and (b)

(xv) Script Ends – is related to which type of programming language?

- A. R Programming
- B. SAS
- C. Python
- D. SPSS

Ans. (C) Python



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DEC'2024 (SET - 2)

- (i) A company has forecast sales and cost of goods sold for the coming year as ₹25 lakhs and ₹18 lakhs respectively. The inventory turnover has been taken as 9 times per year. In case the inventory turnover increases to 12 times and the short-term interest rate on working capital is taken as 10%, what will be the saving in cost?
- A. ₹10,000
B. ₹20,000
C. ₹15,000
D. ₹5,000

Ans. (D) ₹5,000

- (ii) 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%

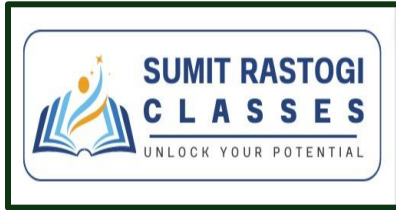
Ans. (C) 30%

- (iii) The higher the actual hours worked:
- A. The lower the capacity usage ratio
B. The higher the capacity usage ratio
C. The lower the capacity utilization ratio
D. The higher the capacity utilization ratio

Ans. (D) The higher the capacity utilization ratio

- (iv) Ankit Ltd., operates throughput accounting system. The details of product A per unit are as under: Selling Price: ₹75 Material Cost: ₹30 Conversion Cost: ₹20 Time to bottleneck resources: 10 minutes. What is the throughput contribution per bottleneck resource per hour?
- A. ₹270
B. ₹150
C. ₹120
D. ₹90

Ans. (A) ₹270



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(v) Which of the following is not a primary activity of Value Chain?

- A. Inbound Logistics
- B. Operations
- C. Services
- D. Infrastructure

Ans. (D) Infrastructure

(vi) Kanban Japanese System under JIT approach ensures that

- A. Continuous supply of inventory or product
- B. Minimum and Maximum level of stock to be maintained
- C. Inventory valuation
- D. All of the above

Ans. (A) Continuous supply of inventory or product

(vii) Aderholt uses activity-based costing to allocate its overheads. The budgeted cost expected for the Supervisor cost pool was: Budgeted units: 5,000

Number of employees: 75 Budgeted Cost: ₹7,500.

The actual costs incurred were:

Actual Units: 5,500 Actual Employees: 77

Actual cost: ₹8,085 What was the total variance for the pool?

- A. ₹585 Adverse
- B. ₹165 Favourable
- C. ₹555 Favourable
- D. ₹385 Adverse

Ans. (B) ₹165 Favourable

(viii) Pareto analysis recognizes:

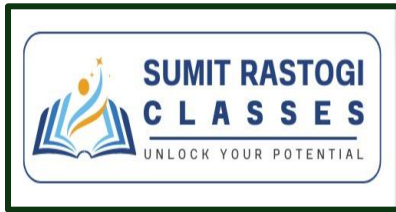
- A. 80:20 Rule
- B. 50:50 Rule
- C. 20:80 Rule
- D. None of the above

Ans. (A) 80:20 Rule

(ix) Cost of Rework is a cost related to:

- A. Internal failure
- B. Appraisal
- C. Prevention
- D. None of the above

Ans. (A) Internal failure



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(x) Which of the following is not a term normally used in value analysis?

- A. Resale value
- B. Use value
- C. Esteem value
- D. Cost value

Ans. (A) Resale value

(xi) The Objective Function of a LPP is $Z = 3x_1 + 2x_2$. If $x_1 = 10$ and $x_2 = 5$ then the value of Z is –

- A. 35
- B. 40
- C. 45
- D. 50

Ans. (B) 40

(xii) When the total allocation of a Transportation Problem match with supply and demand values, the solution is –

- A. Non-degenerate
- B. Feasible
- C. Degenerate
- D. None of the above

Ans. (B) Feasible

(xiii) Which of the following considers difference between least cost and the cost just before least for each row and column while finding Basic Feasible Solution in Transportation?

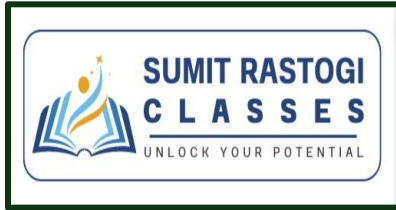
- A. North West Corner Method
- B. Least Cost Method
- C. Vogel's Approximation Method
- D. Both (b) and (c) above

Ans. (B) Least Cost Method

(xiv) Script Ends – is related to which type of programming language?

- A. R Programming
- B. SAS
- C. Python
- D. SPSS

Ans. (C) Python

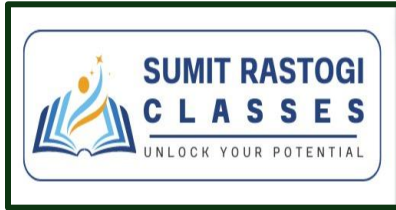


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(xv) Which of the following is related to Financial Data Analytics?

- A. Value driver analytics
- B. Financial ratio analytics
- C. Predictive sales analysis
- D. All of the above

Ans. (D) All of the above



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JUNE'2025 (SET - 1)

- (i) What is the opportunity cost of making a component part in a factory given no alternative use of the capacity?
- A. The variable manufacturing cost of the component
 - B. The total manufacturing cost of the component
 - C. The total variable cost of the component
 - D. Zero

Ans. (D) Zero

- (ii) X Ltd. has 1000 units of an obsolete item which are carried in inventory at the original price of ₹50,000. If these items are reworked for ₹20,000, they can be sold for ₹36,000. Alternatively, they can be sold as a scrap for ₹6,000 in the market. In a decision model used to analyse the reworking proposal, the opportunity cost should be taken as:
- A. ₹16,000
 - B. ₹6,000
 - C. ₹30,000
 - D. ₹20,000

Ans. (B) ₹6,000

- (iii) In cost plus pricing, the mark-up consists of:
- A. Manufacturing cost
 - B. Desired ROI
 - C. Selling and administration cost
 - D. Total cost and Desired ROI

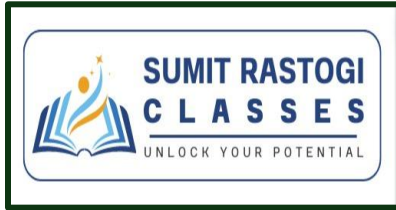
Ans. (B) Desired ROI

- (iv) JIT relates to:
- A. Time Management
 - B. Inventory and product handling
 - C. TOC recognizes that lower inventories means more defects.
 - D. TOC recognizes that EOQ is important.

Ans. (B) Inventory and product handling

- (v) Bench marking is:
- A. A continuous process
 - B. The practice of setting targets using external information
 - C. Methods to provide performance assessment
 - D. All the above

Ans. (D) All the above



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- (vi) The following figures are extracted from the books of a company: Budgeted O/H ₹10,000 (Fixed ₹6,000, Variable ₹4,000) Budgeted Hours 2000
Actual O/H ₹10,400 (Fixed ₹6,100, Variable ₹4,300) Actual Hours 2100
Variable O/H cost variance and Fixed O/H cost variance will be:

- A. 100(A) and 200(A)
- B. 100(F) and 200(F)
- C. 100(A) and 200(F)
- D. 200(A) and 100(F)

Ans. (C) 100(A) and 200(F)

- (vii) Standard costing system consists of the following key elements:

- A. Setting standards for each of the operations
- B. Comparing the actual performance with the standard performance
- C. Analyzing and reporting variances arising from the difference between actual and standard performance
- D. All of the Above

Ans. (D) All of the Above

- (viii) Efficiency Ratio is: _____.

- A. Available working days ÷ Budgeted working days × 100
- B. Budgeted hours ÷ Maximum hours in budgeted period × 100
- C. Standard hours ÷ Actual hours × 100
- D. None of the above

Ans. (C) Standard hours ÷ Actual hours × 100

- (ix) Multiple solution exist in a Linear Programming problem when:

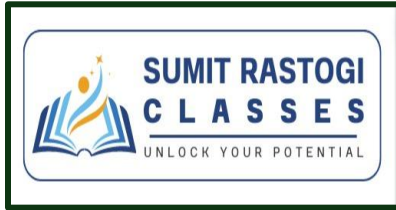
- A. One of the constraints is redundant
- B. Objective Function is parallel to one of the constraints
- C. Two constraints are parallel
- D. All of the above

Ans. (B) Objective Function is parallel to one of the constraints

- (x) Which of the following method is used to test optimality of a solution in Transportation?

- A. Modified Distribution
- B. Simplex
- C. VAM
- D. LCM

Ans. (A) Modified Distribution



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- (xi) Assignment problem can be considered as a particular case of _____.
A. Transportation problem
B. Sequencing problem
C. Queuing problem
D. All of these

Ans. (A) Transportation problem

- (xii) Monte Carlo Simulation gets its name from which of the following?
A. Data collection
B. Model formulation
C. Random number assignment
D. Analysis

Ans. (C) Random number assignment

- (xiii) A PERT Network has nine activities on its Critical Path. The Standard Deviation of each activity on the Critical Path is 3. The S. D of the Critical Path is _____.
A. 81
B. 9
C. 27
D. 3

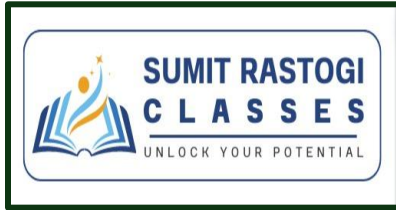
Ans. (B) 9

- (xiv) When 24 hours is required to produce a condenser of a particular type then the time required to produce the 16th unit with 85% Learning Curve is _____.
A. Between 9 and 10 hours
B. Between 12 and 14 hours
C. Between 15 and 17 hours
D. Between 18 and 20 hours

Ans. (B) Between 12 and 14 hours

- (xv) Which of the following has no relation to Business Intelligence?
A. A set of business analytics solutions to retrieve, analyse and transform data into useful business sights
B. Visualisation Tools are primarily BI Tools.
C. ABS Glue is a tool used for the purpose of Business Intelligence
D. Embedded Analytics is an important part of any Business Intelligence tool.

Ans. (C) ABS Glue is a tool used for the purpose of Business Intelligence



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JUNE'2025 (SET - 2)

- (i) The shadow price of skilled labour for SD Ltd. is currently ₹10 per hour. What does this mean?
- A. The cost of obtaining additional skilled labour is ₹10 per hour.
 - B. There is a hidden cost of ₹10 for each hour of skilled labour actively worked.
 - C. Contribution will be increased by ₹10 per hour for each extra hour of skilled labour that can be obtained.
 - D. The total costs will be reduced by ₹10 for each additional hour of skilled labour that can be obtained.

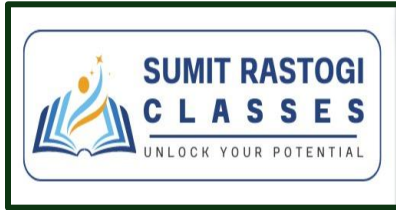
Ans. (C) Contribution will be increased by ₹10 per hour for each extra hour of skilled labour that can be obtained.

- (ii) The product of XYZ company is sold at a fixed price of ₹1,500 per unit. As per company's estimate, 500 units of the product are expected to be sold in the coming year. If the value of investments of the company is ₹15 lakhs and it has a target ROI of 15%, the target cost would be:
- A. ₹930
 - B. ₹950
 - C. ₹1950
 - D. ₹1050

Ans. (D) ₹1050

- (iii) Ankit Ltd. operates throughput accounting system. The details of product A per unit are as under:
Selling Price: ₹75
Material Cost: ₹30
Conversion Cost: ₹20
Time to bottleneck resources: 10 minutes.
What is the throughput contribution per bottleneck resource per hour?
- A. ₹270
 - B. ₹150
 - C. ₹120
 - D. ₹90

Ans. (A) ₹270



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- (iv) 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. 10%
 - B. 30%
 - C. 25%
 - D. 40%

Ans. (B) 30%

- (v) XYZ Ltd. has the following alternative planned activity levels:
Total cost (₹): 1,00,000 (Level E); 1,50,000 (Level F); 2,00,000 (Level G)
No. of units produced: 5,000 (Level E); 10,000 (Level F); 15,000 (Level G)
If fixed overhead remains constant, then fixed overhead cost per unit at Level E is:
- A. ₹10
 - B. ₹20
 - C. ₹25
 - D. ₹30

Ans. (A) ₹10

- (vi) The Tech Company has fixed costs of ₹400,000 and variable costs are 75% of the selling price. To realize profits of ₹1,00,000 from sales of 5,00,000 units, the selling price per unit is:
- A. ₹2
 - B. ₹3
 - C. ₹4
 - D. ₹5

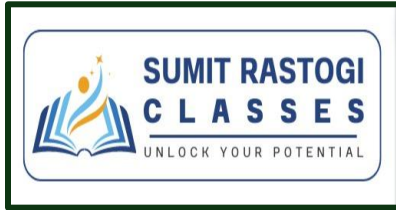
Ans. (C) ₹4

- (vii) The Objective Function of a LPP is $Z = 3x_1 + 2x_2$. If $x_1 = 10$ and $x_2 = 5$ then the value of Z is –
- A. 35
 - B. 40
 - C. 45
 - D. 50

Ans. (B) 40

- (viii) For a Cost Function $TC = 3Q^2 + 7Q + 12$, MC is –
- A. $3Q + 7$
 - B. $6Q$
 - C. $3Q + 14$
 - D. $6Q + 7$

Ans. (D) $6Q + 7$



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- (ix) How long will it take to produce the fifth unit with 85% learning rate, if the third unit took 13 hours?
- A. 10.3 hours
 - B. 10 hours
 - C. 11.5 hours
 - D. 9.73 hours

Ans. (C) 11.5 hours

- (x) The Normal duration and Normal cost of an activity are 10 days and ₹350 respectively. The cost slope is ₹75 per day. If the Crash duration is 8 days, then what is the Crash cost of the activity?
- A. 400
 - B. 500
 - C. 600
 - D. 650

Ans. (B) 500

- (xi) Game theory models are classified by the
- A. Number of players
 - B. Sum of all payoffs
 - C. Number of strategies
 - D. All of these

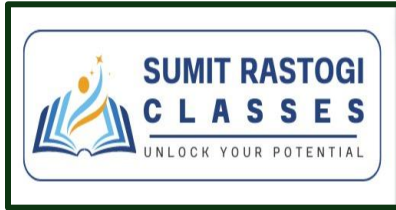
Ans. (D) All of these

- (xii) Four Ps of Total Quality Management:
- A. Principles, Project, Problem, & Process
 - B. People, Process, Problem & Preparation
 - C. Product identification, Product quality, Product utility & Product expectation
 - D. None of the above

Ans. (B) People, Process, Problem & Preparation

- (xiii) What is the opportunity cost of making a component part in a factory given no alternative use of the capacity?
- A. The variable manufacturing cost of the component
 - B. The total manufacturing cost of the component
 - C. The total variable cost of the component
 - D. Zero

Ans. (D) Zero



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(xiv) #Script Ends – is related to which type of programming language?

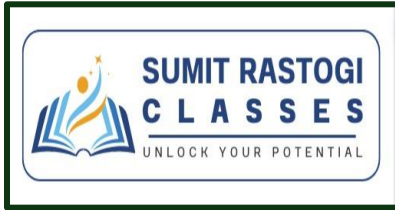
- A. SAS
- B. Python
- C. SPSS:
- D. none of the above

Ans. (B) Python

(xv) Which one of the following is not a spreadsheet?

- A. Google Sheets
- B. MS Excel
- C. E-views
- D. Quip

Ans. (C) E-views



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DEC'2025 (SET - 1)

- (i) A company has estimated the following demand level of its product:

Sales Volume (units)	10000	12000	14000	16000	18000
Probability	0.10	0.15	0.25	0.30	0.20

It has assumed that the sales price of ₹6 per unit, marginal cost of ₹3.50 per unit, and fixed costs of ₹34,000. What is the probability that the company will make a profit of at least ₹10,000?

- A. 40%
- B. 75%
- C. 20%
- D. 35%

Ans. (C) 20%

- (ii) A company has a breakeven 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 9.375%
- B. Decrease by 9.375%
- C. Increase by 37.5%
- D. Increase by 37.5%

Ans. (A) Increase by 9.375%

- (iii) The Tech Company has fixed costs of ₹4,00,000 and variable costs are 75% of the selling price. To realize profits of ₹1,00,000 from sales of 5,00,000 units, the selling price per unit

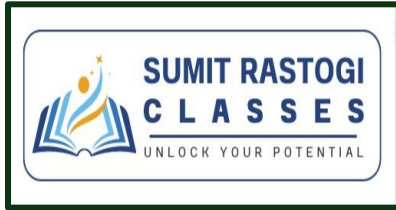
- A. must be ₹1.00
- B. must be ₹4.80
- C. must be ₹4.00
- D. cannot be determined

Ans. (C) must be ₹4.00

- (iv) How long will it take to produce the 4th unit with 80% learning if the first unit took 75 hours?

- A. 48 hours
- B. 35 hours
- C. 25 hours
- D. 30 hours

Ans. (A) 48 hours



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- (v) P operates an activity-based costing (ABC) system to attribute its overhead costs to cost objects. In its budget for the year ending 31st March 2024, the company expected to place a total of 2,895 purchase orders at a total cost of ₹1,10,010. This activity and its related costs were budgeted to occur at a constant rate throughout the budget year, which is divided into 13 four-week periods. During the four-week period ended 30 June 2023, a total of 210 purchase orders were placed at a cost of ₹7,650. The over- recovery of these costs for the four-week period was:

A. ₹330
B. ₹350
C. ₹370
D. ₹390

Ans. (A) ₹330

- (vi) The information relating to the direct material cost of a company is as follows:
Standard price per unit ₹7.20
Actual quantity purchased in units 1600
Standard quantity allowed for actual production in units 1450
Material price variance on purchase (Favourable) ₹480 What is the actual purchase price per unit?

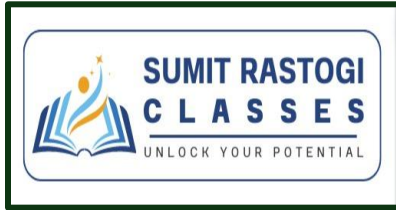
A. ₹5.50
B. ₹8.40
C. ₹7.80
D. ₹6.90

Ans. (D) ₹6.90

- (vii) An Assignment problem is solved to minimise the total time required to complete three jobs on three different machines such that each job is processed by exactly one machine and each machine processes exactly one job. The minimum total processing time is found to be 480 minutes. After a few days of operation, there has been a change in the design of the second job. Due to this, the processing time of the second job is increased by 15 minutes in either of the machines. The revised minimum total processing time will be –

A. 495 minutes
B. 465 minutes
C. 480 minutes
D. None of these

Ans. (A) 495 minutes



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(viii) If the value of the game is zero, then the game is known as

- A. Fair strategy
- B. Pure strategy
- C. Pure game
- D. Mixed strategy

Ans. (A) Fair strategy

(ix) Tableau is a -

- A. Business Intelligence Tool
- B. Visualisation Tool
- C. Both (a) and (b)
- D. None of the above

Ans. (C) Both (a) and (b)

(x) Which of the following is not a primary activity of Value Chain?

- A. Inbound Logistics
- B. Operations
- C. Service
- D. Infrastructure

Ans. (D) Infrastructure

(xi) The shadow price of skilled labour for SD Ltd. is currently ₹10 per hour. What does this mean?

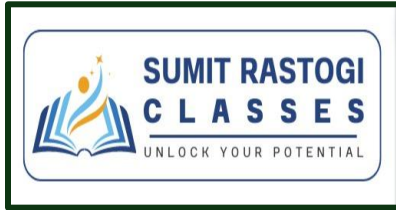
- A. The cost of obtaining additional skilled labour is ₹10 per hour.
- B. There is a hidden cost of ₹10 for each hour of skilled labour actively worked.
- C. Contribution will be increased by ₹10 per hour for each extra hour of skilled labour that can be obtained.
- D. The total costs will be reduced by ₹10 for each additional hour of skilled labour that can be obtained.

Ans. (C) Contribution will be increased by ₹10 per hour for each extra hour of skilled labour that can be obtained

(xii) JIT relates to

- A. Time Management
- B. Inventory and product handling
- C. Delivery systems
- D. None of the above

Ans. (B) Inventory and product handling



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(xiii) Which of the following may be the cause of Material Price Variance?

- A. Change in quantity of purchase or uneconomical size of purchase order.
- B. Failure to take advantage of off-season price or failure to purchase when price is cheaper.
- C. Change in basic purchase price of material.
- D. All of the above

Ans. (D) All of the above

(xiv) BPR involves a radical redesign of core business processes to improve:

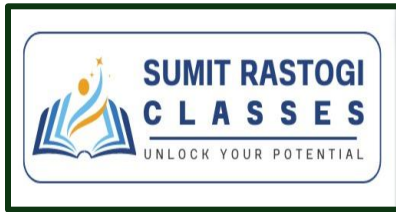
- A. Employee morale and retention
- B. Productivity, cycle time, and quality
- C. Marketing and customer loyalty
- D. Organizational hierarchy only

Ans. (B) Productivity, cycle time, and quality

(xv) A Ltd. Plans to introduce a new product and issuing the target cost approach. Projected sales revenue is ₹90,00,000 (₹45 per unit) and target costs are ₹64,00,000. What is the desired profit per unit?

- A. ₹13
- B. ₹17
- C. ₹32
- D. ₹10

Ans. (A) ₹13



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DEC'2025 (SET - 2)

- (i) A company has a choice among three products A, B and C for which the following estimates are available: Estimated profits based on demand forecast (₹'000)

	Market X	Market Y
Product A	250	190
Product B	160	220
Product C	200	210

Probabilities are: $X = 0.7$ $Y = 0.3$

Which Product should be undertaken by the company?

- A. Product A
- B. Product B
- C. Product C
- D. All Three are same

Ans. (A) Product A

- (ii) 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. 10%
- B. 20%
- C. 30%
- D. 40%

Ans. (C) 30%

- (iii) A company has a breakeven point when sales are ₹3,20,000 and variable cost at that level of sales are ₹2,00,000. How much would p/v ratio increase or decrease if variable expenses are dropped by ₹30,000?

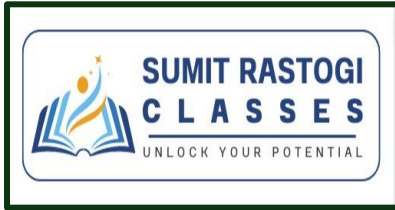
- A. Increase by 27.5%
- B. Increase by 9.375%
- C. Decrease by 9.375%
- D. Increase by 37.5%

Ans. (B) Increase by 9.375%

- (iv) The information relating to the direct material cost of a company is as follows: Standard price per unit: ₹7.20 Actual quantity purchased in units: 1600 Standard quantity allowed for actual production in units: 1450 Material price variance on purchase (Favourable): ₹480 What is the actual purchase price per unit?

- A. ₹6.9
- B. ₹6.8
- C. ₹7.2
- D. ₹5.2

Ans. (A) ₹6.9



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- (v) A operates an activity-based costing (ABC) system to attribute its overhead costs to cost objects. In its budget for the year ending 31st March 2025, the company expected to place a total of 2,895 purchase orders at a total cost of ₹1,10,010. This activity and its related costs were budgeted to occur at a constant rate throughout the budget year, which is divided into 13 four-week periods. During four-week period ended 30 June 2024, a total of 210 purchase orders were placed at a cost of ₹7,650. The over- recovery of these costs for the four-week period was
- A. ₹390
B. ₹370
C. ₹330
D. ₹350

Ans. (C) ₹330

- (vi) A firm is required to procure three items I, II & III from three vendors V1, V2 & V3 respectively. The quoted prices in Rupees are given in the table below. The management policy clearly states that each item should be procured from only one vendor, and each vendor should supply only one item. The minimum total cost of procurement is -

Items	Vendors		
	V1	V2	V3
I	110	120	130
II	115	140	140
III	125	145	165

- A. 1 minutes
B. 2 minutes
C. 3 minutes
D. 4 minutes

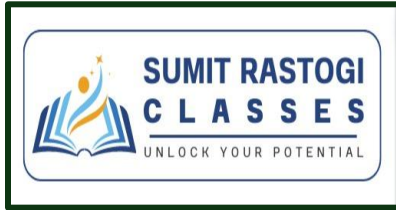
Ans. (B) 2 minutes

- (vii) The drive-up window of a fast-food centre was being studied using simulation for a variety of operating characteristics. As part of the study data was collected on Customer Arrivals as given in the following table. Using expected value calculations determine the expected time between customer arrivals.

Inter arrival time (Minutes)	0.5	1.0	2.0	3.0	4.0	5.0	6.0
Probability	0.10	0.25	0.20	0.30	0.05	0.05	0.05

- A. 2.35 minutes
B. 2.00 minutes
C. 2.70 minutes
D. 1.65 minutes

Ans. (A) 2.35 minutes



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(viii) Anurag Ltd., a manufacturing company has developed a new product and just completed the manufacture of first 16 units of the product. If the first unit took 6 hours to manufacture and the first 16 units together took 62.9856 hours to produce, the Learning Curve (LC) rate would be

- A. 80%
- B. 85%
- C. 90%
- D. 95%

Ans. (B) 85%

(ix) Which of the following statement is incorrect?

- A. Microsoft Excel is most popular among all the available spreadsheets.
- B. Zoho Analytics is a tool used for Financial Data analysis.
- C. Visualisation Tools are the Reporting Tools.
- D. None of the above

Ans. (D) None of the above

(x) Four Ps of Total Quality Management

- A. Principles, Project, Problem, & Process
- B. People, Process, Problem & Preparation
- C. Product identification, Product quality, Product utility & Product expectation
- D. None of the above

Ans. (B) People, Process, Problem & Preparation

(xi) The higher the actual hours worked:

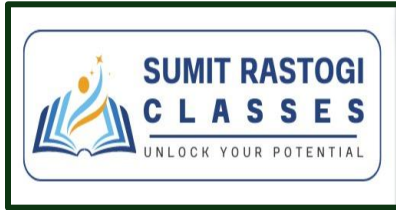
- A. The lower the capacity usage ratio.
- B. The higher the capacity usage ratio.
- C. The lower the capacity utilization ratio.
- D. The higher the capacity utilization ratio

Ans. (D) The higher the capacity utilization ratio

(xii) Which of the following is not suitable for a JIT production system?

- A. Batch production
- B. Jobbing production
- C. Process production
- D. Service production

Ans. (A) Batch production



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(xiii) A standard costing system consists of the following key elements

- A. Setting standards for each of the operations.
- B. Comparing the actual performance with the standard performance.
- C. Analysing and reporting variances arising from the difference between actual and standard performance.
- D. All of the Above

Ans. (D) All of the Above

(xiv) Which of the following is not a secondary activity of Value Chain?

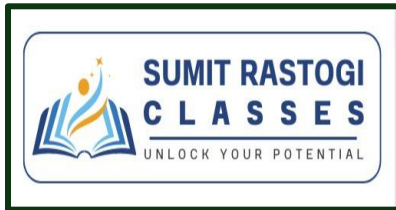
- A. Procurement
- B. Human Resource Development
- C. Service
- D. Technology Development

Ans. (C) Service

(xv) A company has the capacity of producing 80000 units and presently sells 20000 units at ₹100 each. The demand is sensitive to selling price and it has been observed that with every reduction of ₹10 in selling price the demand is doubled. What should be the target cost if the demand is doubled at full capacity and profit margin on sale is taken at 25%?

- A. ₹75
- B. ₹90
- C. ₹25
- D. ₹60

Ans. (D) ₹60



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JUNE'2026 (SET - 1)

- (i) ROB Ltd., has estimated the unit contribution of Product Z to be ₹10. Budgeted Sales for the year are 25000 units. Estimated fixed Costs are follows:

Fixed Cost P. A. (₹)	100000	150000	20000	300000
Probability	0.20	0.25	0.40	0.15

What is the probability that the company will equal or exceed the target profit of ₹48,000?

- A. 85%
- B. 55%
- C. 40%
- D. None of the above

Ans. (A) 85%

- (ii) TUSN Ltd., maintains Margin of Safety (MOS) of 20% on its current sales and earns a profit of ₹30 Lakh per annum. If the company has P/V Ratio of 25 %, its current sales will be

- A. ₹800 Lakh
- B. ₹600 Lakh
- C. ₹400 Lakh
- D. ₹500 Lakh

Ans. (B) ₹600 Lakh

- (iii) BOSS Ltd. operates a marginal costing system. For the forthcoming year, variable costs are budgeted to be 60% of sales and fixed costs are budgeted to be 10% of sales. If selling price is increased by 10% and fixed costs, variable costs and sales volume remain unchanged, the effect on contribution will be

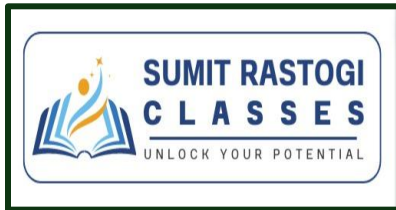
- A. a decrease of 2%
- B. an increase of 5%
- C. an increase of 10%
- D. an increase of 25%

Ans. (D) an increase of 25%

- (iv) A company uses two activities for overhead allocation: Machine setups (cost ₹60,000, 300 setups) and Quality inspections (cost ₹40,000, 200 inspections). Product A requires 30 setups and 20 inspections. What is the overhead allocated to Product A?

- A. ₹6,000
- B. ₹8,000
- C. ₹10,000
- D. ₹12,000

Ans. (C) ₹10,000



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- (v) The budgeted production of a company is 20,000 units per month. The standard cost sheet is as under: Direct materials: 1.5 kgs. @ ₹6 per kg, Direct labour: 6 hours @ ₹5 per hour, Variable overheads: 6 hours @ ₹4 per hour, Fixed overheads: ₹3 per unit, Selling price: ₹72 per unit
Actual production and sales for the month is 18,750 units.

The Sales volume variance (in gross margin) is:

- A. ₹7800 (F)
- B. ₹9000 (F)
- C. ₹7500 (A)
- D. None of the above

Ans. (C) ₹7500 (A)

- (vi) A transport company must move 100 units from two plants (P1: 40 units, P2: 60 units) to two warehouses (W1: 50 units, W2: 50 units). Costs per unit: P1→W1 ₹4, P1→W2 ₹6, P2→W1 ₹5, P2→W2 ₹3. What is the minimum total transport cost?

- A. ₹460
- B. ₹470
- C. ₹480
- D. None of the above

Ans. (D) None of the above

- (vii) Two firms A and B compete on pricing. Payoff matrix (profit for A in ₹000) is:

	B: Low Price	B: High Price
A: Low Price	80	120
A: High Price	60	100

What is the Maximin strategy payoff for Firm A?

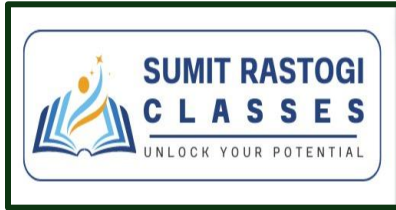
- A. 60
- B. 80
- C. 100
- D. 120

Ans. (B) 80

- (viii) For a learning curve percentage of 72%, the time to be taken to complete the 4th unit of a job involved in the assembly line, if the initial unit requires 80 hours, will be

- A. 41.47 hours
- B. 43.50 hours
- C. 46.71 hours
- D. 40.95 hours

Ans. (A) 41.47 hours



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(ix) Which of the following tools for Statistical Data Analysis is used most commonly in the Social Sciences and is considered as easiest to learn among enterprise Statistical tools?

- A. SAS (Statistical Analysis System)
- B. E Views
- C. SPSS (Software Package for Statistical System)
- D. Microsoft Dynamics

Ans. (C) SPSS (Software Package for Statistical System)

(x) Which of the following Quality Cost (s) is/are incurred in Warranty replacements?

- A. Appraisal Costs
- B. Prevention Costs
- C. Internal failure Costs
- D. External failure Costs

Ans. (D) External failure Costs

(xi) Which of the following decision making techniques is a technique that determines the best pricing policy for optimizing profits?

- A. Cost leadership
- B. Yield Management
- C. Kaizen Costing
- D. Life Cycle Costing

Ans. (B) Yield Management

(xii) Which of the following is a critical requirement for successful JIT implementation?

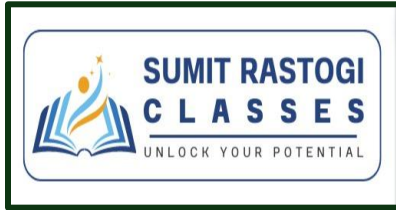
- A. Large safety stocks
- B. Long supplier lead times
- C. Close supplier relationships and frequent deliveries
- D. Higher inspection costs

Ans. (C) Close supplier relationships and frequent deliveries

(xiii) Which of the following variances denotes the deviation between revised proposition and the actual incidence?

- A. Planning variance
- B. Revenue Variance
- C. Operating Variance
- D. Controllable Variance

Ans. (C) Operating Variance



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(xiv) A major risk in implementing Business Process Reengineering is

- A. Over dependence on Information Technology
- B. Increase in product prices
- C. Reduced market share
- D. Employee resistance to change

Ans. (D) Employee resistance to change

(xv) Marketing department of RON Ltd. estimates that 40,000 of new mixers could be sold annually at a price of ₹60 each. To design, develop and produce these new mixers an investment of ₹40,00,000 would be required. The company desires a 15% return on investment (ROI). Given these data, the target cost to manufacture, sell, distribute and service one mixer will be

- A. ₹37.50
- B. ₹40.00
- C. ₹45.00
- D. ₹48.60

Ans. (C) ₹45.00