

**Name of the Student:**

**Class Roll No.**

**Date:**

**University No.:**

**Marks:10**

**QUIZ No. 1**

**FLEXIBLE BUDGETS**

**ATTEMPT ALL QUESTIONS**

**TRUE OR FALSE STATEMENTS**

1. A static budget is developed at the end of the period.

True

False

**ANS.FALSE**

## QUIZ No. 1

**2. A flexible budget deals with flexibility in the time period of the budget.**

True

False

ANS. FALSE

**3. A favorable cost variance means that actual costs were less than budgeted costs.**

True

False

ANS. TRUE

## QUIZ No. 1

**4. A favorable variance automatically means "good news."**

True

False

ANS. FALSE

**5. A variance should be interpreted individually, without any consideration of any other variance.**

True

False

ANS. FALSE

### **MULTIPLE CHOICE QUESTIONS**

**6. A gallon of paint or a yard of fabric required for making a unit would be**

A. standard price. B. standard cost. C. standard revenue.

D. standard input.

ANS. D

## QUIZ No. 1

**7. LRH Inc. has budgeted for sales of 10,000 units of BD at a price of \$15 per unit. The actual sales for the period were 9,000 units of BD at \$16 per unit. What was the flexible-budget sales amount for LRH?**

A.\$135,000 B.\$160,000 C.\$150,000 D.\$144,000

ANS. A.

**8. LRH Inc. has budgeted for sales of 10,000 units of BD at a price of \$15 per unit. The actual sales for the period were 9,000 units of BD at \$16 per unit. What was the sales-volume variance for the current period?**

A. \$16,000 Unfavorable B. \$15,000 Unfavorable C. \$9,000 Unfavorable  
D. \$10,000 Unfavorable

ANS. B

# QUIZ NO.1

**9. BDH Inc. has budgeted for sales of 10,000 units of LR at a price of \$15 per unit. The actual sales for the period were 9,000 units of LR at \$16 per unit. What was the sales-price variance for the current period?**

**A. \$9,000 Favorable B. \$10,000 Favorable C.\$9.000 D.  
\$10,000 Unfavorable**

ANS. A

**10. A gallon of paint or a yard of fabric required for making a unit would be a(n)**

**A. standard price. B. standard cost. C. standard revenue. D. standard input.**

ANS. D

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**QUIZ No. 2**

**INVENTORY COSTING AND CAPACITY ANALYSIS**

**ATTEMPT ALL QUESTIONS**

**1. When variable costing is used, an income statement will show gross margin.**

True

False

**ANS. FALSE**

**2. The income under variable costing will never be the same as the income under absorption costing.**

True

False

**ANS. FALSE**

# QUIZ-2

**3. Absorption costing is required by GAAP (Generally Accepted Accounting Principles) for external reporting.**

- True
- False
- **ANS. TRUE**

**4. Throughput costing considers only direct material and direct labor as inventorial costs.**

- True
- False
- **ANS. FALSE**

# QUIZ-2

**5. Under variable costing, only the quantity of units sold drives operating income, the production level has no impact at all.**

- True
- False
- ANS. TRUE

## **FILL IN THE BLANKS**

**6. \_\_\_ costs are all costs of a product that are regarded as assets when they are incurred and expensed as cost of goods sold when the product is sold.**

- A. Inventorial B. Material
- C. Capacity D. Period
- ANS. A



# QUIZ-2

7. \_\_\_ costing is an inventory-costing method, where only the direct materials, direct labor, and variable manufacturing costs are considered product costs.

- A. Full B. Absorption C. Throughput D. Variable

- ANS. D

8. When a manager is evaluated on the absorption costing income, the manager will be able to \_\_\_ income reported when he \_\_\_ production over the number of units sold.

- A. decrease, increases B. increase, increases C. decrease, holds constant D. increase, decreases

- ANS. D

# QUIZ-2

9. Throughput costing differs from variable costing and absorption costing because only the \_\_\_ costs are considered inventorial.

- A. direct material B. direct labor C. variable manufacturing overhead D. fixed manufacturing overhead
- ANS. A

10. A downward demand spiral will occur for a firm when a \_\_\_ in demand for the firm's products leads to a \_\_\_ in the cost per unit.

A. increase, decrease B. increase, increase C. decrease, increase D. decrease, decrease

- ANS. C

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## **QUIZ No. 3**

# **INVENTORY MANAGEMENT**

## **ATTEMPT ALL QUESTIONS**

**1.The cost of goods acquired from suppliers, including incoming freight costs are the**

- **A. purchasing costs. B. carrying costs. C. ordering costs. D. quality costs.**
- **ANS. A**

# QUIZ-3

**2. The costs that arise while holding the inventory until it is sold are known as**

- A. stock out costs. B. ordering costs. C. purchasing costs. D. carrying costs.

ANS. D

**3. An example of an ordering cost is**

- A. inspecting goods received. B. spoilage. C. purchase price. D. freight costs.
- ANS. A

# QUIZ-3

**4. Loss of customer sales due to being out of the product the customer wants is an example of a(n)**

- A. stock out cost. B. purchasing cost. C. quality cost. D. carrying cost.
- ANS. A

**5. The costs that result when the features and characteristics of a product are not in conformity to the customer specifications is**

- A. ordering cost. B. quality cost. C. stock out cost. D. carrying cost.
- ANS. B

# QUIZ-3

## TRUE OR FALSE STATEMENTS

**6. Sharing inventory data throughout the supply chain leads to more "rush" orders occurring.**

- True
- False
- ANS. FALSE

**7. Just-in-time systems are similar to materials requirement planning systems in that both systems are demand-pull systems.**

- True
- False
- ANS. FALSE



# QUIZ-3

8. A financial benefit of a just-in-time system is that inventory carrying costs are reduced.

- True
- False
- **ANS. TRUE**

9. An Enterprise Resource Planning (ERP) system comprises a single database that collects data and feeds them into software applications supporting all of a company's business activities.

- True
- False
- **ANS. TRUE**

# QUIZ-3

**10. A trigger point refers to the inventory level at which a reorder is generated.**

- True
- False
- ANS. FALSE



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## **QUIZ No. 4**

**PRICING DECISIONS AND COST MANAGEMENT**

**ATTEMPT ALL QUESTIONS**

### **MULTIPLE CHOICE QUESTIONS**

1. A short run pricing decision typically has a time horizon of less than
- A. ten years. B. one year. C. five years. D. two years.
  - ANS. B

# QUIZ No. 4

2. *Which one of the following activities would most likely be considered a long run pricing decision?*
- A. Setting prices to generate a reasonable rate of return on investment
  - B. One-time-only special order pricing
  - C. Changing prices in response to weak demand
  - D. Product mix adjustments in a competitive market
  - ANS. A
3. *The department in the firm that is most likely positioned to identify the customers' needs and their perceived value for a product is the*
- A. purchasing department. B. marketing department. C. production department. D. accounting department.
  - ANS. B

# QUIZ No. 4

4. *The costs that should be considered relevant in a company's target-cost calculation are*
- A. fixed costs only. B. variable costs only.
  - C. only fixed and variable overhead costs.
  - D. all variable and fixed costs.
  - ANS.D
5. *When the firm uses the target-costing approach to pricing, the target cost per unit is the difference between the per unit target price and the per unit target*
- A. gross margin. B. production costs. C. operating income. D. contribution margin.
  - ANS. C

# QUIZ No. 4

## TRUE OR FALSE STATEMENTS

6. The only competition a firm must be concerned about when setting prices are those in the local market.

- True
- False

ANS. FALSE

7. *Target costing begins with the price the customer is willing to pay and then "backs-into" what the product should cost.*

- True
- False

ANS. TRUE



# QUIZ No. 4

8. ***Cost-plus pricing starts with what customers are willing to pay, and then adds a desired profit.***

- True
- False
- ANS. FALSE

9. ***Value engineering can be used to make cost improvements in order to meet a target cost.***

- True
- False
- ANS. TRUE

# QUIZ No. 4

**10. Whether the firm uses the market-based approach or the cost-based approach for pricing decisions, the market forces must be considered.**

- True
- False
- ANS. TRUE

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## **QUIZ No. 5**

# **Strategic Profitability Analysis**

**ATTEMPT ALL QUESTIONS**

### **MULTIPLE CHOICE QUESTIONS**

1. Which one of the following is a market force that industry analysis will focus on?
  - A. Employees B. Management style C. Capital markets
  - D. Similar products
  - ANS. D

# QUIZ No. 5

**2. Which one of the following factors would make entry into the market attractive to potential new businesses?**

- A. Limited profit margins B. Current market has close customer relations C. Current advanced product development D. Small capital needs
- ANS. D

**3. Improving manufacturing capability would be included in which one of the following perspectives?**

- A. Customer B. Learning and growth C. Internal business process D. Financial



# QUIZ No. 5

4. A measure of the change in operating income attributable solely to changes in dollar amounts of inputs and outputs from one period to the next is a component known as the
- A. revenue component. B. growth component. C. price-recovery component. D. productivity component.
  - ANS. C
5. A firm that focuses on a cost leadership strategy would be most likely to do which one of the following?
- A. Establish low selling prices B. Provide superior products C. Build brand loyalty D. Cultivate unique products
  - ANS.A

# QUIZ No. 5

## TRUE OR FALSE STATEMENTS

**6. The fundamental rethinking and redesign of business processes to achieve improvements is reengineering.**

- True
- False
- ANS. TRUE

**7. The customer perspective under the balanced scorecard approach focuses on how to reduce costs to provide less expensive goods.**

- True
- False
- ANS. FALSE

# QUIZ No. 5

8. **When implementing a balanced scorecard, the cause-and-effect linkages are always precise.**

- True
- False
- ANS. FALSE

9. **When evaluating managers and employees under the balanced scorecard approach, only financial measures should be considered.**

- True
- False
- ANS. FALSE

# QUIZ No. 5

10. A company can adequately gauge the success of their strategy by measuring the change in operating income from one year to the next.

- True
- False
- ANS. FALSE