



ICMAINTERNATIONAL
lead strategically

MODEL PAPERS

[COMPUTER BASED EXAMINATIONS]

• Operational Level-1

- [O1] Fundamentals of Financial Accounting
- [O2] Business Economics
- [O3] Business Communication & Report Writing

• Operational Level-2

- [O4] Fundamentals of Management
- [O5] Business Mathematics & Statistical Inference
- [O6] Commercial Laws and Business Ethics

• Managerial Level-1

- [M1] Fundamentals of Cost & Management Accounting
- [M2] Enterprise Management
- [M3] Management Information Systems

Effective from February 2024 Examinations

EXAMINATION DEPARTMENT

MULTIPLE CHOICE QUESTIONS (MCQS):

1. A firm's bank statement shows that during the month of May 2023, Rs.300 have been debited as bank charges and Rs.200 have been credited on account of dividend income. The balance on May 31, 2023, as per the bank statement is Rs.600 overdrawn. If both the above entries remain unrecorded in the cash book, then what would be the balance as per the cash book on May 31, 2023?

A	Rs.500 debit
B	Rs.500 credit
C	Rs.600 credit
D	Rs.700 credit

2. To check whether there is a matching credit entry for every debit entry, _____ is prepared.

A	receipt and payment account
B	nominal ledger
C	trial balance
D	control account

3. With the help of an accounting equation, complete the following:

Rs.		
Assets	Liabilities	Equity
1,450,657	595,863	?
?	755,823	1,415,670
1,291,875	?	985,624

A	(i) 854,794 ; (ii) 659,847 ; (iii) 306,251
B	(i) 854,794 ; (ii) 2,171,493 ; (iii) 306,251
C	(i) 2,046,520 ; (ii) 659,847 ; (iii) -306,251
D	(i) 854,794 ; (ii) 659,847 ; (iii) 2,277,499

4. Which one of the following errors will affect the balance of a trial balance?

A	Complete omission of a transaction
B	Error of principle
C	Partial omission of a transaction
D	Compensating errors

5. Cash sales are now returned to business, entry in the books of the seller may be:

A	Debit Cash account and Credit purchase return
B	Debit purchase return and Credit Cash account
C	Debit Cash account and Credit sales return
D	Debit sales return and Credit Cash account

6. An entry which is made on both sides of a cash book is called:

A	cash entry.
B	contra entry.
C	payment entry.
D	compound entry.

7. Bad debt is a/ an _____.

A	selling expense
B	administrative expense
C	cost of sales
D	finance cost

8. On January 01, 2024, Mr. Azeem started a new business. During the year, he made personal drawings of Rs.10,000 and invested additional funds in business worth Rs.15,000. The business sustained a loss of Rs.20,000. The capital as of December 31, 2024 was Rs.135,000. What was his capital as of January 01, 2024?

A	Rs.150,000
B	Rs.120,000
C	Rs.105,000
D	Rs. 90,000

9. A laptop was purchased for Rs.120,000 and it was estimated that its residual value will be Rs.20,000 at the end of its useful life. The monthly depreciation expense of Rs.1,666.6 was recorded by using the straight-line method. The annual depreciation rate is:

A	25%
B	20%
C	15%
D	18%

10. Ashrafi Limited made a profit for the year of Rs.18,750, after accounting for depreciation of Rs.1,250. During the year, non-current assets were purchased for Rs.8,000, receivables increased by Rs.1,000, inventories decreased by Rs.1,800, and payables increased by Rs.350. What was Ashrafi Limited's increase in cash and bank balances during the year?

A	Rs.10,650
B	Rs.10,850
C	Rs.12,450
D	Rs.13,150

11. Aging analysis of Accounts Receivable provides all of the following benefits:

A	customers' details i.e., the amount they owe and the period of their debts.
B	showing how much amounts have been recovered.
C	credit control function used to follow up with customers.
D	timely collection to improve cash flow.

12. Payment of rent expenses is recorded on which side of the cash book?

A	Receipts
B	Income
C	Expense
D	Payments

13. Accounts payable, accruals and notes payable are listed on the balance sheet as _____.

A	accrued liabilities
B	current liabilities
C	accumulated liabilities
D	non-current liabilities

14. Bank reconciliation statement identifies the following differences between cash book and bank statement except _____.

A	Errors
B	bank charges or interest
C	profit earned for the period
D	timing differences

15. Salvage value is an estimate of the asset's value at the _____.

A	end of its useful life
B	beginning of the final year of its use.
C	end of each accounting period.
D	None of the above

16. Financial statements should be neutral i.e., gains or losses are neither overstated nor understated. This concept is known as:

A	accrual.
B	consistency.
C	going concern.
D	prudence.

17. Cash and cash equivalents, inventories, and accounts receivable are classified as _____.

A	assets on the balance sheet
B	liabilities on the balance sheet
C	earnings on the income statement
D	payments on the income statement

18. If the cost of sales is Rs.30,000 and the markup is one-third, then sales will be _____.

A	Rs.10,000
B	Rs.13,333
C	Rs.40,000
D	Rs.43,333

19. An asset is disposed of for Rs.22,700 resulting in loss on disposal of Rs.4,300. The carrying value of the asset is _____.

A	Rs.9,200
B	Rs.13,500
C	Rs.18,400
D	Rs.27,000

20. In statement of profit or loss 'carriage out expenses' are shown under:

A	Distribution costs
B	Manufacturing costs
C	Administrative expenses
D	Cost of sales

21. Journal entry to record the write-off of an uncollectible account under 'allowance method' is given as:

A	bad debts expense A/c debit and allowance for doubtful debts A/c credit
B	allowance for doubtful debts A/c debit and bad debts expense A/c credit
C	allowance for doubtful debts A/c debit and accounts receivable A/c credit
D	accounts receivable A/c debit and allowance for doubtful debts A/c credit

22. The primary objective of accounting is to provide information for:

A	starting business.
B	decision making.
C	record keeping.
D	None of the above

23. The opening balance of allowance for doubtful debts account is Rs.1,000, whereas, the closing balance of accounts receivable is Rs.100,000. What amount of allowance for doubtful debts should be charged to profit or loss using a 5% allowance for doubtful debts for the current accounting period?

A	Rs.6,000
B	Rs.4,000
C	Rs.5,000
D	Rs.1,000

24. Accruals concept is also known as _____.

A	matching concept
B	consistency concept
C	materiality concept
D	prudence concept

25. When a debt is found to be bad, you must record bad debts by crediting the _____ account.

A	bad debt expense
B	accounts payable
C	allowance for doubtful debts
D	accounts receivable

26. Carriage inwards Rs.75,000 has been recorded in the income statement as an operating expense. As a result _____.

A	net profit is understated by Rs.75,000
B	gross profit is overstated by Rs.75,000
C	gross profit is understated by Rs.75,000
D	net profit is overstated by Rs.75,000

27. Cash book records:

A	cash payments only.
B	cash receipts only.
C	cash payments and cash receipts.
D	Neither cash payments nor cash receipts

28. A business's bank balance increased by Rs.750,000 during its last financial year. During the same period it issued shares, raising Rs.1 million and repaid a loan of Rs.750,000. It purchased non-current assets for Rs.200,000 and charged depreciation of Rs.100,000. Receivables and inventory increased by Rs.575,000. Its profit for the year was:

A	Rs.1,175,000
B	Rs.1,275,000
C	Rs.1,325,000
D	Rs.1,375,000

29. Which one of the following statements is incorrect?

A	Businesses only report material transactions, events, and balances to end users of financial statements.
B	The transactions are recorded when revenues are earned and expenses are incurred.
C	Only tangible assets are recognized in the financial statements.
D	The information presented in the financial statements are not related to the activities of the owner.

30. A business had non-current assets with a carrying amount of Rs.50,000 at the start of the financial year. During the year the business sold assets that had cost of Rs.4,000 and had been depreciated by Rs.1,500. Depreciation for the year was Rs.9,000. The carrying amount of assets at the end of the financial year was Rs.46,000. How much cash has been invested in non-current assets during the year?

A	Rs.4,000
B	Rs.7,500
C	Rs.9,000
D	Rs.10,000

DESCRIPTIVE QUESTIONS:

1. Differentiate between capital and revenue expenditure.

Solve/ Type Your Answer Here

2. Explain any five types of errors that occur in business transactions.

Solve/ Type Your Answer Here

NUMERICAL ASSESSMENT QUESTIONS (NAQs):

1. The following are the transactions of M/s Ghazi Traders as at 1st week of June 2023:
- Received a cheque of Rs. 64,625 from Mr. Mumtaz against the dues of Rs. 66,000.
 - Paid Rs. 5,875 in cash on account of miscellaneous expenses.
 - Issued a cheque of Rs. 211,500 for purchasing office furniture from Glamour Furniture for which a carriage charges of Rs. 3,525 were paid.
 - An amount of Rs. 117,500 withdrawn from the bank.
 - Paid salaries and wages amounting to Rs. 141,000.
 - Paid Rs. 465,300 in cash to Tayyab Stores in full settlement of their dues of Rs. 470,000.
 - Bank charges of Rs. 1,175 were recorded against the dishonour and return of a cheque.
- M/s Ghazi Traders have a cash balance of Rs. 173,430 and bank balance of Rs. 2,861,360 as at June 01, 2023.

Required:

Prepare a Double Column Cash Book.

10

Solution:

M/s Ghazi Traders
Cash Book [Double Column]

Narrations to be selected from Drop down Options Figures to be types

Particulars	Rupees		
	Cash	Bank	
To balance b/f	173430	2861360	DR
To Mr. Mumtaz A/c (being cheque received from Mr. Mumtaz)		64625	DR
To bank A/c (c)	117500		DR
Total	290930	2925985	DR
To balance b/d	140530	2130510	DR
By misc expenses A/c (being misc. expenses paid)	5875		CR
By furniture A/c (being furniture purchased by cheque)		211500	CR
By carriage charges A/c (being carriage charges)	3525		CR
By salaries and wages A/c (being salaries and wages paid)	141000		CR
By cash (c)		117500	CR
By Tayyab Stores (being paid by cheque)		465300	CR
By bank charges A/c (being bank charges paid by cheque)		1175	CR
By balance c/d	140530	2130510	CR
Total	290930	2925985	CR

2. Prepare adjusting journal entries for the following as at December 31, 2023 :

- (i) Prepaid rent as at January 01, 2023 and rent expense for the year ended December 31, 2023 were Rs.75,500 and Rs.50,000 respectively.
- (ii) Allowance for doubtful debts required to be increased from Rs.36,250 to Rs.170,500.
- (iii) Salaries paid during the year amounted to Rs.525,000. However salary expense for the year was Rs.590,250.
- (iv) Depreciation on the machine to be provided on declining balance method at the rate of 40% per annum. The machine was purchased two years ago for Rs.505,000.
- (v) Insurance amounting to Rs.50,000 was paid on July 01, 2023 for the period of two years debiting prepaid insurance account.
- (vi) Interest is outstanding for six months on a 12% note payable of Rs.225,000 at the end of the period.

10

Solution:

Narrations to be selected from
Dropdown Options

Figures to be types

Adjusting Journal Entries for the year ended December 31, 2023

	Debit	Rupees Credit
Rent expense	50000	
Prepaid rent		50000
Profit and loss account (Bad debts)	134250	
Allowance for doubtful debts		134250
Salary expense	65250	
Accrued salaries		65250
Depreciation	121200	
Accumulated depreciation		121200
Insurance expense	12500	
Prepaid insurance		12500
Interest expense	13500	
Interest payable		13500

3. Arif, the accountant of Shariq (Pvt.) Limited is preparing the bank reconciliation statement for the month of December 2023. The balance as per cash book amounted to Rs.70,000 while bank statement showed a favorable balance of Rs. 41,500. On making detailed investigation, Arif identified following errors:

- Unpresented cheques amounted to Rs. 5,500
- A customer made a deposit of Rs. 12,000 directly into the bank which was not recorded in the cash book.
- A cheque of Rs. 15,500 was lodged into the bank but not yet credited as on December 31, 2023.
- Interest income of Rs. 6,000 was credited by bank but not yet recorded in cash book.
- Bank charges of Rs. 2,500 debited by bank.
- As per standing order of the company, bank made a payment of Rs. 9,000 to a supplier but was not recorded in cash book.
- A cheque of Rs. 25,000 was returned by bank due to non-sufficient funds in the account.

Required: Prepare Bank Reconciliation Statement as at December 31, 2023.

10

Solution:

Narrations to be selected from
Dropdown Options

Figures to be types

		Rupees
Shariq (Pvt.) Limited		
Bank Reconciliation Statement		
As at December 31, 2023		
A: Balance as per cash book		70000
Unpresented cheque	5500	
Direct deposit to the bank	12000	
interest income	6000	
B: Sub Total		23500
C: Total (A+B)		93500
Bank charges	2500	
Bank lodgement not on statement	15500	
direct payment made by bank	9000	
dishonoured cheque	25000	
D: Sub-total		52000
E: Balance as per bank statement (C-D)		41500

THE END

MULTIPLE CHOICE QUESTIONS (MCQS):

1. If government has set the price of a product below its equilibrium price, it is expected that:

A	The quantity demanded for that product will be equal to the quantity supplied
B	There will be an excess supply of that product.
C	There will be existence of a black market where individuals will try to take advantage of unexploited opportunities.
D	Quantity supplied of the product will surpass quantity demanded.

2. If the estimated cross-price elasticity of both bread and butter is 0.5. It implies that both bread and butter are:

A	normal goods.
B	substitutes.
C	elastic goods.
D	complementary good

3. The elasticity of a demand curve having a constant slope:

A	Increases at a higher price
B	Decreases at a higher price
C	Increases at a lower price
D	Remains constant at all levels.

4. The State Bank of Pakistan's functions are mainly governed by:

A	State Bank of Pakistan Act, 1956
B	Payment System and Electronic Fund Transfer Act, 2007
C	Foreign Exchange Regulations Act, 1947
D	All of these

5. Which of the following macroeconomic variables is pro-cyclical and leads the business cycle?

A	Business fixed investment
B	Residential investment
C	Nominal interest rates
D	Unemployment

6. SBP plays a pivotal role in ensuring stability of the _____ sector(s).

A	manufacturing
B	financial
C	agricultural
D	all

7. As per Marginal Productivity Theory, the determinant of the reward for labour is the:

A	Owner
B	Government
C	Labour
D	Marginal product

8. In case of perfect competition, the firm sells goods that are _____ in nature.

A	homogenous
B	non-homogenous
C	substitutable
D	elastic

9. If a person is willing to work but fails to get any job, such type unemployment is term as:

A	Voluntary
B	Involuntary
C	Proportional
D	Non-proportional

10. Which of the following is not a characteristic of a perfect competition?

A	Heterogeneous product
B	Freedom of entry and exit
C	Perfect information about prices
D	Each sealer is a price-taker

11. In perfectly competitive markets, the profit-maximizing rule can be represented by:

A	$MR = ATC$
B	$MR = AVC$
C	$P = MC$
D	$P = ATC$

12. An implicit cost for a firm includes the following:

A	Cost of workers' wages and salaries of the firm
B	Cost paid for leasing a building of the firm
C	Cost paid for production supplies of the firm
D	Cost of wages foregone by the owner of the firm

13. Which one of the following would not be the outcome of government intervention to prevent prices from reaching their equilibrium level?

A	Shortages or surpluses.
B	Demand and supply are not equal
C	Reduced profits for producers.
D	Resources not allocated by price.

14. When price flooring is set above the market equilibrium level of a commodity:

A	a shortage of goods will develop
B	a surplus of goodwill develop
C	The quantity demanded will be greater than the quantity supplied for the good
D	Quantity demanded by consumers will be greater than the equilibrium price.

15. Which one of the following changes would shift the aggregate demand curve upwards and in the right direction?

A	A rise in the nominal money supply
B	An increase in income taxes
C	An increase in the risk of non-monetary assets
D	A decrease in the future marginal productivity of capital

16. According to Keynes, in order to get economy out of a slump, the government should:

A	increase both taxes and government spending.
B	increase taxes and/or decrease government spending.
C	cut both taxes and government spending.
D	decrease taxes and/or increase government spending.

17. Net national product equals:

A	gross national product minus indirect business taxes.
B	national income minus indirect business taxes.
C	national income plus depreciation.
D	gross national product minus depreciation.

18. Given the price, if the cost of production increases because of the higher price of raw materials, the supply:

A	Increases
B	Decreases
C	Remains the same
D	Cannot be predicted

19. Industries that are extremely sensitive to the business cycle are the:

A	Durable goods and service sectors.
B	Non-durable goods and service sectors.
C	Capital goods and non-durable goods sectors.
D	Capital goods and durable goods sectors.

20. _____ is the total final output produced with inputs owned by the residents of a country during a year.

A	Gross national product
B	Gross domestic product
C	Net national product
D	Net domestic product

21. In economics, the term “scarcity” refers to the fact that:

A	everything worthwhile costs money.
B	Even in wealthy societies, like the United States, some people are poor.
C	no society is able to produce enough to fully satisfy the desires of people for goods.
D	sometimes shortages of a product result if its price is set too low.

22. Which of the following market participants are not involved in the secondary markets?

A	Traders
B	Underwriters
C	Brokers
D	Pension fund managers

23. A reduction in the demand for coal and steel is likely to lead to which type of unemployment?

A	voluntary
B	frictional
C	structural
D	cyclical

24. The total demand for goods and services in an economy is known as:

A	Gross national product.
B	National demand
C	Aggregate demand
D	Economy-wide demand

25. If the government wishes to pursue an expansionary fiscal policy it should perform which of the following actions?

A	reduce taxes, increase government expenditure
B	increase taxes, reduce government expenditure
C	increase taxes, increase government expenditure
D	reduce taxes, reduce government expenditure

26. The important feature of _____ is that each individual firm can affect the market price.

A	monopoly
B	duopoly
C	perfect competition
D	oligopoly

27. Market equilibrium of a commodity is determined by:

A	Government intervention
B	Aggregate demand
C	Balancing of demand and supply position
D	Aggregate supply

28. The redistribution of income that inflation entails depends fundamentally on:

A	The current rate of unemployment
B	Correct anticipation of inflation
C	Government programs to increase productivity to lower inflation
D	The current stage of the business cycle

29. Which one of the following is the source of demand-pull inflation?

A	Real wage increases
B	Fiscal deficits
C	Commodity price increases
D	Exchange rate depreciation

30. Capitalism is:

A	when government controls every thing
B	An economic system in which most property (land and capital) is privately owned
C	where society mostly run as a charity
D	all the capital is invested in big organizations

DESCRIPTIVE QUESTIONS:

1. What is Price Elasticity of Demand?

Solve/ Type Your Answer Here

2. What is positive economics and normative economics?

Solve/ Type Your Answer Here

3. Explain GDP as a basic measure of an economy.

Solve/ Type Your Answer Here

4. What are the causes of Inflation?

Solve/ Type Your Answer Here

5. How do you explain tariff or customs duties?

Solve/ Type Your Answer Here

6. What is money demand curve and how a shift in the money demand curve accrue?

Solve/ Type Your Answer Here

7. Briefly explain the fiscal policy and the budget.

Solve/ Type Your Answer Here

8. What are Prudential Regulations?

Solve/ Type Your Answer Here

THE END

8 of 8

MULTIPLE CHOICE QUESTIONS (MCQS):

1. Which of the following is not a communication channel?

A	Oral
B	Digital
C	Combined
D	All of these are communication channel

2. Select the best definition for the word communication.

A	Transmission of information from one individual or group to another
B	Transmission of meaning from one individual or group to another
C	Transmission of information and meaning from one individual or group to another
D	Transmission of ideas from one individual or group to another

3. The first step in the communication process is:

A	Information transmission
B	Idea formation
C	Message transmission
D	Message encoding

4. Suggestion systems, reports, and e-mail messages are generally examples of _____ communication.

A	Downward
B	Upward
C	Diagonal
D	Horizontal

5. An audience-centered approach to communication means:

A	Keeping your audience in mind at all times when communicating
B	Observing the principle of conduct that governs a person or group
C	Making feedback useful
D	Respecting individual differences in background and culture

6. The process of communication _____.

A	Consists of six phases that link the sender and the receiver
B	Does not require words to convey meaning
C	Carries information along the organization's unofficial lines of activity and power
D	Is screening out or abbreviating information before passing the message to anyone else

7. _____ allows you to pick up some of the main ideas without paying attention to detail. It is a fast process.

A	Scanning
B	Rephrasing
C	Skimming
D	Reciting

8. If I want to give a worker immediate feedback and an opportunity to clarify what I've said, the best communication channel is probably _____.

A	Oral
B	Digital
C	Non-verbal
D	Written

9. The major functions of communication inside an organization do not include:
- (i) Creating and maintaining supplier goodwill for the business
 - (ii) Informing customers about operations to enable the business to continue successfully
 - (iii) Informing workers of job requirement
 - (iv) None of the above

A	Option (i) is correct.
B	Option (ii) is correct.
C	Option (iii) is correct.
D	Option (iv) is correct.

10. The three basic functions of organizational communication are to:

A	Inform, persuade, and promote goodwill
B	Inform, entertain, and explain
C	Inform, instruct, and entertain
D	Inform, persuade, and explain

11. Which of the following statements about non-verbal communication is inaccurate?

A	It refers to cues, gestures, facial expressions, and attitude toward time
B	We use non-verbal communication to express superiority, dislike, respect, and other feelings
C	Because non-verbal communication differs from verbal communication, it is much easier to study
D	When we communicate non-verbally, we sometimes do so unconsciously

12. To make your writing more concise _____.

A	eliminate repetition of the core idea
B	look for and remove unnecessary words or phrases
C	eliminate all adjectives from your writing
D	remove transitional devices readers can follow the flow of ideas without these

13. Good organization is important for the following reasons:

A	It complicates your communication task
B	It helps your audience to understand your message
C	It saves your audience time
D	It helps your audience accept your message

14. You can identify the appropriate tone, language, and channel for your message by:

A	Selecting an appropriate form
B	Cultivating the "you" view
C	Profiling your audience before you write
D	Using appropriate computer software

15. All of the following are questions about content to consider during the first pass through a draft except:

A	Is there a good balance between the general and specific?
B	Is it concise?
C	Is the information accurate?
D	Is the information relevant to your audience?

16. Business letters _____.

A	Frequently go to outsiders
B	Are used for routine day-to-day communication within an organization
C	Are factual objective documents that may be distributed to either insiders or outsider
D	Have the advantage of speed, lower cost, and increased access to other employees

17. Speeches and presentations can be categorized according to their purpose. Which type is the least common in business?

A	To motivate
B	To inform
C	To entertain
D	To persuade

18. In preparing an oral presentation for a large audience you would probably _____.

A	Be careful to avoid any repetition of topics
B	Use a less formal and more personalized approach
C	Organize all topics around your visual aids
D	Use a more formal and less personalized approach

19. The purpose of a letter of application is to _____.

A	Detail the job candidate's work history
B	Repeat the resume
C	Gain an interview
D	Secure a job offer

20. Which of the following statements about defining the purpose of a report is false?

A	Problem factoring will help define the problem
B	A problem statement differs from a statement of purpose
C	A problem statement defines the objective of the report
D	A problem statement defines what you are going to investigate

21. Most informational reports use "a topical organization" which means they are arranged in all of the following ways except _____.

A	according to the 2+2=4 approach
B	according to chronology
C	according to category
D	according to sequence

22. The first step in writing an analytical report is:

A	Outlining issues for investigation
B	Limiting the scope of study
C	Preparing a work plan
D	Developing a problem statement

23. A statement of purpose for an analytical report _____.

A	Define the particular problem that is to be solved by the report
B	Identifies the task that you will perform
C	Define the objective of the report
D	Interprets the facts of your reports.

24. The opening of a report should accomplish all of the following except _____.

A	indicate why the subject is important
B	introduce the subject of the report
C	interpret the facts
D	preview the main idea and the order in which they will be covered

25. An agenda is vital to the focus and success of most meetings. Which one of the following items is not an expected item to be found on most agendas?

A	Important financial information about your clients
B	The time and location of the meeting
C	A list of people who will be there
D	A brief explanation of agenda items

26. A/An _____ is a personal view or belief about a particular topic, issue, or situation.

A	Argument
B	Assumption
C	Opinion
D	Fact

27. The art of _____ in writing involves presenting supportive, relevant, effective evidence for each point and doing it respectfully and ethically.

A	claim
B	facts
C	assumptions
D	argument

28. The flow of information is organized, managed, and:

A	One-sided
B	External
C	Controlled
D	Internal

29. Job letters are famously known as:

A	Proposal
B	Job appraisal report
C	Cover letter to resume
D	Progress letters

30. As circular letters are sent to a large number of receivers, they are usually prepared:

A	Without inside address
B	Without salutation
C	Without letterhead
D	Without complimentary close

DESCRIPTIVE QUESTIONS:

1. Discuss how an organization can benefit from performing a brainstorming activity.

Solve/ Type Your Answer Here

2. A written message that is supported by visuals can be more effective than a primarily written message. Explain briefly.

Solve/ Type Your Answer Here

3. What factors do you need to consider when choosing direct and indirect approaches for negative messages?

Solve/ Type Your Answer Here

4. What is a memo? Suggest four reasons for writing/ issuing memos.

Solve/ Type Your Answer Here

5. Define the following:

- (i) Finished cases based on facts
- (ii) Un-finished open-ended cases
- (iii) Fictional cases
- (iv) Original cases

Solve/ Type Your Answer Here

6. What are the benefits of video conferencing in today's business environment? Explain briefly.

Solve/ Type Your Answer Here

7. Assume that you have been working as Manager Finance in Sara Garments, a leading garments manufacturer. Your Director has observed a continuous increase in doubtful debts. You have been asked to present a 'Report' covering an introduction with financial facts (aging schedule) of the last six years, the background of the problems, causes, and recommendations. (*Assume necessary details*)

Solve/ Type Your Answer Here

THE END

MULTIPLE CHOICE QUESTIONS (MCQS):

1. _____ is the study of how to create an organizational structure that leads to high efficiency and effectiveness.

A	Scientific management
B	Job specialization
C	Administrative management
D	Allocation management

2. Scientific management, administrative management, and bureaucratic management belongs to the management viewpoint known as the:

A	classical perspective
B	behavioral perspective
C	quantitative perspective
D	systems perspective

3. Which of the following is a characteristic of a Public sector organization?

- (i) Private ownership
- (ii) Primary profit making motive
- (iii) Strict financial control by Government
- (iv) None of the above.

A	Option (i) is correct
B	Option (ii) is correct
C	Option (iii) is correct
D	Option (iv) is correct

4. Organizing refers to:

A	planning.
B	delegation of authority.
C	training.
D	selection.

5. In a formal organization, “power” is associated with:

A	an individual.
B	position.
C	relationship.
D	control.

6. Union function arises as a result of employees _____.

A	problem of communication
B	longing for belonging
C	dissatisfaction
D	change in technology

7. Human Resource Management aims to maximize employees as well as organizational:

A	Effectiveness
B	Economy
C	Efficiency
D	Performativity

8. Which of the following enables managers to act, exert influence and make decisions in carrying out their responsibilities?

A	Power
B	Accountability
C	Authority
D	Responsibility

9. _____ is generally recognized as the “Father of the Human relations Approach”.

A	Max Weber
B	Mary Parker Follet
C	Abraham Maslow
D	Elton Mayo

10. Douglas McGregor's view suggests that employees will exercise self-direction and self-control when they are committed to the objectives of the work is called:

A	Theory B
B	Theory X
C	Theory Y
D	Theory A

11. Which management principle does matrix organization violate?

A	Unity of command
B	Unity of Direction
C	Espirit de corps
D	Centralization

12. Organization structure deliberately created by the management for achieving the objectives of the enterprise is called _____.

A	product organization
B	functional organization
C	formal organization
D	informal organization

13. Management by objectives is not a new concept of motivation, it was originally proposed more than 45 years ago by:

A	Peter Drucker
B	Abraham Maslow
C	David McClelland
D	Frederic Herzberg

14. Henry Mintzberg classified the managerial roles of recipient, disseminator and spokesperson as _____ roles.

A	interpersonal
B	informational
C	decisional
D	intelligence

15. Within an organisation, leadership influence will be dependent upon the type of _____ that the leader can exercise over the followers.

A	knowledge
B	power
C	delegation
D	friendship

16. Legitimate power is based on the subordinate's perception that the leader has a right to exercise influence because of the leaders.

A	role or position within the organization.
B	expertise and knowledge.
C	personal characteristics and personality.
D	ability to punish or reward.

17. Which of the following managerial functions of the human resource department involves establishing an intentional structure of roles for people in an organization?

A	Organizing
B	Controlling
C	Directing
D	Planning

18. The decision made by managers usually fall into one of the following categories:

A	Programmed and non-programmed.
B	Rational and irrational.
C	Strategic and non-strategic.
D	Strategic and tactical.

19. _____ managers deal with the actual operation of an organisations units.

A	First level
B	Top level
C	Middle level
D	All of these

20. Which of the following is considered synonymous used with “downsizing”?

A	Rebuilding
B	Recreating
C	Re-establishing
D	Restructuring

21. Which of the following is not a result of poor span of control in organisations?

A	Over supervision
B	Timely decision
C	High costs
D	Communication problems

22. The use of effective control systems does not lead to _____.

A	Improved output per unit of output
B	Reduction in wastage
C	Increase in personnel turnover
D	Lower labour costs

23. _____ control systems help managers manage inputs in such a way that they are available at the right place and at the right time and in the right quantity at minimum cost.

A	Budgetary
B	Inventory
C	Financial
D	Quality

24. Which of the following is a control technique applied during or following the completion of an activity?

A	Direct control
B	Preventive control
C	Corrective control
D	Activity control

25. Strategic control is implemented with:

A	micro perspective.
B	department perspective.
C	macro perspective.
D	motivational perspective.

26. Which of the following terms refers to the measurement of performance in an organization?

A	Coordination
B	Organizational development
C	Appraisal
D	Control

27. Which style of leadership focuses on goals, standards, and organization?

A	Task leadership
B	Social leadership
C	Semantic leadership
D	Transformational leadership

28. Which of the following is a leadership trait?

A	Dominance
B	Energy
C	Cognitive ability
D	All responses are leadership traits

29. What three words define motivation?

A	Intensity, direction, persistence
B	Fairness, equity, desire
C	Desire, persistence, fairness
D	Ambition, direction, intensity

30. The process by which people try to manage or control the perceptions formed by other people about themselves is called:

A	perceptual management.
B	impression management.
C	group management.
D	perceptual grouping.

DESCRIPTIVE QUESTIONS:

1. Describe the four core functions that every manager needs to fulfil.

Solve/ Type Your Answer Here

2. Leadership and management have often been mistaken as the same thing, but in essence they are very different. Explain briefly.

Solve/ Type Your Answer Here

3. Discuss the stages of team development.

Solve/ Type Your Answer Here

4. Describe the importance of management by objectives. (Any five points)

Solve/ Type Your Answer Here

5. Great culture should provide continuous alignment to the vision, purpose, and goals of the organization. Discuss briefly.

Solve/ Type Your Answer Here

6. Explain the types of organizational control.

Solve/ Type Your Answer Here

7. Describe Mckinsey 7'S model of effective business element.

Solve/ Type Your Answer Here

8. Briefly describe plans. Enlist any four reasons for organizational planning.

Solve/ Type Your Answer Here

THE END

MULTIPLE CHOICE QUESTIONS (MCQS):

1. An amount of Rs.5,000 will give Rs.500 as simple interest at the rate of 5% per annum after _____ years.

A	2
B	5
C	3
D	4

2. The index number of the base year is always equal to _____.

A	the index number of the current year
B	100
C	200
D	None of the above

3. A man received Rs.100,000 from his friend at 10% per year on simple interest. How much will he pay after 5 years?

A	Rs.10,000
B	Rs.50,000
C	Rs.100,000
D	Rs.150,000

4. A sum of money placed at compound interest doubles itself in 5 years. It will amount to eight times in:

A	10 years.
B	12 years.
C	15 years.
D	20 years.

5. In a system of equations $2x + y = 3$ and $x = -1$, the value of 'y' is _____.

A	5
B	-5
C	1
D	2

6. Solve the linear equation: $\frac{1}{2} - \frac{1}{3} = \frac{1}{x}$

A	-1
B	1
C	6
D	1/6

7. What is the probability of drawing two 'Kings' from a pack of 52 cards without replacement?

A	1/13
B	3/51
C	1/169
D	1/221

8. A _____ hypothesis is a hypothesis that is to be tested for possible rejection under the assumption that it is true.

A	null
B	alternative
C	testing
D	significant

9. The net present value (NPV) of a project is Rs.25,000 when the discount rate is 15%. Which one of the following statements is correct based on the information given?

A	The initial investment in this project is Rs.25,000.
B	If the discount rate is decreased to 14%, the NPV would decrease.
C	If the discount rate is increased to 16%, the NPV would increase.
D	The project is viable investing at 15%.

10. Cumulative frequencies indicate:

A	how many observations fall at or below a particular class.
B	how many observations fall at or above a particular class.
C	how many observations fall at a particular class.
D	None of the above

11. In a distribution, an ogive is a graph drawn from:

A	frequencies.
B	relative frequencies.
C	cumulative frequencies.
D	raw data.

12. A man wants to sell his laptop. There are two offers, one at Rs.10,000 cash and the other on credit of Rs.11,800 to be paid after one year. Money could be invested at 18% per annum compounded annually. Which is the better option?

A	Rs.10,000 in cash
B	Rs.11,800 after one year
C	Both are equally good
D	None of the above

13. The net present value at discount rate of 12% is Rs.–2,000 and at 11% it is Rs.2,808. Which one of the following statements about internal rate of return (IRR) is correct?

A	The IRR must be below 11%
B	The IRR must lie between 11% and 12%
C	The IRR must be 11%
D	The IRR must be 12%

14. Given a normal distribution, population variance = 16, population mean = 12 and value of standard normal variable (z) = 1.25. The value of variable 'x' is _____.

A	8
B	7
C	32
D	17

15. A confidence interval will be widened if:

A	The confidence level is increased and the sample size is reduced
B	The confidence level is increased and the sample size is increased
C	The confidence level is decreased and the sample size is increased
D	The confidence level is decreased and the sample size is decreased

16. The amount of Rs.7,500 at compound interest rate of 4% per annum for 2 years would be _____.

A	Rs.8,112
B	Rs.8,000
C	Rs.8,100
D	Rs.8,300

17. What amount of money should be invested for 5 years to get a sum of Rs.1,000,000, If interest is compounded half yearly at the rate of 8% per annum?

A	Rs.606,000
B	Rs.680,583
C	Rs.675,564
D	Rs.714,286

18. A student have got 80% marks in final exam. His marks in various subjects out of 75 are as follows:

Subjects	Marks
English	70
Urdu	60
Science	45
Islamiat	55
Arts	?

How many marks he has got in Arts?

A	65
B	70
C	69
D	60

19. _____ of Laspeyre's Index and Paasche's Index is called Fisher's Index.

A	Arithmetic mean
B	Geometric mean
C	Harmonic mean
D	Product

20. The standard deviation of a sample of data is 36. What is the value of the variance?

A	6
B	1,296
C	2,168
D	7,776

21. What is the variance of the five numbers 4,6,8,12,15?

A	8.9
B	9.0
C	80
D	16

22. In a histogram, one class is two-thirds the width of the other classes. If the score in that class is 20, the correct height to plot on the histogram is:

A	13.33
B	21.00
C	33.33
D	30.00

23. In calculating the regression equation linking two variables, the standard formulae for the regression coefficient are given in terms of X and Y. Which one of the following is true?

A	Y must be the variable shown on the vertical axis of a scatter graph
B	X must be the variable that will be forecast
C	It does not matter which variable is which
D	Y must be the dependent variable

24. If the first derivative of function 'f' is positive throughout an interval, then the function is called _____ function of an interval.

A	increasing
B	decreasing
C	negative
D	positive

25. Mr. Hashim is investing Rs.400,000 in a risk-free security yielding a return of 10% (compounded annually) for a period of 5 years. What will be the accumulated amount at the end of year 5?

A	2,000,805
B	2,200,902
C	440,510
D	644,204

26. An amount of Rs.63,248 is invested at 6%per annum compounded half-yearly. How long will it take to grow to Rs.85,000? (Round off to the nearest whole number.)

A	6 years
B	5 years
C	4 years
D	9 years

27. If the frequencies of the first four numbers are out of 1, 2, 4, 6, and 8 are 2, 3, 3, and 2 respectively, then the frequency of 8 if their arithmetic mean is 5, _____.

A	4
B	5
C	6
D	7

28. Let 'r' be the correlation coefficient between two variables 'x' and 'y'. If the variable 'x' is multiplied by 3 and the variable 'y' is increased by 2, then the correlation coefficient of the new set of variables is _____.

A	r
B	3r
C	3r + 2
D	2r + 3

29. Suppose that a population consists of the values 3, 4, 5 and 6. If a sample of size 2 is drawn from the population without replacement, then how many samples will be drawn?

A	2
B	4
C	6
D	8

30. If a time series has an even number of years and we use coding, then each coded interval is equal to _____.

A	six months
B	one month
C	two years
D	one year

DESCRIPTIVE QUESTIONS:

1. Explain briefly break even model.

Solve/ Type Your Answer Here

2. Define the following:
- Universal set
 - Complement
 - Null set
 - Subset

Solve/ Type Your Answer Here

3. Differentiate between Arithmetic mean and Geometric mean.

Solve/ Type Your Answer Here

4. What is time series? Write down its components.

Solve/ Type Your Answer Here

5. Determine 'x' and 'y' intercepts for the following quadratic equation:

$$y = -x^2 + 3x + 4$$

Solve/ Type Your Answer Here

6. A company is considering to spend Rs.100,000 on an item of equipment, which will produce cash flows as given below:

Year	1	2	3	4
Cash Flows (Rs.)	50,000	30,000	40,000	10,000

The company requires return of 12% per annum. Find the net present value (NPV) and state whether the project is viable or not?

Solve/ Type Your Answer Here

7. Distribution of marks obtained by 100 candidates in an examination of 'statistics' is given below:

Marks Obtained	10 – 24	25 – 39	40 – 54	55 – 69	70 – 84	85 – 99
No. of Students	10	16	23	29	16	6

Required:

Calculate the marks obtained by the majority (mode) of students.

Solve/ Type Your Answer Here

8. A manufacturer has developed a new design for the solar collector panels. Marketing studies have indicated that annual demand for the panels will depend on the price charged. Price function for the panels has been estimated as:

$$p = 500 - 0.005q$$

Where 'q' equals the number of units demanded each year and 'p' equals the price in Rupees. Engineering studies indicate that the average cost (AC) of producing 'q' panels is estimated by the function:

$$AC = 150,000/q + 100 + 0.003q$$

Required:

Determine the level of output at which profit is maximum

Solve/ Type Your Answer Here

THE END

MULTIPLE CHOICE QUESTIONS (MCQS):

1. The purpose of civil law is _____.

A	punishment
B	compensation
C	amicable settlement
D	imprisonment

2. Which one of the following is salient feature of a 'quasi contract'?

A	'Quasi contract' is neither imposed by law nor arise from any agreement.
B	'Quasi contract' is either imposed by law or arise from any agreement.
C	'Quasi contract' is not imposed by law and arise from any agreement.
D	'Quasi contract' is imposed by law and does not arise from any agreement.

3. Agency by _____ is created by law, under certain circumstances, where there is no opportunity of communicating by one person with the other.

A	Necessity
B	Estoppels
C	holding out
D	ratification

4. When seller delivers to the buyer a quantity of goods larger than he contracted to sell, then which of the following option(s) is buyer legally entitled to exercise? (i) Reject the whole. (ii) Accept the whole. (iii) Accept the quantity he ordered and reject the rest.

A	(iii) only
B	(ii) & (iii) only
C	(i) & (iii) only
D	(i), (ii) & (iii)

5. Mr. Najmi has 1,000 bags of rice. He promises to sell 150 bags out of them to Mr. Bazmi. It is a contract of:

A	unascertained goods
B	ascertained goods
C	contingent goods
D	specific goods

6. In terms of the Sale of Goods Act, 1930 if the agreement does not specify who would bear the expenses of putting the goods into deliverable state, then it is to be:

A	borne by the buyer.
B	borne by the seller.
C	borne 50% by the buyer and 50% by the seller.
D	as decided by arbitration.

7. When there is a contract for sale of goods by sample as well as by description, there is an implied condition that the bulk of the goods shall correspond with:

A	sample and description both.
B	either sample or description.
C	sample only.
D	description only.

8. Contract Act was passed in year _____.

A	1857
B	1872
C	1957
D	1972

9. A partner who does not participate in any management or administrative process of the firm is known as _____.

A	partner by estoppel
B	sleeping partner
C	managing partner
D	sub-partner

10. In a _____ the partners, whether latent or known, usually use no firm or social name and incur no responsibilities beyond the limit of certain adventure e.g. an agreement to buy a jewel and sell it at a profit.

A	limited partnership
B	partnership at will
C	particular partnership
D	joint venture

11. If at any time the number of partners in a firm gets reduced to _____ for any reason, the firm would cease to be a partnership firm.

A	four
B	three
C	two
D	one

12. A bill of exchange which is not expressed to be payable on demand is:

A	entitled to 5 days of grace
B	entitled to 2 days of grace
C	entitled to 3 days of grace
D	entitled to 10 days of grace

13. How many parties are involved in the Bill of Exchange?

A	2
B	3
C	4
D	1

14. Section 13 of the Negotiable Instruments Act, 1881 mentions three kinds of negotiable instruments by statute, which are:

A	promissory note, bill of exchange and bill of lading
B	bill of exchange, cheque and share certificates carrier receipts
C	promissory note, bill of exchange and cheque
D	promissory note, cheque and postal order

15. An instrument in writing containing an unconditional undertaking signed by the maker, to pay a certain sum of money only to, or to the order of, a certain person, or to the bearer of the instrument is called:

A	cheque
B	bill of exchange
C	promissory note
D	bonds

16. Agreement to sell is a/an _____ contract.

A	executed
B	executory
C	contingent
D	exemplary

17. The term 'property' in Sale of Goods Act means _____.

A	ownership
B	possession
C	custody
D	price

18. Which of the following is not an essential of a valid offer?

A	It must be intended to create legal relations
B	It must be certain
C	It must be communicated to the offeree
D	It must be sent through TCS only

19. Which of the following is/ are legal rules as to acceptance?

A	It must be absolute and unqualified
B	It must be given before the offer lapses
C	It cannot precede an offer
D	All of the above

20. Consent is said to be free when it is not caused by:

A	coercion
B	undue influence
C	fraud
D	All of these

21. Which of the following is/ are characteristic(s) of Partnership?

A	Association of two or more persons
B	Agreement
C	Sharing of profits
D	All of the above

22. Following are the legal sources of law, except:

A	legislation.
B	precedent.
C	custom.
D	equity.

23. S and P go into a shop. S says to the shopkeeper. C, Let P have the goods and if he does not pay you, I will. This is called _____.

A	contract of guarantee
B	contract of indemnity
C	wagering agreement
D	quasi-contract

24. Decision of arbitration is _____.

A	binding
B	not binding
C	voidable
D	not final

25. Code of ethics for organizations typically include a set of _____ that guide the behavior and decision making of individuals within the organization.

A	Principles
B	Advantages
C	Benefits
D	Inferences

26. The revealing of an information about an activity i.e. supposed to be illegal and immoral, within a private or public organization is called _____.

A	Privileged information
B	Integrity
C	Code of Conduct
D	Whistleblowing

27. _____ recognizes the role of professional accountancy bodies in promoting and enforcing ethical standards within the profession.

A	ICAP
B	ICMAP
C	CIMA
D	IFAC

28. _____ is a precedent, which is merely an application of an already existing rule of law.

A	Original
B	Declaratory
C	Binding
D	Persuasive

29. A contract may be _____ where the promise has to be performed independent of any condition or contingency.

A	Absolute
B	Quasi
C	Contingent
D	Void

30. _____ takes place when it is accomplished by means of transfer of a constructive possession i.e. the instrument is in the actual possession of his agent.

A	Assignment of instrument
B	Constructive delivery
C	Restrictive endorsement
D	Presentment for acceptance.

DESCRIPTIVE QUESTIONS:

1. Under the provisions of Negotiable Instruments Act, 1881 define 'Holder in due course' and 'Acceptor for honour'.

Solve/ Type Your Answer Here

2. Under the Contract Act, 1872 state an agent's responsibility in case he appoints a sub-agent without having the principal's authority.

Solve/ Type Your Answer Here

3. Define principle of 'holding out' under the Partnership Act, 1932.

Solve/ Type Your Answer Here

4. Under the provisions of the Negotiable Instruments Act, 1881 define the term 'Endorsement'.

Solve/ Type Your Answer Here

5. Under the provisions of the Contract Act, 1872, briefly describe the conditions in which a pledge made by a mercantile agent is considered to be a valid pledge.

Solve/ Type Your Answer Here

6. Define Corporate Code of Ethics?

Solve/ Type Your Answer Here

7. Differentiate between 'Condition' and 'Warranty' as defined under the Sale of Goods Act, 1930.

Solve/ Type Your Answer Here

8. Define conflict of interest? Describe the situations where conflict of interest arise?

Solve/ Type Your Answer Here

THE END

MULTIPLE CHOICE QUESTIONS (MCQS):

1. In a manufacturing company, the cost debited to work-in-process inventory account represents:

A	Direct material used, direct labour and manufacturing overhead.
B	Cost of finished goods manufactured.
C	Period cost and product cost.
D	None of the above.

2. The variable factory overhead rate under practical capacity, expected actual capacity and normal capacity levels would be same:

A	except for normal capacity.
B	except for practical capacity.
C	except for expected actual capacity.
D	for all three levels.

3. Costs incurred on job no. 1 during the month of January are as follows: Direct material consumed 10 pounds @ Rs.50 per pound, Direct labour used 4 hours @ Rs.100 per hour. Factory overhead is charged to this job @ 60% of direct labour cost. If job is completed during the month, then what would be the total cost of job no. 1?

A	Rs.1,140
B	Rs.900
C	Rs.740
D	Rs.640

4. Which of the following would be classified as indirect labour?

A	Assembly workers in a company manufacturing television.
B	A stores assistant in a factory store.
C	Plasters in a constructions company.
D	An audit clerk in a firm of auditors.

5. Which of the following are characteristics of services costing?

A	High levels of indirect costs as a proportion of total cost.
B	Cost units are often intangible.
C	Use of composite cost units.
D	All of the above.

6. A business started and completed 10,000 units in a month. It also has 5,000 units at the end of the month which are 20% complete. The equivalent production units are _____.

A	10,000 units
B	11,000 units
C	15,000 units
D	14,000 units

7. The salary of supervisor is treated as _____.

A	direct labour cost
B	indirect labour cost
C	admin overhead expense
D	admin expense

8. A company absorbs overhead on machine hours which were budgeted at 11,250 hours with overheads of Rs.258,750. Actual results were 10,980 hours with overheads of Rs.254,692. Overhead costs were _____.

A	Under absorbed by Rs.2,152
B	Over absorbed by Rs.4,058
C	Under absorbed by Rs.4,058
D	Over absorbed by Rs.2,152

9. A process cost system is employed in those situations where:

A	many different products, jobs, or batches of production are being produced in each period.
B	manufacturing involves a single, homogeneous product that flows evenly through the production process on a continuous basis.
C	a service is performed such as in a law firm or an accounting firm.
D	full or absorption cost approach is not employed.

10. Under a job-order costing system, the dollar amount transferred from work-in-process to finished goods is the sum of the costs charged to all jobs:

A	started in process during the period.
B	in process during the period.
C	completed and sold during the period.
D	completed during the period.

11. The process of cost apportionment is carried out so that:

A	Costs may be controlled
B	Cost units gather overheads as they pass through cost centres
C	Whole items of cost can be charged to cost centres
D	Common costs are shared among cost centres

12. Variable costs are conventionally deemed to _____.

A	be constant per unit of output
B	vary per unit of output as production volume changes
C	be constant in total when production volume changes
D	vary, in total, from period to period when production is constant

13. Chishti Manufacturing provided the following information for last month:

	Rupees
Sales	10,000
Variable costs	3,000
Fixed costs	5,000
Operating income	<u>2,000</u>

If sales double next month, what is the projected operating income?

A	Rs.9,000
B	Rs.7,000
C	Rs.4,000
D	Rs.12,000

14. A management consultancy recovers overhead on chargeable consulting hours. Budgeted overhead were Rs.615,000 and actual consulting hours were 32,150. Overheads were under recovered by Rs.35,000. If actual overheads were Rs.694,075 what was the budgeted overhead absorption rate per hour?

A	Rs.19.10
B	Rs.20.50
C	Rs.21.59
D	Rs.22.68

15. The following cost data is available for Beta company:

	Rupees
Direct materials used	10,000
Factory overhead	20,000
Work-in-process beginning	0
Work-in-process ending	6,000
Cost of goods manufactured	32,500

What was the amount of direct labour?

A	Rs.24,000
B	Rs.2,500
C	Rs.38,500
D	Rs.8,500

16. What is an equivalent unit?

A	A unit of output which is identical to all others manufactured in the same process.
B	Notional whole units used to represent uncompleted work.
C	A unit of product in relation to which costs are ascertained.
D	The amount of work achievable, at standard efficiency levels, in an hour.

17. Which of the following is a true statement regarding joint costs?

A	Joint costs are easily traced to individual products.
B	The primary reason for allocating joint costs is to determine whether a product should be sold immediately or processed further.
C	The primary reason for allocating joint costs is for inventory valuation for financial reporting.
D	Joint costs consist only of overhead, never of materials or direct labor.

18. Which of the following costs of a joint process would be allocated to the joint products?

A	materials, labour, and overhead
B	labour and overhead only
C	materials and labour only
D	conversion costs less by-product values

19. Which one of the following statement concerning the difference between management accounts and financial accounts is incorrect?

A	Financial accounts are governed by strict accounting rules and regulations, management accounts are not
B	There is a legal requirement for management accounts
C	Management accounts are often required for individual divisions and/or products whereas financial accounts usually cover the whole company
D	Management accounts are mainly for internal purposes whereas financial accounts are mainly for external purposes

20. Labour turnover for the period is calculated as:

A	number of employees left ÷ average workforce
B	number of employees left ÷ workforce at the beginning of the period
C	number of employees left ÷ workforce at the end of the period
D	None of the above

21. A courier of a mail company is paid a salary of Rs.10,000 per month plus an extra Rs.2 per mail article delivered. This labour cost is best described as:

A	a variable cost
B	a step cost
C	a semi-variable cost
D	a fixed cost

22. Cost accounting can be used to assist in _____.

- (i) Planning
- (ii) Decision making
- (iii) Controlling
- (iv) All of the above

A	Option (i) is correct.
B	Option (ii) is correct.
C	Option (iii) is correct.
D	Option (iv) is correct.

23. _____ are closest to decision makers in a company.

A	External Auditors
B	Financial Accountants
C	Management Accountants
D	Internal Auditors

24. The joint cost allocation method that assigns joint production costs based on the proportionate share of eventual revenues less further processing costs is the:

A	net realizable value method.
B	sales-to-production-ratio method.
C	physical units method.
D	constant gross margin percentage method.

25. Which statement is correct regarding management accounting?

A	Information is widely distributed
B	Information is customized for decision makers
C	Legal requirements have to be followed
D	Information regarding specific unit cannot be obtained

26. The secondary product recovered in the course of manufacturing a primary product during a joint process is:

A	a by-product.
B	a joint product.
C	a replacement product.
D	a split-off product.

27. When actual price is higher or lower than the standard price, then it is:

A	Sales price variance
B	Sales volume variance
C	Sales mix variance
D	Sales quantity variance

28. Which of the following statements are true about labour idle time?

- (i) Labour idle time variance is not caused by non-availability of raw material
- (ii) Labour idle time variance is measured as: Abnormal idle hours x Actual hourly rate
- (iii) Labour idle time variance is always unfavorable or adverse
- (iv) All of the above

A	Option (i) is correct.
B	Option (ii) is correct.
C	Option (iii) is correct.
D	Option (iv) is correct.

29. Distribution expenses would be included in _____.

A	prime cost
B	manufacturing overhead
C	non-production overheads
D	fixed cost

30. The following data is related to Production of one unit of product 'T':

Material	X	Y
Standard Quantity (Kgs)	40	50
Actual Quantity (Kgs)	55	35
Standard Rate per Kg	10	5
Actual Rate per Kg	9	7

Determine material usage variance.

A	Rs.75 favourable
B	Rs.75 unfavourable
C	Rs.90 unfavourable
D	Rs.90 favourable

DESCRIPTIVE QUESTIONS:

1. Briefly describe the purposes of standard cost system.

Solve/ Type Your Answer Here

2. Describe the merits and demerits of 'First-in-First-Out' stock valuation method.

Solve/ Type Your Answer Here

NUMERICAL ASSESSMENT QUESTIONS (NAQs):

1. Akmal brothers produces bicycles. The company has recently initiated 100% bonus plan with standard production set at 50 bicycles per hour.

The company employs 10 workers on an 8-hour shift at Rs.100 per hour.

Production for the first three days of the week under 100% bonus plan is as under:

Days	Units Produced
Monday	4,000
Tuesday	4,500
Wednesday	4,600

Management of the company is interest in appraising the results of new incentive wage plan.

Required:

Calculate employees earning by showing total labour and unit labour cost for the three days.

10

Solution:

Figures to be types

	MONDAY	TUESDAY	WEDNESDAY
Actual production	4000	4500	4600
Standard hours allowed	80	90	92
Actual hours	80	80	80
Time saved	0	10	12
Basic wages (Rs.)	8000	8000	8000
Bonus (Rs.)	0	1000	1200
Total earnings (Rs.)	8000	9000	9200
Per unit labour cost (Rs.)	2	2	2

2. Mega Pharmaceutical Company produces an antibiotic product in its two producing departments. There was no opening work-in-process for the month. During the month, 8,000 units were received from the Department-1 at a total cost of Rs.600,000. During the current month following additional cost was added by Department-2:

	Rupees
Direct materials	32,000
Direct labour	111,000
Factory overhead	74,000
Total	217,000

At the end of the month the closing work-in-process was 1,500 units, which were 100% complete in respect of materials, and 60% complete in respect of labour and overheads. The balance of units was transferred to finished goods.

Required:

- (a) Calculate the equivalent number of units produced. 02
 (b) Calculate the cost per equivalent unit. 03
 (c) Prepare the process account for department-2. 05

Solution:

Narrations to be selected from
Dropdown Options

Figures to be types

	Material	Conversion
(a) Equivalent number of units produced:		
Units completed	6500	6500
Ending units	1500	900
Total	8000	7400
(b) Cost per unit:		Rupees
Department-1 cost per unit		75
Materials cost per unit		4
Labour cost per unit		15
Factory overhead cost per unit		10
Total		104

(c) Process Account:		
Debit:	Units	Rupees
Input from previous department	8000	600000
Materials		32000
Direct labour		111000
Factory overhead		74000
Total	8000	817000
Credit:	Units	Rupees
Finished goods	6500	676000
Closing work-in-process	1500	141000
Total	8000	817000

3. Seema Limited manufactures a chemical. The following standard costs are applied for the production of 100 units of chemical:

		Rupees
Materials	500 kgs @ Rs. 8 per kg	4,000
Labour	20 hours @ Rs. 15 per hour	300

The monthly production/ sales budget is 10,000 units. The selling price is Rs. 60 per unit.

During the month of January 2018 the following actual production and sales information is available:

	Rupees
Chemical produced/ sold (10,600 units)	
Sales value	630,000
Material purchased and used (53,200 kgs)	425,000
Labour (2,040 hours)	31,000

Required:

Calculate the following variances for the month of January 2018:

- (i) Sales volume variance
- (ii) Sales price variance
- (iii) Materials price variance
- (iv) Materials usage variance
- (v) Labour rate variance
- (vi) Labour efficiency variance

10

Solution:

Narrations to be selected from
Dropdown Options

Figures to be types

Seema Limited		
(i) Sales Volume Variance:	9000	FAV
(ii) Sales Price Variance:	6000	UNFAV
(iii) Materials price variance:	600	FAV
(iv) Materials usage variance:	1600	UNFAV
(v) Labour rate variance:	400	UNFAV
(vi) Labour efficiency variance:	1200	FAV

THE END

MULTIPLE CHOICE QUESTIONS (MCQS):

1. Using the least amount of input to achieve maximum output refers to achieving _____.

A	controlling
B	effectiveness
C	efficiency
D	goal attainment

2. The process of monitoring specific project results to determine if they comply with relevant quality standards is called _____.

A	quality assurance
B	quality control
C	quality planning
D	quality review

3. Total Quality Management (TQM) focuses on _____.

A	customers
B	employees
C	suppliers
D	human resource

4. _____ refers to the process of designing work so that it can be completely performed by machine.

A	Value-chain
B	Automation
C	Artificial transformation
D	Supply-chain

5. Benefits of socially responsible organization include _____.

A	public image
B	long-run profits
C	better environment
D	All of these.

6. Outputs of goods and services produced divided by the inputs provide _____.

A	effectiveness
B	productivity
C	assets turnover
D	leverage

7. The term operation management refers to the transformation process that converts resources into _____.

A	finished goods
B	finished goods and services
C	services
D	supply chain

8. _____ is the ability of products and services to reliably do what it is supposed to do and to satisfy customer's expectations.

A	Quality
B	Value
C	Value chain
D	Variety

9. _____ refers to providing customers with a product when, where, and how they want it.

A	Mass customization
B	Lean organization
C	Six Sigma
D	Benchmarking

10. An organization adopting a philosophy of minimizing waste and striving for perfection is called _____.

A	Customer orientation
B	Mass customization
C	Lean organization
D	Six Sigma

11. Master Production Schedule (MPS) specifies _____.

A	what is to be purchased and when
B	what is to be made and when
C	what is to be sold and when
D	what is to be received and when

12. The dependent demand technique used in a production environment to determine material requirements is called _____.

A	Material requirements planning (MRP)
B	Master production schedule (MPS)
C	Enterprise Resource Planning (ERP)
D	Optimized Production Technology (OPT)

13. _____ refers to the duration it takes to get various components for production.

A	Reorder time
B	Lead time
C	Ordering cycle
D	Production cycle

14. The research that gathers preliminary information that helps to define problems and suggest hypotheses, is referred to as _____ research.

A	market
B	exploratory
C	product
D	causal

15. _____ is/are service characteristic(s) that a company must consider when designing program.

- (i) Intangibility, perishability
- (ii) Variability
- (iii) Inseparability
- (iv) All of the above

A	Option (i) is correct
B	Option (ii) is correct
C	Option (iii) is correct
D	Option (iv) is correct

16. CRM stands for:

A	Consumer Rational Marketing
B	Customer Relationship Management
C	Customer Relationship Marketing
D	Consumer Returns Management

17. Improved quality helps in increasing profit by _____.

- (i) Lower costs
- (ii) Increased productivity
- (iii) Lower waste
- (iv) All of the above

A	Option (i) is correct
B	Option (ii) is correct
C	Option (iii) is correct
D	Option (iv) is correct

18. Cost of quality includes:

- (i) Prevention costs
- (ii) Appraisal costs
- (iii) Internal failure costs
- (iv) All of the above

A	Option (i) is correct
B	Option (ii) is correct
C	Option (iii) is correct
D	Option (iv) is correct

19. _____ organization produces intangible output and creates time or place utility for its customers.

A	Manufacturing
B	Services
C	Learn
D	Kaizen

20. The production method which is customized according to a specific customer is called _____.

A	Job method
B	Batch method
C	Flow method
D	Kaizen method

21. Flow method may not be suitable for:

A	petroleum products
B	oil paints/water paints
C	automobiles
D	food products

22. Employers forced to work hard with inadequate rewards is termed as _____.

A	coercive
B	calculation
C	cooperative
D	committed

23. Which one of the following is not the aim of the reward system?

A	Encouragement
B	Motivation
C	Flex time
D	Quality of staff

24. Which one of the following is a part of the recruitment rather than the selection process?

A	Job analysis
B	Interviewing
C	Testing
D	Assessment centre

25. _____ is a training method in which employees participate in role-playing, simulations, or other face-to-face types of training.

A	Job rotation
B	Internal Transfer
C	Experiential exercises
D	Workbooks/ manuals

26. _____ expresses the vertical expansion of a job by adding planning and evaluating responsibilities.

A	Job design
B	Job depth
C	Job enrichment
D	Job enlargement

27. _____ means temporary or permanent involuntary termination that may last only for a few days or extend to years.

A	Early retirement
B	Firing
C	Attrition
D	Layoff

28. The _____ are permanently employed people who represent the distinctive knowledge and competencies of the firm.

A	technical core
B	workers group
C	professional core
D	bureaucratic group

29. Future human resource needs are determined by organization's _____.
- (i) mission
 - (ii) goals
 - (iii) strategies
 - (iv) All of the above

A	Option (i) is correct
B	Option (ii) is correct
C	Option (iii) is correct
D	Option (iv) is correct

30. _____ describes the minimum qualification that a person must possess to successfully perform a job.

A	Job description
B	Job specification
C	Recruitment
D	Human resource management

DESCRIPTIVE QUESTIONS:

1. Explain how the performance of an organization is measured.

Solve/ Type Your Answer Here

2. List some of the major differences between products or services.

Solve/ Type Your Answer Here

3. Briefly discuss the objectives and advantages of plant maintenance.

Solve/ Type Your Answer Here

4. There are different types of production techniques, and one of them is the 'Job method'. Describe the characteristics that job methods possess.

Solve/ Type Your Answer Here

5. Explain Total Quality Management.

Solve/ Type Your Answer Here

6. Describe types of service marketing.

Solve/ Type Your Answer Here

7. Branding poses challenging decisions to the marketer. Briefly explain 'major brand strategy decisions' faced by a marketer.

Solve/ Type Your Answer Here

8. Briefly explain different types of quality-related cost.

Solve/ Type Your Answer Here

THE END

MULTIPLE CHOICE QUESTIONS (MCQS):

1. Which segment do eBay, Amazon.com, and LandsEnd.com belong to?

A	B2Bs
B	B2Cs
C	C2Bs
D	C2Cs

2. The best products to sell in B2C e-commerce are:

A	Small products
B	Digital products
C	Specialty products
D	Fresh products

3. What is the name for direct computer-to-computer transfer of transaction information contained in standard business documents?

A	Internet commerce
B	E-commerce
C	Transaction information transfer
D	Electronic data interchange

4. Which statement(s) is not true for a System?

A	A Complex whole
B	Organized complexity
C	An Entity consisting of interdependent parts
D	None of these

5. The components parts of a system are:

A	Input, Process, Output
B	Input, Process, Output, Boundary
C	Input, Process, Output, Boundary, Environment
D	None of these

6. Subsystems may be differentiated from each other by the following:

A	Time
B	Automation
C	Formality
D	All of these

7. Which statement(s) is not true for an IS?

A	IS needs to be permanent
B	IS exists with varying degrees of formality
C	IS is a socio-technical system
D	IS exists in all types of organizations

8. Formal and routine data flows can be:

A	Internal
B	External
C	Both internal and external
D	None of these

9. Which of the following would not be considered an end-user of an information system?

A	A student who accesses information on a website.
B	A programmer who writes code for a software module
C	A customer who uses a credit card in an EFTPOS machine.
D	A sales assistant in a video shop who searches a database for a specific title

10. How many stages are in the systems development life cycle (SDLC)?

A	4
B	5
C	6
D	10

11. The first step in the systems development life cycle (SDLC) is:

A	System design
B	Feasibility study
C	System analysis
D	System investigation

12. A system that interacts with other systems in its environment, is termed as:

A	Dynamic
B	cybernetic
C	Open
D	adaptive

13. If there has been _____, the project team will develop several business options for users to assess.

A	feasibility
B	no feasibility
C	detailed feasibility
D	brief feasibility

14. What clearly defines the high-level system requirements?

A	Project scope
B	Project Plan
C	Project milestone
D	Project manager

15. What defines the what, when, and who questions of system development including all activities to be performed, the individuals, or resources, who will perform the activities, and the time required to complete each activity?

A	Project scope
B	Project Plan
C	Project milestone
D	Project manager

16. Formal risk management does not include:

A	Risk assessment
B	Risk elimination
C	Risk minimization
D	Risk transfer

17. _____ refers to the degree of interdependence between software modules.

A	Cohesion
B	Synergy
C	Scalability
D	Coupling

18. Risk management is a:

A	One-off exercise
B	Monthly process
C	Ongoing process
D	All of these

19. _____ aims to develop machines that can accomplish what a human can in terms of reasoning.

A	Blockchain
B	Artificial Intelligence (AI)
C	Big Data
D	RegTech

20. _____ is best known for its important role in cryptocurrency systems like Bitcoin for maintaining secure and decentralized records of transactions.

A	Big Data
B	Robotics
C	Blockchain
D	Cloud Computing

21. In _____ computing, individual microcomputers are used for individual work but are not linked in a network.

A	centralized
B	distributed
C	network
D	personal

22. _____ is the process that companies use to turn raw data into useful information.

A	Data warehousing
B	Encryption
C	Data mining
D	Prototyping

23. EDI architecture layers include:

A	Transport Layer
B	Physical Layer
C	Semantic layer
D	All of these

24. Which one of the following is an area of artificial intelligence based on research in biology, neurology, psychology, mathematics, and many allied disciplines?

A	Natural Interfaces.
B	Robotics Applications.
C	Cognitive Science.
D	None of these

25. The main objectives of system development controls do not include:

A	Establishing a basis for management review of the system
B	Ensuring the system under development has specified objectives
C	Determining whether the system is currently justifiable
D	Ensuring that users acquire an understanding of the new system

26. Administrative controls are controls over:

A	Data scrutiny
B	Data Sharing
C	Data security
D	None of the above

27. Verification is the process of ensuring that data has been the same as data on:

A	source document
B	input
C	processed
D	output

28. A disaster recovery plan should include:

A	Biometric technology replacement plan, backup plan, recovery plan, test plan.
B	Biometric technology replacement plan, emergency plan, backup plan, recovery plan.
C	Biometric technology replacement plan, emergency plan, backup plan, test plan.
D	Emergency plan, backup plan, recovery plan, test plan.

29. Accidental damage to an information system can be caused by:

A	User error
B	Failure to follow file management procedures.
C	Failure of hardware components.
D	All of the above

30. If the disaster has a public impact, the recovery team may come under the pressure from:

A	Employees
B	Public
C	Trade union
D	Creditors

DESCRIPTIVE QUESTIONS:

1. What is three-tier architecture?

Solve/ Type Your Answer Here

2. Discuss all types of network topologies.

Solve/ Type Your Answer Here

3. What is data warehousing?

Solve/ Type Your Answer Here

4. What are the advantages and disadvantages of the waterfall model?

Solve/ Type Your Answer Here

5. Differentiate between Coupling and Cohesion.

Solve/ Type Your Answer Here

6. What is the role of a systems analyst in the IT department?

Solve/ Type Your Answer Here

7. Describe the terms:

- Financial Technology (FinTech)
- FinTech Company

Solve/ Type Your Answer Here

8. What are recovery sites and how many backup sites are there?

Solve/ Type Your Answer Here

THE END