

**MCQ**  
**Cost & Management Accounting**  
**M.Com. Part-I Sem.-I**

1. Contribution margin is known as

- a) marginal income
- b) gross margin
- c) net income
- d) net profit

2. Break-even analysis may be described as

- a) comparison between sales and cost
- b) comparison between production and sales
- c) comparison between fixed cost and variable cost
- d) comparison to make out capacity utilisation

3. An increase in sales price

- a) does not affect the break-even point
- b) lowers the net profit
- c) increases the break-even point
- d) lowers the break-even point

4. A decrease in sale price

- a) does not affect the break-even point
- b) lowers the net profit
- c) increases the break-even point
- d) lowers the break-even point.

5. Fixed cost per unit decreases when

- a) production volume increases
- b) production volume decreases
- c) variable cost per unit decreases
- d) prime cost per unit decreases

6. Margin of safety is referred to as

- a) excess of sales over break-even sales
- b) excess of sales over fixed cost
- c) excess of sales over variable cost
- d) excess of sales over budgeted sales

7. To obtain break-even point in rupees, total fixed cost is divided by

- a) variable cost per unit
- b) fixed cost per unit
- c) contribution per unit
- d) P/V ratio.

8. If sales are ₹ 5,00,000; variable costs are ₹ 2,00,000 and fixed cost are ₹ 2,40,000; the P/V Ratio will be

- a) 60%
- b) 40%
- c) 20%
- d) 45%

9. At break-even point, the contribution margin equals total

- a) variable cost
- b) sales revenue
- c) fixed cost
- d) administrative cost.

10. If the selling price per unit is ₹ 16, the unit variable cost is ₹12 and fixed costs are ₹60,000; the break- even points in units will be

- a) 15,000 units
- b) 10,000 units
- c) 20,000 units
- d) 40,000 units.

11. A company has sales of 2,00,000; P/V Ratio is 20% and fixed cost is \* 15,000; the profit will be

- a) ₹ 25,000
- b) ₹20,000
- c) ₹35,000
- d) ₹40,000

12. Under marginal costing, marginal cost is equal to

- a) Fixed cost + variable cost
- b) D.M. + D.L. + D. exp.
- c) Prime cost + variable overheads
- d) Total cost

13. Under marginal costing, cost is classified on the basis of

- a) Function
- b) Behaviour
- c) Elements
- d) None of these

14. Contribution margin is equal to

- a) Fixed cost + variable cost
- b) Sales - variable cost
- c) Sales – fixed assets
- d) Sales – profit

15. Variable cost

- a) Remain fixed
- b) Varies per unit
- c) Remains fixed per unit
- d) None of these

16. BEP is

- a) Profit/ P/V Ratio
- b) Variable cost/ P/V Ratio
- c) Fixed cost/ P/V Ratio
- d) Sales/ P/V Ratio

17. Margin of safety is

- a) Sales - contribution
- b) Actual sales - Break even sales
- c) Sales - fixed assets
- d) Fixed cost + variable cost

18. If Sales are ₹ 80,000 and variable cost to sales is 70%, contribution is

- a) ₹56,000
- b) ₹24,000
- c) ₹30,000
- d) ₹70,000

19. P/V ratio will increase if there is

- a) an increase in fixed cost
- b) a decrease in fixed cost
- c) a decrease in variable cost per unit
- d) a decrease in selling price per unit

20. Sales are :₹1,00,000, Fixed cost:₹30,000 ,Profit:₹14,000 The variable cost is

- a) ₹ 50,000
- b) ₹ 60,000
- c) ₹56,000
- d) None of these

21. Sales are ₹3,00,000, direct cost is ₹ 1,70,000 profit is 20% on sale. Fixed cost will be

- a) ₹ 60,000
- b ₹ 70,000
- c) ₹ 80,000
- d) ₹95,000

22. Sales are ₹ 1,00,000, variable cost is ₹ 70,000 and fixed cost is \* 15,000. The P/V ratio will be

- a) 30%
- b) 20%
- c) 35%
- d) 25%

23. Sales are 1,000 units @₹100 per unit variable cost ₹ 60,000. Fixed cost ₹ 28,000. The BEP in units will be

- a) 500 units b) 700 units
- c) 1,000 units d) 1,200 units

24. Fixed cost ₹ 4,000 Profit ₹1,000 and BE Point ₹ 20,000. Sales and variable cost will be

- a) ₹25,000 ₹20,000
- b) ₹30,000 ₹25,000
- c) ₹50,000 ₹ 40,000
- d) ₹10,000 ₹ 150,000

25. Fixed overheads are:₹21,000 ,Variable cost:₹2 per unit, Selling Price:₹5 per unit, Profit:₹30,000 ,Margin of safety will be

- a) ₹60,000
- b) ₹50,000
- c) ₹30,000
- d) ₹45,000

26. P/V ratio is 50%, margin of safety is 40%, Sales ₹50,00,000. B.E. sales and net profit will be

- a) ₹30,00,000 ₹ 10,00,000
- b) ₹35,00,000 ₹12,00,000
- c) ₹40,00,000 ₹15,00,000

d) ₹50,00,000      ₹40,00,000

27. Profit ₹30,000, Marginal cost per unit 8, selling price per unit ₹10. The M/S will be

- a) ₹ 1,40,000      b) ₹ 1,50,000
- c) ₹1,25,000      d) ₹1,45,000

28. Contribution is the difference between

- a) Sales and Variable cost      b) Sales and fixed cost
- c) Sales and Total cost      d) Factory cost and profit

29. Period cost is

- a) Fixed cost
- b) Variable cost
- c) Factory cost
- d) Prime cost

30. Valuation of stock in marginal costing is done at

- a) Total cost
- b) Marginal cost
- c) Fixed cost
- d) Prime cost

31. Variable cost per unit

- a) increases with increase in products
- b) decreases with decrease in profit
- c) remains constant with change in production
- d) none of the above

32. Variable cost depends on

- a) Production
- b) Demand
- c) Sales
- d) None of the above

33. Marginal cost per unit

- a) increases
- b) decreases
- c) remains fixed
- d) none

34. The following is not a fixed cost

- a) Property tax
- b) Insurance premium
- c) Power
- d) None of the above

35. Telephone charges is a

- a) Fixed cost
- b) Variable cost

- c) Semi variable cost
- d) None

36. Increase in fixed cost

- a) Increases BEP
- b) Decreases BEP
- c) Maintains the same BEP
- d) None of the above

37. BEP in units is equal to

- a)  $C/S$
- b)  $F/\text{contribution per unit}$
- c)  $\text{Sales} / V. \text{ cost}$
- d) None of the above

38. Contribution is

- a)  $S-V$
- b)  $F + P$
- c)  $F-\text{Loss}$
- d) a & b

39. Decrease in variable cost

- a) decreases the BEP
- b) increases the BEP
- c) decreases P/V ratio
- d) none of the above

40. Decrease in selling price

- a) increases the BEP
- b) decreases the BEP
- c) does not affect BEP
- d) none of the above

41. Increase in selling price

- a) increase contribution
- b) decreases contribution
- c) decreases fixed cost
- d) none of the above

42. P/V Ratio is improved by

- a) reducing fixed cost
- b) reducing variable cost
- c) increasing fixed cost
- d) none of the above

43. M/s is expressed as

- a) Profit/P/V ratio
- b) Actual sales - BES
- c) both a and b
- d) none of the above

44. Selling price per unit is ₹ 10 variable cost per unit is ₹ 6 Fixed cost ₹2,000 contribution will be
- ₹4
  - ₹6
  - ₹3
  - ₹200
45. Refer to Question No. 44 if 400 units are sold the profit will be
- ₹400
  - ₹600
  - ₹700
  - ₹300
46. Refer to Question No. 44 if 600 units are sold the profit will be
- ₹400
  - ₹300
  - ₹600
  - ₹ 900
47. Sales ₹15, contribution 3 P/V ratio will be
- 30%
  - 20%
  - 35%
  - 40%
48. Sales ₹ 10 variable cost 4, P/V ratio will be
- 60%
  - 70%
  - 80%
  - 20%
49. Variable cost ₹ 4 contribution 4P/V ratio will be
- 40%
  - 50%
  - 30%
  - 20%
50. Variable cost to sales ratio 40% P/V ratio will be
- 60%
  - 50%
  - 20%
  - 25%
51. Fixed cost ₹ 2,000 profit ₹ 400 sales ₹ 6,000 P/V ratio will be
- 40%
  - 25%
  - 35%
  - 45%
52. Selling price ₹10 per unit variable cost per unit ₹ 4 P/V ratio will be
- 60%
  - 25%
  - 35%



- c) 700 unit
- d) 300 unit

62. BE sales 1,600 units actual sales 2,000 units M/S will be

- a) 400 unit
- b) 200 unit
- c) 600 unit
- d) 700 unit

63. Profit is 2,400, P/V ratio 60%, M/S will be

- a) 4,000            b) 3,800
- c) 4,500            d) 6,500

64. BE sales 70% M/S will be

- a) 30%
- b) 25%
- c) 28%
- d) 35%

65. P/V ratio 40% M/S 20% BEP ₹200 lakhs sales will be

- a) 250 lakhs
- b) 150 lakhs
- c) 100 lakhs
- d) 220 lakhs

66. BEP ₹16,000 P/V ratio 60% fixed cost will be

- a) ₹9,600
- b) ₹9,000
- c) ₹9,200
- d) ₹4,800

67. Sales ₹80,000, Variable cost ₹48,000, P/V ratio will be

- a) 40%
- b) 25%
- c) 50%
- d) 30%

68. Fixed cost ₹4,000 BEP ₹10,000 P/V ratio will be

- a) 40%
- b) 30%
- c) 25%
- d) 45%

69. Profit ₹12,000, Fixed cost ₹24,000 , M/S ₹30,000 ,P/V ratio will be

- a) 40%
- b) 30%
- c) 25%
- d) 45%

70.

	2014	2015
Sales	₹20,000	₹30,000
Cost	₹17,000	₹21,600

P/V ratio will be

- a) 60%
- b) 20%



- c) 30%
- d) 40%

71.	2014	2015
Sales	₹20,000	₹30,000
Cost	₹17,000	₹21,600

calculate fixed cost

- a) ₹9,000
- b) ₹9,600
- c) ₹10,00
- d) ₹12,000

72. Ideal product mix is decided in terms of

- a) Sales
- b) Variable cost
- c) Total cost
- d) Marginal cost

73. In make or buy decision

- a) Only marginal cost is relevant
- b) Only fixed cost is relevant
- c) Total cost is relevant
- d) None of these

74. The decision maker should consider, in case of limiting, factor to maximize the profit

- a) Sales
- b) Contribution
- c) Variable cost
- d) Fixed cost

75. Measurable value of an alternative use of resources is

- a) Imputed cost
- b) Sunk cost
- c) Opportunity cost
- d) Differential cost

76. A cost incurred in the past and hence irrelevant for current decisions making is

- a) Fixed cost
- b) Direct cost
- c) Sunk cost
- d) Discretionary cost

77. A cost that cannot be changed by any decision made now is

- a) Sunk cost
- b) Opportunity cost
- c) Indirect cost
- d) Mixed cost

78. A shut down point is the point at which

- a) Operating loss is equal to the loss due to shut down
- b) Contribution is less than fixed cost
- c) Contribution is equal to fixed cost
- d) None of these

79. In make or buy decision

- a) Marginal cost and purchase price should be considered
- b) Total cost and purchase price should be considered
- c) Fixed cost & marginal cost should be considered
- d) None of these

80. In a decision situation which one is the cost not likely to contain a variable cost component.

- a) Material
- b) Labour
- c) Overhead
- d) Direct expenses

81. In a situation when the decision is to be taken about acceptance or rejection of special orders where

there is a sufficient idle capacity which one is not relevant for decision making.

- a) Absorption cost    b) Variable cost
- c) Differential cost    d) Incremental cost

82. A company manufactures two products X & Y. The contribution per unit is \* 40 and 30 respectively.

Product X requires 10 hrs. per unit and product Y requires 6 hrs. per unit. If time is the limiting factor

the most profitable product will be

- a) Y                      b) X
- c) Both X & Y    d) None of these

83. Production department is

- a) Profit Centre
- b) Cost Centre
- c) Revenue Centre
- d) Investment Centre

84. HR department is

- a) Profit Centre
- b) Cost Centre
- c) Revenue Centre
- d) Investment Centre

85. An independent branch is

- a) Profit Centre
- b) Cost Centre
- c) Revenue Centre
- d) Investment Centre

86. ROI is calculated on the basis of

- a) Operating Profit
- b) Gross Profit
- c) Net profit after tax
- d) Net profit before tax

87. ROI is a measure of performance of

- a) A department
- b) A section
- c) A branch
- d) A company

88. Residual income is a measure of performance of

- a) Division
- b) Section
- c) Department
- d) A company

89. Residual income indicates

- a) divisional income before tax
- b) divisional income after tax
- c) divisional operating profit
- d) divisional operating profit after deducting cost of capital employed.

90. EVA is known as

- a) Economic Value added
- b) Enterprise Value added
- c) Market Value added
- d) None of the above

91. Economic Value added is calculated on the basis of

- a) Operating profit after tax
- b) Operating profit before tax
- c) Net profit after tax
- d) Net profit before tax

92. Economic Value added is calculated by deducting from operating profit after tax

- a) Cost of Capital employed
- b) Weighted average cost of Capital employed
- c) Cost of equity
- d) Cost of debt

93. Transfer price is the price at which

- a) Goods are transferred from one department to another department
- b) Goods are transferred from one company to another company
- c) Goods are transferred from one country to another country
- d) Both (a) & (c)

94. Transfer price may be based on

- a) Standard Cost
- b) Full Cost
- c) Variable Cost
- d) All of the above

95. In full cost plus mark-up method transfer price is calculated as

- a) At cost only
- b) At cost plus mark-up
- c) At selling price
- d) None of the above

96. In market based transfer pricing, transfer price is calculated on the basis of

- a) Cost
- b) Market price
- c) Negotiated price
- d) None of the above

97. Cost Variance is a difference between

- a) Standard Cost & Actual Cost
- b) Estimated Cost & Actual Cost
- c) Projected Cost & Actual Cost
- d) None of the above

98. Cost control is

- a) Prevention of waste
- c) Reduction of waste
- b) Control of waste
- d) None of the above

99. Cost control is

- a) Process of controlling cost
- b) Process of controlling the activities to control the cost
- c) Process of regulating the activities in such a manner that all the elements of cost remain within the limit.
- d) All of the above

100. Cost control involves

- a) Establishment of standard
- b) Comparison of actual cost with the standard
- c) Finding out the deviations & taking corrective measures
- d) All of the above

101. Cost reduction is

- a) The process of reducing cost
- b) Improvement in designs
- c) Adoption of better methods
- d) All of the above

102. Cost reduction is

- a) Continuous process
- b) Stop gap process
- c) Periodical process
- d) All of the above

103. Cost reduction involves

- a) Analysis of activities
- b) Examination of activities
- c) Development of solutions to avoid the waste
- d) All of the above

104. The techniques of Cost control & Cost reduction involves

- a) Budgetary control
- b) Standard Costing
- c) Improvement in designing
- d) All of the above

105. Techniques of Cost control & Cost reduction include

- a) Material Control
- b) Labour Control
- c) Overhead Control
- d) All of the above

106. Techniques of Cost control & Cost reduction includes.

- a) Cost benefit analysis
- b) Accident prevention
- c) Factory automation
- d) All of the above

107. Raw material is wasted in the way of

- a) Breakage
- b) Contamination
- c) Inefficient storage
- d) All of the above

108. Raw material is wasted due to

- a) Poor workmanship
- b) Poor quality
- c) Pilferage
- d) All if the above

109. For cost reduction following points should be considered

- a) Proper planning
- b) Monitoring of the results
- c) Proper communication of the program
- d) All of the above

110. For cost reduction following points should be considered

- a) The programme is within the standard
- b) Control of unnecessary cost
- c) Cost reduction campaigns
- d) All of the above

111. The Difference between actual quantity and standard quantity ,multiplied by standard price is the \_\_\_\_\_

- (a) Labour rate variance
- (b) Labour Efficiency variance
- (c)Material Usage variance
- (d) Material Price Variance

112. \_\_\_\_\_ may be favourable or unfavourable in standard costing

- (a) Variance
- (b)Standard
- (c) Contribution
- (d)Forecast Cost

113. An estimate of cost is known as \_\_\_\_\_

- (a) Actual Cost
- (b)Ideal Cost
- (c)Standard Cost
- (d)Forecast Cost

114. Material Usage Standard is decided by \_\_\_\_\_

- (a) Sales Dept
- (b)Finance Dept
- (c) Purchase Dept
- (d) Production Department

115. The objective of Standard costing is to control cost through \_\_\_\_\_

- (a) Estimated cost
- (b) Standard Cost
- (c) Variance analysis
- (d) Actual Cost

116. The standard Costing contains quantities and cost for \_\_\_\_\_

- (a) Direct material only
- (b)Direct material and Direct Labour only
- (c) Direct Labour only
- (d) Direct material, Direct Labour and Overhead

117. Difference between standard cost and actual cost is known as \_\_\_\_\_

- (a) Abnormal Loss
- (b) Normal Wastage
- (c) Profit
- (d) Variance

118. If actual cost is more than standard cost , variance is \_\_\_\_\_

- (a) Favourable
- (b) Adverse
- (c) Nil
- (d) Abnormal Loss

119. \_\_\_\_\_ is used for controlling cost

- (a) Standard Cost
- (b) Actual cost
- (c) Historical cost
- (d) Normal cost

120. The objective of standard costing is to \_\_\_\_\_

- (a) Control cost
- (b) Determine profitability
- (c) Determine BEP level
- (d) Determine Wastage

121. An estimate of what cost should be known as \_\_\_\_\_

- (a) Standard cost
- (b) Actual cost
- (c) Ideal cost
- (d) Normal cost

122. Standard based on the assumption of most favorable conditions possible is

- (a) Ideal standard
- (b) Normal standard
- (c) Actual standard
- (d) Actual cost

123. \_\_\_\_\_ is a predetermined cost

- (a) Actual cost
- (b) Standard cost
- (c) Normal cost
- (d) Ideal cost

124. Difference between standard and cost and actual cost is called as \_\_\_\_\_.

- (a) Variance
- (b) Profit
- (c) loss
- (d) wastage

125. Excess of actual cost over standard cost is a \_\_\_\_\_.

- (a) Favorable variance
- (b) Unfavorable variance
- (c) Abnormal gain
- (d) Abnormal loss

126. Excess of standard cost over actual cost is a \_\_\_\_\_.

- (a) Favorable variance
- (b) Abnormal gain
- (c) Unfavorable variance
- (d) Abnormal loss

127. Material Cost Variable is favorable when \_\_\_\_\_.

- (a) Actual cost of material is more than std. material cost
- (b) Standard cost of material is more than actual cost of material
- (c) Actual quantity of material is more than standard quantity of material
- (d) Actual quantity of material is less than standard quantity of material

128. Material Cost Variance is non controllable when it arises due to \_\_\_\_\_.

- (a) Change in quantity
- (b) Change in wastage
- (c) Change in tax rate
- (d) Change in quantity

129. Material Cost Variance is equal to \_\_\_\_\_.

- (a)  $(SQ*SP) - (AQ*AP)$
- (b)  $MUV+MYV$
- (c)  $MPV+MYV$
- (d)  $SQ-AQ$

130. Material Yield Variance arises due to change in the \_\_\_\_\_.

- (a) Wastage
- (b) input
- (c) output
- (d) Quality

131. Material Cost Variance is equal to \_\_\_\_\_.

- (a)  $MPV+MUV$
- (b)  $MUV+MYV$
- (c)  $MYV+MPV$
- (d)  $MPV+MUV+MYV$

132. Labour Cost Variance is a difference between \_\_\_\_\_.

- (a) Std. labour cost and Actual labour cost
- (b) std. labour rate – actual labour rate
- (c) Std. labour hrs – actual labour hrs
- (d) actual labour hrs Std. labour hrs

133. Favorable labour efficiency variance indicates \_\_\_\_\_.

- (a) Improvement in labour efficiency
- (b) improvement in quality
- (c) cost reduction
- (d) increase in cost

134. Labour rate variance is favorable when \_\_\_\_\_.

- (a) actual rate is lower than the std. rate
- (b) actual time is less than the std. time
- (c) actual rate is higher than std. rate
- (d) Std time is less than the actual time

135. Idle time variance is always \_\_\_\_\_.

- (a) Favorable
- (b) unfavorable
- (c) controllable
- (d) uncontrollable

136. Labour Cost variance is \_\_\_\_\_.

- (a)  $SLH-ALH$
- (b)  $SLR-ALR$
- (c) Std. cost – Actual cost
- (d)  $SCSLM-SCALM$



137. Labour Rate variance is \_\_\_\_\_.

- (a) SLC-ALC
- (b) SLR-ALR
- (c)  $(SR - AR) \times AH$
- (d)  $(SH - AH) \times SR$

138. Material Price Variance is equal to \_\_\_\_\_.

- (a)  $(SQ \times SP) - (AQ \times AP)$
- (b)  $(SP - AP) \times AQ$
- (c)  $(SQ - AQ) \times SP$
- (d)  $SQ - AQ$

139. Standard cost is decided for \_\_\_\_\_.

- (a) Material
- (b) labour
- (c) overheads
- (d) Material, labour and overheads

140. Standard cost is decided \_\_\_\_\_.

- (a) scientifically
- (b) unscientifically
- (c) accurately
- (d) definitely

141. The objective of standard costing is to control through \_\_\_\_\_.

- (a) standard cost
- (b) estimated cost
- (c) variance analysis
- (d) actual cost

142. Material price standard is set by \_\_\_\_\_.

- (a) Production department
- (b) Purchase department
- (c) Sales department
- (d) costing department

143. Material usage standard is decided by \_\_\_\_\_.

- (a) Production department
- (b) sales department
- (c) purchase department
- (d) finance department

144. Labour rate standard is decided by \_\_\_\_\_.

- (a) HR department
- (b) Purchase department
- (c) sales department
- (d) production department

145. The cost variable is favourable when \_\_\_\_\_.

- (a) Actual cost is less than standard cost
- (b) actual cost is more than standard cost
- (c) actual cost is equal to standard cost
- (d) Standard quantity is equal to actual quantity

146. The cost variance is controllable when it arises due to \_\_\_\_\_.

- (a) controllable circumstances
- (b) non controllable circumstances
- (c) managerial efficiency
- (d) managerial inefficiency

147. From the following find MCV:

Standard quantity (SQ): 500kg

Standard Price (SP): Rs 6 per kg

Actual quantity (AQ): 450kg

Actual Price (AP): Rs 8 per kg

- (a) 600(A)
- (b) 500(A)
- (c) 800(A)
- (d) 900(A)

148. From the following find MPV:

Standard quantity (SQ): 500kg

Standard Price (SP): Rs 6 per kg

Actual quantity (AQ): 450kg

Actual Price (AP): Rs 8 per kg

- (a) 600(A)
- (b) 500(A)
- (c) 900(A)
- (d) 600(F)

149. From the following find MUV:

Standard quantity (SQ): 500kg

Standard Price (SP): Rs 6 per kg

Actual quantity (AQ): 450kg

Actual Price (AP): Rs 8 per kg

- (a) 600(F)
- (b) 500(A)
- (c) 900(A)
- (d) 300(F)

150. A Ltd. Supplies the following information:

	Standard	Actual
Material	100 kg	200 kg
Price	Rs. 5	Rs. 4

Material Cost variance is \_\_\_\_\_.

- (a) Rs 300 A
- (b) Rs 600 F
- (c) Rs 200 A
- (d) Rs 250 F

151. B Ltd. Supplies the following information:

	Standard	Actual
Material	100 kg	200 kg
Price	Rs. 5	Rs. 4

Material Price variance is \_\_\_\_\_.

- (a) Rs. 400 F
- (b) Rs. 200 F
- (c) Rs. 800 A
- (d) Rs. 300 A

152. C Ltd. Supplies the following information:

	Standard	Actual
Material	100 kg	200 kg
Price	Rs. 5	Rs. 4

Material Usage variance is \_\_\_\_\_.

- (a) Rs. 400 F
- (b) Rs. 200 F
- (c) Rs. 800 A
- (d) Rs. 500 A

153. Labour Cost Variance is equal to \_\_\_\_\_.

- (a) LRV+LEV
- (b) MUV+MYV
- (c) LYV+LPV
- (d) LRV+LEV+LYV

154. Calculate Labour Cost Variance:

	Standard	Actual
No of hours	700	800
Rate per hour	2	1

- (a) Rs 300 A
- (b) Rs 600 F
- (c) Rs 200 A
- (d) Rs 250 F

155. Calculate Labour Rate Variance:

	Standard	Actual
No of hours	700	800
Rate per hour	2	1

- (a) Rs 300 A
- (b) Rs 800 F
- (c) Rs 200 A
- (d) Rs 800 F

156. Calculate Labour Efficiency Variance:

	Standard	Actual
No of hours	700	800
Rate per hour	2	1

- (a) Rs 300 A
- (b) Rs 600 F
- (c) Rs 200 A
- (d) Rs 250 F

157. Standard

Labour hrs for 8000 units      24000 hrs  
Cost of labour                      Rs. 120,000

Actual

Labour hrs for 8000 units      25,000 hrs.  
Cost of labour                      Rs. 1,50,000

Labour cost variance is \_\_\_\_\_.

- (a) 30,000 (A)
- (b) 30,000 (F)
- (c) 25,000 (F)
- (d) 21,000 (F)

158. Material Cost variance is \_\_\_\_\_

- (a) SLH-ALH
- (b) SLR-ALR
- (c) Std. cost – Actual cost
- (d) SCSLM-SCALM

159. Labour Efficiency variance is \_\_\_\_\_.

- (a) SLC-ALC
- (b) SLR-ALR
- (c)  $(SR - AR) \times AH$
- (d)  $(SH - AH) \times SR$

160. Material Usage Variance is equal to \_\_\_\_\_.

- (a)  $(SQ * SP) - (AQ * AP)$
- (b)  $(SP - AP) * AQ$
- (c)  $(SQ - AQ) * SP$
- (d)  $SQ - AQ$

161. Difference between standard cost and actual cost is called as:

- a) Variance    b) Profit
- c) Loss        d) Wastage

162. Excess of actual cost over standard cost is a

- a) Favourable variance
- b) Unfavourable variance
- c) Abnormal gain
- d) None of the above

163. Excess of standard cost over actual cost is a

- a) Favourable variance
- b) Unfavourable variance
- c) Abnormal gain
- d) none of the above

164. Material cost variance is favourable when

- a) Actual cost of material is more than std. material cost
- b) Standard cost of material is more than actual cost of material
- c) Actual quantity of material is more than standard quantity of material
- d) None of the above

165. Material cost variance is non controllable when it arises due to

- a) Change in quantity
- b) Change in wastage
- c) Change in tax rate
- d) None of the above

166. Material mix variance is a difference between

- a)  $SMC - AMC$       b)  $SQ - AG$
- c)  $SCSM - SCAM$       d) None of the above

167. Material yield variance arises due to change in the

- a) Wastage      b) Input
- c) Output      d) None of the above

168. Material cost variance is equal to

- a)  $MPV + MUV$       b)  $MUV + MYV$
- c)  $MYV + MPV$       d)  $MPV + MUV + MYV$

169. Labour cost variance is a difference between

- a) Std. labour cost and actual labour cost
- b) Std. labour hrs-actual labour hrs
- c) Std. labour rate - actual labour rate
- d) None of the above

170. Favorable labour efficiency variance indicates

- a) Improvement in labour efficiency
- b) Improvement in quality
- c) Cost reduction
- d) None of the above

171. Labour rate variance is favourable when

- a) Actual rate is lower than the std. rate
- b) Actual time is less than std. time
- c) Actual rate is higher than std. rate
- d) None of the above

172. Idle time variance is always

- a) Favourable
- b) Unfavourable
- c) Controllable
- d) None of the above

173. Labour mix variance is

- a)  $SLH - ALH$
- b)  $SLR - ALR$
- c) std. cost - actual cost
- d)  $SCSLM - SCALM$

174. Labour yield variance is

- a)  $SLC - ALC$       b)  $SLR - ALR$
- c) Idle hrs x std. rate      d)  $SLY - ALY \times SR$

175. Overheads include

- a) Indirect material, indirect labour
- b) Indirect material, indirect labour, indirect expenses
- c) Fixed overheads
- d) None of the above

176. Variable overhead variance is

- a) std. cost - actual cost
- b) std. variable overheads - actual variable overheads
- c) std. output - actual output
- d) None of the above

177. Fixed overheads variance is favourable when

- a) Actual fixed overheads are less than std fixed overheads
- b) std. fixed overheads are less than actual fixed overheads
- c) std. fixed overheads are equal to actual fixed overheads
- d) None of the above

178. Fixed overheads expenditure variance is a difference between

- a) Budgeted fixed overhead and actual fixed overheads
- b) std. fixed overheads and actual fixed overheads
- c) Fixed over heads and variable over heads
- d) None of the above

179. Fixed overhead efficiency variance is a difference between

- a) Recovered overheads - std. over heads
- b) std. cost-actual cost
- c) std. hours - actual hours
- d) None of the above

180. Fixed overheads capacity variance is a difference between

- a) std. overheads and budgeted overheads
- b) Fixed overheads and actual overheads
- c) std. capacity and actual capacity
- d) None of the above

181. Fixed overheads calendar variance arises due to

- a) Change in the number of working days
- b) Change in the labour hours
- c) Change in output
- d) Change in input

182. Sales value variance is

- a)  $SPV + SVV$
- b)  $SPV + SMV$
- c) Budgeted sale - actual sale
- d) None of the above

183. Sales volume variance is

- a)  $SQV + SMV$
- b)  $SVV + SQV$
- c)  $SPV + SQV$
- d) None of the above

184. Sales volume variance is

- a)  $(AQ - SQ) \times SP$
- b)  $(AP-SP) \times AQ$
- c)  $AM - SM$
- d) None of the above

185. Sales mix variance is

- a)  $SSVAM-SSVRSM$
- b)  $SCSM - SCAM$
- c)  $SLH-ALHX SR$
- d) None of the above

186. Idle time variance is caused due to

- a) Power Failure
- b) Change in quantity
- c) Change in efficiency
- d) None of the above

187. The manager responsible for idle time variance is

- a) Production manager
- b) Sales manger
- c) M.D.
- d) Chief accountant

188. Purchase manager is responsible for

- a) Efficient buyer
- b) Labour problem
- c) Poor maintenance
- d) None of the above

189. Labour strike causes

- a) Material price variance
- b) Idle time variance
- c) Material yield variance
- d) None of the above

190. In a factory where standard cost system is operating 2,000 kgs of a material @ ₹ 12 per kg are used for

a product resulting in a price variance of ₹6,000 F and usage variance of ₹3,000 (Adv). Then standard

material cost for actual production was

- a) ₹24,000      b) ₹27,000
- c) ₹36,000      d) ₹38,000

191. A company budgets for fixed over heads of ₹24,000 and production of 4,800 units. Actual production is

4,200 units and fixed over heads incurred is ₹22,000. The fixed over heads volume variance is

- a) ₹3,000 A              b) 1,500 A              c) 2,500 F              d) ₹3,500 F

192. XYZ Ltd purchased 6,850 of material for ₹ 21,920. The material price variance was ₹ 1,370 (f). The

standard price per kg was

- a) ₹ 3.40              b) ₹3.25              c) ₹ 3.15              d) None of the above

193. One of the following is not a basic element of a budget:

- a) Defines the responsibility of each employee
- b) Comprehensive plan
- c) Expressed in financial terms
- d) Future plan for a specified period

194. Information to prepare flexible budget includes:

- a) Total fixed cost, total variable cost
- b) Total fixed cost, total variable cost and capacity
- c) Total fixed cost, variable cost per unit and several levels of activity
- d) None of the above

195. The scarce factor of production is known as:

- a) Key factor
- b) Limiting factor
- c) Critical factor
- d) All of the above

196. Flexible budgets are useful for

- a) Planning purpose only.
- b) Planning, performance evaluation & feedback control
- c) Control of performance only
- d) None of the above

197. A budget is expressed in

- a) Financial terms only
- b) Quantitative terms only
- c) Both financial and quantitative terms
- d) Financial and / or quantitative terms

198. Which of the budget is prepared for a long period of time

- a) Production budget
- b) Purchase budget
- c) Cash budget
- d) Capital expenditure budget

199. A flexible budget takes into account

- a) Fixed cost only
- b) variable cost only
- c) Semi-variable cost only
- d) Fixed, variable, and semi-variable cost

200. Master budget is a summary of

- a) Cash budget
- b) Sales budget
- c) Production budget
- d) All functional budgets

201. A budget is prepared for

- a) One year
- b) One month
- c) 6 month
- d) A specified period



202. Budget period depends on

- a) Type of budget
- b) Management policy
- c) Government policy
- d) None of the above

203. The object of budgetary control is

- a) Planning      b) Organising
- c) Forecasting      b) None of the above

204. Following is the benefit of budgetary control

- a) Facilitates control
- d) Increases cost
- c) Brings down efficiency
- b) None of the above

205. Budgetary control system is costly for

- a) Large organization
- d) Small organization
- c) Public sector organization
- d) None of the above

206. Following is the essence of budgetary control

- a) Well defined objectives
- b) Competent people
- c) Small size
- d) None of the above

207. Budget Manual is a

- a) Detailed information about plans, policies, procedures, and operations
- b) Annual magazine
- c) Notebook
- d) Budget prepared manually

208. Performance of any organization depends on

- a) Political factors
- b) Social factors
- c) Critical factors
- d) None of the above

209. Sales budget shows

- a) Estimate of future sales
- b) Estimate of future production
- c) Estimate of inventory
- d) None of the above

210. Production budget is expressed in

- a) Quantity only
- b) Cost only
- c) Quantity and cost
- d) None of the above

211. Capital expenditure budget is  
a) A budget for long term investment  
b) A budget for short term investment  
c) A budget for future expenditure  
d) A budget for personal expenditure

212. The budget which helps to plan, and control cash is  
a) Production budget  
b) Cash budget  
c) Sales budget  
d) Flexible budget

213. The budget which is dynamic is  
a) Fixed budget      b) Flexible budget  
c) Cash budget      d) Sales budget

212. The budget which covers all the functional budget is  
a) Master budget      b) Sales budget  
c) Production budget      d) Cost budget

213. Production cost budget shows  
a) Budgeted cost of production  
b) Budgeted cost of sales  
c) Budgeted capacity  
d) Budgeted purchases

214. Classification of cost as fixed and variable is of special importance in  
a) Process costing  
b) Unit costing.  
c) Operating costing  
d) None of these

215. Operating costing is applicable to  
a) Transport companies  
b) Electricity companies.  
c) All of these  
d) Hospitals

216. Cost of service is ascertained by preparing  
a) Cost sheet      b) Production A/C      c) Process A/C      d) Job cost Sheet

217. The unit of cost for hospitals is  
a) Per bed      b) Per ton      c) Per Km      d) Per Unit

218. The unit of cost for goods transport companies is  
a) Per Unit      b) Per Ton km      c) Per Passenger km.      d) Per ton

219. The unit of cost for Tourist companies is  
a) Per ton      b) Per tour      c) Per Passenger km.      d) None of these

220. The unit of cost for hotels is  
a) Per Visitor      b) Per cup of tea      c) Per km      d) Per kg.

221. The unit of cost for waterworks is

- a) Per litre    b) Per Kg    c) Per 1 000 litres    d) None of these

222. The unit of cost for Gas companies is

- a) Per tin    b) Per cylinder    c) Per ton    d) Per kg.

223. Garage Rent is

- a) Fixed cost    b) variable cost    c) semi variable cost    d) None of these

224. Cost of Petrol is

- a) Fixed cost    b) Running cost    c) Semi variable cost    d) none of these.

225. Overhauling is classified as

- a) Fixed cost    b) Semi fixed cost    c) Maintenance cost    d) Marginal cost

226. The object of hotel costing is to find out cost

- a) Per visitor    b) Per room    c) Per bed    d) Per table

227. The sheet which shows the details of each journey is a

- a) Daily log. sheet    b) Cost sheet    c) Statement of AJC    d) None of these

228. Petrol consumption is 12 km per litre of petrol costing ₹ 30 per litre. A Taxi runs 4,000 km per month. The cost of Petrol is

- a) ₹400    b) ₹ 10,000    c) ₹3,000    d) ₹10,400

229. A Transport service company is running two buses between two towns which are 150 km apart. Seating capacity of each bus is 40 passengers. Actual Passengers carried were 75% of capacity. All the buses ran for 30 days during the month. Each bus made one round trip per day. The No. of passenger's km for the month is

- a) 5,00,000    b) 5,40,000    c) 3,40,000    d) 4,60,000

230. A transport Company supplies details about a truck of 10ton capacity

No. of days Operated    25,

Distance    200 km each day

The number of ton kms for the month is

- a) 40,000    b) 50,000    c) 45,000    d) 30,000

231. Contribution margin is known as

- (a) Marginal income  
(b) Gross Margin  
(c) Net Income  
(d) Net Profit

232. Break-even analysis may be described as

- (a) Comparison between sales and cost  
(b) Comparison between production and sales  
(c) Comparison between fixed cost and variable cost  
(d) Comparison to make out capacity utilization

233. An increase in sales price

- (a) Does not affect the break-even point
- (b) Lowers the net profit
- (c) Increases the break even point
- (d) Lowers the break even point

234. Decrease in sale price

- (a) Does not affect the break even point
- (b) Lowers the net profit
- (c) Increases the break even point
- (d) Lowers the break even point

235. Fixed cost per unit decreases when production volume increases

- (a) Production volumes increases
- (b) Production volumes decreases
- (c) Variable cost per unit decreases
- (d) Prime cost per unit decreases

236. Margin of safety is referred to as

- (a) Excess of sales over break even sales
- (b) Excess of sales over fixed cost
- (c) Excess of sales over variable cost
- (d) Excess of sales budgeted sales

237. To obtain break even point in rupees, total fixed cost is divided by

- (a) Variable cost per unit
- (b) Fixed cost per unit
- (c) Contribution per unit
- (d) P/V ratio

238. If sales are ₹5,00,000; variable costs are ₹2,00,000 and fixed cost are ₹2,40,000; the P/V Ratio will be

- (a) 60%
- (b) 40%
- (c) 20%
- (d) 45%

239. At break even point, the contribution margin equals total

- (a) Variable cost
- (b) Sales Revenue
- (c) Fixed cost
- (d) Administrative cost

240. If the selling price per unit ₹16, the unit variable cost is ₹12 and fixed cost are ₹60,000; the break even points in units will be:

- (a) 15,000 units
- (b) 10,000 units
- (c) 20,000 units
- (d) 40,000 units

241. A company has sales of ₹2,00,000; P/V ratio is 20% and fixed cost is ₹15,000; The profit will be

- (a) ₹25,000
- (b) ₹20,000
- (c) ₹35,000
- (d) ₹40,000

242. Under marginal costing, marginal cost is equal to

- (a) Fixed cost + variable cost
- (b) Prime cost + variable overheads
- (c) D.M. + D.L. + D. exp.
- (d) Total cost

243. Under marginal costing, cost is classified on the basis of

- (a) Function
- (b) Behavior
- (c) Elements
- (d) Total Cost

244. Contribution margin is equal to

- (a) Fixed Cost + variable cost
- (b) Sales – fixed assets
- (c) Sales – variable cost
- (d) Sales – profit

245. Variable cost

- (a) Remain fixed
- (b) Remains fixed per unit
- (c) Varies per unit
- (d) Sales – Fixed Assets

246. BEP is

- (a) Profit/P/V Ratio
- (b) Variable cost/ P/V Ratio
- (c) Fixed cost/ P/V Ratio
- (d) Sales /P/V Ratio

247. Margin of safety is

- (a) Sales – contribution
- (b) Sales – fixed assets
- (c) Actual sales – Break even sales
- (d) Fixed cost + variable cost

248. If sales are ₹80,000 and variable cost to sales is 70%, contribution is

- (a) ₹56,000
- (b) ₹24,000
- (c) ₹70,000
- (d) ₹30,000

249. P/V ratio will increase if there is

- (a) An increase in fixed cost
- (b) A decrease in variable cost per unit
- (c) A decrease in fixed cost
- (d) A decrease in selling price per unit

250. Sales are ₹3,00,000, direct cost is ₹1,70,000 profit is 20% on sale. Fixed cost will be

- (a) ₹60,000      (b) ₹70, 000
- (c) ₹80,000      (d) ₹95,000



