

Subject: - C.A. SEM-VI
Multiple choice questions

1. Materials Requisition Note _____
 - a) authorise and records the issue of material for use
 - b) records the return of unused material
 - c) records the transfer of materials from one store to another
 - d) a classified record of materials, issues, returns and transfers

2. Materials Transfer Note
 - a) authorise and records the issue of material for use
 - b) records the return of unused material
 - c) records the shifting of materials from one store to another
 - d) a classified record of materials, issues, returns and transfers

3. A document which is classified record of material issues, returns and transfers
 - a) Materials Requisition Note
 - b) Materials Return Note
 - c) Materials Transfer Note
 - d) Materials Issue Analysis Sheet

4. This is essential to make cost ledger 'self-balancing'
 - a) General Ledger Adjustment Account
 - b) Stores Ledger Control Account
 - c) Work-in-progress Ledger
 - d) Finished Goods Control Accounts

5. This is debited with all purchases of materials for the stores and credited with all issues of materials
 - (a) General Ledger Adjustment Account
 - (b) Stores Ledger Control Account
 - (c) Work-in-progress Ledger
 - (d) Finished Goods Control Accounts

6. In this, cost of materials, wages and overheads of each job undertaken is posted.

- a) General Ledger Adjustment Account
- b) Stores Ledger Control Account
- c) Work-in-progress Ledger
- d) Finished Goods Control Accounts

7. This represents the total value of finished goods in stock

- a) General Ledger Adjustment Account
- b) Stores Ledger Control Account
- c) Work-in-progress Ledger
- d) Finished Goods Control Accounts

8. In a non-integrated system of accounting, the emphasis is on

- a) Personal Accounts
- b) Real Accounts
- c) Nominal Accounts
- d) Capital Accounts

9. Cost and financial accounts are required to be reconciled under

- a) Integral system
- b) Cost control Accounts system
- c) Store Ledger Account
- d) WIP Control Account

10. Which the followings accounts make the cost ledger self-balancing?

- a) Overhead Adjustment Account
- b) Costing P & L account
- c) Cost ledger control account
- d) Finished goods control accounts

11. Purchases for special jobs is debited under non-integrated system to

- a) Cost ledger control account
- b) Stores Ledger Control Account
- c) Work-in-progress Ledger
- d) Purchases accounts.

12. The advantage of maintaining cost control accounts include the following:

- a) facilitate prompt preparation of costing P & L account
- b) help management in policy formulation
- c) facilitate internal check
- d) all of the above

13. The Work-in-progress Control Account is not debited with:

- a) direct materials and direct labour
- b) direct expenses
- c) production overheads (recovered)
- d) selling and distribution overheads

14. The application of factory overheads usually would be recorded as an increase in

- a) Cost of goods sold
- b) Factory overheads Control
- c) Work-in-progress control
- d) Finished goods Control

15. The debit balance of the overhead adjustment account may be transferred to

- a) Cost of sales account
- b) Profit & Loss account
- c) Work-in-progress account
- d) Finished goods account

16. Material lost in store due to fire

- a) capitalised
- b) a part of normal loss & hence part of cost
- c) a part of abnormal loss & hence excluded from cost
- d) transferred to the next period

17. A credit to work in process inventory represents

- a) work still in process
- b) raw material put in to production
- c) the application of overhead to production
- d) the transfer of completed items to finished goods inventory

18. The journal entry to apply overhead to production includes a credit to Manufacturing overhead control and a debit to

- a) finished goods inventory
- b) work-in-process inventory
- c) cost of goods sold
- d) raw material inventory

19. The use of indirect material would usually be reflected as an increase in

- a) stores control
- b) work-in-process control
- c) manufacturing overhead applied
- d) manufacturing overhead control

20. A credit to the manufacturing overhead control account represents the

- a) actual cost of overhead incurred
- b) actual cost of overhead paid this period
- c) amount of overhead applied to production
- d) amount of indirect material and labour used during the period

21. the finished goods account contains the cost of all units

- a) unfinished at a given point in time
- b) completed at a given point in time
- c) produced during a particular period
- d) produced & sold during a particular period

22. The work in process account credited when

- a) production of product is completed
- b) products are sold to customers
- c) completed goods are shipped to buyers
- d) cost of production are incurred

23. Which account balances will decrease as a result of completing products during the month?

- a) only work-in-process inventory
- b) only finished goods inventory
- c) both work-in-process & finished goods ending balances will decrease
- d) none the above

24. The balance of work in progress account is equal to

- a) The total costs of the jobs completed
- b) The total costs of the jobs completed & sold
- c) The total manufacturing costs incurred during the period
- d) The total costs of the incomplete jobs

25. When indirect materials are requisitioned the ____ account is increased.

- a) manufacturing overhead control
- b) Work-in-process control
- c) materials control
- d) accounts payable control

26. The manufacturing overheads control account

- a) is increased by allocated manufacturing overheads
- b) is credited with amounts transferred to work-in-process
- c) is decreased by allocated manufacturing overhead
- d) is debited with actual overhead costs

27. Overallocated manufacturing overhead results when

- a) production is less than last year____
- b) estimated overhead is less than actual overhead
- c) actual overhead is less than allocated overhead
- d) actual overhead is less than expected

28. The journal entry to record the use of direct materials on jobs is debit work-in-process inventory & credit

- a) raw material inventory
- b) finished goods inventory
- c) manufacturing overhead
- d) wages payable

29. cost of goods sold is debited & finished goods inventory is credited for

- a) purchase of goods on account
- b) transfer of goods to the finished goods storeroom
- c) transfer of materials into work in process inventory
- d) the sale of goods to the customers

30. The cost of direct materials used in production is debited to

- a) either manufacturing overhead or work-in-process
- b) finished goods inventory
- c) work-in-process
- d) manufacturing overhead

31. The cost of direct labour used in production is recorded as a
- a) debit to work in process
 - b) debit to manufacturing overhead
 - c) debit to wages expense
 - d) debit to wages payable
32. The cost of indirect labour used in the factory is recorded as
- a) credit to work in process
 - b) debit to manufacturing overhead
 - c) credit wages payable
 - d) debit to wages expense
33. The journal entry needed to record the completion of a job includes a
- a) credit work in process
 - b) credit to finished goods inventory
 - c) debit work in process inventory
 - d) debit to cost of goods sold
34. The record of costs of indirect labour, which of the following would be debited
- a) finished goods inventory
 - b) work-in-process
 - c) manufacturing overhead
 - d) wages payable
35. The entry to record cost of goods sold includes a credit to
- a) finished goods inventory
 - b) work-in-process inventory
 - c) cost of goods sold
 - d) sales
36. Store Ledger Control Account, accounts for _____
- a) All overhead incurred in process
 - b) All wages incurred in process
 - c) All purchases of materials for the stores & all Issue of materials
 - d) None of these

37. WIP Ledger balance shows _____

- a) Cost of Finished work
- b) Cost of Unfinished work
- c) Cost of Materials
- d) None of the above

38. Stores Ledger contains a Separate Account of _____

- a) Each item of Stores
- b) Receipt of Stores
- c) Issue of Stores
- d) None of the above

39. _____ makes the cost ledger Self-Balancing

- a) Overhead control account
- b) Costing P&L A/c
- c) Cost ledger control A/c
- d) None of these

40. _____ control account represents value of finished goods in stock

- a) Stores ledger
- b) cost ledger
- c) WIP ledger
- d) None of these

41. The balance of Finished Goods Ledger Control Account represents

- _____
- a) Cost of WIP
 - b) Cost of Goods Sold Out
 - c) Cost of Goods remaining unsold
 - d) None of the above

42. In non-integrated cost accounting system WIP ledger balance shows _____

- a) Cost of finished work
- b) Cost of unfinished work
- c) Cost of material
- 4) None of the above

43. The balance of work in process account is equal to _____

- a) The total manufacturing cost incurred during the period
- b) The total cost of incomplete job
- c) The total cost of jobs completed & sold
- d) The total cost of the jobs completed

44. Cost ledger contains _____

- a) Factory overhead control account
- b) Wages control account
- c) Stores Ledger Control account
- d) All of the above

45. Under which of the following situations is finished goods inventory debited & work-in-progress inventory credited?

- a) Transfer of goods to the finished goods storeroom
- b) Purchase of goods on account
- c) Transfer goods out of the factory
- d) Transfer of material to work in process inventory

46. In Contract Costing, loss of material by fire is debited to _____

- a) Costing P&L A/c
- b) Financial P&L A/c
- c) Contract A/c
- d) Contractee's A/c

47. In Contract Costing, Payment of Cash to the Contractor is made on the basis on _____

- a) Uncertified work
- b) Work-in-progress
- c) Certified work
- d) Retention money

48. Cost of rectification of defective work is _____

- a) Debited to P&L account
- b) ignored from contract account
- c) Credited to Contract Account
- d) Debited to Contract Account

49. Retention money is equal to _____

- a) Work certified – Work uncertified
- b) Contract price – Work certified
- c) Work certified – payment received by contractor
- d) All of the above

50. Normal Penalties of contract are debited to _____

- a) Costing P&L A/c
- b) Contract A/c
- c) Contractee's A/c
- d) Contractor A/c

51. Profit remaining as reserve is _____

- a) Transferred to P & L a/c
- b) Deducted from WIP
- c) Not taken into account in cost
- d) debited to cost price of contract

52. In Contract, cash received is equal to _____

- a) Work certified – retention money
- b) Contract price
- c) Work certified + work uncertified
- d) Contract price – work certified

53. _____ is a person for whom contract job is undertaken

- a) Contractee
- b) Contractor
- c) Sub contractor
- d) Job worker

54. Cost of a contract is determined by preparing _____

- a) Cost Sheet
- b) Profit & Loss Account
- c) Balance Sheet
- d) Separate Ledger Account

55. _____ is the portion of the work completed of contract has been approved by the architect.

- a) Work certified
- b) Work uncertified
- c) Work Completed
- d) Work in progress

56. The correct formula for calculation of Retention money is _____

- a) Value of work certified – cash received
- b) Value of contract – value of work certified
- c) value of work certified – value of work uncertified
- d) None of these

57. Contract costing is basic method of _____

- a) Historical cost
- b) Specific order cost
- c) Process costing
- d) standard costing

58. Contract costing is variant of _____ costing

- a) Job
- b) process
- c) Unit
- d) Batch

59. Contract costing usually applicable in _____

- a) Construction Works
- b) Cement Industries
- c) Textile Industries
- d) Chemical Industries

60. Which one of the following is not a contract cost?

- a) Direct wages
- b) Depreciation of plant
- c) Sub-contractor's fees
- d) Architect's certificate

61. The degree of completion of work is determined by comparing the work certified with _____

- a) Contract Price
- b) work in progress
- c) Cash received on contract
- d) Retention money

62. In contract costing credit is taken only for a part of the profit on

- a) Completed contract
- b) Incomplete contract
- c) Work certified
- d) Work uncertified

63. Progress payments received by contractor from the client

are_____

- a) Debited to the contract account
- b) Credited to the contract account
- c) Debited to the client account
- d) Credited to the client account

64. Material supplied by the contractee_____

- a) is debited to contract account
- b) is ignored to contract account
- c) is credited to contract account
- d) is debited to the contractee's account

65. cost of material lost or destroyed _____

- a) is credited to the contract account
- b) is debited to the contract account
- c) is debited to the costing profit and loss account
- d) is credited to the costing profit and loss account

66. Work certified is valued at _____

- a) cost price
- b) market price
- c) cost or market price whichever is less
- d) estimated price.

67. Value of work certified less profit equal _____

- a) work in progress
- b) cost of work certified
- c) retention money
- d) cost of uncertified work

68. The total value of work completed during an accounting year is equal to _____

- a) Work certified + Progress payment received
- b) Work certified + Work uncertified
- c) Work certified + retention money
- d) None of the above

69. Notional profit is equal to

- a) Work certified – Cost of Work certified
- b) Work certified – Cost of Work completed
- c) Payment received – Work certified
- d) None of the above

70. Work-in-progress at year end equal to

- a) only closing stock of materials
- b) only work certified
- c) only work uncertified
- d) the total of all the above

71. When the completion stage of the contract is more than half, the profit to be credited to Profit and Loss account will be equal to _____

- a) $\frac{1}{3}$ rd of Notional Profit x cash received Work certified
- b) $\frac{1}{2}$ of Notional Profit x cash received Work certified
- c) $\frac{2}{3}$ rd of Notional profit x cash received Work certified
- d) full Notional Profit.

72. When the completion stage of a contract is less than $\frac{1}{4}$, the total expenditure on the contract is transferred to _____ account.

- a) Work-in-Progress
- b) Profit and loss account
- c) miscellaneous account
- d) none of these

73. If the amount of work certified is less than _____ of the contract price, then no profit should be taken to Profit & Loss Account.

- a) 20%
- b) 25%
- c) 33 $\frac{1}{3}$ %
- d) 40%

74. Contract costing is not used in one of the following industries.

- a) Ship building
- b) Civil Construction
- c) Automobiles
- d) Construction of Bridges

75. The sum of value of work certified and uncertified appearing in the Contract Account is called _____

- a) Work done.
- b) Work in Process
- c) Work Completed
- d) Work in Progress

76. _____ is the most suitable method in a transport industry.

- a) Operation costing
- b) Service costing
- c) Process costing
- d) Job costing

77. Cost of plant issue to site is _____ contact account

- a) Credited to
- b) Debited to
- c) deducted from
- d) charge to

78. If the Input is 8,400 units, Normal loss 15% & Output 7,500 units, then Abnormal gain is ----- units

- a) 700
- b) 300
- c) 360
- d) 400

79. Actual output is 25,000 units, Normal loss is 3,000 units, Abnormal loss is 2,000 units, the Input is _____

- a) 20,000 units
- b) 15,000 units
- c) 30,000 units
- d) 18,000 units

80. Abnormal Loss Units are equal to _____

- a) Output units
- b) Input units – Normal loss units
- c) Input units – (Normal loss units & Output Units)
- d) All the above

81. Abnormal gain arises if _____

- a) Output quantity is more than input quantity
- b) There is reduction in normal loss
- c) Abnormal loss is avoided
- d) None of the above

82. The product which has a lower sale value than the main product is a_____

- a) Economic Product
- b) Consumer Product
- c) By-Product
- d) Joint Product

83. Sales of By-Product is _____

- a) Debited to normal loss account
- b) credited to profit & loss account
- c) debited to process account
- d) credited to process account

84. Normal loss in process is _____

- a) Controllable
- b) Non-controllable
- c) Ascertainable
- d) None of the above

85. A process gives rise incidentally to an item of low value, called as ____

- a) Joint product
- b) Scrap
- c) By-product
- d) Waste

86. Normal output is equal to _____

- a) Input – Normal loss
- b) Input – Abnormal loss
- c) Input – Abnormal gain
- d) None of these

87. Process costing is applicable to _____

- a) Repair work
- b) Paper Industry
- c) Transport Company
- d) None of these

88. By-product has _____ sale value than the main product

- a) Lower
- b) Higher
- c) Equal
- d) None of the above

89. Total cost incurred is ₹ 69,920, scrap value of Normal loss ₹1,520, Input 1900 units, Normal loss 190 units, Abnormal loss is 30 units, Cost of Abnormal loss is _____

- a) ₹ 1,900
- b) ₹ 1,200
- c) ₹ 1,500
- d) ₹ 2,000

90. Abnormal Gain is equal to _____

- a) Actual output – Normal output
- b) Normal output – Actual output
- c) Actual output – Input
- d) Input - Actual output

91. _____ use process costing

- a) Textile Industry
- b) Chemical Industry
- c) Paper Industry
- d) All of the above

92. Process cost is based on the concept of _____

- a) Marginal Cost
- b) Standard Cost
- c) Average Cost
- d) Differential Cost

93. Which of following does not use process costing?

- a) Oil refining
- b) Distilleries
- c) Sugar
- d) Air-craft manufacturing

94. Which cost accumulation procedure is most applicable in continuous mass-production manufacturing environments?

- a) Standard
- b) Actual
- c) process
- d) job order

95. Process cost is based on the concept of _____

- a) Average Cost
- b) Marginal Cost
- c) Standard Cost
- d) Differential Cost

96. Normal loss is equal to _____

- a) Normal output – Actual output
- b) Actual output – Normal output
- c) Input x % of normal loss

97. Normal output is equal to _____

- a) Input – Abnormal loss
- b) Input – Normal loss
- c) Input – Abnormal gains
- d) None of the above

98. Unit Cost is equal to _____

- a) Normal cost \div Normal output
- b) Total cost \div Normal output
- c) Normal cost \div Total output
- d) Total cost \div Total output

99. Abnormal loss is equal to _____

- a) Input – Actual output
- b) Actual output - Normal output
- c) Normal output– Actual output
- d) Actual output – Input

100. Abnormal Gains are equal to _____

- a) Actual output - Normal output
- b) Normal output – Actual output
- c) Input– Actual output
- d) Actual output – Input

101. Process cost is very much applicable in _____

- a) Construction Industry
- b) Pharmaceutical Industry
- c) Airline Company
- d) None of these

102. In process costing, each producing department is a _____

- a) Cost unit
- b) Cost centre
- c) Investment centre
- d) Sales centre

103. When production is below standard specification or quality and cannot be rectified by incurring additional cost, it is called _____

- a) Defective
- b) Spoilage
- c) Waste
- d) Scrap

104. What will be impact of normal loss on the overall per unit cost?

- a) Per unit cost will increase
- b) per unit cost will decrease
- c) per unit cost remain unchanged
- d) Normal loss has no relation to unit cost

105. Costs incurred prior to the point of separation of the joint or by-products are termed as _____

- a) Process cost
- b) Joint cost
- c) Main cost
- d) Separable cost

106. A process gives rise, incidentally, to an item of low value, which is called _____

- a) A joint product
- b) A by-product
- c) Scrap
- d) Waste

107. This is also known as 'Weighted Average Cost Method'

- a) Contribution margin method
- b) Survey method
- c) Net realizable value method
- d) None of the above

108. Joint costs are normally allocated on the basis of relative

- a) Profitability
- b) Sales value
- c) Direct labour hours
- d) Direct machine hours

109. Net realizable value defined as

- a) Sales value at split-off point
- b) Sales price minus fixed costs
- c) Sales price minus joint costs
- d) Sales price minus costs to complete the product

110. Joint cost allocated according to sales value of individual products under

- a) Market value method
- b) Average unit cost method
- c) Survey method
- d) Physical unit method

111. Under the market value method joint costs are allocated according to _____ of individual products

- a) Cost price
- b) market price or cost price whichever is less
- c) Sales value
- d) cost and demand price

112. Under the average unit cost method of apportionment of joint costs, the cost per unit of each product is

- a) Constant
- b) Different
- c) Same
- d) Semi variable

113. All costs incurred beyond the split-off point that are assignable to one or more individual products are called

- a) By-product costs
- b) Joint costs
- c) Main costs
- d) Separable costs

114. At Break Even Point, the Contribution is equal to _____

- a) Variable Cost
- b) Administrative Cost
- c) Sales revenue
- d) Fixed cost

115. Marginal Costing is _____

- a) Method of costing
- b) A Technique of costing
- c) Similar to Absorption costing
- d) None of the above

116. Contribution is equal to _____

- a) Sales – Variable Cost
- b) Fixed cost + Profit
- c) Sales X P/v Ratio
- d) All of the above

117. If sales are ₹ 8,00,000 and variable cost of sales is 70%, contribution is ₹ _____

- a) 5,60,000
- b) 2,40,000
- c) 7,00,000
- d) 3,00,000

118. Under Marginal Costing, cost is classified on the basis of _____

- a) Function
- b) Behavior
- c) Elements
- d) Differences

119. Profit Volume ratio of the company is 40%, while its margin of safety is 40%, if sales volume of the company is ₹ 25,00,000 profit is ₹ _____

- a) 6,00,000
- b) 15,00,000
- c) 10,00,000
- d) 4,00,000

120. A company has a sale of ₹ 4,00,000, P/V ratio is 20% & fixed cost is ₹ 30,000, the profit will be _____

- a) ₹ 50,000
- b) ₹ 40,000
- c) ₹ 70,000
- d) ₹ 80,000

121. The difference between sales value and the marginal cost is called _

- a) Fixed Cost
- b) Contribution
- c) Variable Cost
- d) Differential Cost

122. Marginal costs is taken as equal to _____

- a) Prime Cost plus all variable overheads
- b) Prime Cost minus all variable overhead
- c) Variable overheads

d) Factory overheads

123. Which of the following statements are true?

- A) Marginal costing is not an independent system of costing.
- B) In marginal costing all elements of cost are divided into fixed and variable components.
- C) In marginal costing fixed costs are treated as product cost.
- D) Marginal costing is not a technique of cost analysis.

- a) A and B
- b) B and C
- c) A and D
- d) B and D

124. While computation of profit in marginal costing

- a) Total marginal cost is deducted from total sales revenues
- b) Total marginal cost is added to total sales revenues
- c) Fixed cost is added to contribution
- d) None of the above

125. Marginal cost is computed as

- a) Prime cost + All Variable overheads
- b) Direct material + Direct labor + Direct Expenses + All variable overheads
- c) Total costs – All fixed overheads
- d) All of the above

126. The term contribution refers to _____

- a) The difference between selling price and fixed cost
- b) The difference between selling price and variable cost
- c) Profit
- d) Fixed cost

127. Marginal costing technique helps the management in deciding_____

- a. Pricing
- b. To accept fresh orders at low price
- c. To make or buy
- d. All of the above

128. The accountant's concept of marginal cost differs from the Economist's concept of marginal cost in the matter of exclusion of__

- a. Variable cost
- b. Semi-variable cost
- c. Fixed cost
- d. Imputed cost

129. Direct material cost + direct labour cost + other variable costs are equal to_____

- a. Contribution
- b. Total cost
- c. Marginal cost
- d. Sales

130. The other name of marginal costing is_____

- a. Direct costing
- b. Variable costing
- c. Incremental costing
- d. All of the above

131. Marginal costing is also known as_____

- a) Direct costing
- b) Variable costing
- c) Both a and b
- d) None of the above

132. The term gross margin refers to_____

- a) Total profit
- b) Contribution
- c) Profit before tax
- d) Profit before interest and tax

133. Sales Rs. 1,00,000, variable cost Rs. 60,000 and net profit ratio is 10% on sales, find out fixed cost.

- a) 40,000
- b) 60,000
- c) 50,000
- d) The data inadequate

134. Profit volume ratio establishes the relationship between_____

- a) Contribution and profit
- b) Fixed cost and contribution
- c) Profit and sales
- d) Contribution and sales value

135. Contribution/sales is equal to_____

- a) P/V ratio
- b) Net profit ratio
- c) BEP
- d) EPS

136. The P/V ratio can be increased by_____

- a) Reducing the variable cost
- b) Increasing the selling price
- c) Both
- d) None

137. The factor which limits the volume of output of different products of an understanding at a particular point of time is known as_____

- a) Key factor
- b) BEP
- c) Contribution
- d) Fixed cost

138. Sales Rs. 1,00,000, variable cost Rs. 50,000 and net profit ratio is 10% on sales, find out fixed cost.

- a) 50,000
- b) 40,000
- c) 20,000
- d) The data inadequate

139. The profit of an undertaking is affected by_____

- a) Selling price of the products
- b) Volume of sales
- c) Variable cost per unit and total fixed cost
- d) All of the above

140. The profit at which total revenue is equal to total cost is called_____

- a) BEP
- b) Margin of safety
- c) Break even analysis
- d) None

141. The break-even chart helps the management in_____

- a) Forecasting costs and profits
- b) Cost control
- c) Long term planning and growth
- d) All of the above

142. Break even chart presents only cost volume profits. It ignores other considerations such as_____

- a) Capital
- b) Marketing aspects
- c) Government policy
- d) All of the above

143. Expenses that do not vary with the volume of production are known as_____

- a) Fixed expenses
- b) Variable expenses
- c) Semi-variable expenses
- d) Normal expenses

144. _____is the excess of sales over the break-even sales.

- a) Actual sales
- b) Total sales
- c) Margin of safety
- d) Net sales

145. _____indicates the extent of which the sales can be reduced without resulting in loss.

- a) BEP
- b) Key factor
- c) Contribution

d) Margin of safety

146. The formula for Margin of Safety is one of the following _____

- a) PV ratio/profit
- b) Profit/P/v ratio
- c) Profit/sales
- d) Contribution/fixed cost

147. Margin of safety can be improved by...

- a) Increasing production
- b) Increasing selling price
- c) Reducing the costs
- d) All of the above

148. If a firm is dealing in several products the _____ is calculated.

- a) Composite BEP
- b) BEP
- c) Break even sales
- d) Cash BEP

149. _____ refers to a situation where the costs of operating two alternative plants are equal.

- a) Simple BEP
- b) Cost BEP
- c) Contribution BEP
- d) Fixed BEP

150. The angle formed by the sales line and total cost line at the break-even point is known as _____

- a) Profit variable

- b) Margin of safety
- c) Angle of incidence
- d) None

151. The term contribution margin refers to...

- a) Marginal income
- b) Marginal cost
- c) Gross profit
- d) Net income

152. The term period cost refers to...

- a) Variable cost
- b) Fixed cost marginal cost
- c) Prime cost
- d) Works cost

153. The BEP decreases if the fixed cost...

- a) Increases
- b) Decreases
- c) Remains constant
- d) Inadequate data

154. Marginal costing is the most useful technique for the...

- a) Shareholders
- b) Management
- c) Auditors
- d) Creditors

155. Variable cost

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

156. Break-even point is

- a) Profit/PV ratio
- b) Variable cost/PV ratio
- c) Fixed cost/PV ratio
- d) Sales/PV ratio

157. Margin of safety is

- a) actual sales - break even sales
- b) sales - contribution
- c) sales - fixed assets
- d) fixed cost + variable cost

158. Period cost is

- a) fixed cost
- b) variable cost
- c) factory cost
- d) prime cost

159. Valuation of stock in marginal costing is done at

- a) marginal cost
- b) total cost
- c) fixed cost
- d) prime cost

160. Variable cost per unit

- a) remains constant with change in production
- b) increases with increase in products
- c) decreases with decrease in profit
- d) increase with increase in profit

161. Variable cost depends on

- a) production
- b) demand
- c) sales
- d) raw material

162. The following is not a fixed cost

- a) power
- b) property tax
- c) insurance premium
- d) rent

163. Telephone charges is a

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

164. Decrease in variable cost

- a) decreases the break-even point
- b) increases the break-even point
- c) decrease in PV ratio
- d) increase in PV ratio

165. Increase in selling price

- a) increase contribution
- b) decrease contribution
- c) decrease fixed cost
- d) increase fixed cost

166. Selling price per unit is ₹ 10 variable cost per unit is ₹ 6 fixed cost ₹ 2000 contribution will be

- a) ₹ 4
- b) ₹ 6
- c) ₹ 3
- d) 200

167. Variable cost ₹ 4 contribution ₹ 4 PV ratio will be

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

168. The objective of Standard Costing is to control cost through _____

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

169. The Standard Cost Card contains quantities & cost for _____

- a) Direct material only
- b) Direct material & Direct labour only
- c) Direct labour only
- d) Direct material, Direct labour & Overheads

170. If actual cost is more than standard cost, Variance is _____

- a) Favourable
- b) Adverse
- c) Nil
- d) All of the above

171. Standard Cost is decided for _____

- a) Labour
- b) Overheads
- c) Materials
- d) All the elements

172. 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

173. Variance should be stated in _____

- a) Money terms
- b) Grade
- c) Quantity
- d) Hours

174. The Standard hourly rate was ₹ 4. The actual rate was ₹ 3.50, the labour rate variance was ₹ 24,000 favourable. The actual labour hours were _____

- a) ₹ 48,000
- b) ₹ 49,000

- c) ₹ 46,000
- d) ₹ 52,000

175. The standard costing technique is unsuitable for_____

- a) Trading business
- b) Manufacturing sector
- c) Job order business
- d) Wholesaler

176. Labour rate variance is obtained using the following formula:

- a) Difference in rates x Actual hours worked
- b) Difference in rates x Standard hours
- c) Difference in rates x Idle Time
- d) None of the above

177. The objective of standard costing is to_____

- a) Determine profitability of a product
- b) Determine break-even production level
- c) Control costs
- d) Allocate costs with more accuracy

178. An estimate of cost should be is known as _____

- a) Actual cost
- b) Ideal cost
- c) Standard cost
- d) Forecast cost

179. A standard which assumes efficient level of operations, but which includes allowance for factors such as waste & machine downtime is known as an_____

- a) Ideal standard
- b) Normal standard
- c) Attainable standard
- d) Actual standard

180. What standard is based on the assumption of most favourable conditions possible?

- a) Ideal standard
- b) Normal standard
- c) Attainable standard
- d) Expected standard

181. What term can be defined as a means of assessing the difference between a predetermined amount and the actual amount?

- a) Variance analysis
- b) Differential costing
- c) Incremental costing
- d) Marginal costing

182. If standard cost is lower than actual cost, the difference is known as

- a) Favourable
- b) Adverse
- c) positive
- d) Negative

183. A favourable variance occurs when
- a) Actual costs are less than marginal costs
 - b) Standard costs are less than actual costs
 - c) Actual costs are less than the selling price
 - d) Actual costs are less than standard costs

184. The difference between the actual price and the standard price, multiplied by the actual quantity of material purchased is the _____
- a) Materials cost variance
 - b) Materials price variance
 - c) Materials usage variance
 - d) Materials efficiency variance

185. The difference between the actual quantity and the standard quantity, multiplied by the standard price is the _____
- a) Materials efficiency variance
 - b) Materials volume variance
 - c) Materials price variance
 - d) Materials usage variance

186. Actual units of direct materials used were 20,000 at an actual cost of 40,000. Standard unit cost is ₹ 2.10. Assuming the materials price variance is recognized when the materials are used, the materials price variance (MPV) is:
- a) ₹1,000 favourable
 - b) ₹1,000 unfavourable
 - c) ₹2,000 favourable
 - d) ₹ 2,000 unfavourable

187. Differences between standard cost and actual cost is also called as

- a) variance
- b) profit
- c) loss
- d) wastage

188. Excess of actual cost over standard cost is a

- a) favourable variance
- b) unfavourable variance
- c) abnormal gain
- d) not suitable variance

189. The standard hourly rate was ₹1.40. The actual rate was ₹1.30. The labour rate variance was ₹600, favourable. The actual labour hours (AH) were:

- (a) 6,000
- (b) 6,400
- (c) 1,000
- (d) 1,500

190. During the month of December 2013, XLNT Ltd. used 5,000 kgs of materials at a total standard cost of ₹ 20,000. The material usage variance was ₹ 360 (adverse). The standard usage of material (SQ) for the period is

- (a) 4,000 kgs
- (b) 4,910 kgs
- (c) 5,000 kgs
- (d) 5850 kgs

191. Material cost variance is favourable when

- a) actual cost of material is more than standard 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

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

- a) changing in quantity
- b) changing in wastages
- c) change in tax rate
- d) change in price rate

193. A Ltd. used 4,538 kgs of material at a standard cost of ₹ 2.50 per kg. The material usage variance was ₹280 (Favourable). The standard usage of material for the period is

- (a) 4,700 kgs
- (b) 4,650 kgs
- (c) 4,600 kgs
- (d) 4,588 kgs

194. Excess of standard cost over actual cost is a

- a) favourable variance
- b) unfavourable variance
- c) abnormal gain
- d) suitable variance

195. Labour cost variance is a difference between

- a) Standard labour cost and actual labour cost
- b) standard labour hours-actual labour hours
- c) standard labour rate-actual labour rate
- d) none of the above

196. Favourable labour efficiency variance indicates

- a) improvement in labour efficiency
- b) cost reduction
- c) improvement in quality
- d) none of the above

197. Labour rate variance is favourable when

- a) actual rate is lower than the standard rate
- b) actual time is less than Standard time
- c) actual rate is higher than standard rate
- d) actual rate is equal than standard rate

198. Overheads include

- a) indirect material, indirect labour
- b) indirect material, direct labour, indirect expenses
- c) fixed overheads
- d) sales overheads

199. The objective of standard costing is to

- a) determine profitability of a product
- b) determine break even production level
- c) control cost
- d) allocate costs with more accuracy

200. An estimate of what cost should be is known as

- a) actual cost
- b) ideal cost
- c) standard cost
- d) forecast cost

201. A standard which assumes efficient level of operations, but which includes allowances for factors such as waste and machine downtime is known as an

- a) ideal standard
- b) normal standard
- c) attainable standard
- d) none of the above

202. What standard is based on the assumption of most favourable conditions possible?

- A) ideal standard
- b) normal standard
- c) expected standard
- d) attainable standard

203. The standard cost card contains quantities and costs for

- a) direct material only
- b) direct labour only
- c) direct material and direct labour only
- d) direct material direct labour and overhead

204. what term can be defined as a means of assessing the difference between a predetermined amount and the actual amount?

- a) Variance analysis
- b) Differential costing
- c) Incremental costing
- d) Marginal costing

205. If standard cost is lower than the actual cost the difference is known as

- a) Favourable
- b) Adverse
- c) Positive
- d) Negative

206. The "standard quantity allowed" is computed by multiplying the

- a) Actual input in units by the standard output allowed
- b) Actual output in units by the standard input allowed
- c) Actual output in units by the standard output allowed
- d) standard output in units by the standard input allowed

207. The term "standard hours allowed" measures

- a) Budgeted output at actual hours
- b) Budgeted output at Standard hours
- c) Actual output at Standard hours
- d) Actual output at actual hours

208. If the actual number of labour hours worked is less than the standard hours allowed for equivalent units produced this indicates:

- a) an unfavourable labour rate variance
- b) a favourable total labour variance
- c) an unfavourable labour efficiency variance
- d) favourable labour efficiency variance

209. The standard which can be attained under the most favourable conditions possible

- a) Ideal standard
- b) Expected standard
- c) Current standard
- d) Normal standard

210. A standard which is established for use unaltered for an indefinite period is called

- a) Current standard
- b) Ideal standard
- c) Basic standard
- d) Expected standards

211. The cost of product as determined under standard cost system is

- a) Fixed cost
- b) Historical cost
- c) Direct cost
- d) Predetermined cost

212. The amount of work achievable in an hour, as standard efficiency levels, is

- a) An ideal standard
- b) The direct labour usage per hour
- c) A standard hour
- d) The direct labour efficiency variance

213. While computing variances from Standard costs the difference between the actual and the standard prices multiplied by the actual quantity yields a:

- a) Yield Variance
- b) Volume variance
- c) Mix variance
- d) Price variance

214. While evaluating deviations of actual cost from Standard cost, the technique used is

- a) Regression analysis
- b) Variance analysis
- c) Linear progression
- d) Trend analysis

215. If material cost variance is ₹ 9,400 (favourable) and material usage variance is ₹ 8,200 (adverse), then material price variance (MPV) is

- a) ₹5,600 (favourable)
- b) ₹6,400 (favourable)
- c) ₹17,600 (favourable)
- d) ₹17,600 (adverse)

216. The actual materials price (AP) was ₹3.50, the actual quantity (AQ) of material was 5,100 units, and the materials price variance (MPV) was ₹1,275 unfavourable. The standard materials price (SP) was:

- (a) ₹ 3.75
- (b) ₹3.30
- (c) ₹3.00
- (d) ₹ 3.25

217. Which of the following is a purpose of standard costing?

- a) To determine profit at different levels
- b) To determine break even production level
- c) To control costs
- d) To allocate cost with more accuracy

218. Cost allocation bases in Activity-Based Costing should be _____

- a) Cost drivers
- b) Cost pools
- c) Activity centres
- d) Resources

219. The primary benefit of Activities Based Costing is to provide _____

- a) More accurate product costing
- b) More cost pools
- c) Better management decisions
- d) Enhanced control over overhead costs

220. Cost Drivers for customer order processing are _____

- a) Order quantity
- b) Order sources
- c) Order value
- d) All of the above

221. _____ is not a batch-level activity

- a) Engineering Changes
- b) Material handling
- c) Equipment set ups
- d) Inspection

222. Activities Based Costing is a _____

- a) Method of costing
- b) Method of allocation
- c) Technique of costing
- d) All of the above

223. Cost driver for personnel are _____

- a) Requirement Activity
- b) Industrial Relation climate
- c) Training requirements
- d) All of the above

224. The costing technique that produces a stipulated profit when a product is sold at its estimated market driving price is termed:

- a) Life cycle costing
- b) Product costing
- c) Target costing
- d) Standard costing

225. The four tasks that follow take place in the concept known as target costing

- a) Value engineering
- b) Establish a target selling price
- c) Establish a target cost
- d) Establish a target profit

226. Which of the following is usually the longest stage in the product life cycle?

- a) Introduction phase
- b) Growth phase
- c) Maturity phase
- d) saturation phase

227. Most of a product's life cycle costs are locked in by decisions made during the ____ business function of the value chain

- a) Design
- b) Manufacturing
- c) Customer service
- d) Marketing

228. Life cycle costing is particularly important when

- a) the development period for R and D is short and inexpensive
- b) there are significant non-production costs
- c) Most costs are locked in during production
- d) a low percentage of costs are incurred before any revenues are received

229. Benchmarking allows a company to

- a) identify its strengths and weaknesses
- b) imitate those ideas that are readily transferable
- c) Improve on methods in use by others
- d) All of the above

230. All of the following are considered to be part of the activity levels often used to implement ABC, with the exception of

- a) production-level activity
- b) batch-level activity
- c) product-level activity
- d) unit-level activity

231. Cost allocation bases in activity-based costing should be

- a) cost drivers
- b) Cost pools
- c) Activity centres
- d) Resources

232. Costs that are common to many different activities within an organisation are known as _____ costs

- a) Product level
- b) Facility level
- c) Batch level
- d) Unit level

233. Relative to traditional product costing, activity-based costing differs in the way costs are

- a) processed
- b) allocated
- c) benchmarked
- d) incurred

234. In activity-based costing, final cost allocations assign costs to

- a) departments
- b) processes
- c) products
- d) activities

235. Providing the power required to run production equipment is an example of a

- a) Unit level activity
- b) Batch level activity
- c) Product level activity
- d) Organisation sustaining activity

236. Examples of activities at the batch level of costs include:

- a) cutting, painting, and packaging
- b) material ordering, machine set up, and inspection
- c) designing, part-specification, and advertising
- d) heating, lighting, and security

237. The salaries of a manufacturing plant's management are said to arise from

- a) unit level activities
- b) batch level activities
- c) product sustaining activities
- d) facility level activities

238. An activity that has a direct cause-effect relationship with the resources consumed is a

- a) Cost driver
- b) Overhead rate
- c) Cost pool
- d) Product activity

239. The primary benefit of ABC is it provides

- a) Better management decisions
- b) Enhanced control over overheads costs
- c) More cost pools
- d) More accurate product costing

240. Which of the following is a batch level activity?

- a) Assembling
- b) Product design
- c) Engineering changes
- d) Purchase ordering

241. Which of the following is a facility level activity?

- a) Engineering changes
- b) Product Design
- c) Property taxes
- d) Inspection

242. Activities required to support for sustain and entire production process are called

- a) Unit level activities
- b) Batch level activities
- c) Product level activities
- d) Facility level activities

243. Cost allocation bases in activity-based costing should be

- a) Cost drivers
- b) Value added activities
- c) Activity centres
- d) Processes

244. Activity Based Costing is

- a) a method of accounting for material, labour and overhead costs related to products
- b) a method of allocating indirect costs
- c) another name for benchmarking
- d) a cost objects

245. Which of the following is a typical cost pool?

- a) products manufactured
- b) a service offered to customers
- c) direct labour
- d) a machine used for packaging products

246. Cost drivers are

- a) a group of individual costs whose total is allocated
- b) used to assign costs
- c) selected to minimize allocated costs
- d) equivalent to cost pools
- e) a product, service or department to which costs are accumulated

247. How is an activity cost rate calculated when using ABC to assign manufacturing overhead costs?

- a) Multiply manufacturing overhead rate by actual cost driver level
- b) Divide estimated activity pool amount by estimated cost driver level
- c) Multiply estimated activity pool amount by estimated cost driver level
- d) Divide manufacturing overhead rate by actual cost driver level

248. Which of the following systems focuses on activities as the fundamental cost objects and uses the costs of those activities for compiling the indirect costs of products?

- a) Job costing
- b) Activity-based costing
- c) Process costing
- d) Product costing

249. Which one of the following is a collection of overhead costs related to a cost object?

- a) Cost pool
- b) Cost driver
- c) Cost object
- d) Cost allocation

250. An accounting system that collects financial and operating data on the basis of the underlying nature and extent of the cost drivers is

- a) Direct costing
- b) Activity-based costing
- c) Target costing
- d) Cycle-time costing