

MCQ (SYLLABUS-2022)

COST ACCOUNTING

1. Prime Cost is: _____
 - (a) All costs incurred in manufacturing a product
 - (b) the total of direct costs
 - (c) the material cost of a product
 - (d) the cost of operating a department
2. A company employs three drivers to deliver goods to its customers. The salaries paid to these drivers are: _____
 - (a) a part of prime cost
 - (b) a direct production expense
 - (c) a production overhead
 - (d) a selling & distribution overhead
3. A company has to pay a Rs. 1 per unit royalty to the designer of a product which it manufactures and sells. The royalty charge would be classified in the company's accounts as a _____
 - (a) Direct expense
 - (b) Production overhead
 - (c) Administrative overhead
 - (d) Selling overhead
4. _____ is a method of dealing with overheads which involves spreading common costs over cost centers on the basis of benefit received.
 - (a) overhead absorption
 - (b) overhead apportionment
 - (c) overhead allocation
 - (d) overhead analysis
5. Which of the following classification is meant for distinction between direct cost and indirect cost?
 - (a) Function
 - (b) Element
 - (c) Variability
 - (d) Controllability
6. Which of the following is applicable for Cost Control?
 - (a) It is related with the future
 - (b) It is a corrective function
 - (c) It ends when the targets are achieved
 - (d) It challenges the standards set
7. _____ is anything for which a separate measurement of cost is required
 - (a) Cost driver
 - (b) Cost centre
 - (c) Cost unit
 - (d) Cost object



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8. Ticket counter in a Metro Station is an example of
 - (a) Profit centre
 - (b) Investment centre
 - (c) Cost centre
 - (d) Revenue centre
9. Which of the following is an example of functional classification of cost?
 - (a) Direct labour cost
 - (b) Direct material cost
 - (c) Factory overhead
 - (d) Indirect material cost
10. Absorption costing is also referred as _____
 - (a) Historical costing
 - (b) Traditional costing
 - (c) Full costing
 - (d) All of the above terms
11. The main purpose of cost accounting is
 - (a) to maintain profit
 - (b) to help in inventory valuation
 - (c) to enter into price War with competitive firms to provide information
 - (d) to management for decision-making
12. _____ is anything for which a separate measurement is required
 - (a) cost unit
 - (b) cost object
 - (c) cost driver
 - (d) cost centre
13. Which of the following is true about Cost Control
 - (a) It is a corrective function
 - (b) It challenges the set standards
 - (c) It ends when targets achieved
 - (d) It is concerned with future
14. Cost Units used in Power Sector is:
 - (a) Kilo-meter (K.M.)
 - (b) Kilo - Watt-Hour (kWh)
 - (c) Number of Electric Points
 - (d) Machine Hours
15. Process Costing method is suitable for:
 - (a) Transport Sector
 - (b) Chemical Industries
 - (c) Dam Construction
 - (d) Furniture- making
16. Distinction between Direct Cost and Indirect Cost is an example of _____ Classification.
 - (a) By element
 - (b) By Function
 - (c) By controllability
 - (d) By Variability

17. The advantage of using IT in Cost Accounting does not include
 - (a) Single point data entry
 - (b) stock needs to be reconciled with goods received note
 - (c) reduction in multiplicity of documents
 - (d) integration of various functions
18. A taxi provider charges minimum Rs.80 thereafter Rs. 12 per kilometer of distance travelled, the behavior of conveyance Cost is
 - (a) fixed cost
 - (b) semi-variable
 - (c) variable
 - (d) administrative cost
19. A Ltd. Has three Production Departments, and each department has machines, which of the following cannot be treated as Cost Centre for cost allocation:
 - (a) Machines under the production Department
 - (b) Production Departments
 - (c) Both Production Department and Machines
 - (d) A Ltd.
20. Which of the following is an example of functional classification of cost?
 - (a) Semi -variable costs
 - (b) Fixed Cost
 - (c) Administrative overhead
 - (d) indirect Overheads
21. Cost which are ascertained after they have been incurred are known as
 - (a) sunk costs
 - (b) Imputed Costs
 - (c) Historical Costs
 - (d) Opportunity Costs
22. Generally, for the purpose of Cost sheet preparation, costs are classified on the basis of –
 - (a) Functions
 - (b) variability
 - (c) relevance
 - (d) nature
23. Which of the following items is not excluded while preparing a cost sheet?
 - (a) Goodwill written off
 - (b) provision for taxation
 - (c) property tax on factory building
 - (d) Transfer to reserves
24. What is prime cost
 - (a) Total direct cost only
 - (b) Total Indirect Costs only
 - (c) Total Nonproduction Costs
 - (d) Total Production Costs

25. Which of the following does not form part of prime cost
- (a) Cost of Packing
 - (b) Cost of transportation paid to bring materials to factory
 - (c) GST paid on Raw materials (where input credit cannot be claimed)
 - (d) Overtime premium paid to workers
26. Which of these is not an objective of Cost Accounting?
- (a) Ascertainment of Cost
 - (b) Determination of Selling
 - (c) Price Cost Control and Cost reduction
 - (d) Assisting Shareholders in decision making
27. Which of the following are direct expenses? (1) Cost of Special Designs drawings or layout, (2) Hire of Tools or Equipment for a particular job, (3) Salesman's wages, (4) Rent, rates and Insurance of a factory.
- (a) (1) and (2)
 - (b) (1) and (3)
 - (c) (2) and (3)
 - (d) (3) and (4)
28. Salary paid to plant Supervisor is a part of
- (a) Direct expenses
 - (b) Factory Overheads
 - (c) Quality Control
 - (d) Cost administrative cost
29. Depreciation of Director's Laptop is treated as a part of:
- (a) Administration Overheads
 - (b) Factory Overheads
 - (c) IT infrastructure Cost
 - (d) Research & Development Cost
30. A manufacturing Company has set-up a lab for testing of products for compliance with standards. Salary of this Lab Staff are part of:
- (a) Works Overheads
 - (b) Quality Control
 - (c) Cost Direct Expenses
 - (d) Research & Development Cost
31. Audit fees paid to external Statutory Auditors is part of
- (a) Administration Cost
 - (b) Production Cost
 - (c) Selling & distribution Costs
 - (d) Quality Control Cost
32. Salary paid to factory stores is a part of
- (a) Factory Overheads
 - (b) Production Cost
 - (c) Direct Employee Cost
 - (d) Direct Material Cost

33. Canteen Expenses for factory workers are part of –
(a) Factory Overheads
(b) Administration cost
(c) Marketing cost
(d) Direct expenses
34. A company pays Royalty to State Government on the basis of production, it is treated as:
(a) Direct material cost
(b) Quality Control
(c) Cost Direct Expenses
(d) Administrative Overhead
35. Which of the following is not an element of Works Overhead?
(a) Store Keeper's Salary
(b) Plant Manager's salary
(c) Sales Manager's Salary
(d) Product Inspector's Salary
36. A profit centre is a centre
(a) Where the manager has the responsibility of generating and maximizing profits
(b) Which is concerned with earning an adequate Return on Investment
(c) Both of the above
(d) Which manages cost
37. Responsibility Centre can be categorized into:
(a) Cost Centers only
(b) Profit Centers only
(c) Investment Centers only
(d) Cost Centers, Profit Centers and Investment Centers
38. Cost Unit is defined as:
(a) Unit of quantity of product, service or time in relation to which costs may be ascertained or expressed
(b) A location, person or an item of equipment or a group of these for which costs are ascertained and used for cost control.
(c) Centers having the responsibility of generating and maximizing profits
(d) Centers concerned with earning an adequate return on investment
39. Fixed cost is a cost:
(a) Which changes in total in proportion to changes in output
(b) which is partly fixed and partly variable in relation to output
(c) which do not change in total during a given period despite changes in output
(d) which remains same for each unit of output
40. Uncontrollable costs are the costs which be influenced by the action of a specified member of an undertaking.
(a) can not
(b) can
(c) may or may not
(d) must



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41. Element/s of Cost of a product are:
(a) Material only
(b) Labour only
(c) Expenses only
(d) Material, Labour and expenses
42. Abnormal cost is the cost:
(a) Cost normally incurred at a given level of output
(b) Cost not normally incurred at a given level of output
(c) Cost which is charged to customer
(d) Cost which is included in the cost of the product
43. Conversion cost includes cost of converting _____ into _____.
(a) Raw material, WIP
(b) Raw material Finished goods
(c) WIP Finished goods
(d) Finished goods, Saleable goods
44. Sunk costs are:
(a) relevant for decision making
(b) Not relevant for decision making
(c) cost to be incurred in future
(d) future costs
45. Calculate the prime cost from the following information: Direct material purchased: Rs. 1,00,000; Direct Material consumed: Rs. 90,000; Direct Labour: Rs. 60,000; Direct expenses: Rs. 20,000; Manufacturing overheads: Rs. 30,000
(a) Rs. 1,80,000
(b) Rs. 2,00,000
(c) Rs. 1,70,000
(d) Rs. 2,10,000
46. Total cost of a product: Rs. 10,000 Profit: 25% on Selling Price Profit is:
(a) Rs. 2,500
(b) Rs. 3,000
(c) Rs. 3,333
(d) Rs. 2,000
47. Calculate cost of sales from the following: Net Works cost: Rs. 2,00,000; Office & Administration Overheads: Rs. 1,00,000; Opening stock of WIP: Rs. 10,000; Closing Stock of WIP: Rs. 20,000; Closing stock of finished goods: Rs. 30,000; There was no opening stock of finished goods. Selling overheads: Rs. 10,000
(a) Rs. 2,70,000
(b) Rs. 2,80,000
(c) Rs. 3,00,000
(d) Rs. 3,20,000
48. Which of the following is considered as normal loss of material?
(a) Pilferage
(b) Loss due to accident
(c) Loss due to careless handling of material
(d) None of these



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49. The most important element of cost is-
- (a) Material
 - (b) Labour
 - (c) Overheads
 - (d) All of these
50. Direct material is a –
- (a) Administration
 - (b) Cost Selling and
 - (c) Distribution cost
 - (d) All of these None of these
51. Which of the following is considered as accounting record?
- (a) Bin Card
 - (b) Bill of material
 - (c) Store Ledger
 - (d) None of these
52. Direct material can be classified as:
- (a) Fixed cost
 - (b) Semi-Variable
 - (c) cost Variable
 - (d) Cost Prime cost
53. In which of the following methods of pricing, costs lag behind the current economic values?
- (a) Replacement price method
 - (b) Last in first out price method
 - (c) First in first out price method
 - (d) Weighted average price method
54. In which of the following methods, issues of materials are priced at pre-determined rate?
- (a) Replacement price method
 - (b) Inflated price method
 - (c) Specific price method
 - (d) Standard price method
55. Which of the following methods smoothes out the effect of fluctuations when material prices fluctuate widely?
- (a) FIFO
 - (b) Simple Average
 - (c) LIFO
 - (d) Weighted average
56. In which of the following incentive plan of payment, wages on time basis are not guaranteed?
- (a) Halsey plan
 - (b) Rowan plan
 - (c) Taylor's differential piece rate system
 - (d) Gantt's task and bonus system

57. Cost of idle time arising due to non-availability of raw material is :
 - (a) Charged to costing profit and loss A/c
 - (b) Charged to factory overheads
 - (c) Recovered by inflating the wage rate
 - (d) Ignored
58. When overtime is required for meeting urgent orders, overtime premium should be
 - (a) Charged to costing profit and loss A/c
 - (b) Charged to overhead costs
 - (c) Charged to respective jobs
 - (d) Ignored
59. Labour turnover is measured by
 - (a) Number of workers replaced average number of workers
 - (b) Number of workers left/number in the beginning plus number at the end
 - (c) Number of workers joining/number in the beginning of the period
 - (d) All of these
60. Idle time is
 - (a) Time spent by workers in factory
 - (b) Time spent by workers in office
 - (c) Time spent by workers off their work
 - (d) Time spent by workers on their job
61. Over time is:
 - (a) Actual hours being more than normal time
 - (b) Actual hours being more than standard time
 - (c) Standard hours being more than actual hours
 - (d) Actual hours being less than standard time
62. Labour productivity is measured by comparing
 - (a) Total output with total man-hours
 - (b) Added value for the product with total wage cost
 - (c) Actual time and standard time
 - (d) All of the above
63. If the time saved is less than 50% of the standard time, then the wages under Rowan and Halsey premium plan on comparison gives:
 - (a) Equal wages under two plans
 - (b) More wages to workers under Halsey Plan than Rowan Plan
 - (c) More wages to workers under
 - (d) Rowan Plan than Halsey Plan
64. Under Taylor's differential piece rate scheme, if a worker fails to complete the task within the standard time, then he is paid
 - (a) 83% of the piece work rate
 - (b) 175% of the piece work rate
 - (c) 67% of the piece work rate
 - (d) 125% of the piece work rate



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65. Direct Expenses _____ includes imputed cost.
(a) Shall
(b) Shall not
(c) Shall be
(d) None of these
66. Direct Expenses that does not meet the test of materiality can be _____ part of overhead.
(a) Treated
(b) Not treated
(c) All of the these
(d) None of these
67. Example of Direct Expenses.
(a) Rent
(b) Royalty charged on production
(c) Bonus to employee
(d) None of these
68. The allotment of whole items of cost centers or cost unit is called:
(a) Cost allocation
(b) Cost apportionment
(c) Overhead absorption
(d) None of the above
69. Directors' remuneration and expenses form a part of:
(a) Production overhead
(b) Administration overhead
(c) Selling overhead
(d) Distribution overhead
70. Charging to a cost center those overheads that result solely for the existence of that cost Center is known as
(a) Allocation
(b) Apportionment
(c) Absorption
(d) Allotment
71. Absorption means:
(a) Charging of overheads to cost centers
(b) Charging of overhead to cost units
(c) Charging of overheads to cost centers or cost units
(d) None of the above
72. When the amount of under or over absorption is significant, it should be disposed of by:
(a) Transferring to costing profit and loss account
(b) The use of supplementary rates
(c) Carrying over as a deferred charge to the next accounting year
(d) None of the above

73. Selling and distribution overheads are absorbed on the basis of:
- (a) Rate per unit.
 - (b) Percentage on works cost.
 - (c) Percentage on selling price of each unit.
 - (d) Any of the above
74. Primary packing cost is a part of:
- (a) Direct material cost
 - (b) Distribution overhead
 - (c) Selling overhead
 - (d) Production cost
75. Normal capacity of a plant refers to the difference between:
- (a) Maximum capacity and practical capacity
 - (b) Maximum capacity and actual capacity
 - (c) Practical capacity and estimated idle capacity as revealed by long term sales trend
 - (d) Practical capacity and normal capacity
76. When the amount of overhead absorbed is less than the amount of overhead incurred, it is called:
- (a) Under absorption of overhead
 - (b) Over absorption of overhead
 - (c) Proper absorption of overhead
 - (d) None of the above
77. _____ is a scientific and accurate method of factory overhead absorption.
- (a) Percentage of prime cost method
 - (b) Machine hour rate method
 - (c) Percentage of direct material cost method
 - (d) Percentage of direct labour cost method
78. Which of these is not a Material control technique:
- (a) ABC Analysis
 - (b) Fixation of raw material levels
 - (c) Maintaining stores ledger
 - (d) Control over slow moving and non-moving items
79. Out of the following, what is not the work of purchase department:
- (a) Receiving purchase requisition
 - (b) Exploring the sources of material supply
 - (c) Preparation and execution of purchase orders
 - (d) Accounting for material received
80. Bin Card is a:
- (a) Quantitative as well as value wise records of material received, issued and balance;
 - (b) Quantitative record of material received, issued and balance
 - (c) Value wise records of material received, issued and balance
 - (d) a record of labour attendance

81. Stores Ledger is a:
 - (a) Quantitative as well as value wise records of material received, issued and balance;
 - (b) Quantitative record of material received, issued and balance
 - (c) Value wise records of material received, issued and balance
 - (d) a record of labour attendance
82. Re-order level is calculated as:
 - (a) Maximum consumption x Maximum re-order period
 - (b) Minimum consumption x Minimum re-order period
 - (c) $1/2$ of (Minimum + Maximum consumption)
 - (d) Maximum level - Minimum level
83. Economic order quantity is that quantity at which cost of holding and carrying inventory is
 - (a) Maximum and equal
 - (b) Minimum and equal
 - (c) It can be maximum or minimum depending upon case to case.
 - (d) Minimum and unequal
84. ABC analysis is an inventory control technique in which:
 - (a) Inventory levels are maintained
 - (b) Inventory is classified into A, B and C category with A being the highest quantity, lowest value.
 - (c) Inventory is classified into A, B and C Category with A being the lowest quantity, highest value
 - (d) Either b or c
85. Which one out of the following is not an inventory valuation method?
 - (a) FIFO
 - (b) LIFO
 - (c) Weighted
 - (d) Average EOQ
86. In case of rising prices (inflation), FIFO method will:
 - (a) provide lowest value of closing stock and profit
 - (b) provide highest value of closing stock and profit
 - (c) provide highest value of closing stock but lowest value of profit
 - (d) provide highest value of profit but lowest value of closing stock
87. In case of rising prices (inflation), LIFO will:
 - (a) provide lowest value of closing stock and profit
 - (b) provide highest value of closing stock and profit
 - (c) provide highest value of closing stock but lowest value of profit
 - (d) provide highest value of profit but lowest value of closing stock
88. Calculate Re-order level from the following: Consumption per week: 100-200 units Delivery period: 14-28 days
 - (a) 5600 units
 - (b) 800 units
 - (c) 1400 units
 - (d) 200 units



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89. Calculate EOQ (approx.) from the following details: Annual Consumption: 24000 units; Ordering cost: Rs. 10 per order; Purchase price: Rs. 100 per unit; Carrying cost: 5%
- (a) 310 (c) 290
(b) 400 (d) 300
90. Calculate the value of closing stock from the following according to FIFO method: 1st January, 2024: Opening balance: 50 units @ Rs. 4 Receipts; 5th January, 2024: 100 units @ Rs. 5; 12th January, 2024: 200 units @ Rs. 4.50; Issues: 2nd January, 2024: 30 units; 18th January, 2024: 150 units
- (a) Rs. 765
(b) Rs. 805
(c) Rs. 786
(d) Rs. 700
91. Calculate the value of closing stock from the following according to LIFO method: 1st January, 2024: Opening balance: 50 units @ Rs. 4 Receipts: 5th January, 2024: 100 units @ Rs. 5 12th January, 2024: 200 units @ Rs. 4.50 Issues: 2nd January, 2024: 30 units 18th January, 2024: 150 units
- (a) Rs. 765
(b) Rs. 805
(c) Rs. 786
(d) Rs. 700
92. Calculate the value of closing stock from the following according to Weighted Average method: 1st January, 2024: Opening balance: 50 units @ Rs. 4; Receipts: 5th January, 2024: 100 units @ Rs. 5; 12th January, 2024: 200 units @ Rs. 4.50 Issues; 2nd January, 2024: 30 units; 18th January, 2024: 150 units.
- (a) Rs. 765 (c) Rs. 786
(b) Rs. 805 (d) Rs. 700
93. Cost of abnormal wastage is:
- (a) Charged to the product cost
(b) Charged to the profit & loss account
(c) charged partly to the product and partly profit & loss account
(d) Not charged at all.
94. Calculate re-order level from the following: Safety stock: 1000 units Consumption per week: 500 units It takes 12 weeks to reach material from the date of ordering.
- (a) 1000 units
(b) 6000 units
(c) 3000 units
(d) 7000 units
95. From the following information, calculate the extra cost of material by following EOQ: Annual consumption: = 45000 units; Ordering cost per order: = Rs. 10; Carrying cost per unit per annum: = Rs. 10; Purchase price per unit = Rs. 50; Re-order quantity at present = 45000 units. There is discount of 10% per unit in case of purchase of 45000 units in bulk.
- (a) No saving
(b) Rs. 2,00,000
(c) Rs. 2,22,010
(d) Rs. 2,990

96. Which of the following is an abnormal cause of Idle time:
- (a) Time taken by workers to travel the distance between the main gate of factory and place of their work
 - (b) Time lost between the finish of one job and starting of next job
 - (c) Time spent to meet their personal needs like taking lunch, tea etc
 - (d) Machine break downs
97. If overtime is resorted to at the desire of the customer, then the overtime premium:
- (a) Should be charged to costing profit and loss account;
 - (b) Should not be charged at all
 - (c) Should be charged to the job directly
 - (d) Should be charged to the highest profit-making department
98. Labour turnover means:
- (a) Turnover generated by labour
 - (b) Rate of change in composition of labour force during a specified period
 - (c) Either of the above
 - (d) Both of the above
99. Which of the following is not an avoidable cause of labour turnover:
- (a) Dissatisfaction with Job
 - (b) Lack of training facilities
 - (c) Low wages and allowances
 - (d) Disability, making a worker unfit for work
100. Costs associated with the labour turnover can be categorized into:
- (a) Preventive Costs only
 - (b) Replacement costs only
 - (c) Both of the above
 - (d) Machine costs
101. Calculate workers left and discharged from the following: Labour turnover rates are 20%, 10% and 6% respectively under Flux method, Replacement method and Separation method. No. of workers replaced during the quarter is 80.
- (a) 112
 - (b) 80
 - (c) 48
 - (d) 64
102. Calculate workers recruited and joined from the following: Labour turnover rates are 20%, 10% and 6% respectively under Flux method, Replacement method and Separation method. No. of workers replaced during the quarter is 80.
- (a) 112
 - (b) 80
 - (c) 48
 - (d) 64

103. Calculate the labour turnover rate according to replacement method from the following: No. of workers on the payroll: - At the beginning of the month: 500 - At the end of the month: 600 During the month, 5 workers left, 20 workers were discharged and 75 workers were recruited. Of these, 10 workers were recruited in the vacancies of those leaving and while the rest were engaged for an expansion scheme.
- 4.55%
 - 1.82%
 - 6%
 - 3%
104. Calculate the labour turnover rate according to Separation method from the following: No. of workers on the payroll: - At the beginning of the month: 500 - At the end of the month: 600 During the month, 5 workers left, 20 workers were discharged and 75 workers were recruited. Of these, 10 workers were recruited in the vacancies of those leaving and while the rest were engaged for an expansion scheme.
- 4.55%
 - 1.82%
 - 6%
 - 3%
105. A worker is allowed 60 hours to complete the job on a guaranteed wage of Rs. 10 per hour. Under the Rowan Plan, he gets an hourly wage of Rs. 12 per hour. For the same saving in time, how much he will get under the Halsey Plan?
- Rs.720
 - Rs.540
 - Rs.600
 - Rs.900
106. Overhead refers to:
- Direct or Prime Cost
 - All Indirect costs only
 - Factory indirect costs
 - Only indirect expenses
107. Allotment of whole item of cost to a cost centre or cost unit is known as:
- Cost Apportionment
 - Cost Allocation
 - Cost Absorption
 - Machine hour rate
108. Which of the following is not a method of cost absorption?
- Percentage of direct material cost
 - Machine hour rate
 - Labour hour rate
 - Repeated distribution method
109. Service departments costs should be allocated to:
- Only Service departments
 - Only Production departments
 - Both Production and service departments
 - None of the production and service departments



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110. Most suitable basis for apportioning insurance of machine would be:
- (a) Floor Area
 - (b) Value of Machines
 - (c) No. of Workers
 - (d) No. of Machines
111. Blanket overhead rate is:
- (a) One single overhead absorption rate for the whole factory Rate which is blank or nil rate
 - (b) rate in which multiple overhead
 - (c) rates are calculated for each production department, service department etc
 - (d) Always a machine hour rate
112. AT Co makes a single product and is preparing its material usage budget for next year. Each unit of product requires 2kg of material, and 5,000 units of product are to be produced next year. Opening inventory of material is budgeted to be 800 kg and AT co budgets to increase material inventory at the end of next year by 20% The material usage budget for next year is:
- (a) 8,000 Kg
 - (b) 9,840 kg
 - (c) 10,000 Kg
 - (d) 10,160 Kg
113. During a period 17,500 labour hours were worked at a standard cost of Rs. 6.50 per hour. The labour efficiency variance was Rs. 7,800 favourable. How many standard hours were produced?
- (a) 1200
 - (b) 16300
 - (c) 17500
 - (d) 18700
114. In most of the manufacturing industries, the most important element of cost is
- (a) Material
 - (b) Labour
 - (c) overheads
 - (d) None of the above
115. Which of the following is NOT considered to be Normal loss of Materials?
- (a) Loss due to accidents
 - (b) Pilferage
 - (c) Loss due to breaking the bulk
 - (d) Loss due to transferring of liquid materials from container to another
116. Which of following is NOT considered as Normal loss of material?
- (a) Loss due to evaporation due to prevalent weather conditions
 - (b) Loss due to pilferage
 - (c) Loss due to breaking the bulk
 - (d) Loss due to transferring of liquid materials from container to another
117. At the economic ordering quantity level, the following is true on an annual basis:
- (a) Ordering Cost is minimum
 - (b) Carrying Cost is minimum
 - (c) Ordering Cost is equal to the
 - (d) Carrying Cost Purchase Price is minimum



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118. Continuous Stock Taking is a part of:
- (a) Annual Stock
 - (b) Taking Perpetual
 - (c) Inventory ABC Analysis
 - (d) Bin Cards
119. In which of the following methods, issues of materials are priced at pre-determined rate?
- (a) Inflated Price
 - (b) Method Standard price method
 - (c) Replacement Price Method
 - (d) Market Price Method
120. When Material prices Fluctuate widely, the method of pricing that gives absurd results is –
- (a) Simple Average Price
 - (b) Weighted Average price
 - (c) Moving Average Price
 - (d) Inflated Price
121. When prices fluctuate widely, the method that will smooth out the effect of fluctuations is
- (a) Simple Average
 - (b) Price Weighted Average price
 - (c) FIFO
 - (d) LIFO
122. Under the FSN system of Inventory Control, Inventory is Classified on the basis of:
- (a) Volume of material consumption
 - (b) Frequently of usage of items of inventory
 - (c) Criticality of the item of inventory of production
 - (d) Value of Items of Inventory
123. Form used for making a formal request to the Purchasing Department to purchase materials is a-
- (a) material transfer note
 - (b) Purchase Requisition
 - (c) Note Bill of materials
 - (d) Material requisition note
124. Classification of Materials on the basis of their Importance in Value is called:
- (a) EOQ Analysis
 - (b) Stock level analysis
 - (c) ABC Analysis
 - (d) Value analysis
125. For Return of Excess Materials from Production Department to stores, the document used is:
- (a) Material return note
 - (b) Stores debit note
 - (c) Shop Credit Note
 - (d) All the above (same)

126. Which of the following is NOT related to a standard list of materials and components?
- Consumption Statement
 - bill of materials
 - Material specification list
 - Material list
127. Which of the following is NOT recorded on a Bin card?
- Material received from supplier
 - Material issued to production depts.
 - Inter department transfers
 - Loss of materials
128. What is the formula for Re-order level?
- Minimum Usage x minimum lead time
 - Minimum Usage x maximum lead time
 - Maximum Usage x minimum lead time
 - Maximum Usage x maximum lead time
129. $ROL + ROQ - (\text{minimum usage} \times \text{minimum lead time})$ is the computation formula for....
- Maximum level
 - Minimum level
 - Average level
 - danger level
130. Inventory turnover ratio is expressed in
- Rupees
 - Percentage
 - times
 - Any of the above
131. Generally, a _____ T/o and _____ days Average Inventory held is preferable
- High, less
 - Low, high
 - Low, low
 - high, high
132. Pricing of Materials in the order in which they are purchased is called _____ method
- Specific Identification
 - FIFO
 - LIFO
 - Orderly
133. Landed cost of materials does not include _____.
- Cost of Containers
 - Carriage Inwards Stock
 - Insurance
 - Unloading Charges
134. Cost of abnormal loss of materials is
- | | |
|--------------------------------------|--------------------|
| (a) Debited to costing P & L | (c) In Landed Cost |
| (b) Credited to Costing P&L Included | (d) Included in OH |



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135. Idle time is the time under which
(a) Full wages are paid to workers
(b) No output is produced by the workers
(c) Both (a) and (b)
(d) None of the above
136. When a direct Worker is paid on a monthly fixed salary basis, the following is true:
(a) There is no idle time lost
(b) There is no idle time cost
(c) Idle time cost is separated and treated as overhead
(d) salary is fully treated as factory overhead cost
137. Time and Motion study is conducted by
(a) Time Keeping Department
(b) Personnel Department Payroll
(c) Department
(d) Engineering Department
138. Wages sheet is generally prepared by
(a) Time Keeping Department
(b) Personnel Department
(c) Payroll Department
(d) Engineering Department
139. For reducing the labour cost per unit, which of the following factors is most important?
(a) Low wage rate
(b) Longer hours of work
(c) Higher Productivity or Efficiency
(d) Strict control and supervision
140. Time Booking refers to a method wherein _____ of an
(a) Employees is recorded
(b) Attendance book keeping details Health Status
(c) Time spent on a
(d) particulars job
141. Employee Cost includes wages and salaries Allowances and
(a) incentives
(b) Payment for
(c) Overtime
(d) All of the above
142. Standard Time of a job is 60 hours and guaranteed time rate is rs90 per hour. What is the amount of wages under Rowan plan if jobs completed in 48 hours?
(a) Rs. 1620
(b) Rs. 1728
(c) Rs. 1800
(d) Rs. 1440



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143. Standard Time of a job is 60 hours and guaranteed time rate is Rs.90 per hour. What is the amount of wages under Halsey plan if job is completed in 48 hours?
- (a) Rs. 1620
 - (b) Rs. 1440
 - (c) Rs. 180
 - (d) Rs. 1728
144. If Overtime is required for meeting urgent orders, the Overtime premium should be charged as –
- (a) Respective job Over head
 - (b) Cost
 - (c) Costing P& L a/c
 - (d) None of above
145. Keeping a record of total time spent by the worker inside the factory is called
- (a) Time keeping
 - (b) Time Booking
 - (c) Time Managing
 - (d) Time Recording
146. Wages attributable to Normal idle Time is treated as
- (a) Direct Wages
 - (b) Production OH
 - (c) Either of the above
 - (d) None of the above
147. In the context of Labour Turnover, Number of Workers left and discharged is called-
- (a) Accession
 - (b) Replacement
 - (c) new replacement
 - (d) Separation
148. (Hours worked X Rate per hour) is the computation of wages under
- (a) Incentive System
 - (b) Piece rate System
 - (c) Attendance System
 - (d) Time rate System
149. Under Halsey System, generally Bonus is computed as _____ x (Time Saved x Rate per hour)
- (a) 30%
 - (b) 50%
 - (c) 70%
 - (d) Actual Hrs./Std. Hrs.
150. A worker will earn wages under Halsey and Rowan System, if time Saved equals –
- (a) 50% of Std Time
 - (b) 50% of Actual Time
 - (c) 1/2 of Total Time
 - (d) 1/2 of Lost time

151. Labour Efficiency (based on time) is given by the Formula
- Std Time /Actual Time
 - Actual time /std time Idle
 - Time/Std time
 - Idle Time /Actual Time
152. If wages per day of 8 hours is Rs. 500, std output is 100 units, Actual Output is 120, piece rate wages-
- Rs. 500
 - Rs. 600
 - Rs. 62.5
 - Rs. 5
153. If Std Time is 8 hours, Actual time is 6 hours, rate per hour is Rs.100, Rowan Wages =
- Rs. 600
 - Rs. 150
 - Rs. 750
 - Rs. 700
154. If Actual Output in 8 hours is 700 units, Standard Output is 90units per hour, Efficiency Ratio is
- 97.22%
 - 102.86%
 - 100%
 - 77.78%
155. Fixed over costs are not effected in monetary terms during a five period by a change in Output. But this statement is valid provided
- Increase in Output is not Substantial
 - Increase in Output is substantial
 - Both (a) and (b)
 - None of the above
156. _____ Capacity is defined as actually utilized capacity of a plant.
- theoretical
 - Installed
 - Practical
 - Idle
157. Maximum Possible Productive Capacity of a plant when no operating time is lost is its :
- Normal Capacity
 - Practical Capacity
 - Theoretical Capacity
 - Capacity based on Sales Expectancy
158. Charging of common Overheads cost to various cost centers, using appropriate bases is known as –
- Allocation
 - Apportionment
 - Absorption
 - Re- Apportionment



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159. Distribution of service Department Overheads Cost to production Departments using different assumptions and methods is known as –
- (a) Allocation
 - (b) Apportionment
 - (c) Absorption
 - (d) Re- Apportionment
160. Packing Cost is part of
- (a) Production cost
 - (b) Selling Cost
 - (c) Distribution Cost
 - (d) It may be any of the above
161. Which of the following is not treated as a Manufacturing Overhead?
- (a) Lubricants
 - (b) Cotton Waste
 - (c) apportioned administration overheads
 - (d) Night Shift allowance paid to a factory Worker due to general work pressure
162. The difference between Actual Factory Overhead and Absorbed Factory Overhead will be usually at the minimum level, provided pre-determined overhead rate is based on:
- (a) Maximum capacity
 - (b) Direct Labour Hours
 - (c) Machine Hours
 - (d) Normal Capacity
163. When Absorbed Overhead is Higher than the amount of Overhead incurred , it is called
- (a) Under absorption of overhead
 - (b) Over absorption of overhead
 - (c) Proper absorption of overhead
 - (d) re - absorption of overhead
164. Which of the following overhead cost may not be apportioned on the basis of Direct Wages?
- (a) Worker's Holiday pay
 - (b) Perquisites to workers
 - (c) ESI Contribution
 - (d) Managerial Salaries
165. The following is an example of direct expenses as per CAS-10:
- (a) Special raw material which is a substantial part of the prime cost
 - (b) Travelling expenses to site.
 - (c) Overtime charges paid to direct worker to complete work before time.
 - (d) Catalogue of prices of finished products.
166. CAS 21 stands for:
- (a) Capacity Determination
 - (b) Joint Cost
 - (c) Direct Expenses
 - (d) None of these



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167. Standard deals with the cost of service cost center is:
- (a) CAS-9
 - (b) CAS-13
 - (c) CAS-16
 - (d) CAS-22
168. Which standards deals with the principles and methods of determining depreciation and amortization cost?
- (a) CAS 9
 - (b) CAS 12
 - (c) CAS 15
 - (d) CAS 16
169. Which standards deals with determination of averages/ equalized transportation cost?
- (a) CAS 5
 - (b) CAS 6
 - (c) CAS 9
 - (d) CAS 22
170. Which standard deals with the principles and methods of determining the manufacturing Cost of excisable goods?
- (a) CAS 2
 - (b) CAS 12
 - (c) CAS 15
 - (d) CAS 22
171. _____ deals with the principles and methods of determining the production or operation overheads.
- (a) CAS-3
 - (b) CAS-5
 - (c) CAS-9
 - (d) CAS-16
172. CAS 13 stands for:
- (a) Joint Cost
 - (b) Interest and financing charges
 - (c) Employee Cost
 - (d) Cost of Service cost centre
173. Which of the following items is not included in preparation of cost sheet?
- (a) Carriage inward
 - (b) Purchase returns
 - (c) Sales Commission
 - (d) Interest paid
174. Which of the following items is not excluded while preparing a cost sheet?
- (a) Goodwill written of Provision for taxation
 - (b) Property tax on
 - (c) Factory building
 - (d) Transfer to reserves

175. Which of the following are direct expenses? (1) The cost of special designs, drawings or layouts, (2) The hire of tools or equipment for a particular job, (3) Salesman's wages, (4) Rent, rates and insurance of a factory
- (a) (1) and (2)
 - (b) (1) and (3)
 - (c) (1) and (4)
 - (d) (3) and (4)
176. What is prime cost?
- (a) Total direct cost only
 - (b) Total indirect costs only
 - (c) Total non-production costs
 - (d) Total production costs
177. Which of the following is not an element of works overhead?
- (a) Sales manager's salary
 - (b) Plant manager's salary
 - (c) Factory repairman's wages
 - (d) Product inspector's salary
178. For the purpose of Cost Sheet preparation, costs are classified based on:
- (a) Functions
 - (b) Relevance
 - (c) Variability
 - (d) Nature
179. Salary paid to an office supervisor is a part of:
- (a) Direct expenses
 - (b) Administration cost
 - (c) Quality control cost
 - (d) Factory overheads
180. Audit fees paid to cost auditors is part of
- (a) Selling and distribution cost
 - (b) Production cost
 - (c) Administration cost
 - (d) Not recorded in the cost sheet
181. A company has set up a laboratory for testing of products for compliance with standards. Salary of this laboratory staffs are part of:
- (a) Direct expenses
 - (b) Quality control cost
 - (c) Works overheads
 - (d) Research and development cost
182. Canteen expenses for factory workers are part of:
- (a) Administration cost
 - (b) Factory overhead
 - (c) Marketing cost
 - (d) None of the above

183. Which of the following does not form part of prime cost?
- (a) GST paid on raw materials (input credit can be claimed)
 - (b) Cost of transportation paid to bring materials to factory
 - (c) Cost of packing
 - (d) Overtime premium paid to workers
184. A company pays royalty to State Government on the basis of production, it is treated as:
- (a) Direct expenses
 - (b) Factory overheads
 - (c) Direct Material Cost
 - (d) Administration Cost
185. In Reconciliation Statements, expenses shown only in financial accounts are:
- (a) Added to financial profit
 - (b) Deducted from financial profit
 - (c) Ignored
 - (d) Added to costing profit
186. In Reconciliation Statement, expenses shown only in cost accounts are:
- (a) Added to financial profit
 - (b) Deducted from financial profit
 - (c) Ignored
 - (d) Deducted from costing profit
187. In Reconciliation Statement, transfers to reserves are: Added to financial profit
- (a) Deducted from
 - (b) financial profit
 - (c) Ignored
 - (d) Added to costing profit
188. In Reconciliation Statement, incomes shown only in financial accounts are:
- (a) Added to financial profit
 - (b) Deducted from financial profit
 - (c) Ignored
 - (d) Deducted from costing profit
189. In Reconciliation Statement, Closing Stock undervalued in Financial Accounts is
- (a) Added to financial profit
 - (b) Deducted from financial profit
 - (c) Ignored
 - (d) Added to costing profit
190. Under non-integrated accounting system:
- (a) Separate ledgers are maintained for cost and financial accounts
 - (b) Same ledger is maintained for cost and financial accounts by accountants
 - (c) (A) and (B) both
 - (d) None of the above

191. Under non-integrated system of accounting, purchase of raw material is debited to:
 - (a) Purchase account Material control account / stores ledger control account
 - (b) General ledger
 - (c) adjustment account
 - (d) None of the above
192. When costing loss is Rs. 5,600, administrative overhead under absorbed being Rs. 600, the loss as per financial accounts should be _____.
 - (a) Rs. 5000
 - (b) Rs. 5600
 - (c) Rs. 6200
 - (d) None of the above
193. Which of the following items should be added to costing profit to arrive at financial profit?
 - (a) Income tax paid
 - (b) Over absorption of works overhead
 - (c) Interest paid on debentures
 - (d) All of the above
194. Integral accounts eliminate the necessity of operating
 - (a) Cost Ledger control account
 - (b) Store Ledger control account
 - (c) Overhead adjustment account
 - (d) None of the above
195. Under non-integrated accounting system, the amount made to complete double entry is:
 - (a) Finished goods control account
 - (b) Work in progress control
 - (c) account stores ledger control accounts
 - (d) General ledger adjustment account
196. Under the Non- Integrated Accounting System – Same ledger is maintained for Cost and financial
 - (a) Accounts by Accountants
 - (b) Separate ledgers are maintained for Cost and Financial Accounts
 - (c) All transactions relating to incomes, Expenditures, Assets and Liabilities are completely recorded
 - (d) Product-wise or department wise information is not maintained
197. Notional Costs - May be included in Integrated Accounts may be Included in
 - (a) Non - Integrated accounts
 - (b) Cannot Be included in Non-integrated
 - (c) Accounts are not accounted at all in Ingrate or
 - (d) Non- integrated Accounts
198. Which account is to be debited if materials worth Rs. 500 are returned to vendor under Non - Ingrate Accounts
 - (a) Cost Ledger control account finished goods control
 - (b) Account WIP Control Account
 - (c) General ledger
 - (d) adjustment account



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199. What is the journal Entry under Integrated System for recording Sales made? No entry
- (a) No entry
 - (b) Dr sales, Cr General Ledger Adjustment
 - (c) Dr. cash or bank Cr. Sales
 - (d) Dr. General Ledger Adjustment, Cr. sales
200. Which of the following items is most likely to be included in Cost Accounts?
- (a) Notional Rent
 - (b) Donations
 - (c) Transfer to General Reserve
 - (d) Rent Receivable
201. Job costing is used in:
- (a) Furniture making
 - (b) Repair shops
 - (c) Printing press
 - (d) All of the above
202. In a job cost system, costs are accumulated ____.
- (a) On a monthly basis
 - (b) By specific job
 - (c) By department or process
 - (d) By kind of material used
203. The most suitable cost system where the products differ in type of material and work performed is:
- (a) Operating Costing
 - (b) Job costing
 - (c) Process costing
 - (d) All of these.
204. Cost Price is not fixed in case of:
- (a) Cost plus contracts
 - (b) Escalation clause
 - (c) De-escalation clause
 - (d) All of the above
205. Most of the expenses are direct in:
- (a) Job costing
 - (b) Batch costing
 - (c) Contract costing
 - (d) None of the above
206. Cost plus contract is usually entered into those cases where ____.
- (a) Cost can be easily estimated
 - (b) Cost of certified and uncertified work
 - (c) Cost of certified work, cost of uncertified work and amount of profit transferred to Profit and Loss Account
 - (d) Determination of contract cost with reasonable accuracy is not possible



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207. In order to determine cost of the products or services, different business firms follow:
- (a) Different techniques of costing
 - (b) Uniform costing
 - (c) Different methods of costing
 - (d) None of the above
208. In case product produced or jobs undertaken are of diverse system, the system of costing to be used should be:
- (a) Operating Costing
 - (b) Process Costing
 - (c) Job Costing
 - (d) None of the above
209. Job Costing is:
- (a) Suitable where similar products are produced on mass scale
 - (b) Methods of costing used for nonstandard and no repetitive products
 - (c) Technique of costing
 - (d) Applicable to all industries regardless of the products or services provided
210. Batch costing is a type of:
- (a) Direct Costing
 - (b) Process Costing
 - (c) job Costing
 - (d) Differential Costing
211. Batch costing is similar to that under job costing except with the difference that:
- (a) Process becomes a cost unit
 - (b) Job becomes a cost unit
 - (c) Batch become the cost unit instead of a job
 - (d) None of the above
212. Economic batch quantity is that size of the batch of production where:
- (a) Carrying cost is minimum
 - (b) Set-up cost of machine is minimum
 - (c) Average cost is minimum
 - (d) Both A. and B
213. Which of the following documents are used in job costing to record the issue of direct materials to a job?
- (a) Purchase order
 - (b) Purchase requisition
 - (c) Goods received note
 - (d) Material requisition
214. Which of the following statements is true?
- (a) Batch costing is a variant of jobs costing
 - (b) Job cost sheet may be used for estimating profit of jobs
 - (c) Job costing cannot be used in conjunction with marginal costing
 - (d) In cost plus contracts, the contractor runs a risk of incurring a loss

215. Which of the statement is true?
- Job costing can be suitably used for concerns producing any specific product uniformly
 - Job costing cannot be used in companies applying standard costing
 - Job cost sheet may be prepared to facilitate routing and scheduling of the job
216. The type of process loss that should not be allowed to affect the cost of good units is called:
- Standard Loss
 - Normal Loss
 - Abnormal Loss
 - Seasonal Loss
217. Spoilage that occurs under inefficient operating conditions and is generally controllable is called _____.
- Normal defectives
 - Abnormal spoilage
 - Normal spoilage
 - None of the above
218. In which of the following situations an abnormal gain in a process occurs:
- When normal loss is equal to actual loss
 - When the actual output is greater than the planned output
 - When actual loss is more than the expected loss
 - When actual loss is less than the expected loss
219. The value of abnormal loss is equal to:
- Total cost of materials
 - Total process cost less cost of scrap
 - Total process cost less realizable value of normal loss less value of transferred out goods
 - Total process cost less realizable value of normal loss
220. A process account is debited by abnormal gain, the value is determined as:
- Equal to the value of good units less closing stock
 - Equal to the value of normal loss
 - Cost of good units less realizable value of normal loss
 - Cost of good unit less realizable value of actual loss
221. In sugar manufacturing industry molasses is also produced along with sugar. Molasses may be of small value as compared with the value of sugar and is known as:
- Joint product
 - Common product
 - By-product
 - None of them
222. Method of apportioning joint costs on the basis of output of each joint product at the point of split-offs is known as:
- Physical unit method
 - Sales value method Average cost method
 - Marginal cost and contribution method

223. The main purposes of accounting of joint products and by-products is to:
- Determine the replacement cost
 - Determine the opportunity cost
 - Determine profit or loss on each product line
 - None of the above
224. Under net realisable value method of apportioning joint costs to joint products, the selling & distribution cost is:
- Ignored
 - Deducted from sales value
 - Deducted from further processing cost
 - Added to joint cost
225. Which of the following is an example of by-product:
- Mustard seeds and mustard oil
 - Diesel and Petrol in an oil refinery
 - Edible oils and oil cakes
 - Curd and butter in a dairy
226. Which of following methods can be used when the joint products are of unequal quantity and used for captive consumption:
- Physical units method
 - Net realizable value method
 - Technical estimates, using market value of similar goods
 - Market value at split off method
227. Cost of a particular service under operating costing is ascertained by preparing:
- Cost sheet
 - Process account
 - Job cost sheet
 - Production account
228. Operating costing is applicable to:
- Hospitals
 - Cinemas
 - Transport undertaking
 - All of the above
229. Composite cost unit for a hospital is:
- Per day
 - Per bed
 - Per patient day
 - Per patient
230. Cost units used in power sector is called:
- Number of hours
 - Number of electric points
 - Kilowatt-hour (KWH)
 - Kilo meter (K.M.)

231. Absolute Tonne-Km is an example of:
- Composite unit for bus operation
 - Composite unit of transport sector
 - Composite unit for oil and natural gas
 - Composite unit in power sector
232. In process costing, a joint product
- a product which is later divided into many parts
 - a product which is produced simultaneously with other products and is of similar value to at least one of the other products.
 - A product which is produced simultaneously with other products but which is of a greater value than any of the other products.
 - a product produced jointly with another organization
233. Process B had no opening inventory. 13,500 units of raw material were transferred in at Rs. 4.50 per unit. Additional material at Rs.1.25per unit was added in process. Labour and overheads were Rs. 6.25 per completed unit and Rs. 2.50 per unit incomplete. If 11,750 completed units were transferred out, what was the closing inventory in Process B?
- Rs. 6562.50
 - Rs. 12,250.00
 - Rs. 14,437.50
 - Rs. 25,375.00
234. A process costing system for J Co used an input of 3,500Kg of materials at Rs.20 per Kg and labour hours of 2,750 at Rs.25 per hour. Normal loss is 20% and losses can be sold at a scrap value of Rs.5per Kg. Output was 2,950 Kg. What is the value of the output?
- Rs. 142,485
 - Rs. 146,183
 - Rs. 149,746
 - Rs. 152,986
235. In process costing, if an abnormal loss arises, the process account is generally
- Debited with the scrap value of the abnormal loss units
 - Debited with the full production cost of the abnormal loss units
 - Credited with the scrap value of the abnormal loss units
 - Credited with the full production cost of the abnormal loss units
236. Which of the following statements is/are correct? (1) A materials requisition note is used to record the issue of direct material to a specific job. (2) A typical job cost will contain actual costs for material, labour and production overheads, and non –production overheads are often added as a percentage of total production cost. (3) The job costing method can be applied in costing batches
- only
 - (1) and (2) only
 - (1) and (3) only
 - (2) and (3) only
237. A job is budgeted to require 3,300 productive hours after incurring 25% idle time. If the total labour cost budgeted for the job is Rs.36, 300. What is the labour cost per hour (to the nearest cent)?
- Rs. 8.25
 - Rs. 8.80
 - Rs. 11.00
 - Rs. 14.67

238. A company calculates the prices of jobs by adding overheads to the prime cost and adding 30% to total costs as a profit margin. Job number Y256 was sold for Rs.1690 and incurred overheads of Rs. 694. What was the prime cost of the job?
- Rs. 489
 - Rs. 606
 - Rs. 996
 - Rs. 1300
239. State which of the following are the characteristics of service costing?
- High levels of indirect costs as a proportion of total costs
 - Use of composite cost units
 - Use of equivalent units
- only
 - (1) and (2) only
 - (2) only
 - (2) and (3) only
240. Which of the following organisations should not be advised to use Service costing?
- Distribution service Hospital
 - Maintenance division of a manufacturing company
 - A light engineering Company
 - Company
241. In case of joint products, the main objective of accounting of the cost is to apportion the joint costs incurred up to the split off point. For cost apportionment one company has chosen Physical Quantity Method. Three joint products 'A', 'B' and 'C' are produced in the same process. Up to the point of split off the total production of A, B and C is 60,000 kg, out of which 'A' produces 30,000 kg and joint costs are Rs. 3, 60,000. Joint costs allocated to product A is:
- Rs. 1,20,000
 - Rs. 60,000
 - Rs. 1,80,000
 - None of the these
242. A transport company is running five buses between two towns, which are 50 kms apart. Seating capacity of each bus is 50 passengers. Actually, passengers carried by each bus were 75% of seating capacity. All buses ran on all days of the month. Each bus made one round trip per day. Passenger Kms are:
- 2,81,250
 - 1,87,500
 - 5,62,500
 - None of the above
243. The cost of a product under marginal costing system includes:
- Prime cost-plus variable overhead
 - Prime cost-plus fixed overhead
 - Prime cost-plus factory overhead
 - Only prime cost

244. The difference between absorption costing and marginal costing is in regard to the treatment of:
- (a) Direct materials
 - (b) Fixed overhead
 - (c) Prime cost
 - (d) Variable overhead
245. Fixed costs are treated as:
- (a) Overhead costs
 - (b) Prime costs
 - (c) Period costs
 - (d) Conversion costs
246. When sales and production (in units) are same then profits under:
- (a) Marginal costing is lower than that of absorption costing
 - (b) Marginal costing is higher than that of absorption costing
 - (c) Marginal costing is equal to that of absorption costing
 - (d) None of the above
247. When sales exceed production (in units) then profit under:
- (a) Marginal costing is higher than that of absorption costing
 - (b) Marginal costing is equal to that of absorption costing
 - (c) Marginal costing is lower than that of absorption costing
 - (d) None of the above
248. which of the following factors responsible for change in the break even point?
- (a) change in selling price
 - (b) change in variable cost
 - (c) change in fixed cost
 - (d) all of the above
249. Variable cost –
- (a) Remains fixed in total
 - (b) Remains fixed per unit
 - (c) Varies per unit
 - (d) Nor increase or decrease
250. Marginal Costing technique follows the following basic of classification:
- (a) Element wise
 - (b) Function Wise
 - (c) Behaviour wise
 - (d) Identifiability wise
251. P/V ratio will increase if the:
- (a) There is a decrease in fixed cost
 - (b) There is an increase in fixed cost
 - (c) There is a decrease in selling price per unit.
 - (d) There is a decrease in variable cost per unit.

252. The technique of differential cost is adopted when:
- (a) To ascertain P/V ratio
 - (b) To ascertain marginal cost
 - (c) To ascertain cost per unit
 - (d) To make choice between two or more alternative courses of action
253. Which of the following would not be used to estimate standard direct material prices?
- (a) The availability of bulk purchase discounts
 - (b) Purchase contracts already agreed
 - (c) The forecast movement of prices in the market
 - (d) Performance standards in operation
254. What is an attainable standard?
- (a) A standard which includes no allowance for losses, waste and inefficiencies. It represents the level of performance which is attainable under perfect operating conditions
 - (b) A standard which includes some allowance for losses, waste and inefficiencies. It represents the level of performance which is attainable under efficient operating conditions
 - (c) A standard which is based on currently attainable operating conditions
 - (d) A standard which is kept unchanged, to show the trend in costs
255. Budgets are shown in-Terms:
- (a) Qualitative
 - (b) Quantitative
 - (c) Materialistic
 - (d) both (b) and (c)
256. Which of the following is not an element of master budget?
- (a) Capital Expenditure Budget
 - (b) Production Schedule
 - (c) Operating Expenses Budget
 - (d) All above the above
257. Which of the following is not a potential benefit of using a budget?
- (a) Enhanced coordination of firm activities
 - (b) More motivated managers
 - (c) Improved interdepartmental communication
 - (d) More accurate external financial statements
258. Which of the following is a long-term budget?
- (a) Master Budget
 - (b) Flexible Budget
 - (c) Cash Budget
 - (d) Capital Budget
259. Materials become key factor, if
- (a) quota restrictions exist
 - (b) insufficient advertisement
 - (c) prevails there is low demand
 - (d) there is no problem with supplies of materials

260. The difference between fixed cost and variable cost assumes significance in the preparation of the following budget:
- (a) Master Budget
 - (b) Flexible Budget
 - (c) Cash Budget
 - (d) Capital Budget
261. The budget that is prepared first of all is ____.
- (a) Master budget
 - (b) Sales budget assuming that it is the key factor
 - (c) Cash Budget
 - (d) Capital expenditure budget
262. Sales budget is a ____.
- (a) expenditure budget
 - (b) functional budget
 - (c) master budget
 - (d) None of these
263. When a company wants to prepare a factory overhead budget in which the estimated costs are directly derived from the estimates of activity levels, which of the following budget should be prepared by the company?
- (a) Flexible budget
 - (b) Fixed budget
 - (c) Master budget
 - (d) R & D budget
264. Which of the following budgets facilitates classification of fixed and variable costs:
- (a) Capital expenditure budget
 - (b) Flexible budget
 - (c) Cash budget
 - (d) Raw materials budget
265. The entire budget organisation is controlled and headed by a senior executive known as:
- (a) General Manager
 - (b) Accountant
 - (c) Budget Controller
 - (d) None of the above
266. Which of the following is a long-term budget?
- (a) Master Budget
 - (b) Flexible Budget
 - (c) Cash Budget
 - (d) Capital Budget
267. A flexible budget requires a careful study of
- (a) Fixed, semi-fixed and variable expenses
 - (b) Past and current expenses
 - (c) Overheads, selling and administrative expenses
 - (d) None of these.

268. The basic difference between a fixed budget and flexible budget is that a fixed budget ____ is
- concerned with a single level of activity, while flexible budget is prepared for different levels of activity
 - Is concerned with fixed costs, while flexible budget is
 - concerned with variable costs is fixed while flexible budget changes
 - None of these
269. Which of the following is not a reason for an idle time variance?
- Wage rate increase
 - Machine breakdown
 - Illness or injury to worker
 - Non- availability of material
270. During September, 300 labour hours were worked for a total cost of Rs. 4800. The variable overhead expenditure variance was Rs. 600 (A). Overheads are assumed to be related to direct labour hours of active working. What was the standard cost per labour hour?
- Rs. 14
 - Rs. 16.50
 - Rs. 17.50
 - Rs. 18
271. Which of the following would explain an adverse variable production overhead efficiency variance?
- Employees were of a lower skill level than specified in the standard
 - Unexpected idle time resulted from a series of machine breakdown
 - Poor Quality material was difficult to process
- (1), (2) and (3)
 - (1) and (2)
 - (2) and (3)
 - (1) and (3)
272. Budgeted sales of X for March are 18000 units. At the end of the production process for X, 10% of production units are scrapped as defective. Opening inventories of X for March are budgeted to be 15000 units and closing inventories will be 11,400 units. All inventories of finished goods must have successfully passed the quality control check. The production budget for X for March, in units is:
- 12960
 - 14400
 - 15840
 - 16000
273. CG Co manufactures a single product T. Budgeted production output of product T during June is 200 units. Each unit of product T requires 6 labour hours for completion and CG Co anticipates 20 per cent idle time. Labour is paid at a rate of Rs.7 per hour. The direct labour cost budget for March is
- Rs. 6,720
 - Rs. 8,400
 - Rs. 10,080
 - Rs. 10,500

274. A Local Authority is preparing cash Budget for its refuse disposal department. Which of the following items would not be included in the cash budget?
- Capital cost of a new collection vehicle
 - Depreciation of the machinery
 - Operatives' wages
 - Fuel for the collection Vehicles
275. The actual output of 1,62,500 units and actual fixed costs of Rs. 87,000 were exactly as budgeted. However, the actual expenditure of Rs. 3,00,000 was Rs. 18,000 over budget. What was the budget variable cost per unit?
- Rs. 1.20
 - Rs. 1.31
 - Rs.1.42
 - Rs. 1.50
276. A ltd is a manufacturing company that has no production resource limitations for the foreseeable future. The Managing Director has asked the company managers to coordinate the preparation of their budgets for the next financial year. In what order should the following budgets be prepared? 1) Sales budget (2) Cash budget (3) Production budget (4) Purchase budget (5) Finished goods inventory budget
- (2), (3), (4), (5), (1)
 - (1), (5), (3), (4), (2)
 - (1), (4), (5), (3), (2)
 - (4), (5), (3), (1), (2)
277. S produces and sells one product, P, for which the data are as follows: Selling price Rs. 28 Variable cost Rs. 16 Fixed cost Rs. 4 The fixed costs are based on a budgeted production and sales level of 25,000 units for the next period. Due to market changes both the selling price and the variable cost are expected to increase above the budgeted level in the next period. If the selling price and variable cost per unit increase by 10% and 8% respectively, by how much must sales volume change, compared with the original budgeted level, in order to achieve the original budgeted profit for the period?
- 10.1% decrease
 - 11.2% decrease
 - 13.3% decrease
 - 16.0% decrease
278. A company makes a single product and incurs fixed costs of Rs. 30,000 per annum. Variable cost per unit is Rs. 5 and each unit sells for Rs. 15. Annual sales demand is 7,000 units. The breakeven point is:
- 2,000 units
 - 3,000 units
 - 4,000 units
 - 6,000 units
279. A company manufactures a single product for which cost and selling price data are as follows: Selling price per unit - Rs. 12 Variable cost per unit - Rs. 8 Fixed cost for a period - Rs. 98,000 Budgeted sales for a period - 30,000 units The margin of safety, expressed as a percentage of budgeted sales is:
- 20%
 - 25%
 - 72%
 - 125%



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280. A company's breakeven point is 6,000 units per annum. The selling price is Rs. 90 per unit and the variable cost is Rs. 40 per unit. What are the company's annual fixed costs?
- (a) Rs. 120
 - (b) Rs. 2,40,000
 - (c) Rs. 3,00,000
 - (d) Rs. 5,40,000
281. After inviting tenders for supply of raw materials, two quotations are received as follows—Supplier P Rs. 2.20 per unit, Supplier Q Rs. 2.10 per unit plus Rs. 2,000 fixed charges irrespective of the units ordered. The order quantity for which the purchase price per unit will be the same—
- (a) 22,000 units
 - (b) 20,000 units
 - (c) 21,000 units
 - (d) None of the above
282. The cost per unit of a product manufactured in a factory amounts to Rs. 160 (75% variable) when the production is 10,000 units. When production increases by 25%, the cost of production will be Rs. per unit.
- (a) Rs. 145
 - (b) Rs. 150
 - (c) Rs. 152
 - (d) Rs. 140
283. In 'make or buy' decision, it is profitable to buy from outside only when the supplier's price is below the firm's own
- (a) Fixed Cost
 - (b) Variable Cost
 - (c) Total Cost
 - (d) Prime Cost
284. A budget which is prepared in a manner so as to give the budgeted cost for any level of activity is known as:
- (a) Master budget
 - (b) Zero base budget
 - (c) Functional budget
 - (d) Flexible budget
285. _____ is a summary of all functional budgets in a capsule form.
- (a) Functional Budget
 - (b) Master Budget
 - (c) Long Period Budget
 - (d) Flexible Budget
286. _____ is a detailed budget of cash receipts and cash expenditure incorporating both revenue and capital items.
- (a) Cash Budget
 - (b) Capital Expenditure
 - (c) Budget Sales Budget
 - (d) Overhead Budget

287. Following information is available of XYZ Limited for quarter ended June, 2023 Fixed cost Rs. 5,00,000 Variable cost Rs. 10 per unit Selling price Rs. 15 per unit Output level 1,50,000 units What will be amount of profit earned during the quarter using the marginal costing technique?
(a) Rs. 2,50,000 (c) Rs. 5,00,000
(b) Rs. 10,00,000 (d) Rs. 17,50,000
288. The P/v ratio of a company is 50% and margin of safety is 40%. If present sales is Rs. 30,00,000 then Break Even Point in Rs. will be:
(a) Rs. 9,00,000
(b) Rs. 18,00,000
(c) Rs. 5,00,000
(d) None of the above
289. Following information is available of PQR for year ended March, 2013: 4,000 units in process, 3,800 units output, 10% of input is normal wastage, Rs. 2.50 per unit is scrap value and Rs. 46,000 incurred towards total process cost then amount on account of abnormal gain to be transferred to Costing P&L will be: -
(a) Rs. 2,500 (c) Rs. 4,000
(b) Rs. 2,000 (d) Rs. 3,500
290. In element-wise classification of overheads, which one of the following is not included —
(a) Fixed overheads
(b) Indirect labour
(c) Indirect materials
(d) Indirect expenditure.
291. When the sales increase from Rs. 40,000 to Rs. 60,000 and profit increases by Rs. 5,000, the P/V ratio is:
(a) 20% (c) 25%
(b) 30% (d) 40%
292. In activity-based costing, costs are accumulated by activity. Such Accumulated Amounts are called —
(a) Cost drivers (c) Cost pools
(b) Cost objects (d) Cost Benefits
293. Steps in ABC Include —
(a) Identification of activities and their respective costs
(b) Identification of cost Driver of each activity and computation of an allocation rate per activity
(c) Allocation of Overhead Cost to products /services based on the activities involved
(d) all of the above
294. Which of the following is not a benefit of ABC?
(a) Accurate cost allocation
(b) Improved decision making
(c) Better control on activity and costs
(d) reduction of prime cost
295. The key elements of Activity Based Budgeting are —
(a) Type of Activity to be performed (c) Cost of activity to be performed
(b) Quantity of activity to be performed (d) all of the above

ANSWERS

1	B	36	A	71	B	106	B	141	D	176	A
2	D	37	D	72	B	107	B	142	B	177	A
3	A	38	A	73	D	108	D	143	B	178	A
4	B	39	C	74	D	109	C	144	A	179	B
5	B	40	A	75	C	110	B	145	A	180	C
6	C	41	B	76	A	111	A	146	C	181	B
7	D	42	B	77	B	112	C	147	D	182	B
8	D	43	B	78	C	113	D	148	D	183	D
9	C	44	B	79	D	114	A	149	B	184	A
10	D	45	C	80	B	115	C	150	A	185	D
11	D	46	C	81	A	116	B	151	A	186	B
12	B	47	B	82	A	117	C	152	B	187	A
13	C	48	C	83	D	118	B	153	C	188	B
14	B	49	A	84	C	119	B	154	A	189	A
15	B	50	D	85	D	120	D	155	A	190	A
16	A	51	C	86	B	121	B	156	C	191	B
17	B	52	C	87	A	122	B	157	C	192	C
18	B	53	C	88	B	123	B	158	B	193	B
19	D	54	D	89	A	124	C	159	D	194	A
20	C	55	D	90	A	125	D	160	D	195	D
21	C	56	C	91	B	126	A	161	D	196	B
22	A	57	A	92	C	127	C	162	D	197	B
23	C	58	B	93	B	128	B	163	B	198	D
24	A	59	A	94	D	129	A	164	D	199	D
25	A	60	C	95	D	130	C	165	B	200	A
26	D	61	A	96	D	131	A	166	D	201	D
27	A	62	D	97	C	132	B	167	B	202	B
28	B	63	C	98	B	133	C	168	D	203	B
29	A	64	A	99	D	134	A	169	A	204	A
30	B	65	B	100	C	135	C	170	D	205	C
31	A	66	A	101	C	136	A	171	A	206	D
32	A	67	B	102	A	137	D	172	D	207	C
33	A	68	A	103	B	138	C	173	D	208	C
34	C	69	B	104	A	139	C	174	C	209	B
35	C	70	A	105	B	140	D	175	A	210	C

211	C	241	C	271	D
212	D	242	C	272	D
213	D	243	A	273	D
214	B	244	B	274	B
215	D	245	C	275	A
216	C	246	C	276	B
217	B	247	A	277	B
218	B	248	D	278	B
219	D	249	B	279	A
220	C	250	C	280	C
221	C	251	D	281	B
222	A	252	D	282	C
223	C	253	D	283	B
224	B	254	B	284	D
225	C	255	D	285	B
226	C	256	B	286	A
227	C	257	D	287	A
228	D	258	D	288	B
229	C	259	A	289	A
230	C	260	B	290	A
231	B	261	B	291	C
232	B	262	B	292	C
233	C	263	A	293	D
234	A	264	B	294	D
235	D	265	C	295	D
236	C	266	D		
237	A	267	A		
238	B	268	A		
239	B	269	A		
240	C	270	A		