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CMA-INTER
COST ACCOUNTING
MODEL QUESTION PAPER
DEC'2023 (SET-1)

- (i) _____ 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

Ans. (A) CAS-3

- (ii) Time and motion study is conducted by the _____.
- A. Time -keeping department
 - B. Personnel department
 - C. Payroll department
 - D. Engineering department

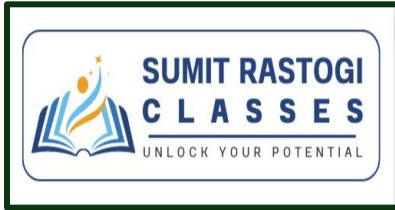
Ans. (D) Engineering department

- (iii) Royalty paid on sales ₹89,000 and Software development charges related to product is ₹22,000. Calculate Direct Expenses.
- A. ₹1,11,100
 - B. ₹1,11,000
 - C. ₹1,11,110
 - D. ₹1,10,000

Ans. (B) ₹1,11,000

- (iv) Marginal Costing technique follows which of the following basis of classification?
- A. Element wise
 - B. Function wise
 - C. Behaviour
 - D. Identifiability wise

Ans. (C) Behaviour



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- (v) If an organization has all the resources, it needs for production, then the principal budget factor is most likely to be _____.
A. non-existing
B. sales demand
C. raw materials
D. labour supply

Ans. (B) sales demand

- (vi) In process, conversion cost means _____.
A. Cost of direct materials, direct labour, direct expenses
B. Direct labour, direct expenses, indirect material, indirect labour, indirect expenses
C. Prime cost plus factory overheads
D. All costs up to the product reaching the consumer, less direct material costs
Ans. (B) Direct labour, direct expenses, indirect material, indirect labour, indirect expenses

- (vii) If sales are ₹1,50,000 and variable cost are ₹50,000. Compute P/V ratio.
A. 66.66%
B. 100%
C. 133.33%
D. 65.66%

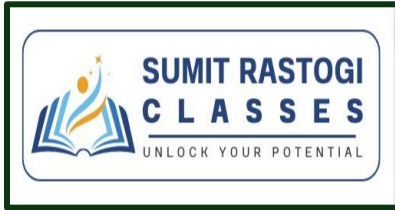
Ans. (A) 66.66%

- (viii) 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

Ans. (D) Any of the above

- (ix) In a process 800 units are introduced during 2022-23. 5% of input is normal loss. Closing work-in-progress 60% complete is 100 units. 660 completed units are transferred to next process. Equivalent production for the period is _____.
A. 760 units
B. 744 units
C. 540 units
D. 720 units

Ans. (D) 720 units



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(x) A hotel having 100 rooms of which 80% are normally occupied in summer and 25% in winter. Period of summer and winter be taken as 6 months each and normal days in a month be assumed to be 30. The total occupied room days will be _____.

- A. 1525 Room days
- B. 18900 Room days
- C. 36000 Room days
- D. None of the above

Ans. (B) 18900 Room days

(xi) 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

Ans. (A) Cost Ledger Control Account

(xii) Batch Costing is suitable for _____.

- A. Sugar Industry
- B. Chemical Industry
- C. Pharma Industry
- D. Oil Industry

Ans. (C) Pharma Industry

(xiii) In which of the following incentive plan of payment, wages on time basis are not Guaranteed?

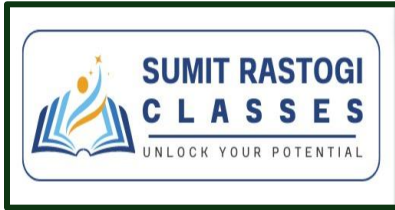
- A. Halsey plan
- B. Rowan plan
- C. Taylor's differential piece rate system
- D. Gantt's task and bonus system

Ans. (C) Taylor's differential piece rate system

(xiv) During a period 13600 labour hours were worked at a standard rate of ₹8 per hour. The direct labour efficiency variance was ₹8,800 (Adv.). How many standard hours were produced?

- A. 12,000 hours
- B. 12,500 hours
- C. 13,000 hours
- D. 13,500 hours

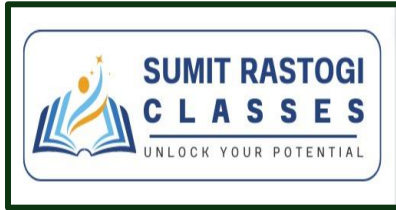
Ans. (B) 12,500 hours



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- (xv) Difference between standard cost and actual cost is called as _____.
- A. Wastage
 - B. Loss
 - C. Variance
 - D. Profit

Ans. (C) Variance



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DEC'2023 (SET-2)

(i) Which of the following is not a feature of Job Costing?

- A. Each job maintains its separate identity throughout the production stage
- B. The job is meant for a mass market
- C. Production pattern is not repetitive and continuous
- D. Production begins only after getting order from the customer

Ans. (B) The job is meant for a mass market

(ii) Cost of Sales = Cost of Production + _____.

- A. Selling and Distribution Overhead rate per unit
- B. Factory Overhead Cost
- C. Direct Labour
- D. None of the above

Ans. (A) Selling and Distribution Overhead rate per unit

(iii) Charging to a cost centre those overheads that result solely for the existence of that cost centre is known as:

- A. Allocation
- B. Apportionment
- C. Absorption
- D. Allotment

Ans. (A) Allocation

(iv) P/V ratio will increase if:

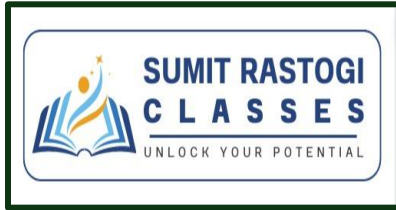
- A. There is a decrease in fixed cost
- B. There is an increase in fixed cost
- C. There is a decrease in selling price per unit.
- D. There is a decrease in variable cost per unit.

Ans. (D) There is a decrease in variable cost per unit.

(v) 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.

Ans. (D) Night shift allowance paid to a factory worker due to general work pressure.



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(vi) 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

Ans. (D) Performance standards in operation

(vii) The main purpose of accounting of joint products and by-products is to

- A. Determine the replacement cost
- B. Determine the opportunity cost
- C. Determine profit or loss on each product line
- D. None of the above

Ans. (C) Determine profit or loss on each product line

(viii) A certain process needed standard labour of 24 skilled labour hours and 30 unskilled labour hours at ₹60 and ₹40 respectively as the standard labour rates. Actually, 20 and 25 labour hours were used at ₹50 and ₹50 respectively. Then, the labour mix variance will be:

- A. Adverse
- B. Favourable
- C. Zero
- D. Favourable for skilled and unfavorable for unskilled

Ans. (C) Zero

(ix) 1200 units were introduced in a process in which 120 units is the normal loss. If the actual output is 900 units, then there is:

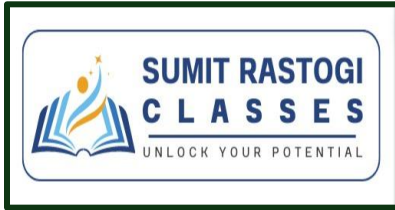
- A. No abnormal gain
- B. Abnormal loss of 180 units
- C. No abnormal loss
- D. Abnormal gain of 180 units

Ans. (B) Abnormal loss of 180 units

(x) Z Ltd. is planning to sell 1,00,000 units of product A for ₹12.00 per unit. The fixed costs are ₹2,80,000. In order to realize a profit of ₹2,00,000, what would the variable costs be?

- A. ₹4,80,000
- B. ₹7,20,000
- C. ₹9,00,000
- D. ₹9,20,000

Ans. (B) ₹7,20,000



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- (xi) A firm has fixed expenses ₹90,000, sales ₹3,00,000 and profit ₹60,000. The P/V ratio of the firm is:
- A. 10%
 - B. 20%
 - C. 30%
 - D. 50%

Ans. (D) 50%

- (xii) When costing loss is ₹5,600, administrative overhead under-absorbed being ₹600, the loss as per financial accounts should be _____.
- A. ₹5,000
 - B. ₹5,600
 - C. ₹6,200
 - D. None of the above

Ans. (C) ₹6,200

- (xiii) At the economic ordering quantity level, the following is true:
- A. The ordering cost is minimum
 - B. The carrying cost is minimum
 - C. The ordering cost is equal to the carrying cost
 - D. The purchase price is minimum

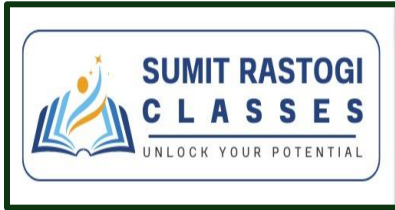
Ans. (C) The ordering cost is equal to the carrying cost

- (xiv) A company has to pay a ₹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.

Ans. (A) Direct expense

- (xv) 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 Rowan Plan than Halsey Plan
 - D. None of the above.

Ans. (C) More wages to workers under Rowan Plan than Halsey Plan



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JUNE'2024 (SET-1)

(i) 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**

Ans. (D) CAS 16

(ii) _____ is anything for which a separate measurement of cost is required.

- A. Cost driver**
- B. Cost centre**
- C. Cost unit**
- D. Cost object**

Ans. (D) Cost object

(iii) Direct Expenses _____ includes imputed cost.

- A. Shall**
- B. Shall not**
- C. Shall be**
- D. None of these**

Ans. (B) Shall not

(iv) Fixed costs are treated as

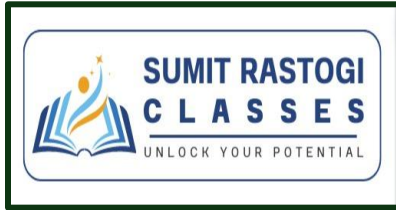
- A. Overhead costs**
- B. Prime costs**
- C. Period costs**
- D. Conversion costs**

Ans. (C) Period costs

(v) Sales budget is a _____.

- A. expenditure budget**
- B. functional budget**
- C. master budget**
- D. None of these**

Ans. (B) functional budget



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(vi) In which of the following situations an abnormal gain in a process occurs:

- A. When normal loss is equal to actual loss
- B. When the actual output is greater than the planned output
- C. When actual loss is more than the expected
- D. When actual loss is less than the expected loss

Ans. (D) When actual loss is less than the expected loss

(vii) Absorption means

- A. Charging of overheads to cost centres
- B. Charging of overhead to cost units
- C. Charging of overheads to cost centres or cost units
- D. None of the above

Ans. (B) Charging of overhead to cost units

(viii) Primary packing cost is a part of

- A. Direct material cost
- B. Distribution overhead
- C. Selling overhead
- D. Production cost

Ans. (D) Production cost

(ix) Equivalent production of 1,000 units, 60% complete in all respect is:

- A. 1,000 units
- B. 1,600 units
- C. 600 units
- D. 1,060 units

Ans. (C) 600 units

(x) Contribution is ₹3,00,000 and sales is ₹15,00,000. Compute P/V ratio.

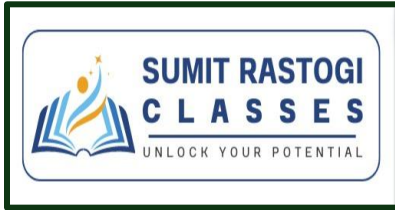
- A. 15%
- B. 20%
- C. 22%
- D. 17.5%

Ans. (B) 20%

(xi) When costing loss is ₹5,600, administrative overhead under-absorbed being ₹600, the loss as per financial accounts should be _____.

- A. ₹5,000
- B. ₹5,600
- C. ₹6,200
- D. None of the above

Ans. (C) ₹6,200



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- (xii) What is the labour rate variance if standard hours for 100 units of output are 400 @ ₹2 per hour and actual hours taken are 380 @ ₹2.25 per hour?
- A. ₹120 (adverse)
 - B. ₹100 (adverse)
 - C. ₹95 (adverse)
 - D. ₹25 (favourable)

Ans. (C) ₹95 (adverse)

- (xiii) Standard cost of material for a given quantity of output is ₹15,000 while the actual cost of material used is ₹16,200. The material cost variance is:
- A. ₹1,200 (A)
 - B. ₹16,200 (A)
 - C. ₹15,000 (F)
 - D. ₹31,200 (A)

Ans. (A) ₹1,200 (A)

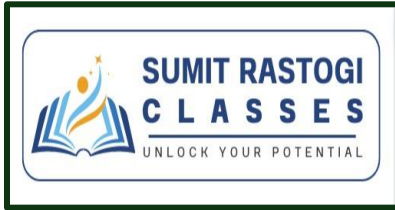
- (xiv) Job Costing is used in:

- A. Furniture making
- B. Repair shops
- C. Printing press
- D. All of the above

Ans. (D) All of the above

- (xv) 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

Ans. (A) 83% of the piece work rate



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DEC'2024 (SET-1)

(i) What is the primary objective of cost accounting?

- A. Maximize profits
- B. Record financial transactions
- C. Provide financial statements
- D. Facilitate cost control and decision-making

Ans. (D) Facilitate cost control and decision-making

(ii) If the direct materials consumed are ₹30,000, direct labour is ₹20,000, and factory overhead is 15,000, what is the total manufacturing cost?

- A. 50,000
- B. 65,000
- C. 35,000
- D. 20,000

Ans. (B) 65,000

(iii) The sum of direct labour and factory overhead is termed _____.

- A. Prime Cost
- B. Conversion Cost
- C. Cost of goods manufactured
- D. Direct Cost

Ans. (B) Conversion Cost

(iv) A company employs three drivers to deliver goods to its customers. The salaries paid to these drivers are:

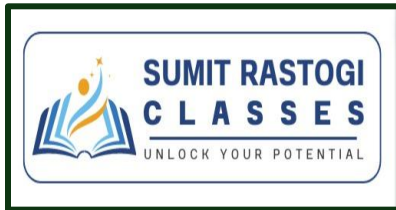
- A. a part of prime cost
- B. a direct production expense
- C. a production overhead
- D. a selling and distribution overhead

Ans. (D) a selling and distribution overhead

(v) What does CAS-11 emphasize regarding the treatment of abnormal administrative costs?

- A. Inclusion in cost calculations
- B. Exclusion from cost calculations
- C. Separate disclosure in footnotes
- D. Attestation by external auditors

Ans. (B) Exclusion from cost calculations



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(vi) Which of the following is a scientific and accurate method for calculating 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

Ans. (B) Machine hour rate method

(vii) 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 ₹1,690 and incurred overheads of ₹694. What was the prime cost of the job?

- A. 489
- B. 606
- C. 996
- D. 1,300

Ans. (B) 606

(viii) 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

Ans. (D) Overtime premium paid to workers

(ix) Job costing is:

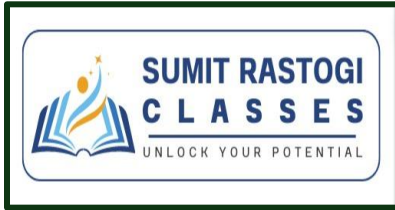
- A. Suitable where similar products are produced on a mass scale
- B. Method of costing used for non-standard and non-repetitive products
- C. Applicable to all industries regardless of the products or services produced
- D. None of the above

Ans. (B) Method of costing used for non-standard and non-repetitive products

(x) 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

Ans. (C) Practical capacity and estimated idle capacity as revealed by long term sales trend



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(xi) 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.

Ans. (A) Fixed, semi-fixed and variable expenses

(xii) Marginal Costing technique follows the _____ basis of classification of costs.

- A. Element wise
- B. Function Wise
- C. Behaviour wise
- D. Identifiability wise

Ans. (C) Behaviour wise

(xiii) What characterizes a non-integrated cost accounting system?

- A. Unified ledger system
- B. Separate cost and financial accounts
- C. Sole reliance on cost principles
- D. Complex reconciliation processes

Ans. (B) Separate cost and financial accounts

(xiv) Administration overheads are usually absorbed as a percentage of _____.

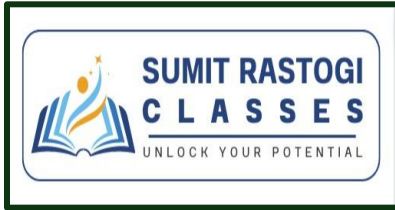
- A. Works Cost
- B. Prime Cost
- C. Cost of goods sold
- D. Cost of production

Ans. (A) Works Cost

(xv) 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 Rowan Plan than Halsey Plan
- D. None of the above

Ans. (B) More wages to workers under Halsey Plan than Rowan Plan



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DEC 24 (SET - 2)

(i) 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

Ans. (B) Fixed overhead

(ii) 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

Ans. (C) Marginal costing is equal to that of absorption costing

(iii) Sales budget is a _____.

- A. expenditure budget
- B. functional budget
- C. master budget
- D. None of these

Ans. (B) functional budget

(iv) P/V ratio will increase if there is _____.

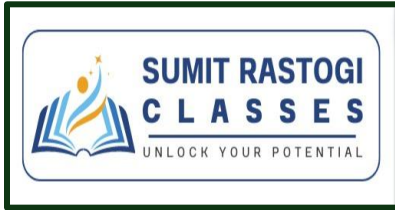
- A. a decrease in fixed cost
- B. an increase in fixed cost
- C. a decrease in selling price per unit.
- D. a decrease in variable cost per unit.

Ans. (D) a decrease in variable cost per unit.

(v) In a period, 11280 kilograms of material were used at a total standard cost of ₹46,248. The material usage variance was ₹492 adverse. What was the standard allowed weight of material for the period?

- A. 11600 kg
- B. 11160 kg
- C. 12190 kg
- D. 10590 kg

Ans. (B) 11160 kg



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(vi) If sales are ₹1,50,000 and variable cost are ₹50,000. Compute P/V ratio.

- A. 66.66%
- B. 100%
- C. 133.33%
- D. 65.66%

Ans. (A) 66.66%

(vii) If the actual loss in a process is less than the normal loss, the difference is known as:

- A. Abnormal Gain
- B. Abnormal Loss
- C. Normal Gain
- D. Normal Loss

Ans. (A) Abnormal Gain

(viii) A company makes a product, which passes through a single process. Details of the process for the last period are as follows: Materials 10,000 kg at 50 paise per kg Labour ₹1,000 Production overheads 200% of labour Normal losses are 10% of input in the process, and without further processing any losses can be sold as scrap for 20 paise per kg. The output for the period was 8,400 kg from the process. There was no work in progress at the beginning or end of the period. The value of the abnormal loss for the period is_____.

- A. ₹200
- B. ₹220
- C. ₹80
- D. None of the Above

Ans. (A) ₹200

(ix) Cost Price is not fixed in case of_____.

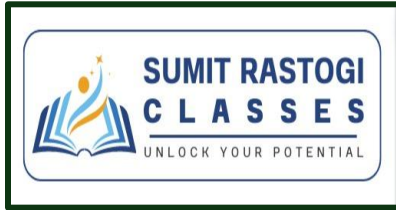
- A. Escalation clause
- B. Cost plus contracts
- C. De-escalation clause
- D. All of the above

Ans. (B) Cost plus contracts

(x) Equivalent production of 1,000 units, 60% complete in all respect, is:

- A. 1,000 units
- B. 1,600 units
- C. 600 units
- D. 1,060 units

Ans. (C) 600 units



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(xi) In Reconciliation Statements, overheads Under Recovered in cost accounts are _____.

- A. Deducted from financial profit / added to costing profit
- B. Added to financial profit / deducted from costing profit.
- C. Deducted from financial profit/ deducted from costing profit.
- D. Added to financial profit / added to costing profit

Ans. (B) Added to financial profit / deducted from costing profit.

(xii) A firm operates an integrated cost and financial accounting system. The accounting entries for indirect wages incurred would be:

- A. Debit Wages control account Credit Overhead control account
- B. Debit Work in progress account Credit Wages control account
- C. Debit Overhead control account Credit Wages control account
- D. Debit Wages control account Credit Work in progress account

Ans. (C) Debit Overhead control account Credit Wages control account

(xiii) 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

Ans. (C) Taylor's differential piece rate system

(xiv) A company pays royalty to State Government on the basis of production, it is treated as:

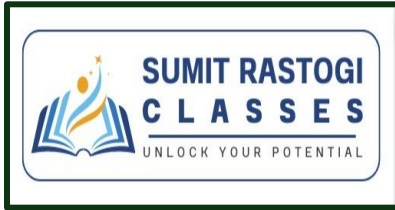
- A. Direct expenses
- B. Factory overheads
- C. Direct Material Cost
- D. Administration Cost

Ans. (A) Direct expenses

(xv) If the direct materials consumed are ₹30,000, direct labour is ₹20,000, and factory overhead is ₹15,000, what is the total manufacturing cost?

- A. ₹50,000
- B. ₹65,000
- C. ₹30,000
- D. ₹20,000

Ans. (B) ₹65,000



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JUNE'25 (SET-1)

- (i) If fixed manufacturing costs are ₹50,000 and the number of units produced is 5,000, what is the fixed cost per unit?
- A. ₹10
 - B. ₹5
 - C. ₹50
 - D. ₹0.1

Ans. (A) ₹10

- (ii) _____ 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

Ans. (B) overhead apportionment

- (iii) Standard price of material per kg ₹20, standards consumption per unit of production is 5 kg. Standard material cost for producing 100 units is
- A. ₹20,000
 - B. ₹12,000
 - C. ₹8,000
 - D. ₹10,000

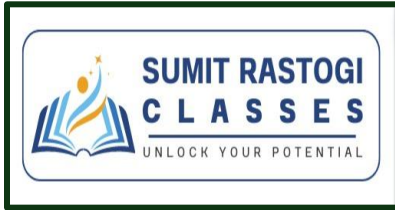
Ans. (D) ₹10,000

- (iv) In a period, 11280 kilograms of material were used at a total standard cost of ₹46,248. The material usage variance was ₹492 adverse. What was the standard allowed weight of material for the period?
- A. 11600 kg
 - B. 11160 kg
 - C. 12190 kg
 - D. 10590 kg

Ans. (B) 11160 kg

- (v) What defines an integrated accounting system?
- A. Separation of cost and financial records
 - B. Streamlining reconciliation
 - C. Sole reliance on financial principles
 - D. Consolidation of cost and financial information

Ans. (D) Consolidation of cost and financial information



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(vi) 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

Ans. (B) Quality control cost

(vii) CAS 9 specifically deals with:

- A. Employee Cost
- B. Packing Material Cost
- C. Direct Expenses
- D. Repairs and Maintenance Cost

Ans. (B) Packing Material cost

(viii) 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

Ans. (C) First in first out price method

(ix) Which of the following is deducted from the total cost to calculate the net profit?

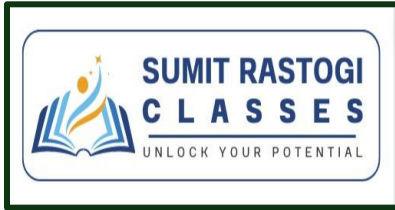
- A. Selling Expenses
- B. Opening Stock
- C. Direct Materials
- D. Indirect Labour

Ans. (A) Selling Expenses

(x) What type of cost is incurred to support multiple cost objects but cannot be directly traced to any specific one?

- A. Direct Cost
- B. Indirect Cost
- C. Variable Cost
- D. Fixed Cost

Ans. (B) Indirect Cost



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(xi) A company operates a job costing system. Job number 6789 will require ₹345 of direct materials and ₹210 of direct labour, which is paid ₹14 per hour. Production overheads are absorbed at the rate of ₹ 30 per direct labour hour and non-production overheads are absorbed at the rate of 40% of prime cost. Required What is the total expected cost of the job?

- A. ₹7,221
- B. ₹1,272
- C. ₹2,127
- D. ₹1,227

Ans. (D) ₹1,227

(xii) 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

Ans. (B) Sales budget assuming that it is the key factor

(xiii) 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 and distribution overhead

Ans. (D) a selling and distribution overhead

(xiv) Which section of the Companies Act, 2013, deals with the adoption and adherence to Cost Accounting Standards (CAS)?

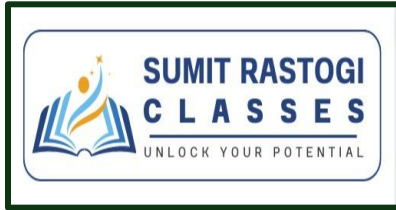
- A. Section 135
- B. Section 148
- C. Section 170
- D. Section 184

Ans. (B) Section 148

(xv) 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

Ans. (A) Flexible budget



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JUNE'2025 (SET-2)

(i) In the context of cost elements, which category includes the cost of raw materials, direct labour, and direct expenses?

- A. Prime Cost
- B. Conversion Cost
- C. Overhead Cost
- D. Indirect Cost

Ans. (A) Prime Cost

(ii) Absorption costing is also referred as _____.

- A. Historical costing
- B. Traditional costing
- C. Full costing
- D. All of the above terms

Ans. (D) All of the above terms

(iii) Danger Level = _____ × Maximum Re-Order Period for emergency purchases

- A. Normal Rate of Consumption
- B. Maximum Rate of Consumption
- C. Minimum Rate of Consumption
- D. Consumption during Lead Time

Ans. (A) Normal Rate of Consumption

(iv) If the gross profit is ₹40,000, selling expenses are ₹10,000, and administrative expenses are ₹5,000, what is the net profit?

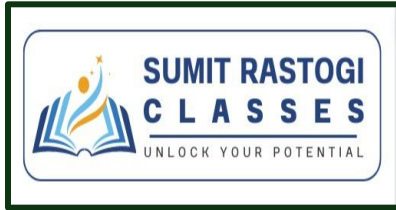
- A. ₹40,000
- B. ₹35,000
- C. ₹25,000
- D. ₹15,000

Ans. (C) ₹25,000

(v) Opening Stock ₹10,000, Closing Stock ₹16,000 and Material Consumed ₹78,000. What will be the inventory turnover ratio?

- A. 8 Times
- B. 5Times
- C. 3 Times
- D. 6 Times

Ans. (D) 6 Times



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(vi) Which method of absorption of factory overheads do you suggest in a concern which produces only one uniform type of product?

- A. Percentage of direct wages basis
- B. Direct labour rate
- C. Machine hour rate
- D. A rate per units of output

Ans. (D) A rate per units of output

(vii) 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

Ans.(C) Practical capacity and estimated idle capacity as revealed by long term sales trend

(viii) CAS 20 specifically deals with:

- A. Joint Costs
- B. Royalty and Technical Know How Fee
- C. Quality Control
- D. Manufacturing Cost

Ans. (B) Royalty and Technical Know How Fee

(ix) _____ nominee required from the regulate like CAG, RBI to the CASB Board.

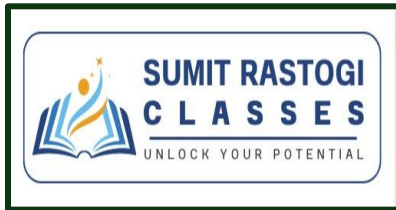
- A. 4
- B. 3
- C. 2
- D. 6

Ans. (A) 4

(x) 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

Ans. (A) Added to financial profit



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(xi) 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 ₹1,690 and incurred overheads of ₹694. What was the prime cost of the job?

- A. ₹489
- B. ₹606
- C. ₹996
- D. ₹1,300

Ans. (B) ₹606

(xii) The Absolute Tonne-Km is an example of:

- A. Composite unit for bus operation
- B. Composite unit of transport sector
- C. Composite unit for oil and natural gas
- D. Composite unit in power sector

Ans. (B) Composite unit of transport sector

(xiii) 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

Ans. (D) To make choice between two or more alternative courses of action

(xiv) Standard price of material per kg ₹20, standards consumption per unit of production is 5 kg. Standard material cost for producing 100 units is:

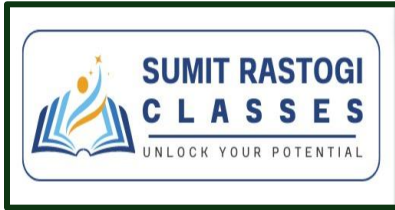
- A. ₹20,000
- B. ₹12,000
- C. ₹8,000
- D. ₹10,000

Ans. (D) ₹10,000

(xv) The operations to produce a unit of product L require 9 active hours. Budgeted idle time of 10% of total hours paid for is to be incorporated into the standard times for all products. The wage rate is ₹ 4 per hour. The standard labour cost of one unit of product L is:

- A. ₹10
- B. ₹36
- C. ₹39.6
- D. ₹40

Ans. (D) ₹40



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DEC'2025 (SET-1)

(i) Which of the following best describes the difference between cost control and cost reduction?

- A. Cost control is preventive; cost reduction is corrective
- B. Cost control is corrective; cost reduction is preventive
- C. Both are identical
- D. Cost control focuses on increasing sales

Ans. (A) Cost control is preventive; cost reduction is corrective

(ii) A customer has been ordering 90,000 special design metal columns at the rate of ₹18,000 per order during the past years. The production cost comprises ₹120 for material, ₹60 for labour and ₹20 for fixed overheads. It costs ₹1,500 to set up for one run of 18,000 column and inventory carrying cost is 15% since this customer may buy at least 5,000 columns this year, the company would like to avoid making five different production runs. Find the most economic production run.

- A. 2000 columns
- B. 3000 columns
- C. 5000 columns
- D. 1000 columns

Ans. (B) 3000 columns

(iii) During May 2025, there were 21 working days of 8 hours per day. The workforce consists of 10 employees, who all do the same work. Due to problems in the production system and a machine breakdown, 240 hours were recorded as idle time during the month. During May, the workforce produced 5,400 units of output. The expected time per unit of output is 15 minutes (= 0.25 hours). Calculate the production volume ratio.

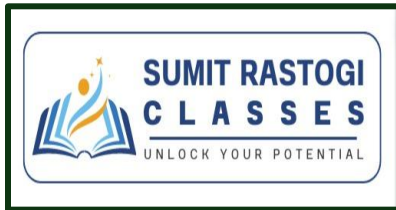
- A. 93.75%
- B. 85.71%
- C. 89.73%
- D. 80.36%

Ans. (D) 80.36%

(iv) Maximum Possible Productive Capacity of a plant when no operating time is lost, it is:

- A. Normal Capacity
- B. Practical Capacity
- C. Theoretical Capacity
- D. Capacity based on Sales Expectancy

Ans. (C) Theoretical Capacity



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(v) Which one of the following CASs deals with the principles and methods of determining joint cost?

- A. CAS-4 (Revised 2018)
- B. CAS-8 (Limited Revision 2017)
- C. CAS-15
- D. CAS-19

Ans. (D) CAS-19

(vi) Under the Non- Integrated Accounting System –

- A. Same ledger is maintained for Cost and financial Accounts by Accountants
- B. Separate ledger 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

Ans. (B) Separate ledger are maintained for Cost and Financial Accounts

(vii) 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

Ans.(A) Added to financial profit

(viii) In a process 5000 units are introduced during a period. 5% input is normal loss. Closing work-in-progress 60% complete is 625 units. 4125 completed units are transferred to next process. Equivalent production for the period is:

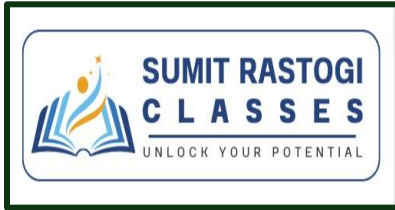
- A. 4000 units
- B. 4500 units
- C. 4600 units
- D. 4750 units

Ans. (B) 4500 units

(ix) Job Costing is used in:

- A. Furniture making
- B. Repair shops
- C. Printing press
- D. All of the above

Ans. (D) All of the above



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(x) Composite cost unit for a hospital is:

- A. Per day
- B. Per bed
- C. Per patient day
- D. Per patient

Ans. (C) Per patient day

(xi) Contribution is ₹3,00,000 and sales is ₹15,00,000. Compute P/V ratio.

- A. 15%
- B. 20%
- C. 22%
- D. 17.5%

Ans. (B) 20%

(xii) If sales are ₹90,000 and variable cost to sales is 75%, contribution is:

- A. ₹21,500
- B. ₹22,500
- C. ₹23,500
- D. ₹67,500

Ans. (B) ₹22,500

(xiii) In the year 2023-24, X & Co. used 2,820 kg of material at a total standard cost of 11,562. The material usage variance was 123 (Favourable). In the above case, Standard Weight of Material (SQ) for the period is _____.

- A. 2,900 kg.
- B. 2,648 kg.
- C. 3,048 kg.
- D. 2,850 kg.

Ans. (D) 2,850 kg.

(xiv) _____ is the first step of budgetary system and all other budgets depends on it.

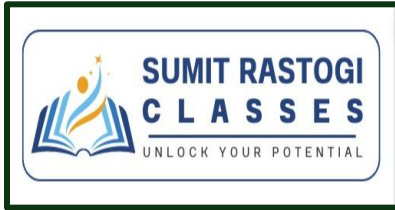
- A. Cost budget
- B. Sales budget
- C. Production budget
- D. None of the above

Ans. (B) Sales budget

(xv) _____ is also known as subsidiary budgets.

- A. Master budget
- B. Functional budget
- C. Cost budget
- D. None of the above

Ans.(B) Functional budget



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DEC'2025 (SET-2)

(i) Which among the following is not the type of cost accounting system?

- A. Historical Costing
- B. Absorption Costing
- C. Standard Costing
- D. Process Costing

Ans. (D) Process Costing

(ii) The correct Idle time ratio is:

- A. $\frac{\text{Idle Hours}}{\text{Total Hours}} \times 100$
- B. $\frac{\text{Total Hours}}{\text{Idle Hours}} \times 100$
- C. Idle Hours $\times$ Total Hours
- D. Idle Hours $\times$ Hourly Rate

Ans. (A) $\frac{\text{Idle hours}}{\text{Total hours}} \times 100$

(iii) Directors' remuneration and expenses form a part of:

- A. Production Overhead
- B. Administration Overhead
- C. Selling Overhead
- D. Distribution Overhead

Ans. (B) Administration Overhead

(iv) Which Cost Accounting Standard deals with Depreciation and Amortisation?

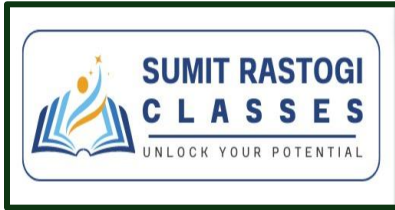
- A. CAS 16
- B. CAS 10
- C. CAS 9
- D. CAS 12

Ans.(A) CAS 16

(v) Which Cost Accounting Standard deals with Repairs and Maintenance Cost?

- A. CAS 16
- B. CAS 10
- C. CAS 9
- D. CAS 12

Ans. (D) CAS 12



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(vi) What will be the journal entry for under-absorption of selling & distribution overhead as per Integrated Accounting System:

- A. Profit and loss A/c Dr.
 To Selling & distribution overhead A/c
- B. Selling & distribution overhead A/c Dr.
 To Profit and Loss A/c
- C. Finished Goods Control A/c Dr.
 To Selling & distribution overhead A/c
- D. Costing Profit and Loss A/c Dr.
 To Selling & distribution overhead A/c

Ans. (A) Profit and loss A/c Dr.; To Selling & distribution overhead A/c

(vii) What is the objective of Reconciliation:

- A. To assure the mathematical accuracy and reliability of cost accounts
- B. To have proper control and ascertainment
- C. To ensure correct profit or loss in financial accounts
- D. All of the above

Ans. (D) All of the above

(viii) The type of process loss that should not be allowed to affect the cost of good units is called:

- A. Standard Loss
- B. Normal Loss
- C. Abnormal Loss
- D. Seasonal Loss

Ans. (C) Abnormal Loss

(ix) Value of work certified -

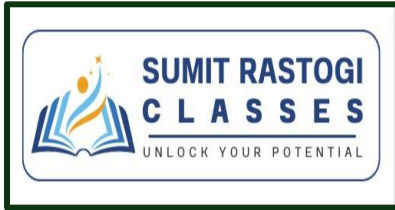
- A. Value of Contract $\times$ Work certified (%)
- B. Value of Contract $\times$ Work uncertified (%)
- C. Cost of work to date - (Cost of work uncertified + Material in hand + Plant at site)
- D. Value of work certified - Payment made to contractor

Ans. (A) Value of Contract $\times$ Work certified (%)

(x) A hotel has 80 standard twin-bedded rooms. The hotel is fully occupied for each of the 350 days in each year that it is open. The total costs of running the hotel each year are ₹33,60,000. What would be cost per unit per day?

- A. ₹120
- B. ₹122
- C. ₹240
- D. ₹102

Ans. (A) ₹120



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- (xi) ASA Ltd. manufactures a particular fountain pen called ASA Durga, incurring variable costs of ₹30 per unit and fixed costs of ₹20,000 per month. If the product sells for ₹50 per unit, then the breakeven point will be–

A. 666.667
B. 1000
C. 400
D. 250

Ans. (C) 400

- (xii) Mrs. S sells a product at ₹20 each and the variable cost is ₹12 each and she sold 2000 units in the market. She also has incurred ₹5,000 fixed cost in producing such product. Determine the value of break-even point.

A. 8333.33
B. 12,500
C. 27,500
D. 50,000

Ans.(B) 12,500

- (xiii) Which among the following is incorrect?

A. Material Mix variance = (Revised standard quantity – Actual quantity) × Standard price
B. Material Yield variance = (standard quantity–revised standard quantity) × Standard price
C. Material Mix variance = (Revised standard quantity- actual quantity) × Standard price
D. Material Usage Variance = (Standard price – actual quantity) × standard Quantity

Ans. (D) Material Usage Variance = (Standard price – actual quantity) × standard Quantity

- (xiv) Which is not the limitation of zero-based budget?

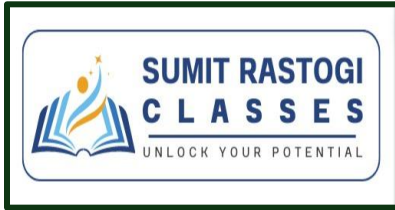
A. It is very detailed procedure and naturally it is time consuming and lot of paperwork involved in the same
B. Cost involved in preparation and implementation of this system is very low.
C. Morale of the staff is very low as they feel threatened if a particular activity is discontinued
D. Ranking of activities and decision-making may become subjective at times.

Ans. (B) Cost involved in preparation and implementation of this system is very low.

- (xv) Budgets are shown in-terms:

A. Qualitative
B. Quantitative
C. Materialistic
D. Both(b) and (c)

Ans. (D) Both (B) and (C)



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JUNE'2026 (SET-1)

(i) _____ is a method of dealing with overheads which involves spreading common costs over cost centers on the basis of benefit received.

- A. overheads absorption
- B. overheads apportionment
- C. overheads allocation
- D. overheads analysis

Ans. (B) overheads apportionment

(ii) Calculate the Economic Order Quantity from the following information placed in a year.

Consumption of materials per annum: 10,000 kg

Order placing cost per order: ₹50

Cost per kg of raw materials: ₹2

Storage costs: 8% on average inventory

- A. 10,000
- B. 50
- C. 4
- D. 2,500

Ans. (D) 2,500

(iii) Under Taylor's differential piece rate scheme, if a worker fails to complete the task within the standard time, then he is paid

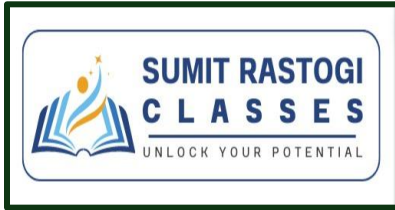
- A. 83% of the piece work rate
- B. 175% of the piece work rate
- C. 67% of the piece work rate
- D. 125% of the piece work rate

Ans. (A) 83% of the piece work

(iv) CAS 6 focuses on

- A. Material Cost
- B. Employee Cost
- C. Activity-Based Costing
- D. Repairs and Maintenance Cost

Ans. (A) Material Cost



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- (v) Which section of the Companies Act, 2013, deals with the adoption and adherence to Cost Accounting Standards (CAS)?
- A. Section 135
 - B. Section 148
 - C. Section 170
 - D. Section 184

Ans. (A) Section 135

- (vi) When costing loss is ₹5,600, administrative overheads under-absorbed being ₹600, the loss as per financial accounts should be ____.
- A. ₹5,000
 - B. ₹5,600
 - C. ₹6,200
 - D. None of the above

Ans. (C) ₹6,200

- (vii) 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

Ans. (A) Added to financial profit

- (viii) Job Costing is used in:

- A. Furniture making
- B. Repair shops
- C. Printing press
- D. All of the above

Ans. (D) All of the above

- (ix) A road building company has the following data concerning one of its contracts.

Contract price ₹11,200,000

Cost of work certified to date ₹3,763,200

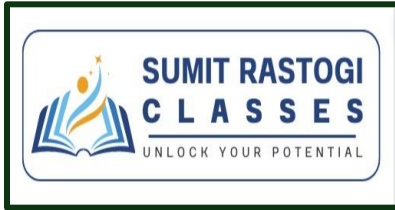
Estimated costs to completion ₹2,956,800

No difficulties are foreseen on the contract.

The profit to be recognised on the contract to date is ₹ ____.

- A. ₹25,88,000
- B. ₹25,80,800
- C. ₹20,58,800
- D. ₹25,08,800

Ans. (D) ₹25,08,800



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(x) Process B had no opening inventory. 13,500 units of raw material were transferred in at ₹4.50 per unit. Additional material at ₹1.25 per unit was added in process. Labour and overheads were ₹6.25 per completed unit and ₹2.50 per unit incomplete. If 11,750 completed units were transferred out, what was the closing inventory in Process B?

- A. ₹6,562.50
- B. ₹12,250.00
- C. ₹14,437.50
- D. ₹25,375.00

Ans. (C) ₹14,437.50

(xi) The cost of a product under marginal costing system includes:

- A. Prime cost-plus variable overhead
- B. Prime cost-plus fixed overhead
- C. Prime cost-plus factory overhead
- D. Only prime cost

Ans. (A) Prime cost-plus variable overhead

(xii) When sales exceeds production (in units) then profit under:

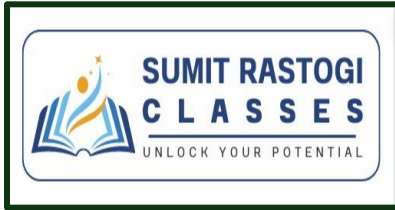
- A. Marginal costing is higher than that of absorption costing
- B. Marginal costing is equal to that of absorption costing
- C. Marginal costing is equal to that of absorption costing
- D. None of the above

Ans. (A) Marginal costing is higher than that of absorption costing

(xiii) Which of the following would explain an adverse variable production overhead efficiency variance?

- 1. Employees were of a lower skill level than specified in the standard
 - 2. Unexpected idle time resulted from a series of machine breakdown
 - 3. Poor Quality material was difficult to process
- A. (1), (2) and (3)
 - B. (1) and (2)
 - C. (2) and (3)
 - D. (1) and (3)

Ans. (D) (1) and (3)



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(xiv) Budgetary slack means:

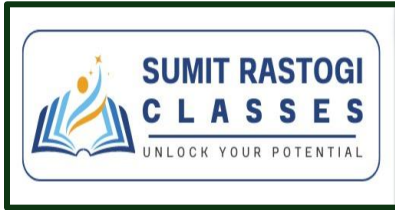
- A. Understating revenue / overstating cost
- B. Overstating revenue / understating cost
- C. Estimation error due to uncertainty
- D. Always due to fraud

Ans. (B) Overstating revenue/understanding cost

(xv) A static budget is one which:

- A. Changes with output
- B. Remains unchanged despite output changes
- C. Is too flexible
- D. Is for govt only

Ans. (B) Remains unchanged despite output changes



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JUNE'2026 (SET-2)

- (i) What type of Cost is incurred to Support multiple Cost Objectives but cannot be directly traced to any Specific one?
- A. Direct Cost
 - B. Indirect Cost
 - C. Variable Cost
 - D. Fixed Cost

Ans. (B) Indirect Cost

- (ii) Direct expenses do not meet the materiality can be _____ part of overhead. Using appropriate word fill in the above case.
- A. Treated
 - B. Not Treated
 - C. All of these
 - D. None of these

Ans. (A) Treated

- (iii) Toxa Ltd. requires annually 40,000 nos. of certain components which it buys at ₹ 2 each. The annual storing and other charges workout 10% of the cost of components. If the Economic order quantity (EOQ) is 2,000 nos. What will be the Cost of Placing an Order?
- A. ₹200
 - B. ₹100
 - C. ₹80
 - D. ₹150

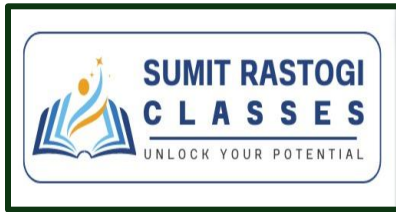
Ans. (B) ₹100

- (iv) Which one of the following CASs deals with the principles and methods of determining the packing material cost?
- A. CAS-4 (Revised 2018)
 - B. CAS-9 (Limited Revision 2017)
 - C. CAS-15
 - D. CAS-19

Ans. (B) CAS-9 (Limited Revision 2017)

- (v) CAS-19 Specifically deals with-----.
- A. Employee Cost
 - B. Direct Expenses
 - C. Quality Control
 - D. Joint Costs

Ans. (D) Joint Costs



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(vi) Panit Ltd. made a profit of ₹3,80,000 during the year ending March 31, 2025 as per costing records. If interest on investments, income tax paid, dividend received and Directors fees were ₹20,000, ₹80,000, ₹20,000 and 40,000 respectively. What will be the profit as per financial records?

- A. ₹5,00,000
- B. ₹3,00,000
- C. ₹2,40,000
- D. None of the above

Ans. (B) ₹3,00,000

(vii) In a Non-integrated System, what ledger is used for recording indirect Costs?

- A. Cost Ledger Control Account
- B. Overheads Ledger
- C. Financial Ledger
- D. General Ledger

Ans. (A) Cost Ledger Control Account

(viii) GONT Transporter is running 8 buses between two cities which are 80 KM apart. Seating Capacity of each bus is 50 passengers but actual Capacity 80%. Each bus made one round trip per day. What will be Total passenger Kilometers (PKMS) for the month of November 2025?

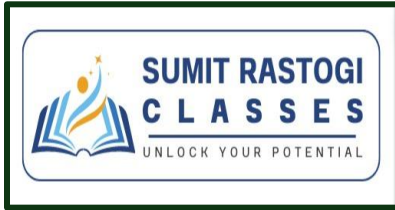
- A. 15,36,000 PKMs
- B. 19,20,000 PKMs
- C. 16,80,000 PKMs
- D. 7,68,000 PKMs

Ans. (A) 15,36,000 PKMs

(ix) 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

Ans. (B) Job Costing



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(x) In a process 6,000 units are introduced during a period 5% input is normal loss. Closing work-in progress (60% completed) is 750 units, 4,950 completed units are transferred to next process. Equivalent production for the period is ____.

- A. 4,000 units
- B. 5,400 units
- C. 5,600 units
- D. 5,750 units

Ans. (B) 5,400 units

(xi) Profit / Volume (P/V) Ratio of NOB Ltd. is 50%, while margin of Safety (MOS) is 40%. If the sales volume of the company is ₹50 lakhs, what will be its net profit?

- A. ₹20 Lakh
- B. ₹15 Lakh
- C. ₹10 Lakh
- D. ₹25 Lakh

Ans. (C) ₹10 Lakh

(xii) RONT Ltd. produces Single product which sells for ₹20 per unit. Variable Cost is ₹15 per unit and fixed overhead for the year ₹6,30,000. What will be the sales to earn ₹60,000.

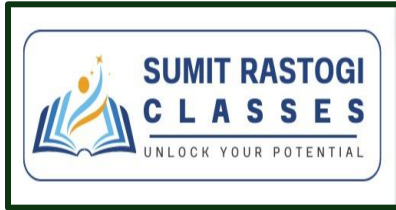
- A. ₹27,60,000
- B. ₹25,20,000
- C. ₹21,50,000
- D. ₹20,40,000

Ans. (A) ₹27,60,000

(xiii) In a factory of Zobin Ltd. using standard costing system, 2000 kgs of material Z @₹12 per kg were used for a product ZUM resulting in price variance of ₹6,000 (Fav) and usage variance of ₹3,000 (Adv.). The standard material cost of actual production was ____.

- A. ₹27,000
- B. ₹24,000
- C. ₹17,000
- D. None of the above.

Ans. (A) ₹27,000



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(xiv) If an organization has all the resources, it needs for production, then the principal budget factor is most likely to be _____.

- A. Non-existing
- B. Sales demand
- C. Raw materials
- D. Labour supply

Ans. (B) Sales Demand

(xv) Which of the following is not a potential benefit of using a budget?

- A. More motivated managers
- B. Enhanced co-ordination of firm activities
- C. Improved inter-departmental communication
- D. More accurate external financial statements

Ans. (D) More accurate external financial statements