

B. Com Semester VI

Cost Accounting –II

Multiple Choice Questions

1. According to ICMA London, _____ costing is “that form of specific order costing, which applies where work is undertaken to customers’ special requirements.”
 - a. Job
 - b. Batch
 - c. Process
 - d. Standard
2. A method of costing applied where costs are collected and accumulated for each work order
 - a. Process costing
 - b. Contract costing
 - c. Operating costing
 - d. Job costing
3. Which of the following statements is not true about job costing?
 - a. Production always against customers’ orders
 - b. Cost of each job ascertained separately
 - c. Job is of equal or longer duration compared to contracts
 - d. Job work is labour intensive
4. Which is a method of specific order costing?
 - a. Job costing
 - b. Process costing
 - c. Output costing
 - d. Service costing
5. The process of ascertaining cost after incurring expenses is called
 - a. Marginal costing
 - b. Historical costing
 - c. Absorption costing
 - d. Standard costing
6. Which technique of costing uses analysis of variances is a popular method for cost control?
 - a. Absorption costing
 - b. Marginal costing
 - c. Uniform costing
 - d. Standard costing
7. _____ is the practice of charging all direct costs to operations, processes or products and writing off all indirect costs to Profit and Loss account.
 - a. Direct costing
 - b. Absorption costing
 - c. Marginal costing
 - d. Historical costing
8. The processes of charging both fixed and variable to operations, processes or products is called _____
 - a. Marginal costing
 - b. Historical costing
 - c. Absorption costing
 - d. Standard costing
9. Which technique of costing differentiates between fixed and variable cost to analyse effect of changes in volume or type of output on profit?
 - a. Marginal costing
 - b. Historical costing
 - c. Absorption costing
 - d. Standard costing
10. For recording the cost of each job, a job _____ is prepared.
 - a. Profit & loss a/c
 - b. Cost sheet
 - c. Reconciliation statement
 - d. None of the above
11. What should be the price chargeable to a job if total cost incurred is Rs. 4830 and profit is 25% on sales?
 - a. 1610
 - b. 1208
 - c. 1200
 - d. 1630

12. A factory uses job costing. Given details obtained from its books: Direct materials – Rs.90000, Direct wages – Rs.75000, Selling OH – Rs.52500, Administration OH – Rs.42000, Factory OH – Rs.45000 & Profit – Rs. 60900. Calculate cost of production.
- Rs. 2,17,500
 - Rs. 2,07,000
 - Rs. 2,52,000
 - Rs. 2,10,000
13. The method of costing applied in special ship building is
- Batch costing
 - Job costing
 - Process costing
 - None of the above
14. Job costing is
- Method of costing
 - Technique of costing
 - Cost control technique
 - Cost estimation
15. Which of the following considers an 'economic quantity' for the purpose of cost reduction?
- Job costing
 - Process costing
 - Batch costing
 - Contract costing
16. The method of costing applied in cycle part manufacturing is
- Batch costing
 - Job costing
 - Process costing
 - None of the above
17. The method of costing applied in a lathe is
- Batch costing
 - Job costing
 - Process costing
 - None of the above
18. Production order with respect to a job is issued by _____ department.
- Production
 - Production Planning
 - Purchase
 - Sales
19. Scope of specific order costing is very wide and includes
- Job, Batch and contract costing
 - Process , Contract and unit costing
 - Batch , Job and process costing
 - Unit , service and transport costing
20. Economic batch quantity is used in batch costing to
- Meet specific customer requirements
 - Produce at the least possible cost
 - In order to ensure stock in anticipation of demand
 - None of these
21. For identification, each job or work order received from a customer is allotted a
- Production order
 - Batch number
 - Job number
 - Code number
22. The method of costing used to ascertain the cost of customer specific jobs is
- Job costing
 - Batch costing
 - Contract costing
 - Process costing
23. On completion of a job, a job completion report is sent to
- Cost accounting department
 - Storekeeper
 - Customer
 - Production department
24. _____ is the authorization to start work on a job.
- Production order
 - Requisition sheet
 - Invoice
 - Job cost sheet
25. In job costing, the basic document to accumulate and ascertain the cost of each order is
- Purchase order
 - Requisition sheet
 - Invoice
 - Job cost sheet

26. Job costing is used in
- Chemical manufacturing
 - Printing press
 - Brick making
 - Cement production
27. In job costing system, costs are accumulated
- By specific job
 - By kind of materials used
 - By department or process
 - On monthly basis
28. In job costing, each job is the _____
- Cost centre
 - Cost unit
 - Profit centre
 - None of these
29. is an important point to be determined in industries where batch costing is employed.
- EBQ
 - EOQ
 - Re – order quantity
 - Batch
30. At EBQ, _____ will be the minimum.
- Storage cost
 - Manufacturing cost
 - Total cost
 - Setting up cost
31. _____ cost is fixed per batch.
- Setting up
 - Manufacturing cost
 - Storage cost
 - Ordering cost
32. Compute EBQ if actual demand is 4000 units, setting up cost is Rs. 100, Cost of manufacturer per unit is Rs. 2000 and Interest rate is 10%.
- 2000 units
 - 200 units
 - 400 units
 - 1600 units
33. Interest on capital invested is an example of _____
- Setting up cost
 - Carrying cost
 - Ordering cost
 - Manufacturing cost
34. A contractor has to supply 10000 paper cones per day to a textile mill. He finds that he can produce 25000 paper cones per day. The cost of holding a paper cone in stock for one year is 2 paise and the setting up cost per production run is Rs. 18. How frequently should production runs be made?
- 8 days
 - 32 days
 - 30 days
 - 146 days
35. If EBQ is 3600 units and holding cost per unit per month is Rs. 0.10, find out inventory holding cost.
- Rs. 2160
 - Rs. 1800
 - Rs. 4320
 - Rs. 360
36. Calculate EBQ if annual demand is 24000 units, Set up cost per batch is Rs. 120 and carrying cost per unit is Rs. 0.36.
- 2000 units
 - 4000 units
 - 1200 units
 - 3600 units
37. _____ is a group of identical products.
- Job
 - Batch
 - Process
 - Contract
38. The method of costing used to ascertain the cost of a batch is called
- Contract costing
 - Process costing
 - Batch costing
 - Process costing

39. The most suitable costing system where the products differ in type of materials and work performed is
- Job costing
 - Process costing
 - Operating costing
 - Contract costing
40. Manufacturers of components of television adopt
- Job costing
 - Batch costing
 - Contract costing
 - Process costing
41. Economic batch quantity is that size of the batch of production where
- Average cost is minimum
 - Set up cost of machine is minimum
 - Total cost is minimum
 - Carrying cost is minimum
42. The number of units to be manufactured in one batch
- Economic order quantity
 - Economic quantity
 - Economic batch quantity
 - Ordering unit
43. The method of job costing is applied
- Biscuit manufacturing
 - Oil refining
 - Medicine manufacturing
 - Engineering work shop
44. Batch costing is a variant of _____
- Job costing
 - Process costing
 - Operating costing
 - Output costing
45. In determining EBQ, two types of costs to be considered are _____
- Holding & Ordering costs
 - Manufacturing & Carrying costs
 - Setting up & Carrying costs
 - Setting up & Ordering costs
46. Terminal costing is another name for _____
- Process costing
 - Contract costing
 - Job costing
 - Batch costing
47. _____ costing is suitable for industries like builders, civil engineering contractors, mechanical engineering firms, etc.
- Process costing
 - Batch costing
 - Contract costing
 - None of these
48. Which of the following statements is NOT true about contract costing?
- Number of contracts undertaken at a time is limited
 - Work is done at the site of the customer
 - Requires long period for completion
 - Indirect costs are higher as compared to job costing
49. Please select the correct treatment of depreciation on plant and machinery in contract account.
- Credited with amount of depreciation
 - Debited with cost of plant purchased
 - Credited with cost of plant purchased and debited with depreciated value of plant
 - Debited with amount of depreciation
50. Contract price is fixed in advance in case of
- Cost plus contract
 - Target costing
 - Fixed price contract
 - None of these
51. Contract price is the cost of work done plus a percentage in case of
- Cost plus contract
 - Target costing
 - Fixed price contract
 - Fluctuating contract

52. The type of contract in which contract price varies with variation in price of materials and rate of labour is
- Fluctuating contract
 - Fixed price contract with escalation clause
 - Fixed contract
 - Cost plus contract
53. _____ refers to the part payment made by the contractee to the contractor on the basis of certificate issued by the architect to the contractee.
- Work certified
 - Work in progress
 - Notional profit
 - Progress payment
54. The amount expended by the contractor on a contract not completed at the end of the accounting period is called _____
- Work certified
 - Work uncertified
 - Work in progress
 - Progress payment
55. Work done on contract and approved by architect or engineer of the contractee is called
- Work in progress
 - Work uncertified
 - Work certified
 - None of these
56. Work done on contract and approved by architect or engineer of the contractee is called
- Work in progress
 - Work uncertified
 - Work certified
 - None of these
57. The portion of work certified retained by the contractee till the contract is completed is
- Work uncertified
 - Cash ratio
 - Retention money
 - None of these
58. Depending on the terms of contract, the contractee may pay only 80% to 90% of work certified to the contractor. This is referred to as _____
- Retention money
 - Cash ratio
 - Work in progress
 - Notional profit
59. Notional profit is computed as _____
- Work certified + Work uncertified
 - Work in progress – Work uncertified
 - Contract price – estimated total cost
 - Work in progress – cost of work to date
60. Which among the following is the equation of retention money?
- Work in progress - Cash received
 - Work certified – Cash received
 - Work certified x Cash ratio
 - Work uncertified – Cash received
61. The excess of contract price over estimated total cost of the contract is called _____
- Work certified
 - Work in progress
 - Notional profit
 - Estimated profit
62. The portion of notional/ estimated profit transferred to P & L Account when work certified is 1/4 or less of contract price is _____
- No profit transferred
 - Notional Profit $\times \frac{1}{3} \times \frac{\text{Cash received}}{\text{Work certified}}$
 - Notional Profit $\times \frac{2}{3} \times \frac{\text{Cash received}}{\text{Work certified}}$
 - Estimated profit $\times \frac{\text{Work certified}}{\text{Contract price}}$

63. The portion of notional/ estimated profit transferred to P & L Account when work certified is more than 1/4 or less than 1/2 of contract price is ____
- No profit transferred
 - Notional Profit $\times \frac{1}{3} \times \frac{\text{Cash received}}{\text{Work certified}}$
 - Notional Profit $\times \frac{2}{3} \times \frac{\text{Cash received}}{\text{Work certified}}$
 - Estimated profit $\times \frac{\text{Work certified}}{\text{Contract price}}$
64. The portion of notional/ estimated profit transferred to P & L Account when work certified is more than 1/2 or less than 9/10 of contract price is ____
- No profit transferred
 - Notional Profit $\times \frac{1}{3} \times \frac{\text{Cash received}}{\text{Work certified}}$
 - Notional Profit $\times \frac{2}{3} \times \frac{\text{Cash received}}{\text{Work certified}}$
 - Estimated profit $\times \frac{\text{Work certified}}{\text{Contract price}}$
65. The portion of notional/ estimated profit transferred to P & L Account when the contract is near completion is _____
- No profit transferred
 - Notional Profit $\times \frac{1}{3} \times \frac{\text{Cash received}}{\text{Work certified}}$
 - Notional Profit $\times \frac{2}{3} \times \frac{\text{Cash received}}{\text{Work certified}}$
 - Estimated profit $\times \frac{\text{Work certified}}{\text{Contract price}}$
66. _____ is the method of costing used to ascertain the cost of a contract.
- Contract costing
 - Job costing
 - Marginal costing
 - Process costing
67. A _____ is prepared to ascertain profit or loss on each contract.
- Profit or loss account
 - Job cost sheet
 - Contract account
 - Process account
68. Sub contract cost is charged to _____
- Contract account
 - Work in progress
 - Profit and loss account
 - Contractor's account
69. Progress payment made by the contractee to the contractor is credited to ____ account.
- Contractor's
 - Contract
 - Contractee's
 - Work in progress
70. Work certified is valued at ____ price.
- Cost
 - Market
 - Contract
 - Standard
71. Loss on incomplete contract is transferred to _____ account.
- Work in progress
 - Contract
 - Profit and loss
 - Contractee's
72. _____ is provided in contracts to cover any likely changes in price or utilization of materials and labour.
- Escalation clause
 - Rule
 - Extra price
 - Sub contract

73. In cost plus contract, the contractee undertakes to reimburse the ____ of contract plus a stipulated profit.
- Estimated cost
 - Actual cost
 - Standard cost
 - Direct cost
74. Cost of a contract is determined by preparing
- Cost sheet
 - Profit and loss account
 - Balance sheet
 - Contract account
75. When a contract work is completed to the extent of 20% of the contract price, profit to be credited to Profit and Loss account is
- Nil
 - Full amount
 - 1/3 of profit
 - 2/3 of profit
76. Work in progress in contract means
- Work certified
 - Work certified and uncertified
 - Work uncertified
 - None of these
77. Most of the expenses are direct in
- Job costing
 - Batch costing
 - Contract costing
 - All of these
78. In contract costing, contract account is prepared by the
- Contractor
 - Both by contractor and contractee
 - Contractee
 - Government
79. When a contract is 40% complete, the amount of profit to be credited to Profit and Loss account is
- Amount of estimated profit
 - 40% of the estimated profit
 - 1/3 of estimated profit multiplied by cash ratio
 - 2/3 of the estimated profit
80. in a contract , provides that the contract price would be suitably enhanced on the happening of a specified contingency
- Cost plus contract
 - Estimated profit
 - Escalation clause
 - EBQ
81. ____ “is that form of operation costing which applies where standardized goods are produced.”
- Marginal costing
 - Job costing
 - Batch costing
 - Process costing
82. Process costing is an example of ____
- Standard costing
 - Specific order costing
 - Operation costing
 - Operating costing
83. Which is true about process costing?
- Production takes long duration
 - Each output is customer specific
 - Production is done in lots/ batches
 - Production is continuous
84. Among the following, which industry is suitable for using process costing?
- Chemicals
 - Builders
 - Toys
 - None of these
85. Which is method of costing suitable for mass production industries?
- Marginal costing
 - Process costing
 - Standard costing
 - Job costing

86. The provision in the contract for reduction in contract price in case the price of cost elements fall below a certain level is called _____
- Escalation clause
 - Rule
 - Deescalation clause
 - Sub contract
87. Among the following, which method of costing computes cost at the end of cost period?
- Job costing
 - Batch costing
 - Process costing
 - None of these
88. Loss which is unavoidable on account of the nature of the material is called _____
- Uncontrolled
 - Normal
 - Abnormal
 - None of these
89. Loss which is avoidable is called _____
- Controlled
 - Normal
 - Abnormal
 - None of these
90. The quantity and the amount realized from the sale of normal loss are _____
- Credited to process a/c
 - Debited to process a/c
 - Not transferred to process a/c
 - Transferred to Costing P&L a/c
91. The value of abnormal loss is debited on the basis of
- Normal cost of normal output
 - Scrap value
 - Cost of production
 - None of these
92. Which statement is true about the treatment of abnormal loss?
- Value is credited to process loss a/c
 - Scrap value is credited to process loss a/c
 - Balance in abnormal loss a/c is transferred to costing profit & loss a/c
 - None of these
93. Cost of 75 units introduced—Rs. 1308, Additional expenses incurred—Rs. 202, Normal loss—15 units, Actual output—70 units and scrap value—Rs.4/ unit. Calculate value of abnormal gain.
- Rs. 1510
 - Rs. 1450
 - Rs. 241.67
 - Rs. 251.67
94. When the actual loss is more than the estimated loss, the difference between the two is considered to be _____
- Abnormal gain
 - Abnormal loss
 - Normal loss
 - Normal gain
95. _____ process loss should be transferred to costing profit and loss account.
- Normal
 - Abnormal
 - Actual
 - None of these
96. A process loss that does not affect cost per unit
- Standard loss
 - Normal loss
 - Abnormal loss
 - Seasonal loss
97. _____ is the method of costing used to ascertain the cost of a product at each stage of manufacture.
- Job costing
 - Contract costing
 - Process costing
 - Batch costing
98. In process costing, costs are accumulated by _____
- Process
 - Job
 - Batch
 - Production order

99. Process costing is suitable for _____
- Mass production industries
 - Organizations rendering services
 - Jobs of long duration
 - Production is as per customer's requirements
100. Abnormal gain in a process is written to be _____
- Debit side of process account
 - Credit side of process account
 - Debit side of costing P&L a/c
 - None of these
101. State which of the following substantiate the statement "cost control is comparatively easier in process accounts compared to job costing".
- Production is as per specific customer orders
 - Cost is computed at the end of cost period
 - Cost is transferred from one process to another
 - Production is standardized
102. Loss arising due to evaporation is considered as _____ in process accounts.
- Abnormal loss
 - Seasonal loss
 - Normal loss
 - None of these
103. Process loss that occurs under inefficient working conditions and is controllable is called
- Abnormal loss
 - Uncontrollable loss
 - Normal loss
 - Seasonal loss
104. Contract costing is similar to _____
- Process costing
 - Operation costing
 - Operating costing
 - Job costing
105. If the work certified of a contract is Rs. 2,00,000 and retention money is Rs. 30,000, compute the cash ratio.
- 85%
 - 15%
 - 87%
 - 13%
106. Progress payments in contracts are based as a percentage of _____
- Work in progress
 - Contract price
 - Work certified
 - Work uncertified
107. The practice by which a portion of main contract is entrusted by the main contractor to the specialists in those works for getting them done is called _____
- Leasing
 - Outsourcing
 - Sub contracting
 - Progress payments
108. Two or more products of equal importance simultaneously produced from the same raw materials are called _____
- Joint products
 - By products
 - Co products
 - None of these
109. Different products produced by the same organization on different lines are
- Joint products
 - By products
 - Co products
 - None of these
110. One or more products of small value produced simultaneously with a product of greater value is called
- Joint products
 - By products
 - Co products
 - None of these
111. Which among the following statements is true about by products?
- Two or more products of equal importance
 - Produced on different product lines
 - Secondary products incidentally produced
 - All of the above

112. In an oil refinery, petrol and diesel are considered
- Joint products
 - By products
 - Co products
 - None of these
113. Which among the following can be related to co products?
- Milk, butter and ghee in dairy industry
 - Cars, jeeps & trucks in automobile industry
 - Petrol & diesel from oil refinery
 - Sugar and molasses in a sugar mill
114. Which is not a feature of joint products?
- Produced from the same raw materials
 - Produced simultaneously from same process
 - Can be sold without further processing
 - Comparatively of equal importance
115. According to CIMA, England, _____ is “a product recovered incidentally from the materials used in the manufacture of recognized main products such as having either net realizable value or a useable value which is relatively low in comparison with saleable value of main products.”
- Joint product
 - Co product
 - By product
 - None of these
116. Which is an example of joint products?
- White flour and brown flour in flour mill
 - Bread, cake and biscuits in bakery
 - Sugar and molasses in sugar mill
 - Sulphur and bitumen in oil refinery
117. Which is not a feature of co products?
- Obtained through different operations
 - Produced from the same materials
 - There is no split off point
 - Proportion of production can be changed by management
118. Cost incurred for further processing after the split off point of joint products and by products
- Joint costs
 - Subsequent cost
 - Average cost
 - None of these
119. Costs incurred up to the point of separation of joint products and by products
- Joint costs
 - Subsequent costs
 - Average cost
 - None of these
120. Wood pieces left out in furniture industry should be treated as
- Waste
 - Scrap
 - Joint products
 - By-products
121. Which of the following is after separation cost-
- Indirect materials
 - Indirect labour
 - Selling and distribution cost
 - Direct wages
122. The method of by-product accounting adopted when the by-product is used in the undertaking as raw material for some other process
- Reverse cost method
 - Sales value method
 - Opportunity cost method
 - Other income method
123. The most important criteria for distinguishing between joint products and by-products
- Cost
 - Sales value
 - Profit
 - Demand

124. Trimmings of metal sheet should be treated as
- By-products
 - Joint products
 - Scrap
 - Waste
125. Products, each of significant sales value produced simultaneously from the same raw material for some other process
- Joint products
 - Co-products
 - By-products
 - Common products
126. The stage of production at which separate production are identified is known as
- Work in progress
 - Work certified
 - Split off point
 - None of these
127. Under physical unit method, joint cost is apportioned on the basis of
- Number of units of all products produced
 - Volume/ quantity at point of separation
 - Predetermined standard cost
 - Market value
128. Which among the following is a method for apportionment of joint costs among main products and by products?
- Physical unit method
 - Average unit cost method
 - Total sales less total cost
 - Survey method
129. The portion of raw materials which has been spoiled or destroyed in the manufacturing process which can be used again in manufacture as raw materials or sold as second hand is
- Scrap
 - Spoilage
 - Defectives
 - Waste
130. Which is a feature of process costing?
- Production against customer orders
 - Different types of products produced
 - Production is for stock
 - May or may not be work in progress
131. Which method of apportionment of joint costs is normally used in tea, timber and tobacco industries?
- Physical unit method
 - Average unit cost method
 - Standard cost method
 - None of these
132. Which method of apportionment of joint costs is normally used in coke and pig iron industries?
- Physical unit method
 - Average unit cost method
 - Standard cost method
 - Contribution margin method
133. Quantities produced of joint costs are as follows – A – 5000 kgs, B – 3000 kgs, C – 7000 kgs & D – 10000kgs. Cost of production is Rs. 5, 00,000. Compute the joint cost apportionment with respect to product D under average cost method.
- Rs. 1,25,000
 - Rs. 2,50,000
 - Rs. 2,00,000
 - Rs. 1,00,000
134. Which method of apportionment divides joint costs to fixed and variable cost?
- Standard cost method
 - Physical unit method
 - Contribution margin method
 - Survey method
135. Which method apportions joint costs on the basis of pre determined cost?
- Standard cost method
 - Physical unit method
 - Contribution margin method
 - Survey method

136. Which method apportions joint costs on the basis of net realisable value?
- Market value at the point of separation method
 - Market value after further processing method
 - Reverse cost method
 - None of these
137. The amount realised from the sale of by-product is treated as other income and credited to Profit & Loss account under _____ method.
- Miscellaneous income method
 - Reverse cost method
 - Standard cost method
 - Joint cost method
138. The estimated profit, selling and distribution cost and further processing cost of by-product are deducted from the sale value of by-product and the net amount is deducted from total cost of production. This method of accounting of by-product is
- Replacement cost method
 - Reverse cost method
 - Standard cost method
 - Joint cost method
139. The method under which further processing cost and selling and distribution cost of by-product is deducted from the sales value of by-product and the balance is deducted from total cost production is
- Total cost less net yield of by-product method
 - Total sales less total cost method
 - Reverse cost method
 - Total cost less sales value of by-product method
140. The sales value of by-product is deducted from the total cost of production of main product and by-product under _____
- Total sales less total cost method
 - Total cost less sales value of by-product method
 - Total cost less net yield of by-product method
 - None of these
141. Suppose, a company is running a sugar mill and a paper mill and bagasse, a by-product of sugar mill can be used for manufacture of paper. State an appropriate method of accounting of by-products.
- Joint cost method
 - Reverse cost method
 - Opportunity cost method
 - None of these
142. Which method is appropriate when value of by-product is very negligible?
- Reverse cost method
 - Standard cost method
 - Joint cost method
 - Miscellaneous income method
143. Additional cost of producing additional unit is called
- Absorption cost
 - Prime cost
 - Marginal cost
 - Differential cost
144. Given, the cost of production of 100 units is Rs. 5000 and 101 units is Rs. 5030. The additional cost of Rs. 30 incurred can be termed as _____
- Marginal cost
 - Absorption cost
 - Prime cost
 - Works cost
145. Which is not a feature of marginal costing?
- Costs are classified into fixed and variable
 - Total costs are charged to products
 - Contribution is considered instead of profit
 - Fixed costs are considered as period costs

146. According to CIMA, England, _____ is “the amount at any given volume of output by which aggregate costs are changed if the volume of output is increased or decreased by one unit.”
- Marginal cost
 - Absorption cost
 - Prime cost
 - Differential cost
147. The change in costs due to change in the level of activity or method of production is
- Marginal cost
 - Absorption cost
 - Prime cost
 - Differential cost
148. Incremental cost and decremental cost are classifications of _____
- Marginal cost
 - Abnormal cost
 - Uncontrollable cost
 - Differential cost
149. When cost increases due to change in level of activity, such increase is known as
- Unavoidable cost
 - Uncontrollable cost
 - Incremental cost
 - None of the above
150. The incidental residue from certain types of manufacture usually of small amount and low recoverable value without further processing is called
- Scrap
 - Spoilage
 - Waste
 - Defectives
151. The cost of normal spoilage is
- Credited to process a/c
 - Charged to production
 - Transferred to costing P&L a/c
 - None of these
152. State the treatment of abnormal spoilage in cost accounts.
- Credited to process a/c
 - Sales value charged to costing P&L a/c
 - Charged to production
 - Cost less sales value charged to costing P&L a/c
153. Units of finished products which are not up to the standard is called
- Waste
 - Scrap
 - Spoilage
 - Defectives
154. The costs which tend to vary with volume of output is
- Fixed cost
 - Variable cost
 - Period cost
 - None of these
155. Which among the following is a technique of costing?
- Job costing
 - Process costing
 - Operating costing
 - Marginal costing
156. Contribution is _____
- Fixed cost + Variable cost
 - Sales - Variable cost
 - Fixed cost – Profit
 - Sales – Total cost
157. Compute contribution if sales is Rs. 4,00,000, fixed cost is Rs. 1,00,000 and Variable cost is Rs. 2,00,000.
- Rs. 3,00,000
 - Rs.2,00,000
 - Rs.1,00,000
 - None of these
158. Under marginal costing, stock is valued at _____
- Cost or market price whichever is lower
 - Total cost
 - Marginal cost only
 - Marginal cost + fixed cost

159. The practice of charging both fixed and variable costs to products or services is called
- Marginal costing
 - Process costing
 - Differential costing
 - Absorption costing
160. Under absorption costing, stock is valued at _____
- Cost or market price whichever is lower
 - Total cost
 - Marginal cost only
 - None of these
161. Calculate fixed cost from the details given: sales – Rs. 4,80,000, Direct materials – Rs. 1,60,000, Direct labour – Rs. 1,00,000, Variable OH – Rs. 40,000 & Profit – Rs. 1,00,000.
- Rs. 3,00,000
 - Rs. 3,80,000
 - Rs. 1,80,000
 - Rs. 80,000
162. The main difference between marginal costing and absorption costing is the accounting treatment of _____
- Fixed overhead
 - Variable overhead
 - Prime cost
 - Profit
163. An increase in fixed cost results in _____
- Increase in margin of safety
 - Increase in break even point
 - Increase in contribution
 - Increase in P/V ratio
164. Contribution margin is known as
- Marginal income
 - Gross profit
 - Net income
 - Net profit
165. To obtain break even point in rupee sales value, total fixed costs are divided by
- Variable cost per unit
 - Contribution margin per unit
 - Fixed cost per unit
 - P/V ratio
166. Margin of safety is referred to as
- Excess of actual sales of fixed cost
 - Excess of actual sales over variable cost
 - Excess of actual sales over break even sales
 - Excess of budgeted sales over fixed costs
167. Establishes the relationship between cost, volume of sales and profit
- Marginal costing
 - Standard costing
 - Budgeting
 - Cost volume profit analysis
168. A point at which there is neither profit nor loss
- No profit no loss point
 - Break even point
 - Margin of safety
 - Contribution
169. The angle formed at the point of incidence of sales line to total cost line
- Angle of incidence
 - Break even point
 - Fixed cost
 - Total cost
170. A factor that restricts the activities of a concern
- Contribution factor
 - Break even point
 - Key factor
 - Margin of safety
171. A method of cost volume profit analysis
- Budgeting
 - Budgetary control
 - Standard costing
 - Break even analysis

172. The break even point is the point at which
- There is no profit, no loss
 - Contribution margin is equal to total fixed cost
 - Total revenue is equal to total cost
 - All of the above
173. Marginal cost represents
- Variable cost
 - Fixed cost
 - Semi-variable cost
 - Total cost
174. Marginal costing is a
- Method of costing
 - Technique of costing
 - System of costing
 - Uniform costing
175. Which of the following is true of break even point?
- Total sales revenue = variable cost
 - Profit = fixed cost
 - Sales revenue = Total cost – Variable cost
 - Contribution = Fixed cost
176. P/V ratio shows the
- Volume of profit
 - Volume of sales
 - Net profit
 - Volume of production
177. An increase in variable cost per unit will lead to
- An increase in contribution
 - A reduction in contribution
 - An increase in P/V ratio
 - None of these
178. P/V ratio can be increased by
- Increasing the selling price of products
 - Increasing the direct material cost
 - Increasing direct labour cost
 - Increasing variable cost
179. If production is nil, the loss will be equal to _____
- Variable cost
 - Fixed cost
 - Zero
 - None of the above
180. When break even point is 1000 units, selling price per unit is Rs. 12 and variable cost is Rs. 7, find out fixed cost?
- Rs.12,000
 - Rs.7,000
 - Rs.5,000
 - None of these
181. Margin of safety will increase when
- Fixed cost increases
 - Variable cost increases
 - Selling price increases
 - None of these
182. Budget having no relevance in evaluating the performance of an activity
- Sales budget
 - Cash budget
 - Fixed budget
 - Flexible budget
183. A summary of all functional budgets
- Master budget
 - Sales budget
 - Cash budget
 - Fixed budget
184. The scarce factor of production is known as
- Key factor
 - Limiting factor
 - Critical factor
 - All of these

185. A budget designed to furnish budgeted costs for any level of activity actually attained is
- Fixed budget
 - Flexible budget
 - Master budget
 - Production budget
186. Cash budget is prepared by
- Cashier
 - Sales manager
 - Production manager
 - Chief accountant
187. While preparing a production budget, the quantity to be produced equals _____
- Sales quantity + Opening stock + Closing stock
 - Sales quantity – Opening stock + Closing stock
 - Sales quantity – Opening stock - Closing stock
 - Sales quantity + Opening stock – Closing stock
188. “A planning and budgeting process which requires each manager to justify his entire budget request in detail from scratch” is called
- Performance Budgeting
 - Zero Based Budgeting
 - Cash Budget
 - None of these
189. Which among the following budgets is prepared for use unaltered over a long period of time and attainable under standard conditions?
- Basic budget
 - Research and Development expenditure
 - Current Budget
 - Cash budget
190. A _____ is one which presents the purposes and objectives for which funds are required, the costs of the programmes proposed for achieving those objectives and quantitative data measuring the accomplishments and work performed under each programme”
- Zero Based Budgeting
 - Performance Budgeting
 - Flexible budgeting
 - None of these
191. The method of costing applicable for transport industry is
- Job Costing
 - Process Costing
 - Batch Costing
 - Operating Costing
192. Which is not a branch of specific order costing
- Job Costing
 - Contract Costing
 - Batch Costing
 - Operating Costing
193. Standing charges in service costing indicates
- Variable cost
 - Sunk Cost
 - Opportunity Cost
 - Fixed Cost
194. Which is the cost unit for transport undertakings?
- Kilometre
 - Kilowatt hour
 - Guest day
 - Tonne-kilometre
195. Which one of the following is a composite unit?
- Kilometre
 - Litre
 - Quintal
 - Tonne Kilometre
196. Combination of two simple units is called
- Composite unit
 - Uniform unit
 - Service unit
 - Operating Unit
197. Service costing is a branch of
- Specific order costing
 - Marginal Costing
 - Standard Costing
 - Operation costing

198. Man-show is the cost unit applicable for

- a. Goods transport
- b. Hospital
- c. Hotel
- d. Cinema

199. In transport industry, daily running account of the vehicle is maintained in the form of

- a. Vehicle register
- b. Workshop register
- c. Operating register
- d. Daily log sheet

200. A truck carrying 8 tons of goods over 230 kilometres per day for 25 days in a month. The ton-kms applicable is

- a. 46000
- b. 23000
- c. 6750
- d. 200

Answers

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