UNIVERSITY OF CALICUT

SCHOOL OF DISTANCE EDUCATION

BCom

(2011 Admission Onwards)

IV Semester

Core Course

COST ACCOUNTING

1. .....provides information for income determination.
   a) Financial accounting
   b) cost accounting
   c) management accounting
   d) none of these

2. .....helps in ascertaining costs beforehand.
   a) Financial accounting
   b) cost accounting
   c) management accounting
   d) none of these

3. The scope of cost accounting include.....,..... and.....
   a) Cost ascertainment, cost presentation, cost control
   b) tax planning, tax accounting, financial accounting
   c) presentation of accounting information, creation of policy, day-to day operation
   d) none of the above

4. Cost accounting disclose .....
   a) The Financial position
   b) profit/loss of a product, job or service
   c) effect and impact of cost on business
   d) none of these

5. .....is a post mortem of past costs.
   a) Financial accounting
   b) cost accounting
   c) both a & b
   d) none of these

6. ……aids in price fixation.
   a) Financial accounting
   b) cost accounting
   c) management accounting
   d) none of these

7. ……is the oldest branch of accounting.
   a) Financial accounting
   b) cost accounting
   c) management accounting
   d) none of these

8. ……includes financial and cost accounting, tax planning and tax accounting.
   a) Financial accounting
   b) cost accounting
   c) management accounting
   d) none of these

9. In automobile, ……costing is used
   a) Process
   b) batch
   c) multiple
   d) job

10. Service costing is used in industries producing……
    a) Products
    b) service
    c) both a & b
    d) none of these

11. ……costing is applicable to printers.
    a) Process
    b) batch
    c) multiple
    d) job

12. Process costing is also known as……costing.
    a) Continuous
    b) batch
    c) multiple
    d) job

13. Operating costing is also known as ……costing.
    a) Service
    b) batch
    c) multiple
    d) job

14. ……costing is a type or technique of costing.
    a) Marginal
    b) batch
    c) multiple
    d) job

15. ……costing is a type or technique of costing.
    a) Absorption
    b) batch
    c) multiple
    d) job

16. ……is not the scope ofCost Accountancy.
    a) Ascertaining cost
    b) cost accounting
    c) cost control
    d) tax planning

17. Cost Accounting has been developed becauseof…… of Financial Accounting.

a) Limitations
b) advantages
c) both a & b
d) none of these

18. Cost Accountancy is the science, art and ……of a cost accountant.
a) Practice
b) exercise
c) hard work
d) effort

19. The ordinary trading account is a locked storehouse of most valuable information to which cost system is the…….
a) Key
b) lock
c) house
d) none of these

20. Cost accounts deal partly with facts and figures and partly with……
a) Estimates
b) costs
c) income
d) revenue

21. Cost accounting provides data for managerial…….
a) Decision making
b) recruitment
c) retrenchment
d) none of the above.

22. Cost accounting is based on……figures.
a) Estimated
b) historical
c) actual
d) none of these.

23. Cost accounting provides detailed information about ……of various products, processes, services and operations.
a) Costs
b) income
c) either a or b
d) none of these.

24. Cost accounting records both monetary and ……. units.
a) Physical
b) cost
c) both a & b
d) none of these.

25. The method of costing used in a refinery is……costing.
a) Process
b) batch
c) multiple
d) job

26. ……costing is used in transport undertakings.
a) Process
b) service
c) multiple
d) job

27. The total variable cost …… in total proportion to output.
a) Increases
b) does not increase
c) decreases
d) none of these.

28. Variable cost per unit ……
a) Remains constant
b) varies
c) decreases
d) increases

29. Sunk costs are ..... for decision-making
(a) irrelevant (c) useful
(b) relevant (d) none of these.

30. Costing and cost accounting are .....
a) Not the same c) not related at all
b) one and the same d) none of these.

31. Fixed cost ..... in the same proportion in which output changes.
a) does not change c) increases
b) changes d) none of these.

32. Administration expenses are mostly.....
a) semi-variable c) fixed
b) variable d) none of these.

33. Abnormal cost is .....
a) Uncontrollable c) fixed
b) controllable d) none of these

34. Cost of production is equal to .....
a) Works cost plus Administration Overheads
b) Prime cost plus Works cost
c) prime cost plus works overhead
d) works overhead plus administration overheads

35. Variable cost increases with .....in output.
a) Increase c) increase or decrease
b) decrease d) none of these.

36. .....Accounting provides information for cost control.
a) Financial c) Human Resource
b) Cost d) none of these.

37. ..... is one which can be conveniently identified with and charged to a particular unit of cost.
a) Direct cost c) Overhead
b) Indirect cost d) none of these

38. Cost centre and cost unit are.....
a) not the same c) not related
b) the same d) none of these

39. Fixed cost per unit ..... with rise in output and ..... with fall in output.
a) Decreases, increases
b) increases, decreases
c) is constant, remains same
d) none of the above

40. Period costs charged to…….
    a) cost of production
    b) Products
    c) Period
    d) none of these

41. Standard costs is…….
    a) Predetermined cost
    b) budgeted cost
    c) Actual cost
    d) none of these

42. ……..are costs which have been applied against revenue of particular accounting period.
    a) Expenses
    b) income
    c) loss
    d) none of these

43. ……..is the smallest segment of activity or area or responsibility for which costs are accumulated.
    a) Cost Object
    b) Cost centre
    c) cost driver
    d) none of the above

44. The primary emphasis of……..cost is on the planning function of management.
    a) Budgeted
    b) standard
    c) period
    d) none of these

45. ……cost is irrecoverable cost.
    a) marginal
    b) out of pocket
    c) Sunk
    d) none of these

46. ……..is the value of a benefit where no actual cost is incurred.
    a) Imputed
    b) sunk
    c) out of pocket
    d) none of these

47. ……is the cost which involves payment to outsiders.
    a) Out of pocket cost
    b) Imputed cost
    c) notional cost
    d) none of these

48. …… is the maximum possible alternative earning that might have been earned if the productive capacity is put to some alternative use.
    a) Opportunity
    b) incremental revenue
    c) alternative revenue
    d) none of these

49. An item of cost that is direct for one business may be ……for another business.
    (a) Important
    (b) direct
    (c) Indirect
    (d) none of the above.

50. The total of all direct expenses is known as ……cost.
    a) Prime
    b) Works
    c) Production
    d) both a & b

51. ……costs are partly fixed and partly variable in relation to output.
(a) Variable (c) Semi-variable
(b) fixed (d) both a & b

52. An opportunity cost is …….
(a) the advantage foregone (c) the income
(b) the cost (d) none of the above.

53. Works cost is a total of…….
(a) Indirect material, Indirect labour
(b) Direct material, direct labour, direct or chargeable expenses and works expenses
(c) Direct material, direct labour
(d) Indirect material, Indirect labour, Indirect expenses

54. An opportunity cost does not involve……
(a) Cash outlays (c) indirect cost
(b) direct cost (d) none of the above

55. Variable costs change ……with change in output.
a) Proportionately c) Disproportionately
b) Inversely d) Sometimes

56. Fixed cost per unit ……with increase in output.
a) decreases c) changes
b) increases d) sometimes

57. Depreciation is……expenditure.
a) fixed c) adjustable
b) variable d) Semi-variable

58. Out of pocket costs involve payment to …….
a) Outsiders c) employees
b) self d) none of the above

59. Added value is the change in…….
a) Market value c) income
b) cost d) none of the above.

60. ……. Accounting is not only a positive science but also a normative science because it includes techniques of budgetary control and standard costing.
a) Financial c) both a & b
b) Cost d) none of these

61. Material control does not cover the following stage.
a) Purchase of materials c) issue of materials
b) storing of materials d) production

62. Material control aims at achieving effective……
    a) Material management
    b) quality control
    c) accounting of material
    d) material supply

63. Stores Ledger is maintained in the……
    a) Store
    b) finance department
    c) cost accounting department
    d) Both a & b

64. Stock verification sheets are maintained to record the results of …….
    a) Physical verification
    b) financial control
    c) financial verification
    d) quality verification

65. Stock Adjustment Account is debited with …….and credited with …….
    a) Surplus, shortage of stock
    b) shortage of stock, surplus
    c) excess, loss
    d) none of these

66. Bin card is a record of ……only.
    a) Cost
    b) value
    c) quantity
    d) expense

67. Bin card is maintained by the…….
    a) Cost accountant
    b) Clerk
    c) storekeeper
    d) branch accountant

68. Material abstract is also known as …….
    a) Material issue analysis sheet
    b) bill of materials
    c) stores ledger
    d) none of the above

69. Material should be issued by the store keeper against……
    a) Material requisition
    b) bill of materials
    c) both a & b
    d) none of these

70. First in first out method of valuing material issues is suitable in times of……
    a) Rising prices
    b) falling prices
    c) fluctuating prices
    d) none of these

71. Last in first out method is suitable in times of……
    a) Rising prices
    b) falling prices
    c) fluctuating prices
    d) none of these

72. Average cost method of valuing material issues is suitable when…….
    a) Prices rise
    b) prices fall
    c) prices fluctuate considerably
    d) none of these

73. Inflated price method of valuing material issues is suitable when…….
    a) Materials are subject to natural wastage
    b) prices rise
    c) prices fall
    d) none of these

74. Specific price method of valuing material issue is used when…….
    a) Materials are purchased for specific job or work order
    b) materials are subject to natural wastage
    c) prices fluctuate
    d) none of these

75. Market price method is considered to be the best method when…….
    a) Quotations have to be sent
    b) prices fluctuate
    c) materials are subject to natural wastage
    d) none of these

76. A bill of material serves the purpose of……
    a) Material requisition
    b) stores ledger
    c) material issue analysis sheet
    d) none of these

77. A bill of material is prepared in case of a ……job
    a) Standard job
    b) non-standardized job
    c) both a & b
    d) none of these

78. Stock verification sheets are maintained to record the results of……
    a) Physical verification
    b) financial control
    c) financial verification
    d) quality verification

79. The quantity of material to be ordered at one time is known as…….
    a) Ordering quantity
    b) commercial order quantity
    c) economic order quantity
    d) none of these

80. ……represents that quantity of material which is normally ordered when a particular material reaches reordering level.
    a) maximum level
    b) re-order level
    c) minimum level
    d) Re-order quantity

81. The principle types of inventories are raw materials and ,.....and finished goods
    a) Processed materials
    b) Goods-in-progress
    c) stored goods
    d) goods for dispatch

82. Re-ordering level = Maximum consumption x .....
    a) Average re-order period
    b) Maximum usage
    c) Maximum re-order period
    d) Normal usage

83. Inventory turnover ratio = Cost of inventory consumed during the period ÷ Cost of .....held during the period
    a) Average inventory
    b) minimum inventory
    c) maximum inventory
    d) none of these

84. Inventory turnover in days = Days during the period ÷.....
    a) Inventory turnover ratio
    b) material consumed during the period
    c) cost of average stock during the period
    d) none of these

85. .....is a technique of material cost control which leads to low carrying cost as a result of low investment in inventory
    a) ABC Analysis
    b) JIT Inventory System
    c) VED Analysis
    d) Perpetual Inventory System

86. .....is a technique of stock control which leads to saving of time of the management because attention is required to be paid only to some of the items rather than on all the items.
    a) ABC Analysis
    b) JIT Inventory System
    c) VED Analysis
    d) Perpetual Inventory System

87. ..... is used primarily for control of spare parts.
    a) ABC Analysis
    b) JIT Inventory System
    c) VED Analysis
    d) Perpetual Inventory System

88. Inventory turnover ratio = Cost of .....during the period ÷ Cost of average inventory held during the period.

a) Inventory consumed
b) minimum inventory
c) maximum inventory
d) none of these

89. Re-ordering level = …… X Maximum re-order period
a) Average re-order period
b) Maximum usage
c) Maximum consumption
d) Normal usage

90. ……obviates the necessity for the physical checking of all items of stores at the end of the year and thereby avoids dislocation of production.
a) ABC Analysis
b) JIT Inventory System
c) VED Analysis
d) Perpetual Inventory System

91. ……forms part of cost of production.
a) Abnormal waste
b) normal waste
c) both a & b
d) none of these

92. ……does not form part of production.
a) Abnormal waste
b) normal waste
c) both a & b
d) none of these

93. Material losses due to abnormal reasons should be transferred to……
a) Profit and loss account
b) Costing Profit and Loss Account
c) Trading Account
d) none of these

94. Defectives are that portion of production which can be ……at some extra cost of re-operation.
a) Sold
b) rectified
c) purchased
d) none of these

95. ……is a method of evaluating the job in terms of its money value.
a) Job analysis
b) Job evaluation
c) work measurement
d) Motion study

96. The requirements of a particular job are known as ……
a) Job description
b) job specifications
c) job evaluation
d) both a & b

97. Qualities demanded from the job holder is technically known as ……
a) Job description
b) job specifications
c) job evaluation
d) both a & b

98. ……is concerned with discovery of facts concerning a job and ……is concerned with ascertaining the money value of a job.
   a) Job description, job evaluation
   b) job specifications, job evaluation
   c) job analysis, job evaluation
   d) none of these

99. For conducting ……workers are studied at their jobs and all their movements and motions are noted.
   a) Time study
   b) Motion study
   c) Merit rating
   d) none of these

100. ……. is the assessment of the relative worth of jobs within a company whereas ……is the assessment of the relative worth of man behind the job.
   a) Job evaluation , merit rating
   b) job analysis, job evaluation
   c) job analysis, merit rating
   d) none of these

101. ……is maintained to know how the worker's time shown by the time card is spent on various jobs.
   a) Daily time sheets
   b) weekly time sheets
   c) job cards
   d) none of the above

102. In time wage system, wages are paid according to the…….
   a) Production
   b) time
   c) both a & b
   d) none of these

103. Under piece rate system of wage payment, payment is made according to the…….
   a) Quantity of work done
   b) time
   c) both a&b
   d) none of these

104. For a work order, standard time and time taken are 20 hours and 15 hours respectively. Time rate being Rs. 2 per hour, total wages payable under Rowan Premium Plan will be…….
   a) 40
   b) 37.50
   c) 35
   d) none of these

105. Taylors differential piece rate system provides for higher rate to …….workers.
   a) Inefficient
   b) efficient
   c) both a & b
   d) lazy

106. ……is most suitable when quality of work is of prime importance.
   a) Piece rate system
   b) time wage system
   c) both a & b
   d) none of these

107. Formula of calculation of wages under Halsey Premium System is……

a) R + %(S-T)R
b) T x R+ % (S-T) R
c) $\frac{S-T}{S}$ x T x R
d) R x S x T

108. Under Merrick's multiple piece rate system, 110% of the ordinary piece rate is given to workers whose level of performance is between……. of the standard output.

a) 83% and 100%
b) 100% and 120%
c) 0% and 83%
d) none of these

109. Under Merrick's multiple piece rate system, 120% of the ordinary piece rate is given to workers whose level of performance is between……of the standard output.

a) 83% and 100%
b) 100% and 120%
c) 0% and 83%
d) none of these

110. Under Merrick's multiple piece rate system, ordinary piece rate is given to workers whose level of performance is between……of the standard output.

a) 0% and 100%
b) 0% and 120%
c) 0% and 83%
d) none of these

111. In ……, two piece rates are set for each job.

a) Merrick's multiple piece rate system
b) Rowan's Premium Plan
c) Taylor's differential piece rate system
d) none of these

112. Basis of apportionment of stores service expenses is ……

a) Value of materials consumed
b) units of material consumed
c) products produced
d) none of these

113. Basis of apportionment of welfare department expenses is…….

a) Wages of each department
b) Number of employees
c) materials consumed
d) number of machineries

114. Basis of apportionment of crèche expenses is ……

a) Number of employees
b) number of female employees
c) number of male employees
d) both b&c

115. Under step method of re-apportionment of costs of service departments, the cost of last service department is apportioned only to the …….
    a) Production departments
    b) service departments
    c) both a & b
    d) none of these

116. Machine hour rate is obtained by dividing the total running expenses of a machine during a particular period by the…….
    a) Number of hours
    b) number of products produced
    c) number of workers
    d) wages

117. ……..is the amount by which the absorbed overheads fall short of the actual amount of overheads incurred.
    a) Over absorption of overheads
    b) under absorption of overheads
    c) overheads absorption
    d) none of these.

118. ……..is the excess of overheads absorbed over the actual amount of overheads incurred.
    a) Over absorption of overheads
    b) under absorption of overheads
    c) overheads absorption
    d) none of these.

119. When ……..is used on the basis of budgeted overheads and the rate is applied to the actual base, the actual overhead expenses may be different from the charged overheads.
    a) A predetermined rate
    b) actual rate method of absorption
    c) both a & b
    d) none of these

120. Expenses incurred during production other than direct materials and direct labour are called…….factory expenses; those charged to production on estimated basis are called …….
    a) Actual, applied
    b) applied, actual
    c) indirect, direct
    d) none of these

121. The per unit expense of the ……portion factory overhead varies with the volume of production while……portion remains the same with volume.
    a) Fixed, variable
    b) variable, fixed
    c) variable, semi-variable
    d) none of these

122. ……expenses are excluded from cost.
   a) Normal
   b) abnormal
   c) both a & b
   d) none of these

123. Such expenses which are included (even though they are not incurred) for taking managerial decisions are called…….
   a) Notional expenses
   b) actual expenses
   c) imputed
   d) none of these

124. ……expenses are partly fixed and partly variable.
   a) All expenses
   b) variable
   c) fixed
   d) semi-variable

125. Unsuccessful research expenditure should be ……. cost accounts.
   a) Excluded from
   b) included in
   c) apportioned in
   d) none of these

126. Salary paid to general manager is an item of ……expenses.
   a) Fixed
   b) Variable
   c) semi-variable
   d) estimated

127. Fancy packing is an example of ……expenses.
   a) Selling
   b) Distribution
   c) administration
   d) factory

128. Telephone expense is ……expense.
   a) Variable
   b) semi-variable
   c) fixed
   d) none of these

129. Primary packing is an item of …….
   a) Selling overheads
   b) prime cost
   c) distribution overheads
   d) factory overheads

130. When factory overhead control account has an ending debit balance, factory overhead was…….
   a) Over applied
   b) under applied
   c) both a & b
   d) none of these

131. Under applied or over applied factory overhead should be
   a) Carried forward to next year
   b) shown as an extraordinary item
   c) apportioned among cost of goods sold and applicable to inventory
   d) written off

132. Credit and collection cost is an item of
   a) Selling overhead
   b) office overhead
   c) prime cost
   d) administrative overhead

133. Warehousing cost is an item of
   a) Office overhead
   b) distribution overhead
   c) material cost
   d) works overhead

134. In ……..each job is a cost unit to which all costs are assigned.
   a) Batch costing
   b) Job costing
   c) process costing
   d) operation costing

135. Material Costs of each job are determined from…….
   a) Material requisition notes
   b) bill of materials
   c) both a & b
   d) none of these

136. Printers use ……costing.
   a) Process
   b) Batch
   c) job
   d) contract

137. Each job has a ……. prepared for it that bears the job number and which is used to collect all cost data relating to job.
   a) Job Time Sheet
   b) Job Cost Card
   c) Job Ticket
   d) Job Account

138. An automobile service unit uses ……costing.
   a) specific order
   b) batch
   c) job
   d) contract

139. Where the work is undertaken to Customers' special requirements and each order is of comparatively short-duration, it is called…….costing.
   a) Job
   b) batch
   c) operation
   d) output

140. Economic Batch Quantity is an important point to be determined in industries where ……. costing is employed.
   a) Job
   b) batch
   c) operation
   d) output

141. Economic Batch Quantity depends on ……and …….costs.
   a) Material, labour
   b) set-up costs, carrying
   c) transportation, carrying
   d) warehousing, labour

142. The ……costing is applied when a quantity of similar and identical products are manufactured together as one Job.
   a) Job
   b) Batch
   c) operation
   d) output

143. The loss incurred on an incomplete contract is transferred to ……account.
   a) Costing profit and loss account
   b) profit and loss account
   c) trading account
   d) deferred to next year.

144. When the completion stage of the contract is more than half, the profit to be credited to Profit and Loss account will be equal to…….
   a) 1/3rd of Notional Profit x $\frac{\text{cash received}}{\text{Work certified}}$
   b) ½ of Notional Profit x $\frac{\text{cash received}}{\text{Work certified}}$
   c) 2/3rd of Notional profit x $\frac{\text{cash received}}{\text{Work certified}}$
   d) full Notional Profit.

145. When the completion stage of a contract is less than ¼, the total expenditure on the contract is transferred to ……account.
   a) Work-in-Progress
   b) Profit and loss account
   c) miscellaneous account
   d) none of these

146. If the amount of work certified is less than……of the contract price, then no profit should be taken to Profit & Loss Account.
   a) 20%
   b) 25%
   c) 33 1/3%
   d) 40%

147. Contract costing is not used in one of the following industries.
   a) Ship building
   b) Civil Construction
   c) Automobiles
   d) Construction of Bridges

148. The sum of value of work certified and uncertified appearing in the Contract Account is called …….
   a) Work in Progress
   b) Work in Process
   c) Work Completed
   d) Work done.

149. ……is the most suitable method in a transport industry.
   a) Operation costing
   b) Service costing
   c) Process costing
   d) Job costing

150. Room/day is the cost unit used in……
a) Hotels
b) hospital
c) schools
d) none of these

151. Maintenance charges are in the nature of ……expenses.
a) Fixed
b) Variable
c) semi-variable
d) none of these

152. In transport costing……charges vary more or less in direct proportion to kilometers run.
a) Running
b) petrol
c) drivers salary
d) tax

153. Service costing is called as …….
a) Operation costing
b) Operating costing
c) multiple costing
d) none of these

154. In electricity supply company uses ……as cost unit.
a) Kilo watt hour
b) per household
c) voltage
d) none of these

155. In transportation costing a composite unit such as ……is used.
a) passenger mile/km or Ten kilometer
b) per km
c) per passenger
d) per stop

156. Boiler house costing is an example of ……costing
a) Operation
b) process
c) service
d) none of these

157. In service costing, fixed charges are also called as…….
a) Standing charges
b) variable charges
c) fixed charges
d) none of these

158. Service costing is not used in one of the following:
a) Electricity
b) Hospitals
c) transport
d) Electronics

159. If the present cost of the car is Rs.1,00,000 residual value at the end of the 5th year is Rs.20,000, the monthly depreciation is…….
a) Rs.20,000
b) Rs.16,000
c) Rs.1,333
d) Rs.17,333

160. A bus carries 25 passengers daily for 25 days and its mileage per month is 1000 kms. Its passenger miles are…….
a) 30,000
b) 12,500
c) 20,000
d) 25,000

161. In ……costing where standardized goods or services result from a sequence of repetitive and more or less continuous operations to which costs are collected and averaged over the units produced during the year:
   a) Multiple
   b) Process
   c) Operation
   d) single.

162. The method of costing applied in biscuit industries is ……costing and in steel industry……costing.
   a) Job, process
   b) job, contract
   c) batch, multiple
   d) process, operation

163. Average unit cost for each process is calculated by dividing the ……by……
   a) Total cost, number of units
   b) total process cost, number of units in process
   c) Total process cost, number of finished goods
   d) total cost, number of units produced

164. Where raw material is to pass certain stages, before it is converted into finished goods, the method of costing used is……
   a) Job costing
   b) Operating costing
   c) Process Costing
   d) both b and c

165. When the actual loss is more than the estimated loss, the difference between the two is considered to be…….
   a) Abnormal loss
   b) normal loss
   c) loss
   d) none of these

166. When actual loss is less than the estimated loss, the difference between the two is considered to be…….
   a) Abnormal gain
   b) abnormal loss
   c) normal loss
   d) income

167. When actual loss is …….than the estimated loss, the difference between the two is considered to be abnormal gain
   a) More
   b) less
   c) higher
   d) none of these

168. When actual loss is ……than the estimated loss, the difference between the two is considered to be abnormal loss.
   a) More
   b) less
   c) both a & b)
   d) none of these

169. When 1000 units are 60% complete in a process, it is equivalent to ……completed units.
   a) 60
   b) 600
   c) 6000
   d) 1000

170. Equivalent units represent the production of a process in terms of …….units.
   a) Completed
   b) total production
   c) semi-finished
   d) both a& c

171. ……process loss should be transferred to costing profit & loss account.
   a) Abnormal
   b) normal
   c) both a& b
   d) none of these

172. The cost of ……process loss is absorbed in the cost of production of good units.
   a) Abnormal
   b) normal
   c) both a & b
   d) none of these

173. In inter process profits, the output of one process is transferred from one process to another not at ……but at …….
   a) Market price, actual cost
   b) Actual cost, market price
   c) both a& b
   d) none of these

174. Where actual loss in a process is less than the anticipated loss, the difference between the two is considered to be …….
   a) Abnormal loss
   b) normal loss
   c) abnormal gain
   d) normal gain

175. In process costing, the abnormal loss is treated as …….cost and written off to profit & loss account.
   a) Unit
   b) period
   c) future
   d) process

176. The process costing is not used in one of the following.
   a) Chemical
   b) textiles
   c) cement
   d) oil refining

177. ……arises where the actual process loss is less than the normal predetermined process loss.
   a) Normal loss
   b) abnormal loss
   c) abnormal gain
   d) none of these

178. An input of 5000kg of material introduced into the process and the expected loss is 8% and if the actual output from the process is 4300, the abnormal loss is ……kg
   a) 400
   b) 300
   c) 500
   d) 600

179. Budgeting system…….key managerial functions.

a) Dismisses
b) integrates
c) discharges
d) none of these

180. .....is a budget which is updated continuously by adding a further period (a month/quarter) and deducting a corresponding earlier period.
a) Rolling budget
b) continuous budget
c) annual budget
d) both a & b

181. The budget relating to .....must be prepared first and the other budgets should be prepared in the light of that factor.
a) Limiting factor
b) materials
c) labour
d) production

182. .....budget is the most important budget and it forms the basis on which all the other budgets are built up.
a) Production
b) material
c) cash budget
d) sales

183. .....budget may be classified into material cost budget, labour cost budget and overhead budget.
a) Cost of Production
b) purchase
c) sales
d) Cash

184. .....budget gives an estimate of the anticipated receipts and payment of cash during the budget period.
a) Sales
b) Production
c) Cash
d) Master

185. .....is the consolidated summary of the various functional budgets.
a) Master Budget
b) Sales budget
c) Performance budget
d) Cash Budget

186. .....budget is designed to remain unchanged irrespective of the volume of output or turnover attained.
a) Master
b) Fixed
c) Flexible
d) all of these

187. .....budget gives differentbudgeted costs for different levels of activity.
a) Master
b) Fixed
c) Flexible
d) all of these

188. .....budget is the preparation of budget starting from a clean state.

a) Performance
b) Zero Base
c) Cash
d) none of these

189. Calendar Ratio =
a) Number of actual working days in a period x 100
Number of working days in the budget period
b) Actual hours worked x 100
Budgeted hours
c) Standard hours for actual production x 100
Actual hours worked
d) Standard hours for actual productionx 100
Budgeted standard hours

190. Capacity Ratio =
a) Number of actual working days in a period x 100
Number of working days in the budget period
b) Actual hours worked x 100
Budgeted hours
c) Standard hours for actual production x 100
Actual hours worked
d) Standard hours for actual productionx 100
Budgeted standard hours

191. Efficiency Ratio=
a) Number of actual working days in a period x 100
Number of working days in the budget period
b) Actual hours worked x 100
Budgeted hours
c) Standard hours for actual production x 100
Actual hours worked
d) Standard hours for actual productionx 100
Budgeted standard hours

192. Activity Ratio =
a) Number of actual working days in a period x 100
Number of working days in the budget period
b) Actual hours worked x 100
Budgeted hours
c) Standard hours for actual production x 100
Actual hours worked
d) Standard hours for actual productionx 100
Budgeted standard hours

193. ……is a summary of all function budgets in a Capsule form.
a) Master Budget
b) Sales budget
c) Performance budget
d) Cash Budget

194. ……determines the priorities of functional budget.
   a) Principal Budget Factor
   b) Limiting Factor
   c) both a & b
   d) none of the above.

195. Cash Budget is a ……budget.
   a) Long term
   b) very long term
   c) short term
   d) very short term

196. The primary difference between a fixed budget and a variable(flexible) budget is that a fixed budget:
   a) Includes only fixed costs, while a variable budget includes only variable costs.
   b) Is concerned only with future acquisitions of fixed assets, while a variable budget is concerned with expenses which vary with sales.
   c) Cannot be changed after the period begins, while a variable budget can be changed after the period begins.
   d) Is a plan for a single level of sales(or other measure of activity), while a variable budget consists of several plans, one for each of several levels of sales (or other measure of activity)

197. Sales budget is a
   a) Functional budget
   b) Master budget
   c) Expenditure budget
   d) none of these

198. In the case of plant, the limiting factor may be:
   a) Insufficient capacity
   b) shortage of experienced salesmen
   c) general shortage of power
   d) shortage of materials

199. The difference between fixed and variable cost has a special significance in the preparation of
   a) Flexible budget
   b) master budget
   c) cash budget
   d) sales budget

200. The budget that is prepared first of all is…….
   a) Cash budget
   b) master budget
   c) budget for the key factor
   d) sales budget

201. In case of materials the key factor may be.
   a) Insufficient advertising
   b) restrictions imposed by quota
   c) low market demand
   d) shortage of power

202. The budget which commonly takes the form of budgeted profit and loss account and balance sheet is
   a) cash budget
   b) master budget
   c) flexible budget
   d) fixed budget

203. Standard cost is a ……cost
   a) Predetermined
   b) historical
   c) actual
   d) final

204. The limitations of ……has led to the development of standard costing system.
   a) Historical costing system
   b) cost accounting
   c) management accounting
   d) none of these

205. Standard costing is more widely applied in……industries.
   a) Process and engineering
   b) jobbing industries
   c) construction industry
   d) all of these

206. Three types of standards are…….
   a) Current standard, basic standard and normal standard
   b) Currency standard, basel standard and actual standard
   c) Actual standard, estimated standard and expected standard
   d) Expected standard, ideal standard and current standard

207. The deviation of the actual cost or profit or sales from the standard cost or profit or sale is known as …….
   a) Difference
   b) Variance
   c) Discrepancy
   d) Inconsistency

208. Management by exception is exercising control over…….
   a) Costs
   b) Favourable items
   c) Unfavourable items
   d) all of these

209. Material price variance is the difference between standard and actual prices of materials used multiplied by……
   a) Actual quantity of materials used
   b) Budgeted quantity of materials used
   c) Standard quantity of materials used
   d) Either a or b

210. Labour cost variance is the difference between standard cost of labour and…….
   a) Budgeted cost of labour
   b) Estimated cost of labour
   c) Actual cost of labour
   d) None of these

211. Idle time variance is……
    a) Idle time x actual labour
    b) Idle time x standard rate
    c) Idle time x budgeted labour rate
    d) Idle time x historical cost

212. Volume variance is divided into…….
    a) Capacity variance, calendar variance andExpenditure variance
    b) Capacity variance, calendar variance and efficiency variance
    c) Capacity variance, expenditure variance and efficiency variance
    d) Calendar variance, expenditure variance and efficiency variance

213. Standards set provide yardsticks against which……are compared.
    a) Budgeted costs
    b) Estimated costs
    c) Actual costs
    d) None of these

214. The technique of standard costing may not be applicable in case of
    a) Large concerns
    b) Small concerns
    c) All concerns
    d) Both b & c

215. Total Material cost variance =
    a) Standard cost of materials-actual cost of materials
    b) Budgeted cost of materials- actual cost of materials
    c) Standard cost of materials-budgeted cost of materials
    d) Actual cost of materials- budgeted cost of materials

216. Material Usage Variance=Material Mix Variance +…….
    a) Material Yield Variance
    b) Material cost variance
    c) Material price variance
    d) Material quantity variance

217. Material Price Variance = Actual Usage (…….)
    a) Standard price
    b) Standard unit price-actual unit price
    c) Actual price
    d) Standard usage

218. Material usage variance = standard price(…….)
    a) Standard usage-actual usage
    b) Standard unit price-actual unit price
    c) Standard quantity
    d) Actual quantity

219. Material mix variance = standard cost of standard mix - .....
   a) Actual cost of actual mix
   b) Actual cost of standard mix
   c) Standard cost of actual mix
   d) Standard cost of budgeted mix

220. Total Labour cost variance =
   a) Standard cost of labour - actual cost of labour
   b) Standard rate(standard time for actual output-actual time worked)
   c) Standard rate (standard time for actual output- actual time paid for)
   d) Actual time taken (standard rate-actual rate)

221. Volume Variance =
   a) Standard rate (Actual output-budgeted output)
   b) Actual output x standard rate-budgeted fixed overheads
   c) Standard rate per hour(standard hours produced-actual hours)
   d) All of the above

222. A favourable variance will arise when capital revenues are.....than expected.
   a) More
   b) Less
   c) Lesser
   d) None of the above

223. An unfavourable material price variance occurs because of:
   a) Price increase in raw materials
   b) Price decrease in raw materials
   c) Less than anticipated normal wastage in the manufacturing process
   d) More than anticipated normal wastage in the manufacturing process

224. The type of standard best suitable for cost control purpose is
   a) Basic standard
   b) Ideal standard
   c) Normal standard
   d) Expected standard

225. An unfavourable material usage arises because of:
   a) Price increase in raw materials
   b) Price decrease in raw mateials
   c) Less than anticipated normal wastage in the manufacturing process
   d) More than anticipated normal wastage in the manufacturing process

226. Volume variance arises because of :
   a) Increase in overhead rate per hour
   b) Decrease in overhead rate per hour
   c) Increase or decrease in actual output as compared to the budgeted output.
   d) Difference in budgeted overheads and actual overheads.

227. Labour rate variance is computed by multiplying the
   a) Standard labour rate with the difference between standard labour hours and actual labour hours
   b) Actual labour hours with the difference between standard labour hours and actual labour hours
   c) Actual labour rate with the difference between standard labour rate and actual labour hours.
   d) None of the above

228. ……..is an example of long-term budget
   a) Cash budget
   b) Capital expenditure budget
   c) Research and development budget
   d) Both b & c

229. ……..is an example of short-term budget
   a) Cash budget
   b) Capital expenditure budget
   c) Material budget
   d) Both a & c

230. The control ratios used by the management to know whether the deviations of the actual performance from the budgeted performance are favourable or unfavourable are…….
   a) Capacity ratio, activity ratio
   b) Efficiency ratio, calendar ratio
   c) Both a & b
   d) None of the above

ANSWER KEYS

1. A	26. B	51. C	76. A
2. B	27. A	52. A	77. B
3. A	28. A	53. B	78. A
4. B	29. A	54. A	79. A
5. A	30. A	55. A	80. D
6. B	31. A	56. A	81. B
7. A	32. C	57. D	82. C
8. C	33. A	58. A	83. A
9. C	34. A	59. A	84. A
10. B	35. A	60. B	85. B
11. D	36. B	61. D	86. A
12. A	37. A	62. A	87. C
13. A	38. A	63. C	88. A
14. A	39. A	64. A	89. C
15. A	40. C	65. B	90. D
16. D	41. A	66. C	91. B
17. A	42. A	67. C	92. A
18. A	43. B	68. A	93. B
19. A	44. A	69. C	94. B
20. A	45. C	70. B	95. B
21. A	46. A	71. A	96. A
22. A	47. A	72. C	97. B
23. A	48. A	73. A	98. C
24. A	49. C	74. A	99. B
25. A	50. A	75. A	100.A

101. C	128.B	155.A	182.D
102. B	129.B	156.C	183.A
103. A	130.B	157.A	184.C
104. B	131.C	158.D	185.A
105. B	132.A	159.C	186.B
106. B	133.B	160.D	187.C
107. B	134.B	161. C	188.B
108. A	135.C	162.A	189.A
109. B	136.C	163.B	190.B
110. C	137.B	164.C	191.C
111. C	138.C	165.A	192.D
112. A	139.A	166.A	193.A
113. B	140.B	167.B	194.C
114. B	141.B	168.A	195.C
115. A	142.B	169.B	196.D
116.A	143.B	170.A	197.A
117. B	144.C	171.A	198.A
118. A	145. A	172.B	199.A
119. A	146. B	173.B	200.C
120. A	147. C	174.C	201.B
121.A	148. A	175.B	202.B
122.B	149. B	176.C	203.A
123.A	150. A	177.C	204.A
124.D	151. C	178.B	205.A
125.A	152. A	179.B	206.A
126.A	153. B	180.D	207.B
127.A	154. A	181.A	208.C

209.A	214.D	220.A	226.C
210.C	215.A	221.D	227.D
211.B	216.A	222.A	228.D
212.B	217.B	223.A	229.D
213.C	218.A	224.D	230. C
	219.C	225.D	