

Register
Number

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2012

COSTS AND WORKS ACCOUNTS (Intermediate Standard)

Time Allowed : 3 Hours]

[Maximum Marks : 300

Read the following instructions carefully before you begin to answer the questions.

IMPORTANT INSTRUCTIONS

1. This Booklet has a cover (this page) which should not be opened till the invigilator gives signal to open it at the commencement of the examination. As soon as the signal is received you should tear the right side of the booklet cover carefully to open the booklet. Then proceed to answer the questions.
2. This Question Booklet contains **200** questions.
3. Answer **all** questions.
4. **All** questions carry equal marks.
5. You must write your Register Number in the space provided on the top right side of this page. Do not write anything else on the Question Booklet.
6. An Answer Sheet will be supplied to you separately by the Invigilator to mark the answers. You must write your Name, Register No., Question Booklet Sl. No. and other particulars with Blue or Black ink Ball Point Pen on side 2 of the Answer Sheet provided, failing which your Answer Sheet will not be evaluated.
7. You will also encode your Register Number, Subject Code, Question Booklet Sl. No. etc. with Blue or Black ink Ball Point Pen in the space provided on the side 2 of the Answer Sheet. If you do not encode properly or fail to encode the above information, your Answer Sheet will not be evaluated.
8. Each question comprises *four* responses (A), (B), (C) and (D). You are to select **ONLY ONE** correct response and mark in your Answer Sheet. In case, you feel that there are more than one correct response, mark the response which you consider the best. In any case, choose **ONLY ONE** response for each question. Your total marks will depend on the number of correct responses marked by you in the Answer Sheet.
9. In the Answer Sheet there are **four** brackets [A] [B] [C] and [D] against each question. To answer the questions you are to mark with Ball point pen **ONLY ONE** bracket of your choice for each question. Select one response for each question in the Question Booklet and mark in the Answer Sheet. If you mark more than one answer for one question, the answer will be treated as wrong. *e.g.* If for any item, [B] is the correct answer, you have to mark as follows :

[A] [C] [D]
10. You should not remove or tear off any sheet from this Question Booklet. You are not allowed to take this Question Booklet and the Answer Sheet out of the Examination Hall during the examination. After the examination is concluded, you must hand over your Answer Sheet to the Invigilator. You are allowed to take the Question Booklet with you only after the Examination is over.
11. Failure to comply with any of the above instructions will render you liable to such action or penalty as the Commission may decide at their discretion.
12. Do not tick-mark or mark the answers in the Question booklet.
13. The last sheet of the Question Booklet can be used for Rough Work.



1. Cost _____ should not be done by arbitrary cost slashing
(A) Reduction (B) Control
(C) Cutting (D) Management

2. _____ is that portion of material lost during handling, storing issuing and has no recoverable value
(A) Wastage (B) Scrap
(C) Spoilage (D) Defectives

3. Which of the following is virtually always after production cost
(A) Research and development cost (B) Selling and distribution cost
(C) Interest on capital (D) All of these

4. The three major elements of products cost are all but
(A) Direct material (B) Direct labour
(C) Overheads (D) Interest on capital

5. The classification of salary as being chargeable to the packing department is an example of classification by
(A) Function (B) Product
(C) Activity (D) Controllability

6. If overheads are not fully absorbed (ie) the amount in cost accounts is less than the actual amount, the short fall is called _____
(A) Over absorption (B) Under absorption
(C) Neither over nor under (D) None

7. Closing stock value as per financial accounts 12,500 closing stock value as per cost accounts Rs. 11,200 what will be the financial profit when costing profit is Rs. 15,000?
(A) Rs. 16,300 (B) Rs. 13,700
(C) Rs. 15,000 (D) Rs. 13,600

8. Loss of sale of fixed assets is an item of _____ accounts
(A) Cost (B) Financial
(C) Cost and financial (D) None

9. A company has produced a set of cost figures for its accounting period.
- Direct labour 98,000
 Direct expenses Rs. 5,000
 Administrative overheads Rs. 15,000
 Indirect factory cost Rs. 20,000
 Direct material Rs. 2,00,000
 Selling and distribution overheads Rs. 22,000
- What is the production cost?
- (A) Rs. 3,03,000 (B) Rs. 3,23,000
 (C) Rs. 3,38,000 (D) Rs. 3,60,000
10. The information given for calculation of job cost: Material 4,010 wages Rs. 360, variable overhead Rs. 5,000 for 5000 hours No. of hours taken to complete a job is 120 hrs. Calculate job cost
- (A) 7,370 (B) 4,490
 (C) 4,870 (D) None
11. _____ is the material that has no value or even negative value if it has to be disposed of at some cost
- (A) Scrap (B) Spoilage
 (C) Defectives (D) Waste
12. _____ loss does not increase the cost per unit of usual production
- (A) Normal loss (B) Actual loss
 (C) Abnormal loss (D) None
13. Good units do not bear the _____ loss arising in process costing
- (A) Abnormal loss (B) Normal loss
 (C) Actual loss (D) Residual loss
14. The _____ loss expected during the normal course of operation, for unavoidable reasons
- (A) Abnormal (B) Process loss
 (C) Abnormal effective (D) Normal loss
15. Log book and daily log sheet are one and the same
- (A) Irrelevant (B) False
 (C) True (D) Neither true nor false

16. In inter process profit, the output of one process is transferred from one process to another at _____ price
- (A) Cost price
 (B) Market price
 (C) Cost or market price whichever is lower
 (D) Standard price
17. The most important criterion for distinguishing between scrap, by product and joint products is _____ of the products.
- (A) Cost value
 (B) Relative sales value
 (C) Market value
 (D) None
18. In a dairy industry, milk is a main product, butter and cheese are _____
- (A) Joint product
 (B) By product
 (C) Co-product
 (D) None
19. Apportionment of joint cost to joint and by products _____ overall profit or loss
- (A) Does affect
 (B) Does not affect
 (C) Partly affect
 (D) None
20. 50% profit on sales =
- (A) 100 % profit on cost
 (B) $33\frac{1}{3}$ % profit on cost
 (C) 25% profit on cost
 (D) 50% profit on cost
21. Where the work is undertaken to customer's special requirements and each order is of comparatively short duration, it is called _____ costing
- (A) Job
 (B) Batch
 (C) Operation
 (D) Output
22. Determine profit from the following. Material Rs. 70, direct wages Rs. 40 and chargeable expenses Rs. 10, profit is $33\frac{1}{3}$ % of sales
- (A) Rs. 40
 (B) Rs. 60
 (C) Rs. 90
 (D) None
23. Kilowatt hour is used as a composite cost unit by the _____ company
- (A) Boiler house
 (B) Transport
 (C) Electricity supply
 (D) Coal extraction

24. _____ requires special treatment while preparing cost sheet
- (A) Stock (B) Goodwill
(C) Dividend (D) All of the above
25. Cost account deals partly with facts and figures and partly with _____
- (A) Guessing (B) Standards
(C) Estimates (D) None
26. This ratio indicates the movement of average stock holding of each item of material in relation to its consumption during the accounting period
- (A) Inventory (B) Stock turnover
(C) Current (D) Raw material consumption
27. When prices fluctuate widely, the method that will smooth out the effect of fluctuations is
- (A) Simple average method (B) Weighted average method
(C) FIFO (D) LIFO
28. In which of the following methods, the charge to production is at actual cost?
- (A) Weighted average price (B) Standard price
(C) Replacement price (D) FIFO
29. These may be classified on normal loss when material losses are due to _____
- (A) Fire accident (B) Evaporation
(C) Theft (D) Defective workmanship
30. When there is inflation in which of the following methods of pricing, costs long behind the current economic values?
- (A) LIFO (B) FIFO
(C) Replacement price (D) Weighted average price
31. VED analysis is used primarily for control of
- (A) Materials contributing to a large percentage of the value of consumption
(B) Materials which are not easily available
(C) Spare parts
(D) None of the above

32. In FNSD analysis, the letter 'D' stands for
 (A) Desirable items (B) Dead stock
 (C) Deleted items (D) None of the above
33. The annual demand of a certain component is 4000 units. The cost of placing an order is Rs. 120 and the carrying cost per unit is Rs. 6 p.u. E.O.Q for this item is
 (A) 400 (B) 500
 (C) 600 (D) 300
34. The annual demand for a product is 6400 units. The unit cost is Rs. 6/- carrying cost is 25% of the inventory cost ordering cost is Rs. 75/-. What will be the time between two consecutive orders?
 (A) 1 month (B) 1½ months
 (C) 2 months (D) 3 months
35. Which of the following forms must be filled out when inventory is to be removed from the materials inventory to be placed into production?
 (A) Purchase order (B) Purchase requisition
 (C) Receiving report (D) Materials requisition form
36. A properly completed requisition note will ensure that
 (A) Materials issued from stores are charged to the correct job number
 (B) A purchase order is raised for replenishment of stock
 (C) No theft occurs from stores
 (D) Material received from a supplier is charged to the appropriate bin card
37. In the graph Wider angle of incidence would indicate
 (A) Higher B.E.P (B) Lower B.E.P
 (C) Low margin of safety (D) Lower profit
38. The objectives of cost accounting are _____
 (A) Ascertainment of cost
 (B) Fixing the price
 (C) To ascertain profitability of each product
 (D) All of the above
39. What is the value of the closing stock under weighted average method?
 01.12.2011 Receipts 80 kg @ Rs. 5/- per kg.
 10.12.2011 Receipts 80 kg @ Rs. 6/- per kg.
 12.12.2011 Issues 60 kgs.
 15.12.2011 Issues 60 kgs.
 (A) Rs. 5.00 (B) Rs. 5.50
 (C) Rs. 6.00 (D) Rs. 6.50

40. _____ are the costs other than material cost or labour cost
 (A) Indirect material (B) Expenses
 (C) Cost (D) Revenue
41. Future costs are costs expected to be incurred at a _____ data
 (A) Future (B) Current
 (C) Historical (D) None
42. _____ cost includes salaries and wages
 (A) Material (B) Labour
 (C) Sunk (D) Imputed cost
43. Material, Labour and Expenses are the classification of cost by _____
 (A) Nature (B) Elements
 (C) Time (D) Decision making
44. Cost Accounting is an _____ reporting system for an organisation
 (A) External (B) Internal
 (C) Financial (D) Government
45. For Shoe manufacturers, the most suitable cost system is
 (A) Job costing (B) Batch costing
 (C) Contract costing (D) None of the above
46. The scope of cost accounting is _____ than management accounting
 (A) Narrower (B) Wider
 (C) Elaborate (D) Limited
47. S.P/Unit – Rs. 100
- | <u>Sales Vol.</u> | <u>Profit / Loss</u> |
|-------------------|----------------------|
| 10000 units | Rs. 50,000 |
| 15000 units | Rs. 75,000 |
- Find the P/V ratio.
 (A) 30% (B) 25%
 (C) 20% (D) 15%

48. P/V ratio = 20%
Sales = Rs. 5,00,000
Fixed cost = Rs. 50,000
Profit = ?
(A) Rs. 1,00,000 (B) Rs. 25,00,000
(C) Rs. 50,000 (D) Rs. 2,50,000
49. Sales = Rs. 5,00,000
P/V ratio = 20%
Fixed cost = Rs. 20,000
Find the margin of safety
(A) Rs. 1,00,000 (B) Rs. 4,00,000
(C) Rs. 80,000 (D) None
50. Which of the following will affect margin of safety?
(A) Selling price/unit (B) Variable cost/unit
(C) Sales volume (D) All of the above
51. Material price variance will be NIL when
(A) Std.Rate < Act.Rate (B) Std.Rate > Act.Rate
(C) Std.Rate = Act.Rate (D) None of the above
52. Material usage variance is favorable when
(A) Std.Qty > Act.Qty (B) Std.Qty < Act.Qty
(C) Std.Qty = Act.Qty (D) None
53. In material cost, std.cost is the product of
(A) Std.Qty & Act.Qty (B) Std.Qty & Act.Rate
(C) Std.Qty & Std.Rate (D) Act.Qty & Act.Rate
54. Std. Hours is the product of
(A) Std. time/unit & Std.Production (B) Std. time/unit & Act.Production
(C) Std. time/unit & Std.Rate/hour (D) Std. time/unit & Act.Hours
55. In labour cost variance, if the Std. rate & Act rate are same, then labour cost variance will be equal to _____ (Assuming there is no idle time or gang variance)
(A) Labour efficiency variance (B) Labour rate variance
(C) Both (D) None

56. Bud. Production – 10,000 units
 Act. Production – 12,000 units
 Bud. Rate/hour – Rs. 15/unit
 Act. Rate/hour – Rs. 12/unit
- Fixed OH volume variance is
- (A) Rs. 30,000 far (B) Rs. 30,000 adv
 (C) Rs. 24,000 far (D) Rs. 24,000 adv
57. Selling price/unit = Rs. 100
 Variable cost/unit = Rs. 80
 Fixed cost = Rs. 25,000/Quarter
 Find the BES (units) for the year
- (A) 50000 units (B) 5000 units
 (C) 2500 units (D) 1250 units
58. Sales for 1st Qtr = Rs. 2,50,000
 P/V ratio = 15%
 Profit for 1st Qtr = 25,000
 Assuming SP/unit, Vc/unit and Total fixed cost has not changed calculate sales value for 2nd Qtr when profit is Rs. 50,500
- (A) Rs. 5,00,000 (B) Rs. 4,20,000
 (C) Rs. 5,40,000 (D) Rs. 6,50,000
59. Contribution/unit = Rs.50
 Total variable cost = 1,00,000
 Sales volume = 10,000 units
- SP/unit =
- (A) Rs. 40/unit (B) Rs. 60/unit
 (C) Rs. 100/unit (D) Rs. 50/unit
60. Bud. SP/unit = 60
 Act. SP/unit = 62
 Cost/unit = 45
 Budget volume = 10,000 units
 Actual volume = 9,000 units
- Sales margin volume variance is
- (A) Rs. 15,000 adv (B) Rs. 15,000 far
 (C) Rs. 17,000 far (D) Rs. 17,000 adv

61. Which type of costing method is used in service sector to workout the cost of services offered to the consumers?
- (A) Process costing (B) Operating costing
(C) Batch costing (D) Unit costing
62. Uniform costing facilitates valid comparison between _____
- (A) Operation (B) Products
(C) Organisations (D) Both (A) and (B)
63. Among the following, Ascertainment of profitability becomes possible through cost accounting is
- (A) Division wise (B) Activity wise
(C) Unit wise (D) All the above
64. Responsibility centres can broadly be classified into
- (A) Cost centres (B) Profit centres
(C) Investment centres (D) All the above
65. An impersonal cost centre consists of _____
- (A) a location (B) an item of equipment
(C) either (A) or (B) (D) neither (A) or (B)
66. Indirect expenses which are also known as
- (A) Chargeable expenses (B) Process expenses
(C) Overheads (D) None of the above
67. Total earnings under Rowan and Halsey plans are exactly equal when time saved is
- (A) Nil (B) 50% of standard time
(C) Both (A) and (B) (D) None of the above
68. In the elements of cost, other expenses are further analysed into
- (A) Indirect expenses (B) Direct expenses
(C) All expenses (D) Both (A) & (B)
69. Elements of cost are
- (A) Material (B) Labour
(C) Other expenses (D) All the above

70. The formula used for calculating the remuneration under Barth system is
- (A) Earning = Hours worked $\times \sqrt{\text{standard hours} \times \text{hourly rate}}$
 (B) Earning = Hourly rate $\times \sqrt{\text{standard hours} \times \text{hours worked}}$
 (C) Earning = Standard rate $\times \sqrt{\text{hourly rate} \times \text{hours worked}}$
 (D) None of the above
71. Under Hayne's system 'MANIT' stands for
- (A) Man-Minute (B) Machine-Minute
 (C) Material-Minute (D) Man-Income
72. The payment of bonus act _____, has made profit sharing compulsory in all industries
- (A) 1964 (B) 1965
 (C) 1966 (D) 1963
73. Which of the following benefits are linked with the continuity of service?
- (A) Pension (B) Promotion
 (C) Provident fund (D) All the above
74. The 'Time Keeping' records can be used for
- (A) Fixation of standard time (B) Finding out idle time
 (C) Efficiency of labour (D) All the above
75. Labour turnover, which is also called as _____
- (A) Labour problem (B) Attrition
 (C) Number of workers replaced (D) None of the above
76. The objectives of time keeping _____
- (A) For disciplinary purposes (B) For overhead distribution
 (C) For ascertaining idle time (D) All the above
77. The task of collecting labour cost is performed by the
- (A) Personnel department (B) Pay roll department
 (C) Cost accounting department (D) Time keeping department

78. From the following information available you are required to calculate total wages cost
- (i) As per the time cards the gross earnings of the workmen is Rs. 30,000
 - (ii) Company's contribution to PF and ESI are Rs. 2,500 and Rs. 800 respectively
 - (iii) Employee's contribution to PF and ESI are Rs. 2,500 and Rs. 400 respectively
- (A) Rs. 30,000 (B) Rs. 36,200
 (C) Rs. 33,300 (D) Rs. 32,900
79. The increase in the preventive costs will _____
- (A) Increase the replacement costs (B) Decrease the replacement costs
 (C) Increase the overheads (D) Decrease the overheads
80. Which of the following is not a formulae for measuring labour turnover?
- (A) $\frac{\text{Number of separations}}{\text{Average number employed}}$ (B) $\frac{\text{Number of employees replaced}}{\text{Average number employed}}$
 (C) $\frac{\text{Number of employee replaced}}{\text{Number employed in the beginning}}$ (D) $\frac{\text{Number joining plus number leaving}}{\text{Average number employed}}$
81. A worker is allowed to complete a job in 80 hours with an hourly rate of Rs. 6. The time spent by the worker is 60 hours. Calculate the earnings of a worker under "Halsey-Weir Plan"
- (A) Rs. 420 (B) Rs. 400
 (C) Rs. 450 (D) Rs. 600
82. Comparing Halsey and Rowan premium bonus plan, it is seen that when the time saved is less than 50% of the time saved
- (A) Rowan plan allows more wages to a worker than Halsey plan
 (B) Rowan plan allows less wages to a worker than Halsey plan
 (C) Rowan and Halsey plan allow equal wages to a worker
 (D) Halsey plan allows more wages to a worker than any other plan
83. Which of the following is/are the benefits of time and motion study?
- (A) Preparation of labour budget
 (B) Effective utilization of resources like men, material, machine and time
 (C) Both (A) and (B)
 (D) None
84. In recording the time spent by a worker on a job, _____ is used.
- (A) Job card (B) Clock card
 (C) Time sheet (D) Wage sheet

85. Credit and collection cost is an item of _____
- (A) Factory overhead (B) Office overhead
(C) Selling overhead (D) Distribution overhead
86. _____ is the ability of a factory to produce with the present resources and facilities which it commands.
- (A) Production plan (B) Capacity
(C) Plant optimization (D) Plant utilization
87. _____ includes physical commodities used to manufacture the final end product.
- (A) Expenses (B) Wages
(C) Materials (D) None of the above
88. The insurance of buildings is best apportioned to cost centres using _____ as basis.
- (A) Floor Area (or) Cubic Capacity
(B) The number of employees
(C) The replacement value of machinery or equipment located
(D) The number of Kilowatt hours
89. Service cost centre costs are _____
- (A) Absorbed by production cost centres (B) Allocated to production cost centres
(C) Apportioned to production cost centres (D) None of the above
90. The difference between the practical capacity and the capacity based on sales expectancy is known as _____
- (A) Normal capacity (B) Installed capacity
(C) Idle capacity (D) None of the above
91. Number of workers employed is used as a basis for the apportionment of
- (A) Time office costs (B) Canteen expenses
(C) Personnel department expenses (D) All of the above
92. The overheads of a factory amounted to Rs. 1,35,000. During the period five machines were put to use in three shifts of 8 hours each on all 25 days. Machine hour rate is
- (A) Rs. 90 per hour (B) Rs. 30 per hour
(C) Rs. 35 per hour (D) Rs. 45 per hour

93. The difference over a period of time, between actual factory overhead and absorbed factory overhead will usually be minimum when the pre-determined overhead rate is based on _____
- (A) Normal capacity (B) Maximum capacity
(C) Direct labour hours (D) None of the above
94. Cost of production of 11,000 units is Rs. 44,000, selling expenses per unit-40 paise and 9000 units sold for Rs. 54,000. Profit is _____
- (A) Rs. 14,400 (B) Rs. 6,400
(C) Rs. 13,600 (D) None of the above
95. Charging to a cost centre those overheads that result solely from the existence of that cost centre is known as _____
- (A) Apportionment (B) Allocation
(C) Absorption (D) Allotment
96. A factory has 3 production departments A, B and C and two service departments X and Y. It incurred Rs. 25,000 towards rent and taxes and uses "Floor space occupied" as basis for apportionment. If Rs. 5,000; Rs. 6,250; Rs. 7,500; Rs. 5,000 and Rs. 1,250 charged respectively to departments A,B, C, X and Y, identify the floor space occupied by service departments.
- (A) 75% (B) 50%
(C) 25% (D) Cannot be determined
97. Under step method of re-apportionment of costs of service departments, the cost of last service department is apportioned _____
- (A) Only to the production departments
(B) Only to the other service departments
(C) To both production and service departments
(D) None of the above
98. The concepts - cost pool, cost bucket and cost driver are associated with _____
- (A) Marginal costing (B) Activity based costing
(C) Absorption costing (D) Standard costing
99. Cost of re-usable containers is _____
- (A) Product cost (B) Prime cost
(C) Selling cost (D) Distribution cost

100. _____ are semi finished or finished goods which are not according to the standard specifications
(A) Scrap (B) Spoilage
 (C) Defectives (D) Wastage
101. Cost reduction is a challenge to the _____ themselves
(A) Budget (B) Standards
(C) Actuals (D) None
102. Operations research is a tool of _____
(A) Cost control (B) Cost reduction
(C) Cost cutting (D) None
103. One hour is required to produce 3 units. Idle time is 10% of hours paid for sale of 500 units and expected finished stock is 40 units. Calculate direct labour hours
(A) 1620 hrs (B) 162 hrs
 (C) 600 hrs (D) 180 hrs
104. A section of an organisation for which separate budgets can be prepared and control exercised is called
(A) Cost centre (B) Responsibility centre
 (C) Budget centre (D) Investment centre
105. _____ overcomes the weaknesses of conventional budgeting
(A) Cash budget (B) Master budget
 (C) Zero base budgeting (D) None
106. _____ should be prepared in time to locate reasons responsible for wastage, scrap, spoilage
(A) Budget (B) Plan
 (C) Report (D) None
107. An important feature of a cost centre is that
(A) It uses only monetary information
 (B) It has clearly defined boundaries
(C) It must be in one specific location
(D) It must be an area of the business through which product passes

108. The journal entry for credit sales in integrated accounts is
- (A) Dr. Sales ledger control a/c Cr. sales a/c
 - (B) Dr. Sales a/c Cr. debtors a/c
 - (C) Dr. Debtors a/c Cr. sales a/c
 - (D) Dr. Cash a/c Cr. sales a/c
109. Pass journal entry for the following materials worth Rs. 20,000 returned to stores from the job
- (A) Dr. Stores ledger control a/c Cr. Wip control a/c
 - (B) Dr. Wip control a/c Cr. stores ledger control a/c
 - (C) Dr. Stores ledger control a/c Cr. production a/c
 - (D) None
110. Production overhead absorbed will be recorded in the cost ledger as
- (A) Dr. Production overhead a/c Cr. financial ledger control a/c
 - (B) Dr. Work in progress a/c Cr. production overhead a/c
 - (C) Dr. Profit and loss a/c Cr. production overhead a/c
 - (D) Dr. Finished goods a/c Cr. sundry creditors a/c
111. A main use of financial ledger control account in the cost ledger is
- (A) It summarises the financial ledger entries
 - (B) It makes the cost ledger self balancing
 - (C) It records the financial profit for the period
 - (D) Its balance is the profit reported in the cost ledger
112. Wages paid Rs. 48,000. The journal entry in the cost ledger account will be
- (A) Wages a/c Dr. 48,000 Cr. cash 48,000
 - (B) Wages control a/c Dr 48,000 to general ledger adj. a/c 48,000
 - (C) Wages control a/c Dr 48,000 to wip control a/c 48,000
 - (D) None
113. The reasons for difference in profit or loss in cost and financial accounts is analysed and highlighted through
- (A) Statement of P and L a/c
 - (B) Reconciliation statement
 - (C) Analysis statement
 - (D) Memorandum a/c
114. Transfer to general reserve is an item of _____
- (A) Responsibility a/c
 - (B) Management a/c
 - (C) Cost accounts
 - (D) Financial accounts

115. Job card is same as time card
 (A) True (B) False
 (C) Partially true (D) None
116. EBQ denotes
 (A) Economic Benefit quantity (B) Ever Batch Quantity
 (C) Economic Bunch quality (D) None
117. If the amount of work certified is less than _____% of the contract price, then no profit should be taken to profit and loss a/c
 (A) 20 (B) 25
 (C) $33\frac{1}{3}$ (D) 40
118. If a loss is expected on a contract, the total expected loss should be taken to _____ as soon as it is recognised even if the contract is not complete
 (A) Contract a/c (B) Contractee a/c
 (C) WIP a/c (D) Profit and loss a/c
119. The hospital is opened for 365 days, but bed occupancy is 25 patients per day is 120 days; and 20 beds occupied in another 80 days; Extra beds occupied during the year is 400. The patient-days of the hospital is _____
 (A) 4,000 (B) 5,000
 (C) 3,500 (D) 4,600
120. In process costing, the abnormal loss is treated as _____ cost and written off to profit and loss account
 (A) Unit (B) Period
 (C) Future (D) Process
121. The output of 3 different products A, B and C in a factory are 20,000 kgs, 15,000 kgs and 15,000 kgs respectively. If the cost are in proportion 4:6:7 then the cost per equivalent unit is Rs. _____. The total cost assuming that Rs. 13, 75,000
 (A) Rs. 10 (B) Rs. 7
 (C) Rs. 5 (D) Rs. 8
122. Abnormal gain is written on _____ side of the process a/c
 (A) Debit side (B) Credit
 (C) Neither credit nor debit (D) None

123. The costing method useful for a transport company is
(A) Operation costing (B) Operating costing
(C) Process costing (D) Single costing
124. ABC analysis is a technique developed for
(A) Inventory Management (B) Inventory Control
(C) WIP Control (D) Finished Stock Control
125. The concept of EBQ is similar to that of EOQ
(A) False (B) True
(C) Partly true (D) Inconsistent statement
126. The work in progress at the end is 600 units which are complete upto 70%. Its equivalent units are
(A) 420 (B) 600
(C) 520 (D) 640
127. Multiply _____ units by cost per equivalent unit to ascertain the cost of finished production and WIP
(A) Normal (B) Equivalent
(C) Process (D) Input
128. Equivalent production implies production of a process
(A) In incomplete units
(B) In complete units
(C) Where there are no opening and closing work in progress
(D) Without losses
129. If the actual loss 100 units and normal loss is 150 units then the abnormal gain will be
(A) -50 (B) 50
(C) 250 (D) None
130. The value of abnormal loss is debited to
(A) Materials a/c (B) Process a/c
(C) Abnormal effective a/c (D) Costing profit and loss a/c

131. What is E.O.Q?
- (A) It refers to the quantity of material to be ordered at one time
 - (B) The quantity is fixed in such a manner as to minimise the cost of carrying
 - (C) It minimises the cost of storing
 - (D) All of the above
132. Which of the following is the correct valuation base for finished goods stock for balance sheet valuation purposes?
- (A) Prime cost per unit
 - (B) Production margin per unit
 - (C) Production cost per unit
 - (D) Total cost per unit
133. Bin card, maintained in respect of the materials in the stores, is a quantitative record of
- (A) Receipts only
 - (B) Receipts and issues only
 - (C) Receipts, issues, closing balance together with their money value
 - (D) Receipts, issues and closing balance only
134. Name the price which is calculated by dividing the total cost of materials in the stock from which the material to be priced could be drawn, by the total quantity of the material in that stock
- (A) Simple average price
 - (B) Weighted average price
 - (C) Moving simple average price method
 - (D) None of the above
135. The term 'spoilage' refers to items
- (A) That are part of production units, which do not confirm to the standards of quality but can easily be rectified
 - (B) Which are residual materials resulting from manufacturing process
 - (C) Produced that fails to meet quality requirements and are not capable of rectification
 - (D) Resulting in a normal or abnormal loss either in stores or in production due to reasons like evaporation
136. Raw materials that are directly identifiable as part of the final product are classified as
- (A) Indirect materials
 - (B) Direct materials
 - (C) Production materials
 - (D) Process materials
137. Issue of materials during a period of time are priced at the latest purchase cost under
- (A) FIFO
 - (B) LIFO
 - (C) Simple average
 - (D) Weighted average

138. The purpose of cost accounting is to provide information for
- (A) Preparing costing P and L a/c.
 - (B) Cost control
 - (C) Locating factors leading to wastages and losses
 - (D) Assessing the profitability
139. The benefit of perpetual inventory system is that it
- (A) Avoids disruption in the production caused by periodic stock taking
 - (B) Helps in having a detailed and more reliable check on the stocks
 - (C) Stock discrepancies are investigated and appropriate action is taken immediately
 - (D) All the above
140. A written statement sent to inform the purchasing department of a need for materials is called a
- (A) Purchase order
 - (B) Purchase requisition
 - (C) Receiving report
 - (D) Material requisition form
141. Which of the following does not usually appear in a G.R.N?
- (A) Date received
 - (B) Quantity received
 - (C) Price of goods
 - (D) Description of goods
142. Bin card is maintained by
- (A) Accounts Department
 - (B) Purchase Department
 - (C) Stores Department
 - (D) Production Department
143. Reorder level will be equal to
- (A) Minimum Usage Period \times Minimum Reorder Period
 - (B) Maximum Usage Period \times Minimum Reorder Period
 - (C) Minimum Usage Period \times Maximum Reorder Period
 - (D) Maximum Usage Period \times Maximum Reorder Period
144. The following details are recorded in the Bin Card
- (A) Quantity and value of all receipts
 - (B) Quantity and value of all issues
 - (C) Quantity of all receipts, issues and balance of materials
 - (D) Value of all receipts, issues and balance of materials

145. S.P/ Unit Rs. 100/-

Sales units	Profit/Loss
10000	Rs. 50,000
15000	Rs. 75,000

Find the fixed cost

- (A) Rs. 7,00,000 (B) Rs. 5,00,000
(C) Rs. 2,00,000 (D) Rs. 3,00,000

146. Marginal costing is

- (A) A method of costing (B) A technique of costing
(C) A process of costing (D) None

147. SP/Unit = Rs. 10

VC/Unit = Rs. 6

Fixed cost = Rs. 40,000

Units sold = 10,000

Find the profit

- (A) Rs. 1,00,000 (B) Rs. 60,000
(C) Rs. 40,000 (D) None of the above

148. SP/Unit – Rs. 50

VC/Unit – 40

Break Even Sales – 10,000 units

Fixed cost is

- (A) Rs. 50,000 (B) Rs. 1,00,000
(C) Rs. 40,000 (D) None

149. Under Marginal Costing, Closing of finished good is valued by taking

- (A) Fixed Manufacturing Cost (B) Variable Manufacturing Cost
(C) Both (D) None

150. Under ABSORPTION COSTING closing stock of finished goods is valued taking

- (A) Fixed Manufacturing Cost (B) Variable Manufacturing Cost
(C) Both (D) None

151. Std. Hours – 5,000
Act. Hours – 4,000
Std. Rate/hour – 4
Act. Rate/hour – 5

Variable OH efficiency variance is

- (A) Rs. 4,000 far. (B) Rs. 4,000 adv.
(C) Rs. 5,000 far. (D) Rs. 5,000 adv.

152. Std. Hours – 5,000
Act. Hours – 4,000
Std. Rate – 5
Act. Rate – 4

Variable OH rate variance is

- (A) Rs. 5,000 far. (B) Rs. 5,000 adv.
(C) Rs. 4,000 far. (D) Rs. 4,000 adv.

153. Bud. Qty = 10,000 units
Act. Qty = 12,000 units
Bud. price = Rs. 100
Act. price = Rs. 120

Sales volume variance is

- (A) Rs. 20,000 far (B) Rs. 20,000 adv
(C) Rs. 24,000 far (D) Rs. 24,000 adv

154. BES (units) – 5,000 units
Act. sales (units) – 7,000 units
Act. SP/unit – 10
Bud. SP/unit – 9

Margin of safety in units

- (A) 2,000 units (B) 12,000 units
(C) 14,000 units (D) 10,000 units

155. Angle of incidence ' θ ' will increase when

- (A) SP/unit decreases (B) SP/unit increases
(C) Sales volume increases (D) Sales volume decreases

156. Bud. SP/unit = Rs. 60
 Act. SP/unit = Rs. 62
 Cost/unit = Rs. 45
 Budget volume = 10,000 units
 Actual volume = 9,000 units
 Sales margin price variance is
 (A) Rs. 18,000 adv (B) Rs. 18,000 far
 (C) Rs. 20,000 far (D) Rs. 20,000 adv
157. Total sales = Rs. 5,00,000
 Profit = Rs. 20,000
 P/V ratio = 10%
 Margin of safety is
 (A) Rs. 50,000 (B) Rs 2,000
 (C) Rs. 2,00,000 (D) Rs. 50,00,000
158. When Act. Mix is same as the Std. Mix then material usage variance is
 (A) Equal to material yield variance (B) Less than material yield variance
 (C) More than Material yield variance (D) None
159. When the Act input and Std. Input is same for a Std. production (A. production) then
 (A) Material yield variance is far (B) Material yield variance is adv
 (C) Material yield variance is NIL (D) None
160. When actual volume is same as budget volume then which of following is true
 (A) Sales Margin volume variance is NIL (B) Sales price variance is NIL
 (C) Labour rate variance is NIL (D) Variable OH efficiency variance is NIL
161. Imputed costs are similar to _____
 (A) Differential cost (B) Opportunity cost
 (C) Capitalised cost (D) Sunk costs
162. Match List I with List II correctly and select your answers using the codes given below:
- | Industry/product | | | | Cost unit basis | | | |
|------------------|------------|-----|-----|-----------------|---------------------|--|--|
| (a) | Steel | | | 1. | Litre | | |
| (b) | Automobile | | | 2. | Tonne | | |
| (c) | Chemical | | | 3. | Number | | |
| (d) | Transport | | | 4. | Passenger Kilometre | | |
| | (a) | (b) | (c) | (d) | | | |
| (A) | 2 | 3 | 4 | 1 | | | |
| (B) | 2 | 1 | 3 | 4 | | | |
| (C) | 3 | 2 | 1 | 4 | | | |
| (D) | 2 | 3 | 1 | 4 | | | |

163. Direct expenses includes
- | | |
|-----------------------|-----------------------|
| (A) Royalties payable | (B) Cost of design |
| (C) Both (A) and (B) | (D) None of the above |
164. The cost which can be identified easily and indisputably with a unit of operation or costing unit or cost centre is
- | | |
|---------------------|-----------------------|
| (A) Direct cost | (B) Indirect cost |
| (C) Direct expenses | (D) Indirect expenses |
165. The other terms in the same sense as direct expenses are
- | | |
|-------------------------|----------------------|
| (A) Chargeable expenses | (B) Process expenses |
| (C) Productive expenses | (D) All the above |
166. Direct expenditure is the expenditure which are specifically incurred and charged for _____
- | | |
|------------------|-------------------|
| (A) Specific job | (B) Process |
| (C) Service | (D) All the above |
167. From the following, which is chargeable expenses?
- | | |
|---------------------|---------------|
| (A) Cost of drawing | (B) Insurance |
| (C) Lighting | (D) Telephone |
168. The direct expenses are also called as
- | | |
|---------------------|----------------------------|
| (A) Direct material | (B) Chargeable expenditure |
| (C) Common cost | (D) None of the above |
169. Offering _____ incentives can help to improve the productivity substantially
- | | |
|----------------------|------------------|
| (A) Monetary | (B) Non monetary |
| (C) Both (A) and (B) | (D) None |
170. In nature direct labour cost is _____
- | | |
|----------------------------------|-----------------------|
| (A) Variable | (B) Fixed |
| (C) Semi variable and Semi fixed | (D) None of the above |
171. Night shift allowance should be treated as _____
- | | |
|--------------------------|-----------------------|
| (A) Direct labour cost | (B) Part of overheads |
| (C) Indirect labour cost | (D) None of the above |

172. In labour cost accounting, the cost accounting department should be able to generate and maintain records for
- (A) Time keeping (B) Idle and over time
(C) Per unit of labour (D) All the above
173. Fringe benefits are treated in cost accounting in the following ways
- (a) Direct charges to productions by using supplementary rate
(b) As departmental overhead
(c) As general overhead
- (A) '(a)' only correct, others wrong (B) (a) & (b) correct, others wrong
(C) (a) & (c) correct, others wrong (D) all are correct
174. High labour turnover ratio does not denote
- (A) Good human relations (B) Poor personal policies
(C) Poor supervisory practices (D) Poor company policies
175. Which one of the following method is not used in "job evaluation"?
- (A) Point rating method (B) Grade description method
(C) Factor comparison method (D) Merit rating
176. Group bonus refers to the bonus paid for the collective efforts made by X _____
- (A) All the employees (B) All the workers
(C) A group of workers (D) None of the above
177. System of wage payment under differential piece work includes
- (A) Taylor system (B) Merrick system
(C) Both (A) and (B) (D) None
178. Premium bonus method includes
- (A) Halsey and Halsey weir systems (B) Rowan system
(C) Barth system (D) All the above
179. Which of the following is combination of time and piece work?
- (A) Gantt task and bonus system (B) Emerson's efficiency system
(C) Accelerated premium system (D) All the above

180. Piece rate method is also called as
 (A) Payment by results (B) Payment by time
 (C) Payment by Lumpsum (D) None of the above
181. Casual workers are also known as
 (A) Out door workers (B) Badli workers
 (C) Company workers (D) None of the above
182. The labour cost is classified into _____
 (A) Direct labour cost (B) Indirect labour cost
 (C) Both (A) and (B) (D) None of the above
183. Time worked beyond 48 hours per week (or) a 9 hours per day is known as _____
 (A) Idle time (B) Over time
 (C) Both (A) and (B) (D) None of the above
184. Prime cost means _____
 (A) Direct Materials
 (B) Direct Labour
 (C) Direct Materials and Direct Labour
 (D) Direct Materials, Direct Labour and Direct Expenses
185. Identify the correct match of OH Apportionment basis
- | OHS | Basis of Apportionment |
|----------------------------|----------------------------|
| (a) Rent | (i) Value of machinery |
| (b) Fire insurance | (ii) Floor Space occupied |
| (c) Power | (iii) Horse Power of plant |
| (d) Depreciation | (iv) Value of stock |
| (a) (b) (c) (d) | |
| (A) (ii), (i), (iii), (iv) | |
| (B) (ii), (iv), (i), (iii) | |
| (C) (ii), (iv), (iii), (i) | |
| (D) (ii), (iii), (i), (iv) | |
186. Which of the following is not the method for segregation of semi-variable overheads into fixed and variable overheads?
 (A) Graphical presentation method (B) Least squares method
 (C) Equation method (D) None of the above
187. Director's remuneration and expenses form cost of _____
 (A) Selling overhead (B) Productive overhead
 (C) Administration overhead (D) Distribution overhead

188. Functional classification overheads are —————
- (A) Materials, labour and other expenses
 - (B) Factory, office, selling and distribution overheads
 - (C) Fixed and variable overheads
 - (D) None of the above
189. Which of the following is not 'standing charges' for computation of machine hour rate?
- (A) Supervisory wages
 - (B) Heating and lighting
 - (C) Oils and consumable stores
 - (D) Power charges
190. Which of the following is a service department?
- (A) Foundry
 - (B) Machine
 - (C) Assembling
 - (D) Maintenance
191. The value of scrap realised is adjusted/shown under —————
- (A) Prime cost
 - (B) Factory cost
 - (C) Total cost
 - (D) Miscellaneous receipts
192. Indicate the correct order of overheads accounting
- (i) Absorption
 - (ii) Allocation
 - (iii) Apportionment
 - (iv) Classification
- (A) (i),(ii), (iii),(iv)
 - (B) (iv) , (iii), (ii), (i)
 - (C) (i), (iii),(ii), (iv)
 - (D) (iv), (ii), (iii), (i)
193. Material cost control is best defined as —————
- (A) The recording of accounting transactions relating to material cost
 - (B) Ensuring that losses due to poor stores procedures are minimised
 - (C) Minimising material cost by implementing control from the point at which the material is chosen to its issue into production process
 - (D) The process of having a management member responsible for each phase of the movement of materials from the choice of material to its issue into the production process
194. The overheads of a factory amounted to Rs. 90,000. During that period 100 workers worked for 25 days at 8 hours per day. Labour Hour rate is —————
- (A) 4.25
 - (B) 4.50
 - (C) 4.75
 - (D) 5.0

195. When the amount of under/over absorption of overheads is significant, it should be disposed of by _____
- (A) Transferring to costing P and L a/c
 - (B) Use of supplementary rates
 - (C) Carrying over as a deferred charge to the next accounting period
 - (D) Any of the above.
196. A machine, with estimated life of four years purchased for Rs. 20,000, is discarded because of obsolescence and sold for Rs. 5,000. The loss should be _____
- (A) Treated as production cost in the year of sale
 - (B) Transferred to costing P and L a/c in the year of sale
 - (C) Treated as production cost over the years of remaining expected life proportionately
 - (D) Transferred to costing P and L a/c over the years of remaining expected life proportionately
197. In a factory, overheads are recovered at the rate of Rs. 5 per machine hour and pre-determined overhead amounts to Rs. 60,000. In a period, total expenses incurred and actual machine hours worked are Rs. 80,000 and 10,000 hrs respectively. What is the amount of under/over absorption of overheads _____
- (A) Rs. 20,000 under absorption
 - (B) Rs. 20,000 over absorption
 - (C) Rs. 30,000 under absorption
 - (D) Rs. 30,000 over absorption
198. Warehousing cost is included as _____
- (A) Factory overheads
 - (B) Selling overheads
 - (C) Office/Administrative overheads
 - (D) Distribution overheads
199. Overhead recovery rate for the factory as a whole is known as _____
- (A) Actual overhead rate
 - (B) Pre-determined overhead rate
 - (C) Blanket overhead rate
 - (D) Normal overhead rate
200. The allotment of proportions of items to cost centers (or) cost units is cost _____
- (A) Allocation
 - (B) Apportionment
 - (C) Absorption
 - (D) Re-apportionment

SPACE FOR ROUGH WORK

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13

SEAL