

1. Materials Requisition Note .....
  - a. Authorizes and records the issue of materials for use
  - b. Records the return of unused materials
  - c. Records the transfer of materials from one store to another
  - d. A classified record of materials, issues, returns and transfers
2. Materials Transfer Note .....
  - a. Authorizes and records the issue of materials for use
  - b. Records the return of unused materials
  - c. Records the shifting of materials from one store to another
  - d. A classified record of materials, issues, returns and transfers
3. A document which is a classified record of material issues returns and transfers .....
  - a. Materials Requisition Note
  - b. Materials Return Note
  - c. Materials Transfer Note
  - d. Materials Issue Analysis Sheet
4. This is essential to make the cost ledger 'self-balancing'.....
  - a. General Ledger Adjustment Account
  - b. Stores Ledger Control Account
  - c. Work-in-Progress Ledger
  - d. Finished Goods Control Account
5. This is debited with all purchases of materials for the stores and credited with all issues of Materials .....
  - a. General Ledger Adjustment Account
  - b. Stores Ledger Control Account
  - c. Work-in-Progress Ledger
  - d. Finished Goods Control Account

6. In this, cost of materials, wages and overheads of each job undertaken is posted. ....

- a. General Ledger Adjustment Account
- b. Stores Ledger Control Account
- c. Work-in-Progress Ledger
- d. Finished Goods Control Account

7. This represents the total value of finished goods in stock. ....

- a. General Ledger Adjustment Account
- b. Stores Ledger Control Account
- c. Work-in-Progress Ledger
- d. Finished Goods Control Account

8. Material amounting to Rs. 58,300 are purchased on credit. The entry in Cost Ledger under non-integrated System is .....

- a. Purchases A/c Dr. 58,300 To Sundry Creditors 58,300
- b. Stores Ledger Control A/c Dr. 58,300 To General Ledger Adjustment A/c 58,300
- c. Purchases A/c Dr. 58,300 To Cost Ledger Control A/c 58,300
- d. Work-in-Progress Control A/c Dr. 58,300

9. To General Ledger Adjustment A/c 58,300 9. Salaries and wages amounting to Rs. 62,100 gross and earned by the employees, and deductions of 5,400 as provident fund, 2,400 as ESIC and 4,300 as Income Tax are made from the gross amount. The entry in Cost Ledger under non-integrated System is .....

- a. Salaries and Wages Control A/c Dr. 62,100 To General Ledger Adjustment A/c 62,100
- b. Salaries and Wages Control A/c Dr. 50,000 To General Ledger Adjustment A/c 50,000
- c. Salaries and Wages Control A/c Dr. 62,100 To Cost Ledger Adjustment A/c 62,100
- d. Salaries and Wages Control A/c Dr. 62,100 To Provident Fund A/c 5,400 To E.S.I.C. A/c 2,400 To Income-tax A/c 4,300 to General Ledger Adjustment A/c 50,000

10. A concern has a non-integrated costing system. *Salaries and wages* analysis book indicates the following breakup : Direct wages Rs. 38,600 Indirect factory wages Rs. 9,500

Administrative salaries Rs. 9,700 Selling and distribution salaries Rs. 4,300 Which of the following statements is false.....

- (i) No additional entry is passed in financial books for break-up.
  - (ii) Work-in-progress Ledger Control A/c will be debited with Rs. 38,600.
  - (iii) Salaries and Wages Control A/c will be debited with Rs. 62,100.
- a. Only (i)
  - b. Only (ii)
  - c. Only (iii)
  - d. only (i and ii)

11. In a non-integrated system of accounting, the emphasis is on, .....

- a. Personal accounts
- b. Real accounts
- c. Nominal accounts
- d. natural account

12. Cost and financial accounts are required to be reconciled under .....

- a. Integral system
- b. Cost control accounts system
- c. Under both a. and b.
- d. nonintegrated system

13. .... of the following accounts makes the cost ledger self-balancing?

- a. Overhead adjustment account
- b. Costing P & L account
- c. Cost ledger control account
- d. None of the above

14. Purchases for special jobs is debited under non-integrated system to .....

- a. Work-in-progress ledger control account

- b. Cost ledger control account
- c. Stores ledger control account
- d. Purchases account

15. Journal entry for *absorption of production overheads* in non-integrated accounts is

- a. Production Overhead Account Dr. Cost Ledger Control Account Cr.
- b. Work-in-Progress Account Dr. Production Overhead Control Account Cr.
- c. Overhead Adjustment Account Dr. Production Overhead Account Cr.
- d. None of the above.

16. Journal entry for the absorption of Selling and Distribution overhead account in non-integrated Accounts is .....

- a. Cost of Sales Account Dr. Selling and Distribution Overhead Control Account Cr.
- b. Finished Goods Ledger Control Account Dr. Selling and Distribution Overhead Account Cr.
- c. Cost Ledger Control Account Dr. Selling and Distribution Overhead Account Cr.
- d. None of these

17. Journal entry for *over-absorbed administrative overhead* amount in non-integrated accounts is .....

- a. Costing Profit and Loss Account Dr. Cost Ledger Control Account Cr.
- b. Overhead Adjustment or Suspense Account Dr. Administration Overhead Control Account Cr.
- c. Administration Overhead Account Dr. Overhead Adjustment or Suspense Account Cr.
- d. No entry is required

18. Journal entry for issuing materials to production in non-integrated accounts is .....

- a. Stores Ledger Control Account Dr. Cost Ledger Control Account Cr.
- b. Cost Ledger Control Account Dr. Stores Ledger Control Account Cr.
- c. Work-in-Progress Control Account Dr. Stores Ledger Control Account Cr.
- d. No entry is required

19. .... is a cost ledger control account.

- a. An account in the cost ledger to record financial accounting items
- b. An account in the financial ledger to record cost accounting items

- c. An account that summarises outstanding payables balances
  - d. An account that summarises outstanding receivables balances
20. Payment to creditors for supplies made. Journal entry in non-integrated accounts will be
- a. Sundry Creditors Account Dr. Cash A/c Cr.
  - b. Sundry Creditors Account Dr. Cost Ledger Control Account Cr.
  - c. Sundry Creditors Account Dr. Costing Profit and Loss Account Cr.
  - d. No entry is required
21. In a period Rs. 50,000 was incurred on *indirect labor*. In a Cost Ledger, the double entry will be: .....
- a. Wages Control Account Dr. Overhead Control Account Cr.
  - b. WIP Control Account Dr. Wages Control Account Cr.
  - c. Overhead Control Account Dr. Wages Control Account Cr.
  - d. Wages Control Account Dr. WIP Control Account Cr.
22. At the end of a financial period, accounting entries for *under absorbed overheads* would be
- a. WIP Control Account Dr. Overhead Control Account Cr.
  - b. Profit and Loss Account Dr. WIP Control Account Cr.
  - c. Profit and Loss Account Dr. Overhead Control Account Cr.
  - d. Overhead Control Account Dr. Profit and Loss Account Cr.
23. The double entry for *factory cost of production* in a cost ledger is .....
- a. Cost of Sales Account Dr. Finished Goods Control Account Cr.
  - b. Finished Goods Control Account Dr. WIP Control Account Cr.
  - c. Costing Profit and Loss Account Dr. Finished Goods Control Account Cr.
  - d. WIP Control Account Dr. Finished Goods Control Account Cr.
24. .... is an interlocking bookkeeping system
- a. A single, combined system containing both cost accounting and financial accounting records
  - b. A system combining cost accounting and management accounting
  - c. A system with high secured access
  - d. A system where separate accounts are kept for cost accounting and for financial accounting
25. The following documents are used in accounting for raw materials: .....
- (i) Goods received note

- (ii) Materials returned note
- (iv) Materials requisition note
- (iv) Delivery note which of the documents may be used to record raw materials sent back to stores from production?
  - a. (i) and (ii)
  - b. (i) and (iv)
  - c. (ii) only
  - d. (ii) and (iii)

26. When *production has been completed* what double-entry would be made in a cost accounting System?

<b>Debit</b>	<b>Credit</b>
a. Cost of Sales	Finished Goods
b. Finished Goods	Work-in-Progress
c. Finished Goods	Cost of Sales
d. Work-in-Progress	Finished Goods

27. The raw materials issued to a job were overestimated and the excess is being sent back to the Materials store. What document is required?

- a. Stores credit note
- b. Stores debit note
- c. Materials returned note
- d. Materials transfer note

28. When goods are sold, what double-entry would be made to record the transfer of costs?

<b>Debit</b>	<b>credit</b>
a. Finished Goods Account	Cost of Sales Account
b. Sales Account	Cost of Sales Account
c. Cost of Sales Account	Sales Account
d. Cost of Sales Account	Finished Goods Account

29. The stores ledger control account for a period contained the following summary information: .....

Supplier deliveries into stores	321,000
Indirect materials issued from stores	13,000
Returns to suppliers	8,000
Opening inventory in stores	46,000
Closing inventory in stores	59,000

There were no inventory discrepancies in the period. What accounting entry correctly records the issue of direct materials from stores?

Debit	Credit
a. Stores Ledger Account 2, 87, 000	Work-in-Progress Account 2, 87,000
b. Work-in-Progress Account 2, 87,000	Stores Ledger Account 2, 87,000
c. Stores Ledger Account 3, 13,000	Work-in-Progress Account 3, 13,000
d. Work-in-Progress Account 3, 13,000	Stores Ledger Account 3, 13,000

30. To record direct labour costs incurred, which of the following would be debited?

- a. Finished goods inventory
- b) Manufacturing overhead
- c) Work in process
- d) Wages payable

31. Store ledger contain a separate account of .....

- a. each item of store
- b) receipts of store
- c) issue of store
- d) none of the above

32. under non-integrated system.....

- a. Four important ledger are maintain
- b) six important ledger are maintain
- c) Five important ledger are maintain

- d) two important ledger are maintain
33. WIP ledger balance shows.....
- a. Cost of finished work
  - b) cost of unfinished work
  - c) cost of material
  - d) none of the above
34. Materials Requisition Note.....
- a. Authorizes and records the issue of materials for use
  - b) Records the return of unused materials
  - c) Records the transfer of materials from one store to another
  - d) A classified record of materials, issues, returns and transfers
35. Materials Transfer Note. ....
- a. Authorizes and records the issue of materials for use
  - b) Records the return of unused terials
  - c) Records the shifting of materials from one store to another
  - d) A classified record of materials, issues, returns and transfers
36. A document which is a classified record of material issues, returns and transfers. ....
- a. Materials Requisition Note
  - b) Materials Return Note
  - c) Materials Transfer Note
  - d) Materials Issue Analysis Sheet
37. This is essential to make the cost ledger 'self-balancing'. ....
- a. General Ledger Adjustment Account
  - b) Stores Ledger Control Account
  - c) Work-in-Progress Ledger
  - d) Finished Goods Control Account
38. This is debited with all purchases of materials for the stores and credited with all Issues of materials. ....
- a. General Ledger Adjustment Account
  - b) Stores Ledger Control Account
  - c) Work-in-Progress Ledger



- d) Finished Goods Control Account
39. In this, cost of materials, wages and overheads of each job undertaken is posted. ....
- a. General Ledger Adjustment Account
  - b) Stores Ledger Control Account
  - c) Work-in-Progress Ledger
  - d) Finished Goods Control Account
40. This represents the total value of finished goods in stock.....
- a. General ledger Adjustment Account
  - b) Stores Ledger control Account
  - c) Work-in-progress Ledger
  - d) Finished goods Control Account
34. The Work-in-Progress Control Account is not debited with \_\_\_\_\_
- a) Direct materials and direct labour
  - b) direct expenses
  - c) production overheads (recovered)
  - d) Selling and distribution overheads
42. .... of the following accounts makes the cost ledger 'self-balancing'
- a. Overhead adjustment account
  - b) Costing P & L account
  - c) Cost ledger control account
  - d) None of the above
43. Purchases for special jobs is debited under non-integrated system to.....
- a. Work-in-progress ledger control account
  - b) Cost ledger control account
  - c) Stores ledger control account
  - d) Purchases account
44. Finished goods ledger contains an account for.....
- a. Each item of stores
  - b) each item of finished product
  - c) each item of component
  - d) all of the above

45. Wages control account is debited by .....
- a. Direct wages only
  - b) indirect wages only
  - c) direct & indirect wages
  - d) none of the above
46. Factory overhead control account is .....
- a ) debited by indirect material
  - b) debited by indirect wages
  - c) debited by indirect expenses
  - d) all of the above
47. the balance of finished goods ledger control represents .....
- a. Cost of goods remaining unsold
  - b) cost of goods sold out
  - c) cost of WIP
  - d) none of the above
48. The balance on cost of sales account is transferred to .....
- a. Financial p&l account
  - b) costing p&L account
  - c) both a&b
  - d) none of the above
49. Non- integrated system of accounting is also known as.....
- a. Cost ledger control accounting
  - b) inter locking accounting system
  - c) both a&b
  - d) none of the above
50. Issue of material is credited to.....
- a. Store ledger control account
  - b)WIP control account
  - c) overhead control account
  - d) b&c only
51. Material supplied to site is debited to .....

- a. Contract account
  - b) contractee account
  - c) contractor account
  - d) none of the above
52. Cost of plant issued to site is debited .....
- a. Machinery account
  - b) contract account
  - c) profit&loss account
  - d)none of the above
53. WDV of plant destroyed by accident is credited to .....
- a. plant account
  - b) contractee account
  - c) contractor account
  - d) contract account
54. Under cost plus contract profit is calculated at a certain % of.....
- a. Cost of contract
  - b) work certified
  - c) contract price
  - d) WIP
55. The work done &certified by the architect is .....
- a. Workcompleted
  - b) work uncertified
  - c)work certified
  - d) contract price
56. Work uncertified is valued at .....
- a. Market price
  - b) cost
  - c) cost or market price whichever is less
  - d)cost or market price whichever more is
57. Cash received is equal to .....
- a. Work certified –retention money

- b) contract price –work certified
- c) work certified +uncertified
- d) contract price

58. Material supplied to site and destroyed by accident is .....

- a. debited to loss by accident a/c and credited to contract a/c
- b) debited to contract a/c and credited to loss by accident a/c
- c) credited to insurance claim a/c and debited to contract a/c
- d) all of the above .

59. Sales of plant from site is .....

- a. Credited to contract a/c
- b) debited to contract a/c
- c) debited to insurance claim a/c
- d) all of the above .

60. if work done is less than 25%.....

- a. no profit is credited
- b) 50% of notional profit is credited
- c) 25%of notional profit is credited
- d) debited to profit and loss account

61. Cost of rectification of defective work is.....

- a. Debited to contract a/c
- b) credited to contract account
- c) ignore from contract account
- d) debited to p&l account

62. Normal penalties are debited to .....

- a. P&L account
- b) contract account
- c) contractee a/c
- d) contractor a/c

63. Material issued from store is .....

- a. Debited to contract account
- b) credited to contract account

- c) debited to contractee account
- d) none of the above .

64. Total cost incurred to date Rs 120,000 cost of work certified is Rs 100,000 work uncertified will be

.....

- a)Rs 10,000
- b)Rs 40,000
- c) Rs 20,000
- d) Rs 50,000

65. Contract costing is a basic method of .....

- a. Historical costing
- b) Specific order costing
- c) Process costing
- d) Standard costing

66. Contract costing is a variant of ..... costing.

- a. Job
- b) Process
- c) Unit
- d) Batch

67. Contract costing usually applicable in .....

- a. Constructional Works
- b) Textile Mills
- c) Cement industries
- d) Chemical Industries

68. .... is the person for whom the Contract job is undertaken.

- a. Contractor
- b) Contractee
- c) Sub-contractor
- d) Job-worker

69. .... one of the following is not a contract cost

- a. Direct wages
- b) Depreciation of plant

- c) Sub-contractors' fees
  - d) Architects' certificates
70. The degree of completion of work is determined by comparing the work certified with.....
- a. Contract price
  - b) Work in progress
  - c) Cash received on contract
  - d) Retention money
71. In contract costing credit is taken only for a part of the profit on .....
- a. Completed contract
  - b) Incomplete contract
  - c) Work uncertified
  - d) Work Certified
72. In contract costing payment of cash to the contractor is made on the basis of .....
- a. Uncertified work
  - b) Certified work
  - c) Work in progress
  - d) Retention Money
73. The cost of any sub-contracted work is .....
- a. A direct expense of a contract and is debited to the contract account
  - b) An indirect expense of a contract and is debited to the contract account
  - c) A direct expense of a contract and is debited to the client account
  - d) An indirect expense of a contract and is debited to the client account
74. Progress payments received by the contractor from the client are .....
- a. Debited to the contract account
  - b) Credited to the contract account
  - c) Debited to the client account
  - d) Credited to the client account
75. Retention Money is equal to .....
- a. Work certified Less Work uncertified
  - b) Contract price Less Work certified
  - c) Work certified Less Payment received by contractor

- d) None of the above
76. Material supplied by the Contractee.....
- a. is debited to the Contract Account
  - b) is ignored in the Contract Account
  - c) is credited to the Contract Account
  - d) is debited to the Contractee's Account
77. Cost of material lost or destroyed .....
- a. is credited to the Contract Account
  - b) is debited to the Contract Account
  - c) is debited to the Costing Profit and Loss Account
  - d) is credited to the Costing Profit and Loss Account
78. Work Certified is valued at .....
- a. Cost price
  - b) Market price
  - c) Cost or market price whichever is less
  - d) Estimated price
79. Value of Work Certified Less Profit = .....
- a. Work-in-progress
  - b) Cost of Work Certified
  - c) Retention Money
  - d) Cost of uncertified
80. The Total Value of Work Completed during an accounting year is equal to .....
- a. Work Certified + Progress Payment Received
  - b) Work Certified + Work Uncertified
  - c) Work Certified + Retention Money
  - d) None of the above
81. Process costing is applied when .....
- a. Small number of different products is manufactured.
  - b. Large number of different products is manufactured.
  - c. Large number of identical products is manufactured.

d. Small numbers of customized made-to-order products are manufactured.

82. Which of the following does not use process costing?

a. Oil refining

b. Distilleries

c. Sugar

d. Air-craft manufacturing

83. Which cost accumulation procedure is most applicable in continuous mass-production manufacturing environments?

a. Standard

b. Actual

c. Process

d. Job order

84. Which of the following statements is false?

a. In process costing, cost is accumulated according to processes or departments

b. In job costing, the basis of cost accumulation is job order or batch size

c. In process costing, cost is accumulated on time basis

d. In job costing, cost is computed at the end of the cost period

85. Process Cost is based on the concept of

a. Average Cost

b. Marginal Cost

c. Standard Cost

d. Differential Cost

86. Normal Loss is equal to .....

a. Normal Output - Actual Output

b. Actual Output - Normal Output

c. Input x % of Normal Loss

d. None of the above



87. Normal Output is equal to .....

- a. Input - Abnormal Loss
- b. Input - Normal Loss
- c. Input - Abnormal Gains
- d. None of the above

88. Unit Cost is equal to .....

- a. Normal Cost  $\div$  Normal Output
- b. Total Cost  $\div$  Normal Output
- c. Normal Cost  $\div$  Total Output
- d. Total Cost  $\div$  Total Output

89. Abnormal Loss is equal to .....

- a. Input - Actual Output
- b. Actual Output - Normal Output
- c. Normal Output - Actual Output
- d. Actual Output - Input

90. Abnormal Gains are equal to .....

- a. Actual Output - Normal Output
- b. Normal Output - Actual Output
- c. Actual Output - Input
- d. Input - Actual Output

1. Process cost is very much applicable in .....

- a. Construction Industry
- b. Pharmaceutical Industry
- c. Airline Company
- d. None of these

92. In process costing, each producing department is a .....

- a. Cost unit
- b. Cost center
- c. Investment center
- d. Sales center

93. Which of the given units can never become part of first department of Cost of Production Report?

- a. Units received from preceding department
- b. Units transferred to subsequent department
- c. Lost units
- d. Units still in process

94. When production is below standard specification or quality and cannot be rectified by incurring Additional cost, it is called .....

- a. Defective
- b. Spoilage
- c. Waste
- d. Scrap

95. What will be the impact of normal loss on the overall per unit cost?

- a. Per unit cost will increase
- b. Per unit cost will decrease
- c. Per unit cost remain unchanged
- d. Normal loss has no relation to unit cost

96. 12,000 kg of a material were input to a process in a period. The normal loss is 10% of input. There is no opening or closing work-in-progress. Output in the period was 10,920 kg. What was the **abnormal gain/loss** in the period?

- a. Abnormal gain of 120 kg
- b. Abnormal loss of 120 kg
- c. Abnormal gain of 1,080 kg

d. abnormal loss of 1,080 kg

97. Wastage of a raw material during a manufacturing process is 20% of input quantity. What **input** Quantity of raw material is required per kg of output?

a. 0.8 kg

b. 1.2 kg

c. 1.25 kg

d. 1.33 kg

98. 400 litres of a chemical were manufactured in a period. There is a normal loss of 25% of the material input into the process. An abnormal loss of 5% of material input occurred in the period. How many litres of material (to the nearest litre) were **input** into the process in the period?

a. 500

b. 520

c. 560

d. 571

99. A company uses process costing to value its output. The following was recorded for the Period: Input materials 2,000 units at Rs. 4.50 per unit Conversion costs Rs. 13,340 Normal loss 5% of input valued at Rs. 3 per unit Actual loss 150 units there were no opening or closing Stocks. What was the valuation of one unit of output to one decimal place?

a. Rs. 11.8

b. Rs. 11.6

c. Rs. 11.2

d. Rs. 11.0

100. A company uses process costing to value its output and all materials are input at the start of the Process. The following information relates to the process for one month: Input 3,000 units Opening stock 400 units Losses 10% of input is expected to be lost closing stock 200 units how many good units were **output** from the process if actual losses were 400 units?

a. 2,800 units

b. 2,900 units

- c. 3,000 units
- d. 3,200 units

101. The cost of production of 40 units in Process I consisting of materials Rs. 1,500; Labour Rs. 1,300 and Overhead Rs. 164. The normal waste is 5% of input.

- a. 40 units are transferred to next process @ Rs. 70 each
- b. 40 units are transferred to next process @ Rs. 74.10 each
- c. 38 units are transferred to next process @ Rs. 78 each
- d. 40 units are transferred to next process @ Rs. 78 each

102. Particulars for Process A. Materials (200 Units) Rs. 4,000 Labour Rs. 3,000 Indirect Expenses Rs. 2,000 Normal wastage is 5% of the input. One unit of wastage is sold at Rs. 16.50 each. ....

- a. 190 units are transferred to next process at Rs. 9,000
- b. 200 units are transferred to next process at Rs. 9,000
- c. 190 units are transferred to next process at Rs. 7,000
- d. 190 units are transferred to next process at Rs. 8,835

103. In process Y, 75 units of a commodity were transferred from process X at a cost of Rs. 1,310. The labour and overhead expenses incurred by the process were Rs. 190. 20% of the units entered are normally lost and sold @ Rs. 4 per unit. The output of the process was 70 units.

- a. Process Account Credit Side showed Abnormal Gains of Rs. 240
- b. Process Account Debit Side showed Abnormal Loss of Rs. 240
- c. Process Account Credit Side showed Abnormal Loss of Rs. 240
- d. Process Account Debit Side showed Abnormal Gains of Rs. 240

104. Input in a process is 4000 units and normal loss is 20%. When finished output in the process is only 3,240 units, there is an .....

- a. Abnormal loss of 40 units
- b. Abnormal gain of 40 units
- c. Neither abnormal loss nor gain
- d. Abnormal loss of 60 units

105. Details of the process for the last period are as follows:

Put into process 5,000 kg Materials Rs. 2,500 Labour Rs. 700 Production Overheads  
200% of labour Normal losses are 10% of input in the process. The output for the period  
was 4,200 kg from the process. There was no opening and closing work-in-process.  
What were the units of abnormal loss?

- a. 500 units
- b. 300 units
- c. 200 units
- d. 100 units

106. You are required to identify how many good units were outputs from the process. Units  
put in Process 4,000 lost units 500 Units in process 200 .....

- a. 3,300 units
- b. 4,000 units
- c. 4,200 units
- d. 4,500 units

107. A chemical process has normal wastage of 10% of input. In a period, 2,500 kg of material  
were input and there was abnormal loss of 75 kg. What quantity of good production was  
achieved?

- a. 2,175 kg
- b. 2,250 kg
- c. 2,425 kg
- d. 2,500 kg

108. Sale of by product is .....

- a. Debited to process a/c
- b) Credited to process a/c
- c) Credited to P& L a/c
- d) Debited to normal loss a/c

108. What will be the impact of normal loss on the overall per unit cost?
- a. Per unit cost will increase
  - b) Per unit cost will decrease
  - c) Per unit cost remain unchanged
  - d) Normal loss has no relation to unit cost
109. Cost incurred prior to the point of separation of the joint or by products are termed as.....
- a. Process cost
  - b) Joint cost
  - c) Main cost
  - d) Separable cost
110. Net realizable value is defined as .....
- a. Sales value at split off point
  - b) Sales price minus fixed cost
  - c) Sales price minus joint cost
  - d) Sale price minus cost to complete the product
11. At the break-even point, which equation will be true? .....
- a. Variable cost - fixed cost = contribution
  - b) Sales = variable cost + fixed cost
  - c) Sales - fixed cost = contribution
  - d) Sales - contribution = variable cost
112. The break even points in units is equal to .....
- a. Fixed cost/PV ratio
  - b) Fixed cost x sales/total contribution
  - c) Fixed cost/contribution per unit
  - d) Fixed cost/total contribution
113. When fixed cost increases, the break-even point
- a. Increases
  - b) Decreases
  - c) No effect

d) can't say

114. When variable cost decreases, then break-even point

a. Increases

b) Decreases

c) No effect

d) can't say

115. When selling price decreases, then break-even point .....

a. Increases

b) Decreases

c) No effect

d) Can't say

116. When sales increases then break-even point .....

a. Increases

b) Decreases

c) Remains constant

d) None of these

117. .... of the following can improve break-even point

a. Increase in variable cost

b. Increase in fixed cost

c. Increase in sale price

d. Increase in sales volume

118. .... of the following describes the margin of safety

a. Actual contribution margin achieved compared with that required to break- even

b) Actual sales compared with sales required to break-even

c) Actual versus budgeted net profit margin

d) Actual versus budgeted sales

119. Margin of safety is expressed as

- a. Profit / P/V ratio
- b)  $(\text{Actual sales} - \text{sales at BEP}) / \text{Actual sales}$
- c) Actual sales - Sales at BEP
- d) All of the above

120. Under ..... of the following cases the margin of safety decreases

- a. Reduction in fixed cost
- b) Increase in variable cost
- c) Increase in the level of production or selling price or both
- d) Change in the sales mix in order to increase the contribution

121. The objective of standard costing is to .....

- a. Determine profitability of a product
- b. Determine break-even production level
- c. Control costs
- d. Allocate costs with more accuracy

122. A standard cost system may be used in .....

- a. job order costing, but not process costing
- b. process costing, but not job order costing
- c. either job order costing or process costing
- d. neither job order costing nor process costing

123. An estimate of what cost should be is known as .....

- a. Actual cost
- b. Ideal cost
- c. Standard cost
- d. Forecast cost



124. A standard cost is .....
- a. The total amount that appears on the budget for product costs
  - b. a pre-determined cost which is calculated from management's standards of efficient operation
  - c.the total number of units x the cost expected
  - d.any amount that appears on a budget
125. Which of the following best describes a basic standard?
- a. A standard set at an ideal level, which makes no allowance for normal losses, waste and machine downtime
  - b. A standard which assumes an efficient level of operation, but which includes allowances for factors such as normal loss, waste and machine downtime
  - c.A standard which is kept unchanged over a long period of time
  - d.A standard which is based on current price levels
126. A standard which assumes efficient level of operations, but which includes allowance for factors such as waste and machine downtime is known as an .....
- a. Ideal standard
  - b. Normal standard
  - c. Attainable standard
  - d.Neither a. nor b. nor c.
127. What standard is based on the assumption of most favorable conditions possible ?
- a. Ideal Standard
  - b. Normal Standard
  - c.Expected Standard
  - d.Attainable Standard
128. The standard cost card contains quantities and costs for .....
- a. Direct material only
  - b. direct labour only
  - c.Direct material and direct labour only

d.direct material, direct labour, and overhead

129. Which one of the following does NOT accurately describe one of the ways in which standards are developed?

- a. Standard material quantities may be determined by engineering studies
- b. Supplier price lists may be used to determine standard prices of materials
- c. Time and motion studies are sometimes used to determine labour efficiency standards
- d. Employee time cards are often used to determine standard labour wage rates

130. What term can be defined as a means of assessing the difference between a predetermined? Amount and the actual amount?

- a. Variance analysis
- b. Differential costing
- c. Incremental costing
- d. Marginal Costing

131. A total cost variance is best defined as the difference between .....

- a. Total standard cost for the last year and total standard cost in the current year
- b. Total standard cost for the last year and total actual cost in the current year
- c. The standard cost value of output budgeted in a period and the total actual cost incurred
- d. The standard cost value of output achieved in a period and the total actual cost incurred

132. If standard cost is lower than the actual cost, the difference is known as .....

- a. Favourable
- b. Adverse
- c. Positive
- d. Negative

133. A favourable variance occurs when .....

- a. Actual costs are less than marginal costs

- b. Standard costs are less than actual costs
  - c. Actual costs are less than the selling price
  - d. Actual costs are less than standard costs
134. The difference between the actual price and the standard price, multiplied by the actual quantity of materials purchased is the .....
- a. Materials cost variance
  - b. materials usage variance
  - c. Materials price variance
  - d. materials efficiency variance
135. The difference between the actual quantity and the standard quantity, multiplied by the standard price is the .....
- a. Materials efficiency variance
  - b. materials volume variance
  - c. Materials price variance
  - d. materials usage variance
136. Which of the following is correct with regard to using the standard quantity to compute materials variances? Standard quantity is used - .....
- a. Materials Price Variance: Yes; Materials Usage Variance: No
  - b. Materials Price Variance: Yes; Materials Usage Variance: Yes
  - c. Materials Price Variance: No; Materials Usage Variance: No
  - d. Materials Price Variance: No; Materials Usage Variance: Yes
137. Which of the following is correct with regard to using the standard unit price to compute materials? Variances? Standard unit price used: .....
- a. Materials Price Variance: Yes; Materials Usage Variance: No
  - b. Materials Price Variance: Yes; Materials Usage Variance: Yes
  - c. Materials Price Variance: No; Materials Usage Variance: No
  - d. Materials Price Variance: No; Materials Usage Variance: Yes
138. The term “standard hours allowed” measures .....
- a. Budgeted output at actual hours

- b. budgeted output at standard hours
- c. actual output at standard hours
- d. actual output at actual hours

139. The labour rate variance is computed as: .....

- a.  $(\text{Actual labour hours worked} - \text{Standard labour hours allowed}) \times \text{Actual labour rate}$
- b.  $(\text{Actual labour hours worked} - \text{Standard labour hours allowed}) \times \text{Standard labour rate}$
- c.  $(\text{Actual labour rate} - \text{Standard labour rate}) \times \text{Standard hours allowed}$
- d.  $(\text{Actual labour rate} - \text{Standard labour rate}) \times \text{Actual hours worked}$

140. If the actual number of labour hours worked is less than the standard labour hours allowed for equivalent units produced, this indicates: .....

- a. An unfavourable labour rate variance
- b. A favourable total labour variance
- c. An unfavourable labour efficiency variance
- d. A favourable labour efficiency variance

141. Which of the following is correct with regard to the standard labour hours being used to compute labour variances? Standard labour hours used : .....

- a. Labour Rate Variance: Yes; Labour Efficiency Variance: No
- b. Labour Rate Variance: Yes; Labour Efficiency Variance: Yes
- c. Labour Rate Variance: No; Labour Efficiency Variance: No
- d. Labour Rate Variance: No; Labour Efficiency Variance: Yes

142. Which of the following is correct with regard to using the standard labour rate to compute labour variances? Standard labour rate used: .....

- a. Labour Rate Variance: Yes; Labour Efficiency Variance: No
- b. Labour Rate Variance: Yes; Labour Efficiency Variance: Yes
- c. Labour Rate Variance: No; Labour Efficiency Variance: No
- d. Labour Rate Variance: No; Labour Efficiency Variance: Yes

143. What is the primary benefit of a standard costing system?
- a. It records costs at what should have been incurred
  - b. It allows for a comparison of differences between actual and standard costs
  - c. It is easy to implement
  - d. It is inexpensive and easy to use
144. The standard which can be attained under the most favourable conditions possible .....
- a. Ideal Standard
  - b. Expected Standard
  - c. Current Standard
  - d. Normal Standard
145. A standard which is established for use unaltered for an indefinite period is called .....
- a. Current standard
  - b. Ideal standard
  - c. Basic standard
  - d. Expected standards
146. .... of the following is not a type of standard, conceptually speaking
- a. Ideal standards
  - b. Negative standards
  - c. Expected standards
  - d. Current standards
147. .... of the following statements about ideal standards is false
- a. It is called theoretical or maximum efficiency standard
  - b. These are standard costs that are set for production under optimal condition
  - c. It makes no allowance for wastage, spoilage and machine breakdowns
  - d. It can be used for cash budgeting or product costing

148. The cost of product as determined under standard cost system is .....
- a. Fixed cost
  - b. Historical cost
  - c. Direct cost
  - d. predetermined cost
149. The amount of work achievable in an hour, at standard efficiency levels, is .....
- a. An ideal standard
  - b. the direct labour usage per hour
  - c. A standard hour
  - d. the direct labour efficiency variance
150. While computing variances from standard costs, the difference between the actual and the Standard prices multiplied by the actual quantity yields a .....
- a. Yield variance
  - b. Volume variance
  - c. Mix variance
  - d. Price variance
151. While evaluating deviations of actual cost from standard cost, the technique used is .....
- a. Regression analysis
  - b. Variance analysis
  - c. Linear progression
  - d. Trend analysis
152. .... of the following statements is / are true
- (i) The standard cost per unit of materials is used to calculate a materials price variance
  - (ii) The standard cost per unit of materials is used to calculate a materials usage variance
  - (iii) The standard cost per unit of materials cannot be determined until the end of the period

- a. Only (i) above
- b. Only (ii) above
- c. Only (iii) above
- d. both (i) and (ii) above

153. The labour cost variance may be expressed as

- a. Budgeted labour cost – Actual labour cost
- b. (Standard wage rate x Output achieved) – Actual wage cost
- c. (Standard hours – Actual hours) x Actual wage rate
- d. (Standard hours – Actual hours) x Standard wage rate

154. Which of the following statements is / are true?

- (i) The standard direct labour hours per unit of output is used to calculate a labour rate variance
  - (ii) The standard direct labour hours per unit of output is used to calculate a labour efficiency variance
  - (iii) The standard direct labour hours per unit of output cannot be determined until the end of the period
- a. Only (i) above
  - b. Only (ii) above
  - c. Only (iii) above
  - d. Both (i) and (ii) above

155.. Which of the following is a purpose of standard costing

- a. To determine profit at different levels
- b. To determine break even production level
- c. To control costs
- d. To allocate cost with more accuracy

156. Which of the following best describes a basic standard

- a. A standard set at an ideal level, which makes no allowance for normal losses, waste and machine downtime.
- b. A standard which assumes an efficient level of operation, but which includes allowances for factors such as normal loss, waste and machine downtime.
- c. A standard which is kept unchanged over a period of time.
- d. A standard which is based on current price levels.

157. Actual units of direct materials used were 20,000 at an actual cost of Rs. 40,000.

Standard unit cost is Rs.2.10. Assuming the materials price variance is recognized when the materials are used, the materials price variance (**MPV**) is: .....

- a. Rs.1,000 favourable
- b. Rs.1,000 unfavourable
- c. Rs.2,000 favourable
- d. Rs.2,000 unfavourable

158. .... of the following denotes a target cost

- a) Market price - Desired profit margin
- b) Standard selling price - Standard profit margin
- c) Standard selling price - Target profit margin
- d) Desired selling price - Desired profit margin

159. If material cost variance is Rs. 9,400 (favourable) and material usage variance is Rs. 8,200 (adverse), then material price variance (**MPV**) is.....

- a. Rs.5,600 (favourable)
- b. Rs.5,600 (adverse)
- c. Rs.6,400 (favourable)
- d. Rs.17,600 (adverse)

160. The comparison of a company's practices and performance levels against those of other Organizations is most commonly known as .....

- a. Benchmarking
- b) Continuous improvement
- c) Re-engineering



d) Comparative analysis

161. Contribution margin is known as.....

a. marginal income

b. gross margin

c. net income

d. net profit

162. Break-even analysis may be described as.....

a. comparison between sales and cost

b. comparison between production and sales

c. comparison between fixed cost and variable cost

d. comparison to make out capacity utilisation

163. An increase in sales price.....

a. does not affect the break-even point

b. lowers the net profit

c. increases the break-even point

d. lowers the break-even point

164. The four tasks that follow take place in the concept known as target costing:

(1) Value engineering

(2) Establish a target selling price

(3) Establish a target cost

(4) Establish a target profit

Which is the correct sequence of these tasks?

a) 1, 3, 4, 2

b) 3, 1, 4, 2

c) 2, 4, 3, 1

d) 2, 3, 1, 4

165. A decrease in sale price.....
- a. does not affect the break-even point
  - b. lowers the net profit
  - c. increases the break-even point
  - d. lowers the break-even point.
166. Fixed cost per unit decreases when.....
- a. production volume increases
  - b. production volume decreases
  - c. variable cost per unit decreases
  - d. prime cost per unit decreases
167. Margin of safety is referred to as.....
- a. excess of sales over break-even sales
  - b. excess of sales volume decreases
  - c. excess of sales over variable cost
  - d excess of sales over budgeted sales
168. To obtain break-even point in rupees, total fixed cost is divided by.....
- a. variable cost per unit
  - b. fixed cost per unit
  - c. contribution per unit
  - d. P/V ratio.
169. If sales are Rs. 5,00,000; variable costs are Rs. 2,00,000 and fixed cost are Rs. 2,40,000; the P/V Ratio will be.....
- a. 60%
  - b. 40%
  - c. 20%
  - d. 45%
170. At break-even point, the contribution margin equals total.....

- a. variable cost
- b. sales revenue
- c. fixed cost
- d. administrative cost.

171. If the selling price per unit is Rs. 16, the unit variable cost is Rs. 12 and fixed costs are Rs. 60,000; the break-even points in units will be.....

- a. 15,000 units
- b. 10,000 units
- c. 20,000 units
- d. 40,000 units.

172. A company has sales of Rs. 2,00,000; P/V Ratio is 20% and fixed cost is Rs. 15,000; the profit will be.....

- a. Rs. 25,000
- b. Rs. 20,000
- c. Rs. 35,000
- d. Rs. 40,000

173. 12 Under marginal costing, cost is classified on the basis of.....

- a. Function
- b. Behaviour
- c. Elements
- d. None of these

174. 15 Variable cost.....

- a. Remain fixed
- b. Varies per unit
- c. Remains fixed per unit
- d. not fix cost

175. 17 Margin of safety is.....

- a. Sales – contribution
- b. Actual sales - Break even sales
- c. Sales - fixed assets
- d. Fixed cost + variable cost

176. 18 If Sales are Rs. 80,000 and variable cost to sales is 70% contribution is

- a. Rs. 56,000
- b. Rs. 24,000
- c. Rs. 70,000
- d. Rs. 30,000

177. 19 P/V ratio will increase if there is

- a. an increase in fixed cost
- b. a decrease in fixed cost
- c. a decrease in variable cost per unit
- d. a decrease in selling price per unit

178. 20 Sales are                      Rs. 1,00,000

Fixed cost                              Rs. 30,000

Profit                                      Rs. 14,000

The variable cost is.....

- a. Rs. 50,000
- b. Rs. 60,000
- c. Rs. 56,000
- d. Rs. 80,000

179. Sales are Rs. 3,00,000, direct cost is Rs. 1,70,000 profit is 20% on sale. Fixed cost will be

- a)     Rs. 60,000
- b)     Rs. 70,000

- c) Rs. 80,000
- d) Rs. 95,000

180. Sales are Rs.1,00,000, variable cost is Rs.70,000 and fixed cost is Rs.15,000. The P/V ratio will be.....

- a. 30%
- b. 20%
- c. 35%
- d. 25%

181. Sales are 1,000 units @ Rs.100 per unit variable cost Rs. 60,000. Fixed cost Rs. 28,000.

The BEP in units will be.....

- a. 500 units
- b. 700 units
- c. 1,000 units
- d. 1,200 units

182. Fixed cost Rs. 4,000 Profit Rs. 1,000 and BE point Rs. 20,000. Sales and variable cost will be.....

- a. Rs. 25,000      Rs. 20,000
- b. Rs. 30,000      Rs. 25,000
- c. Rs. 50,000      Rs. 40,000
- d. Rs. 10,000      Rs. 150,000

183. Fixed overheads are Rs. 21,000

Variable cost      Rs. 2 per unit  
 Selling Price      Rs. 5 per unit  
 Profit              Rs. 30,000

Margin of safety will be.....

- a. Rs. 60,000
- b. Rs. 50,000

- c. Rs. 30,000
- d. Rs. 45,000

184. P/V ratio is 50% margin of safety is 40%, Sales Rs. 50,00,000. B.E. sales and net profit will be

- a. Rs. 30,00,000      Rs. 10,00,000
- b. Rs. 35,00,000      Rs. 12,00,000
- c. Rs. 40,00,000      Rs. 15,00,000
- d. Rs. 50,00,000      Rs. 40,00,000

185. Profit Rs. 30,000, Marginal cost per unit Rs. 8, selling price per unit Rs. 10. The M/S will be.

- a. Rs. 1,40,000
- b. Rs. 1,50,000
- c. Rs. 1,25,000
- d. Rs. 1,45,000

186. Contribution is the difference between.....

- a. Sales and Variable cost
- b. Sales and fixed cost
- c. Sales and Total cost
- d. Factory cost and profit

187. Period cost is.....

- a. Fixed cost
- b. Variable cost
- c. Factory cost
- d. Prime cost

188. Valuation of stock in marginal costing is done at.....

- a. Total cost
- b. Marginal cost
- c. Fixed cost

d. Prime cost

189. 31 Variable cost per unit

- a. Increases with increase in products
- b. decreases with decrease in profit
- c. remains constant with change in production
- d. none of the above

190. An accounting system that collects financial and operating data on the basis of the underlying nature and extent of the cost driver's is.....

- a) Direct costing
- b) Activity based costing
- c) Target costing
- d) Cycle time costing

191. Relative to traditional product costing, activity-based costing differs in the way costs are .....

- a) Processed
- b) allocated
- c) Benchmarked
- d) incurred

192. In activity-based costing, final cost allocations assign costs to .....

- a) Departments
- b) processes
- c) Products
- d) activities

193. Activity rates are determined by .....

- a) dividing the actual cost for each activity pool by the actual activity base for that pool
- b) dividing the cost budgeted for each activity pool by the estimated activity base for that pool

c) dividing the actual cost for each activity pool by the estimated activity base for that pool

d) dividing the cost budgeted for each activity pool by the actual activity base in that pool

194. Providing the power required to run production equipment is an example of

a .....

a) Unit-level activity

b) Batch-level activity

c) Product-level activity

d) Organization-sustaining activity

195. The following tasks are associated with an activity-based costing system: .....

(1) Calculation of cost application rates

(2) Identification of cost drivers

(3) Assignment of cost to products

(4) Identification of cost pools which of the following choices correctly expresses the proper order of the preceding tasks?

a) 1, 2, 3, 4

b) 2, 4, 1, 3

c) 3, 4, 2, 1

d) 4, 2, 1, 3

196. Which of the following is **not** a broad, cost classification category typically used in activity-based costing?

a) Unit-level

b) Management-level

c) Product-sustaining level

d) Facility-level



197. In an activity-based costing system, direct materials used would typically be classified as  
a .....

- a) unit-level cost
- b) batch-level cost
- c) product-sustaining cost
- d) facility-level cost

198. In an activity-based costing system, materials receiving would typically be classified  
as a .....

- a) unit-level activity
- b) batch-level activity
- c) product-sustaining activity
- d) facility-level activity

199. The salaries of a manufacturing plant's management are said to arise  
from .....

- a) unit-level activities
- b) batch-level activities
- c) product-sustaining activities
- d) facility-level activities

200. An activity that has a direct cause-effect relationship with the resources consumed is  
a.....

- a) cost driver
- b) overhead rate
- c) cost pool
- d) product activity

201. Material supplied to site is debited to .....

- a) Contract account
- b) contractee account
- c) contractor account

- d) none of the above
202. Cost of plant issued to site is debited .....
- a) Machinery account
  - b) contract account
  - c) profit&loss account
  - d) none of the above
203. WDV of plant destroyed by accident is credited to .....
- a) plant account
  - b) contractee account
  - c) contractor account
  - d) contract account
204. Under cost plus contract profit is calculated at a certain % of.....
- a) Cost of contract
  - b) work certified
  - c) contract price
  - d) WIP
205. The work done & certified by the architect is .....
- a) Work completed
  - b) work uncertified
  - c) work certified
  - d) contract price
206. Work uncertified is valued at .....
- a) Market price
  - b) cost
  - c) cost or market price whichever is less
  - d) cost or market price whichever more is
207. Cash received is equal to .....
- a) Work certified –retention money
  - b) contract price –work certified
  - c) work certified +uncertified
  - d) contract price

208. Material supplied to site and destroyed by accident is .....

- a) debited to loss by accident a/c and credited to contract a/c
- b) debited to contract a/c and credited to loss by accident a/c
- c) credited to insurance claim a/c and debited to contract a/c
- d) all of the above .

209. Sales of plant from site is .....

- a) Credited to contract a/c
- b) debited to contract a/c
- c) debited to insurance claim a/c
- d) all of the above .

210. if work done is less than 25%.....

- a)no profit is credited
- b) 50% of notional profit is credited
- c) 25%of notional profit is credited
- d)debited to profit and loss account

211. Cost of rectification of defective work is.....

- a) Debited to contract a/c
- b) credited to contract account
- c) ignore from contract account
- d) debited to p&l account

212. Normal penalties are debited to .....

- a) P&L account
- b) contract account
- c) contractee a/c
- d) contractor a/c

213. Material issued from store is .....

- a) Debited to contract account
- b) credited to contract account
- C) debited to contaactee account
- d) none of the above .

214. Total cost incurred to date Rs 120,000 cost of work certified is Rs 100,000 work uncertified will be .....

- a)Rs 10,000
- b)Rs 40,000
- c) Rs 20,000
- d) Rs 50,000

215. Contract costing is a basic method of

- a) Historical costing
- b) Specific order costing
- c) Process costing
- d) Standard costing

216. Contract costing is a variant of ..... costing.

- a) Job
- b) Process
- c) Unit
- d) Batch

217. Contract costing usually applicable in .....

- a) Constructional Works
- b) Textile Mills
- c) Cement industries
- d) Chemical Industries

218. .... is the person for whom the Contract job is undertaken.

- a) Contractor
- b) Contractee
- c) Sub-contractor
- d) Job-worker

219. Which one of the following is not a contract cost\_\_\_\_\_?

- a) Direct wages
- b) Depreciation of plant
- c) Sub-contractors' fees
- d) Architects' certificates

220. The degree of completion of work is determined by comparing the work certified with\_\_\_\_\_
- Contract price
  - Work in progress
  - Cash received on contract
  - Retention money
221. .... is an incorrect sentence.
- Process costing used for production of a single product.
  - Process costing used for processing of a single product for a certain period.
  - Process costing used for production of several products of a standard design in the same plant
  - Process costing cannot be used in Chemical industries
222. Which of the following is not a characteristic of process costing?
- A Separate account is not maintained for each process
  - The factory is divided in to different processes
  - The output of one process becomes the input of next the process
  - The production is continuous and the final product is the end result of a series of processes
- 223..... is an incorrect sentence.
- Abnormal gain is valued at the cost of output
  - Abnormal loss is Non controllable
  - Normal loss is Non controllable
  - Normal loss is credited to process a/c
224. Normal loss is .....
- Controllable
  - Non controllable
  - not considered in the process a/c
  - debited to process a/c
225. Normal loss is calculated at a certain percentage of the .....
- Input units/ Units introduced in the process
  - Direct Labour
  - Output of the process
  - Direct expenses
226. Abnormal loss = .....

- a) Normal output less actual output
- b) Input less normal output
- c) Actual output less Normal output
- d) Input less Actual output

227. Abnormal loss arises due to .....

- a) Normal circumstances
- b) Abnormal circumstances
- c) Evaporation
- d) seasonal wastage

228. Abnormal loss is valued at .....

- a) Cost of output
- b) Market value
- c) Marginal cost
- d) Standard cost

229. Normal loss is 5%, Units introduced/ input units = 1,000, abnormal loss is 20 units, The output is.....

- a) 930 units
- b) 840 Units
- c) 750 units
- d) 740 units

230. Normal loss is 20% , Units introduced / input units = 2,000, Abnormal gain is 10 units , output is.....

- a) 1,610 units
- b) 1,600 units
- c) 1,640 units
- d) 1,650 units

231. Output is 1,000 units, Normal loss is 150 units and abnormal loss is 50 units. The input is.....

- a) 1,100
- b) 1,200
- c) 1,250

d) 1,150

232. Abnormal gain is valued at.....

- a) Market value
- b) Standard cost
- c) Cost of output
- d) Cost of input

233. Abnormal gain arises when .....

- a) Actual output is less than normal output
- b) Actual output is more than normal output
- c) This is inefficiency of works
- d) Input is more than output

234. The Balance of abnormal loss is transferred to .....

- a) Costing P& L a/c
- b) Financial P& L a/c
- c) Contractee a/c
- d) Trading a/c

235. The balance of abnormal gain a/c, after adjustment of scrap value is transferred to .....

- a) Normal loss a/c
- b) Process a/c
- c) Costing p& L a/c
- d) Balance sheet

236. Process a/c is credited by .....

- a) Output transferred to next process
- b) Abnormal gain
- c) Material introduced
- d) Wages paid

237. Process a/c is credited by .....

- a) Scrap value of normal loss
- b) Abnormal gain
- c) Material introduced
- d) Wages paid

238. Process a/c is debited by .....
- a) Normal loss
  - b) Abnormal loss
  - c) Output transferred to next process
  - d) Units introduced
239. Cost incurred Rs. 1,00,000, Scrap Value of Normal loss Rs. 1,000, Input units 2,000, Normal loss 10% , Abnormal loss 100 units. Cost of abnormal loss is .....
- a) Rs.5,500
  - b) Rs. 5,600
  - c) Rs. 6,500
  - d) Rs. 6,600
240. Cost incurred 50,000, Scrap value Rs. 500, Input 1,000 units, Normal loss 10% , Abnormal gain is 20 units. The value of abnormal gain is .....
- a) Rs. 1,050
  - b) Rs. 1,100
  - c) 1,150
  - d) 1,200
241. ABC stands for.....
- a) Activity based costing
  - b) ABC analysis
  - c) Asset based control
  - d) None of the above
242. In target costing .....
- a) The target cost is established first, then the target price
  - b) The target cost is the estimated long run cost that enables a product or service to achieve a desired profit
  - c) The focus of target costing is to undercut the competition
  - d) Target costs are generally higher than current costs
243. Which of the following is true with respect to target costing?
- a) It is method of price determination
  - b) It is used to develop a short run price



- c) It is a process where the cost of the product is determined and then an appropriate price is chosen
- d) It is the maximum manufacturing cost for a product which is arrived at by subtracting the acceptable profit margin from the expected market price.

244..... is incorrect regarding target costing is a

- a) Tool of financial analysis
- b) value engineering
- c) Kaizen costing
- d) Integration

245. .... is incorrect regarding Bench marking

- a) Meaning
- b) Analysis
- c) Integration
- d) Kaizen costing

246. .... of the following is usually the longest stage in the product life cycle?

- a) Introduction phase
- b) Growth phase
- c) Maturity phase
- d) Decline phase

247. Most of products life cycle cost are locked in by decision made during the \_\_\_\_ business function of the value chain.

- a) Design
- b) Manufacturing
- c) Customer service
- d) Marketing

248. Life cycle costing is particularly important when .....

- a) The development period for R& D is short and inexpensive
- b) There are significant non production costs
- c) Most costs are locked in during production
- d) A low percentage of costs are incurred before any revenues are received

249. Life cycle costing.....

- a) Has little in common with target costing
- b) Is most useful to companies that manufacture small items such as household plastics
- c) Helps companies estimate revenues over a multiyear horizon
- d) Gives companies more insight into total costs when manufacturing costs consume the majority of the resources

250. The comparison of a company's practices and performance levels against those of other organizations is most commonly known as .....

- a) Benchmarking
- b) Continuous Improvement
- c) re-engineering
- d) Comparative analysis

251. Comparing the way a "best in class" company performs a specific activity (Such as distribution) is called .....

- a) A competitive benchmarking
- b) Internal bench marking
- c) Analogous benchmarking
- d) Operational benchmarking

252. Benchmarking allows a company to.....

- a) Identify its strengths & Weaknesses
- b) imitate those ideas that are readily transferable
- c) Improve on methods in use by others
- d) All of the above

253. .... of the following is not a step in bench marking procedures.

- a) Analyze the worst in class companies
- b) Engage in continuous improvement
- c) Analyze the performance gap
- d) Identify best in class companies

254. .... is not considered to be part of the activity levels often used to implement ABC.

- a) Production level activity
- b) Batch level activity

c) Product level activity

d) Unit level activity

255..... is not a facility level activity.

a) Plant management

b) Product design

c) Personnel administration

d) Training