Name of the Professor :
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Subject : Cost Accounting IV

Class : TY B.Com (Accounting & Finance)
Semester VI/CBCS
Paper Code 85602

Sr. No	Question	Option A	Option B	Option C	Option D	Correct Answer	Module
1	One of the element is not a basic element of a budget	defines the responsibility of each employee	comprehensive plan	expressed in financial terms	future plan for a specified period	defines the responsibility of each employee	Module 1
2	The non availability of scarce factor can ________	increase the production	increase the sale	stop the production	produtio remains constant	stop the production	Module 1
3	Flexible budgets are useful for	planning purpose only	planning performance evaluation and feedback control	control of performance only	performance only	planning purpose only	Module 1
4	Which is of the budget is prepared for a long period of time	production budget	purchase budget	cash budget	capital expenditure budget	capital expenditure budget	Module 1
5	A flexible budget takes into account	fixed cost only	variable cost only	semi-variable cost only	fixed, variable and semi-variable cost	fixed, variable and semi-variable cost	Module 1
6	Budget period depends on	type of budget	management policy	government policy	taxation policy	management policy	Module 1
7	The object of budgetary control is	planning purpose only	organising	past experince	taxation policy	planning purpose only	Module 1
8	Budget manual is a	detailed information plans , policies, procedures and operations	Annual magazine	note book	budgeted prepared manually	detailed information plans , policies, procedures and operations	Module 1
9	Performance of any organisation depends on	political factors only	social factors	critical factor	emotional factor	critical factor	Module 1
10	Sales budget shows	estimate of future sales	estimate fo future production	estimate of inventory	estimates of labour	estimate of future sales	Module 1
11	Production budget is expressed in	quantity only	cost only	quantity and cost	price	quantity only	Module 1
12	The budget which helps to plan and control of cash is	production budget	Cash budget	Sales budget	flexible budget	Cash budget	Module 1
13	The budget which is dynamic is	Fixed budget	Flexible budget	cash budget	Sales budget	Flexible budget	Module 1
14	The budget which covers all the functional budget is	Master budget	sales budget	production budget	Cost budget	Master budget	Module 1
15	Production cost budget shows	Budgeted cost of production	Budgeted cost of sales	Budgeted purchases	Budgeted capacity	Budgeted cost of production	Module 1
16	The scarce factor of production is knowns as________	limiting factor	least factor	latest factor	largest factor	limiting factor	Module 1
17	Flexible budget is drawn for _______ level of activity	one year	multiple	three	fixed	multiple	Module 1
18	Budgetary control is costly for organisation	small	large	corporate	industry	small	Module 1
19	Sales budget shows estimate of _____ sale	future	past	present	standard	future	Module 1
20	Cash budget shows budgeted	receipts and payments	income and expenditure	profit and loss	under absorption and overabsorptin	receipts and payments	Module 1
21	_____________ is taken for comparison from previous year	flexible	fixed cost per unit	current	basic budget	basic budget	Module 1
22	Sales budget is prepared by __________manager	production	sales	assistant	purchase	sales	Module 1
23	_________ is shown in receipts column in cash budget	rent received	rent paid	credit sales	depreciation	rent received	Module 1
24	__________are not considered in cash budget	Preliminary expenses	cash sales	sales commission paid	rent received	Preliminary expenses	Module 1
25	Contribution is equal to ?	Fixed Cost + Profit	Sales + Variable Cost	Fixed Cost + Variable Cost	Sales + Fixed Cost	Fixed Cost + Profit	Module 2 & 3
26	Which of the following costs will be deducted from Sales Revenue for calculating Contribution?	Direct Materials	Office Rent	Fixed Factory Overheads	Sale of scrap	Direct Materials	Module 2 & 3
27	P/V ratio is equal to ?	Profit/Fixed Cost	Contribution/Sales	Profit/Contribution	Profit/Sales	Contribution/Sales	Module 2 & 3
28	What is the formula to calculate Break Even Point ?	Fixed Cost / PV Ratio	Fixed cost X Sales/Total Contribution	Fixed Cost / Contribution per unit	Fixed Cost / Total Contribution	Fixed Cost / Contribution per unit	Module 2 & 3
29	What will happen to Break Even Point if Variable Cost increases ?	Break Even Point Increases	Break Even Point Decreases	Break Even Point Remains the Same	Break Even Point Becomes Zero	Break Even Point Increases	Module 2 & 3
30	What is the formula to calculate Margin of Safety ?	Profit / Fixed Cost	Actuals Sales - Break Even Point Sales	Contribution/Sales	Profit/Contribution	Actuals Sales - Break Even Point Sales	Module 2 & 3
31	CVPA stands for ?	Cost Volume Profit Analysis	Cost Value Profit Analysis	Contribution Volume Profit Analysis	Contribution Value Profit Analysis	Cost Volume Profit Analysis	Module 2 & 3
32	The selling price per unit less the variable cost per unit is known as ?	Fixed cost per unit	Gross profit per unit	Net profit per unit	Contribution per unit	Contribution per unit	Module 2 & 3
33	At Break Even Point , contribution will be equal to ?	Variable cost	Fixed cost	Sales	Zero	Fixed cost	Module 2 & 3

34	Which of the following options best describes the utility of CVP Analysis ?	It is used as a tool of Profit Planning	It is used for for taxation planning purposes	It is used to prepare external financial statements	It is used to correct financial results	It is used as a tool of Profit Planning	Module 2 & 3
35	The P/V Ratio of a company is 20%, contribution is Rs. 1,00,000, what would be the Sales of the company ?	1,00,000	2,00,000	4,00,000	5,00,000	5,00,000	Module 2 & 3
36	Which costing technique charges Fixed as well as Variable Costs to the products ?	Absorption Costing	Marginal Costing	Standard Costing	Contract Costing	Absorption Costing	Module 2 & 3
37	Which of the following is the assumption of Marginal Costing ?	Operating Efficiency will increase	There will be a change in the selling price per unit	Variable Cost per unit will increase	Fixed Cost will remain constant	Fixed Cost will remain constant	Module 2 & 3
38	Which cost is treated as period cost ?	Variable Cost	Fixed Cost	Total Cost	Semi Variable Cost	Fixed Cost	Module 2 & 3
39	Which of the following is the limitation of Absorption Costing ?	It takes into consideration Cost Volume Relationship	It charges fixed costs to the products	It does not include Fixed Cost in Closing Stocks	It helps in taking product mix decision	It charges fixed costs to the products	Module 2 & 3
40	Which cost is also known as Variable Cost?	Marginal Cost	Fixed Cost	Total Cost	Semi Variable Cost	Marginal Cost	Module 2 & 3
41	A chart which indicates different amount of sales and costs at different volumes is known as	Break Even Chart	Break Revenue Chart	P/V Ratio Chart	Profit Chart	Break Even Chart	Module 2 & 3
42	Which of the following is the limitation of Marginal Costing ?	Separation of costs into fixed and variable is difficult	Marginal Costing does not help in profit planning	Marginal Costing does not help in taking managerial decisions	Marginal Costing does not help in production planning.	Separation of costs into fixed and variable is difficult	Module 2 & 3
43	What is the P/V Ratio if Selling Price Per Unit is Rs. 20, Variable Cost per unit is Rs. 8 ?	20%	25%	50%	60%	60%	Module 2 & 3
44	For Alpha Ltd. Profits for Year 1 are Rs. 10,000 and Profits for Year 2 are Rs. 20,000. For this company, Sales for Year 1 are Rs. 50,000 and Sales for Year 2 are Rs. 1,00,000. What is the P/V Ratio ?	20%	25%	50%	60%	20%	Module 2 & 3
45	P/V Ratio of a company is 30%, What is the Variable Cost of this company, if Sales is Rs. 9,00,000	2,70,000	6,30,000	2,00,000	6,50,000	6,30,000	Module 2 & 3
46	Fixed Cost of a Company is Rs. 2,00,000 , P/V Ratio is 50%. How much sales company should undertake to earn profits of Rs. 2,00,000?	Rs. 10,00,000	Rs. 8,00,000	Rs. 4,00,000	Rs. 6,00,000	Rs. 8,00,000	Module 2 & 3
47	Contribution to Sales Ratio of a company is 40%, therefore Variable Cost is how much percentage of Sales ?	40%	60%	100%	Cannot be determined	60%	Module 2 & 3
48	Total Fixed Cost of a company is Rs. 10,00,000 and Contribution per unit is Rs. 10. What will be the Break Even Point of the company in units ?	10,000 units	100 units	1,000 units	1,00,000 units	1,00,000 units	Module 2 & 3
49	If Margin of Safety if Rs. 20,000 and P/V Ratio is 40%, what will be the profit ?	Rs. 800	Rs. 8000	Rs. 12,000	Rs. 1200	Rs. 8000	Module 2 & 3
50	In Break Even Chart, at Break Even Point which two lines intersect ?	Sales Line and Total Cost Line	Sales Line and Variable Cost Line	Sales Line and Fixed Cost Line	Variable Cost and Fixed Cost Line	Sales Line and Total Cost Line	Module 2 & 3
51	Angle of Incidence in Break Even Chart shows relationship between ?	Profit and Sales	Profit and Variable Cost	Variable Cost and Fixed Cost	Variable Cost and Total Cost	Profit and Sales	Module 2 & 3
52	A company makes three products A,B and C and all of these require a special material Alpha which is scarce in nature. What should be the decision critera to allocate the raw material to these three products ?	On the basis of Contribution per unit of Alpha	On the basis of Profit Volume Ratio of three products A, B and C	On the basis of Total Profits of three products A, B and C	On the basis of Variable Cost of Three Products A, B and C	On the basis of Contribution per unit of Alpha	Module 2 & 3
53	Limiting Factor is also known as	Key Factor	Less Factor	Least Factor	Large Factor	Key Factor	Module 2 & 3
54	Assume that no limiting factor is in operation, which of the following statements is true with regards to taking a decision of buying the component from outside rather than making it inhouse?	If the bought out price of component is lower than its marginal cost, company should buy the component	If the bought out price of component is higher than its marginal cost, company should buy the component	If the bought out price of component is higher than its total cost, company should buy the component	If the bought out price of component is higher than its fixed cost, company should but the component	If the bought out price of component is lower than its marginal cost, company should buy the component	Module 2 & 3
55	A company can choose any of these Sales Mix - (1) 250 units of A and 250 units of B, (2) 400 units of A and 100 units of B, (3) 150 units of A and 350 units of B. How should the company take this decision ?	On the basis of Contribution per unit of Product A and Product B	On the basis of Fixed Cost	On the basis of Variable Cost per unit	On the basis of Selling Price per unit	On the basis of Contribution per unit of Product A and Product B	Module 2 & 3

56	Contribution per unit of Product A, B and C is Rs. 25, 24 and 22 respectively. Direct Labours Hours required per unit of A, B and C are : 4 hours, 3 hours and 2 hours respectively. What is the Contribution per hour for Product B ?	6.25	8	11	12	8	Module 2 & 3
57	Contribution per unit of Product A, B, C and D is Rs. 20, 15, 30 and 25 respectively. Raw material in kgs required per unit of A, B, C and D is : 2 kg, 5 kg , 10 kg and 5 kg respectively. Which product is more profitable if raw material availability is the limiting factor ?	Product A	Product B	Product C	Product D	Product A	Module 2 & 3
58	Contribution per unit of Product A, B, C and D is Rs. 40, 50, 30 and 35 respectively. Raw material in kgs required per unit of A, B, C and D is : 2 kg, 10 kg , 15 kg and 3 kg respectively. Which product is more profitable if sales volume is the limiting factor ?	Product A	Product B	Product C	Product D	Product B	Module 2 & 3
59	A company is manufacturing three products A, B and C .Sales for three products is Rs. 30,00,000, Rs. 15,00,000 and Rs. 9,00,000 respectively. Total Variable Cost is Rs. 18,00,000, Rs, 10,00,000 and Rs. 8,00,000 respectively. Total Fixed Cost is 5,00,000, Rs. 2,50,000 and 1,50,000 respectively. Should Product C be continued or discontinued ?	Product C should be discontinued as it is giving loss of Rs. 50,000	Product C should be discontinued as it is giving loss of Rs. 1,00,000	Product C should not be discontinued as it is giving positive contribution of Rs. 1,00,000	Product C should not be discontinued as it is giving positive contribution of Rs. 1,50,000	Product C should not be discontinued as it is giving positive contribution of Rs. 1,00,000	Module 2 & 3
60	A company's current sales are Rs. 7,60,000 and Variable Cost is Rs. 5,70,000. Fixed Cost are Rs. 3,50,000. Since the company is incurring losses, so management plans to shut down the plant. The fixed cost after shut down will be reduced to Rs. 1,30,000 and additional cost of shut down will be Rs. 15,000. Should the plant be shut down ?	The plant should not be shut down as it is giving contribution of Rs. 3,90,000	The plant should be shut down as loss will be reduced by Rs. 15,000	The plant should be shut down as loss will be reduced by Rs. 25,000	The plant should not be shut down as loss will be increased by Rs. 15,000	The plant should be shut down as loss will be reduced by Rs. 15,000	Module 2 & 3
61	A company would sell 40,000 units of a product if the unit selling price was set at Rs. 10 and these would generate a total contribution of Rs. 1,60,000. Setting unit selling price of Rs, 10.50 and 11 would result in sales of 36000 and 31000 units respectively. What is the amount of contribution if 36000 units are sold ?	Rs. 1,54,000	Rs. 1,60,000	Rs. 1,62,000	Rs. 1,55,000	Rs. 1,62,000	Module 2 & 3
62	A company manufactures and sells 2 products (X and Y) both of which utilise the same skilled labour. For the coming period, the supply of skilled labour is limited to 2000 hours. Selling price per unit of X is Rs. 20 and Y is Rs.40 Variable cost per unit of X is Rs.12 and Y is Rs. 30. Skilled labour hours required are 2 hours for X and 4 hours for Y. Maximum demand for X is 800 units and Y is 400 units. In order to maximise profit in the coming period, how many units of each product should the company manufacture and sell?	200 units of X and 400 units of Y	400 units of X and 300 units of Y	600 units of X and 200 units of Y	800 units of X and 100 units of Y	800 units of X and 100 units of Y	Module 2 & 3
63	A manufacturer is selling 15000 units in the domestic market. The selling price in the domestic market is Rs. 2 per unit , and Variable Cost is Rs. 1.50 per unit. Fixed Costs are Rs. 7000. The manufacturer has received a enquiry from an overseas organisation for purchasing 6000 units at Rs. 1.45 per unit. Should the offer be accepted assuming there will be no change in variable cost ?	The overseas offer should be accepted as it will generate additional sales revenue of Rs. 8700	The overseas offer should be accepted as it will generate additional profits of Rs. 200	The overseas offer should not be accepted as price offered is less than the variable cost.	The overseas offer should be accepted as it will increase the sales by 6000 units	The overseas offer should not be accepted as price offered is less than the variable cost.	Module 2 & 3
64	Which technique of costing considers that variable costs are important for decision making purposes ?	Absorption Costing	Marginal Costing	Standard Costing	Contract Costing	Marginal Costing	Module 2 & 3

65	Which of the following is true about absorption costing ?	Both fixed and variable costs are considered for product costing	Only variable cost are considered for product costing	The profitability of different products is judged by P/V ratio	Cost per unit reamins the same	Both fixed and variable costs are considered for product costing	Module 2 & 3
66	If Fixed Costs are Rs. 1,40,000 ans P/V Ratio is 20%, what will be the Break Even Point in Rs. ?	Rs. 7,00,000	Rs. 10,00,000	Rs. 12,00,000	Rs. 15,00,000	Rs. 7,00,000	Module 2 & 3
67	All other things remaining the same, An increase in selling price will lead to ?	Increase in P/V Ratio	Decrease in P/V Ratio	No Change in P/V Ratio	Cannot be determined	Increase in P/V Ratio	Module 2 & 3
68	If Variable Cost is 30% of Sales, what will be the contribution at Sales Level of Rs. 15,00,000 ?	Rs. 3,00,000	Rs. 10,00,000	Rs. 10,50,000	Rs. 8,00,000	Rs. 10,50,000	Module 2 & 3
69	The contribution to sales ratio of a company is 20% and profit is Rs. 64500. If the total sales of the company are Rs. 7,80,000, the fixed cost is ?	Rs. 156000	Rs. 120000	Rs. 105600	Rs. 91500	Rs. 91500	Module 2 & 3
70	The profit volume ratio and margin of safety ratio are 30% and 40% respectively. If the total sales is Rs, 3,00,000, the proft of the firm is ?	Rs. 54000	Rs. 48000	Rs. 36000	Rs. 30000	Rs. 36000	Module 2 & 3
71	Cost variance is a difference between ______ and ______.	Standard, actual cost	Material, Labour, expenses	Production Manager, Sales Manager	Direct cost, Indirect cost	Standard, actual cost	Module 4
72	Cost variance = Actual Cost – ______.	Standard cost	Actual Cost	Variance	direct cost	Standard cost	Module 4
73	Material Cost Variance is favourable when actual cost is ______ than the standard cost.	Less	More	Controllable	not controllable	Less	Module 4
74	______ variance arises due to controllable factors.	Controllable	Non-controllable	Abnormal gain	Abnormal loss	Controllable	Module 4
75	Material cost variance is non controllable when it arises due to	Change in quantity	Change in wastage	Change in tax rate	change in time	Change in tax rate	Module 4
76	Material mix variance is a difference between	SMC – AMC	Std. Quantity – Actual Quantity	(revised std mix – actual mix) x std. rate	Std. price - Actual price	(revised std mix – actual mix) x std. rate	Module 4
77	Material yield variance arises due to change in the	Wastage	Input	Output	time	Wastage	Module 4
78	Material cost variance is equal to	MPV + MUV	MUV + MYV	MYV + MPV	MPV + MUV + MYV	MPV + MUV	Module 4
79	Labour cost variance is a difference between	Std. labour cost and actual labour cost	Std. labour hrs – actual labour hrs	Std. labour rate – actual labour rate	std. labour mix - actual labour mix	Std. labour cost and actual labour cost	Module 4
80	Favorable labour efficiency variance indicates	Improvement in labour efficiency	Improvement in quality	Cost reduction	increase in cost	Improvement in labour efficiency	Module 4
81	Labour rate variance is favourable when	Actual rate is lower than the std. rate	Actual time is less than std. time	Actual rate is higher than std. rate	actual rate = std. rate	Actual rate is lower than the std. rate	Module 4
82	Idle time variance is always	Favourable	Unfavourable	Controllable	uncontrollable	Unfavourable	Module 4
83	Labour mix variance is	SLH – ALH	SLR – ALR	std. cost – actual cost	SCSLM – SCALM	SCSLM – SCALM	Module 4
84	Labour yield variance is	SLC – ALC	SLR – ALR	Idle hrs × std. rate	SLY – ALY × SR	SLY – ALY × SR	Module 4
85	Overheads include	Indirect material, indirect labour	Indirect material, indirect labour, indirect expenses	Fixed overheads	only direct cost	Indirect material, indirect labour, indirect expenses	Module 4
86	Variable overhead variance is	std. cost – actual cost	std. variable overheads – actual variable overheads	std. output –actual output	actual output -std. output	std. cost – actual cost	Module 4
87	Fixed overheads variance is favourable when	Actual fixed overheads are less than std fixed overheads	std. fixed overheads are less than actual fixed overheads	std. fixed overheads are equal to actual fixed overheads	fixed capacity overheads = variable expenditure overheads	Actual fixed overheads are less than std fixed overheads	Module 4
88	Fixed overheads expenditure variance is a difference between	Budgeted fixed overhead and actual fixed overheads	std. fixed overheads and actual fixed overheads	Fixed over heads and variable over heads	fixed capacity overheads & variable expenditure overheads	Budgeted fixed overhead and actual fixed overheads	Module 4
89	Fixed overhead efficiency variance is a difference between	Recovered overheads – std. over heads	std. cost – actual cost	std. hours – actual hours	actual hours - Std. hours	Recovered overheads – std. over heads	Module 4
90	Fixed overheads capacity variance is a difference between	std. overheads and budgeted overheads	Fixed overheads and actual overheads	std. capacity and actual capacity	variable overheads and actual overheads	std. overheads and budgeted overheads	Module 4
91	Fixed overheads calendar variance arises due to	Change in the number of working days	Change in the labour hours	Change in output	Change in input	Change in the number of working days	Module 4
92	Sales value variance is	SPV + SVV	SPV + SMV	Budgeted sale – actual sale	Actual sales - Budgeted sales	SPV + SVV	Module 4
93	Labour strike causes	Material price variance	Idle time variance	Material yield variance	Labour efficiency variance	Idle time variance	Module 4
94	Sales volume variance is	(AQ – SQ) × SP	(AP – SP) × AQ	AM – SM	SSQ-ASQ	(AQ – SQ) × SP	Module 4

95	Sales mix variance is	SSVAM – SSVRSM	SCSM – SCAM	SLH – ALH × SR	SSP-ASP	SSVAM – SSVRSM	Module 4
96	Idle time variance is caused due to	Power Failure	Change in quantity	Change in efficiency	change in price	Power Failure	Module 4
97	The manager responsible for idle time variance is	Production manager	Sales manager	M.D.	Chief accountant	Production manager	Module 4
98	In a factory where standard cost system is operating 2,000 kgs of a material @ Rs. 12 per kg are used for a product resulting in a price variance of Rs. 6,000 F and usage variance of Rs. 3,000 (Adv). Then standard material cost for actual production was	Rs. 24,000	Rs. 27,000	Rs. 36,000	Rs. 38,000	Rs. 27,000	Module 4
99	A company budgets for fixed over heads of Rs. 24,000 and production of 4,800 units. Actual production is 4,200 units and fixed over heads incurred is Rs. 22,000. The fixed over heads volume variance is	3,000 A	1,500 A	2,500 F	3,500 F	3,000 A	Module 4
100	XYZ Ltd purchased 6,850 kg of material for Rs. 21,920. The material price variance was Rs. 1,370 (f). The standard price per kg was	Rs. 3.40	Rs. 3.25	Rs. 3.15	Rs. 3.50	Rs. 3.40	Module 4