	CLASS & SEMESTER: M. Com. SEMESTER I					
	SUBJECT: COST AND MANAGEMENT ACCOUNTING					
SR.NO.	**QUESTION**	**OPTION A**	**OPTION B**	**OPTION C**	**OPTION D**	**RECT OPT**
1	Ideal product mix is decided in terms of _____.	Sales	Managerial decision	Contribution	Variable cost	**a**
2	In Make or Buy decision only _____ is relevant.	Marginal Cost	Contribution	Historical Cost	Fixed Cost	**a**
3	Cost incurred in the past is _____	Historical Cost	Marginal Cost	Contribution	Sunk cost	**a**
4	Decision to accept or reject export order depends on _____ from the export order.	Contribution	Imputed cost	Limited factor	Unlimited Factor	**a**
5	The minimum price according to marginal costing is equal to _____	Limited factor	Historical Cost	Marginal Cost	Sunk cost	**c**
6	The most profitable sales mix is one which gives maximum _____.	Variable cost	Sales	Contribution	Fixed Cost	**c**
7	In case of limiting factor, contribution should be calculated in terms of _____	Overhead	Direct expenses	Limited factor	Variable cost	**c**
8	Profitability of any alternative is decided on the basis of _____.	Sales	Contribution	Historical Cost	Fixed Cost	**b**
9	Selection of most profitable alternative is _____	Variable cost	Managerial decision	Sales	Fixed Cost	**b**
10	Ideal product mix is decided in terms of ________	Sales	Variable cost	Total cost	Marginal cost	**a**
11	In make or buy decision only _____ is relevant.	marginal cost	fixed cost	Total cost	MOS	**a**
12	The decision maker should consider ___________, in case of limiting, factor to maximize the profit	Sales	Contribution	Variable cost	Fixed cost	**b**
13	Measurable value of an alternative use of resources is _______________	Imputed cost	Sunk cost	Opportunity cost	Differential cost	**c**

14	A cost incurred in the past and hence irrelevant for current decisions making is _____________	Fixed cost	Direct cost	Sunk cost	Discretionary cost	**c**
15	A cost that cannot be changed by any decision made now is ______________	Sunk cost	Opportunity cost	Indirect cost	Mixed cost	**a**
16	A shut down point is the point at which _________________	Operating loss is equal to the loss due to shut down	Contribution is less than fixed cost	Contribution is equal to fixed cost	Contribution is more than Fixed cost	**a**
17	In make or buy decision _______ & __________ should be considered	Marginal cost and purchase price	Total cost and purchase price	Fixed cost & marginal cost	Fixed cost & BEP	**a**
18	In a decision situation which one is the cost not likely to contain a variable cost component.	Material	Labour	Overhead	Direct expenses	**c**
19	In a situation when the decision is to be taken about acceptance or rejection of special orders where there is a sufficient idle capacity which one is not relevant for decision making.	Absorption cost	Variable cost	Differential cost	Incremental cost	**a**
20	Marginal cost is _____ _____.	Variable cost	Fixed Cost	Prime Cost	Net Factory cost	**a**
21	Marginal cost includes _____ + variable overheads	Prime Cost	Variable Cost	Fixed Cost	Gross factory c	**a**
22	Contribution = sales – _____ _____.	Variable Cost	Fixed Cost	Prime Cost	Factory cost	**a**
23	Contribution is the test of _____.	Profitability	Margin of Safety	Sales and Variable cost	fixed & variabl	**a**
24	_____ ratio shows relationship between contribution and sales.	P/V	BES	NPV	MOS	**a**
25	BEP is the point at which there is _____ profit at which there is _____ profit _____ loss.	Decrease, Increase	No, No	Input, Output	Increase, Decrease	**b**

26	BEP (RS) = Fixed Cost / _____.	Sales and fixed cost	P/V Ratio	Sales and Variable cost	fixed & variable cost	**b**
27	BEP (Units) = _____ / Contribution Per Unit.	Prime Cost	Fixed Cost	Variable Cost	factory cost	**b**
28	_____ of _____ is sales less BE sales.	Decreases BEP	Margin of Safety	Increases BEP	equal to BEP	**b**
29	_____ of _____ shows the amount of concessions that can be granted to customers.	Increases BEP	Margin of Safety	Decreases BEP	equal to MOS	**b**
30	_____ in variable cost increases contribution.	Increase	lowers the net profit	Decrease	equal to net pr	**c**
31	_____ in selling price increases contribution.	lowers the net profit	Decrease	Increase	equal to net pr	**c**
32	_____ is the excess of actual sales over Break even sales.	B.E.P.	Increases BEP	Margin of Safety	increase in MO	**c**
33	Increase in selling price brings down the _________________	MOS	Prime Cost	B.E.P.	Desired sales	**c**
34	Variable cost varies in direct proportion to _____.	Input	Margin of Safety	Output	BEP	**c**
35	Fixed cost remains _____ irrespective of _____ upto the _____ limit.	Constant, Output, Capacity	Input, Output, Capacity	Prime Cost, Fixed Cost, Variable Cost	equal, input, Desired sales	**a**
36	_____ the margin of safety greater is the scope for granting concessions to customers.	Higher	Lower	zero	equal	**a**
37	In no case the concession should _____ the margin of safety.	Exceed	fixed cost per unit	contribution per unit	varaible cost p	**a**
38	Break-even analysis may be described as ____________	comparison between sales and cost	comparison between production and sales	comparison between fixed cost and variable cost	comparison to make out capacity utilisation	**a**

39	An increase in sales price is ________________	does not affect the break-even point	lowers the net profit	increases the break-even point	lowers the break-even point	**d**
40	A decrease in sale price	does not affect the break-even point	lowers the net profit	increases the break-even point	lowers the break-even point	**c**
41	Fixed cost per unit decreases when	production volume increases	production volume decreases	variable cost per unit decreases	prime cost per unit decreases	**a**
42	Margin of safety is referred to as	excess of sales over break-even sales	excess of sales over fixed cost	excess of sales over variable cost	excess of sales over budgeted sales	**a**
43	To obtain break-even point in rupees, total fixed cost is divided by	variable cost per unit	fixed cost per unit	contribution per unit	P/V ratio.	**d**
44	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 ___________________	60%	40%	20%	45%	**a**
45	At break-even point, the contribution margin equals total _____________	variable cost	sales revenue	fixed cost	administrative cost.	**c**
46	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	15,000 units	10,000 units	20,000 units	40,000 units.	**a**
47	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	` 25,000	` 20,000	` 35,000	` 40,000	**a**
48	Under marginal costing, marginal cost is equal to	Fixed cost + variable cost	D.M. + D.L. + D. exp.	Prime cost + variable overheads	Total cost	**c**

49	Under marginal costing, cost is classified on the basis of	Function	Behaviour	Elements	management	**b**
50	Contribution margin is equal to	Fixed cost + variable cost	Sales – variable cost	Sales – fixed assets	Sales – profit	**b**
51	Selling price per unit is RS. 10 variable cost per unit is Rs 6 Fixed cost Rs. 2,000 contribution will be	Rs. 4	RS. 6	Rs. 3	Rs. 2	**a**
52	Margin of safety is	Sales – contribution	Actual sales – Break even sales	Sales – fixed assets	Fixed cost + variable cost	**b**
53	If Sales are RS. 80,000 and variable cost to sales is 70%, contribution is	RS 56,000	RS. 24,000	RS. 70,000	RS. 30,000	**b**
54	P/V ratio will increase if there is	an increase in fixed cost	a decrease in fixed cost	a decrease in variable cost per unit	a decrease in selling price per unit	**c**
55	Sales are RS. 3,00,000, direct cost is RS. 1,70,000 profit is 20% on sale. Fixed cost will be	RS. 60,000	RS. 70,000	RS. 80,000	RS. 95,000	**b**
56	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	30%	20%	35%	25%	**a**
57	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	500 units	700 units	1,000 units	1,200 units	**b**
58	Profit RS. 30,000, Marginal cost per unit RS 8, selling price per unit RS. 10. The MOS will be.	RS. 1,40,000	RS. 1,50,000	RS. 1,25,000	RS. 1,45,000	**b**
59	Contribution is the difference between	Sales and Variable cost	Sales and fixed cost	Sales and Total cost	Factory cost and profit	**a**
60	Period cost is	Fixed cost	Variable cost	Factory cost	Prime cost	**a**
61	Valuation of stock in marginal costing is done at	Total cost	Marginal cost	Fixed cost	Prime cost	**b**

62	Variable cost per unit	increases with increase in products	decreases with decrease in profit	remains constant with change in production	no change at all	**c**
63	Variable cost depends on	Production	Demand	Sales	contribution	**a**
64	Marginal cost per unit	increases	decreases	remains fixed	equal to	**c**
65	The following is not a fixed cost	Property tax	Insurance premium	Power	directors remuneration	**c**
66	A budget is a plan of action expressed in…	Financial terms	Non-financial ter	Financial terms &	Subjective mat	**c**
67	Budget is prepared for a…	Indefinite peric	Definite period	Period of one year	Six months	**b**
68	A budget is tool which helps the management in plannir	All business act	Production activ	Purchase activities	Sales activities	**a**
69	Budgetary control system acts as a friend, philosopher a	Management	Share holders	Creditors	Employees	**a**
70	Budgetary control system not defines the objectives an	Production dep	Finance departm	Marketing departr	cultural depart	**d**
71	Recording of actual performance is….	An advantage c	A step in budget	A limitation of buc	not increase at	**b**
72	Revision of budgets is…	Unnecessary	Can't determine	Necessary	Inadequate dat	**c**
73	Frequent revision of budgets will…	Affects its relia	Increase the acc	Affects its reliabilit	Subjective mat	**a**
74	Budget period is the…	Period of budg	Period of budget	Period for which a	Period of budg	**c**
75	Budget period depends upon…	The type of buc	The nature of bu	The length of trad	type nature an	**d**
76	A key factor is one which restricts…	The volume of	The volume of sa	The volume of pur	volume of purc	**a**
77	Key factor is also not known as…	Limiting factor	Governing factor	Principal factor	helping factor	**d**
78	The budgets are classified on the basis of…	Time	Function	Flexibility	time , function	**d**
79	An example of long period budget is…	R& D budget	Master budget	Sales budget	Personnel budg	**a**
80	Sales budget shows the sales details as…	Month wise	Product wise	Area wise	month , area ,	**d**
81	Fixed budget is useless for comparison when the level o	Increases	Fluctuates both	Decreases	Constant	**b**
82	Plant utilization budget and Manufacturing overhead budgets are types of	Production budget	Sales budget	Cost budget	standard budge	**c**
83	R&D budget and Capital expenditure budget are examples of	Short-term budget	Current budget	Long-term budget	current budget	**c**
84	The scare factors is also known as	Key factor	Abnormal factor	Linking factor	work factor	**a**

85	A budgeting process which demands each manager to justify his entire budget in detail from beginning is	Functional budget	Master budget	Zero base budgeti	cost budget	**c**
86	While preparing sales budget, which of the following factors are considered?	Non-operational factors	Environmental f	economic factor	social factor	**b**
87	provides an estimate of the capital amount that may be required for buying fixed assets needed for meeting production requirements.	Production budget	Cash budget	Capital expenditur	sales budget	**b**
88	budget is designed after assessment of the volume of output to be produced during budget period.	Cost budget	Sales budget	Production budge	cash budget	**a**
89	which budget is the first step of budgetary system and all other budgets depends on it.	Cost budget	Sales budget	Production budge	flexible budget	**b**
90	budget also known as subsidiary budgets	Master budget	Functional budg	Cost budget	standard budge	**b**
91	budget that contains the picture of total plans during the budget period and it comprises information relating to sales, profit, cost, production etc.	Master budget	Functional budg	Cost budget	standard budge	**a**
92	which budget is stated as a budget which is made to change as per the levels of activity attained.	Fixed budget	Flexible budget	Cost budget	standard budge	**a**
93	On the basis of period, budgets may be classified into	three groups	two groups	five groups	four groups	**a**
94	The process of budgeting not helps in the control of	Cost of production	Liquidity	Capital Expenditur	debt payment	**d**
95	The process of budgeting not includes	Preparation of budget	Budget Control	Budget co-ordinati	capital structur	**d**
96	Which is the mostly likely purpose of budgeting?	Planning and c	Preparation of a	Company valuatio	Assess the non	**a**

97	Which of the following budgets would not form part of the master budget?	Cash budget	Statement of pr	Sales budget	Statement of fi	c
98	Which of the following is not a functional budget?	Labour budget	Cash budget	Materials budget	Expenses budg	b
99	Calculate the production budget from the following data: sales 89,350 units; opening inventory 23,864 units; closing inventory 33,156 units.	80,058 units	146,370 units	32,330 units	98,642 units	d
100	What is meant by an incremental budget?	A budget prepa	The variable eler	A budget that is ba	A budget that	c
101	The cost of material at 50% capacity is Rs 8,000 and budget is to be prepared at 60%, 90% and 100% of normal capacity. The cost of material at 60% and 90% capacity will be	9600 and Rs 14,400	14,400 and Rs 1	9600 and Rs 16,00	rs 50000 and 7	a
102	At 50% capacity expenses are Rs 10,000, which increase by 10% between 60% and 80% level of activity and 20% thereafter. These are	Variable expenses	Semi-variable e	fixed expenses	operating expe	b
103	If semi-variable cost at 60% level of production is Rs 40,000 and at 80% level is Rs 44,000. What will it be at 100% level of production?	44000	45000	48000	51000	c
104	If indirect material at 80% capacity (800 units) is Rs 248, of which variable component is Rs 0.06 per unit, then the amount of indirect material at 100% capacity would be	261	256	255	260	d
105	Production at 60% capacity 600 units, Materials cost Rs 100 per unit, Labour at Rs 40 per unit and expenses at Rs 10 per unit. Factory expenses are Rs 40,000 (Fixed 40%) and Administration expenses Rs 30,000 (Fixed 60%). What is cost per unit at 60% and 80% capacity?	Rs 266.67 and Rs 252.50	Rs 252.50 and R	Rs 266.67 and Rs 2	Rs 266.67 and	a

106	The total costs at 60% and 70% of activity are Rs 28,290 and Rs 30,348 respectively. Production at 60% level is 720 units and selling price is Rs 38 per unit. Determine Profit and Loss at 80% activity level.	4074	4586	5214	6584	**a**
107	If variable and fixed costs at 60% capacity are Rs 12,000 and Rs 9,000 respectively, total cost at 80% capacity will be	25000	26000	27000	28000	**a**
108	Semi-variable expenses increases with the increase in the level of activity,	In the same proportion as the activity increases	Not in the same	In inverse proporti	not increase at	**a**
109	Variable cost is also known as	direct cost	indirect cost	sunk cost	current cost	**a**
110	Flexible budgeting is used when the supply of material and labor required for production is	uncertain	certain	contingent	partly certain	**a**
111	budget is prepared for	current period	past period	future period	current and fut	**c**
112	Cost variance is a difference between ______ and ____	Standard, actu	Material, Labour	Production Manag	Direct cost, Ind	**a**
113	Cost variance = Actual Cost – ______.	Standard cost	Actual Cost	Variance	direct cost	**a**
114	Material Cost Variance is favourable when actual cost is	Less	More	Controllable	not controllabl	**a**
115	______ variance arises due to controllable factors.	Controllable	Non-controllable	Abnormal gain	Abnormal loss	**a**
116	Material cost variance is non controllable when it arises	Change in quar	Change in wasta	Change in tax rate	change in time	**c**
117	Material mix variance is a difference between	SMC – AMC	Std. Quantity – A	(revised std mix –	Std. price - Act	**c**
118	Material yield variance arises due to change in the	Wastage	Input	Output	time	**a**
119	Material cost variance is equal to	MPV + MUV	MUV + MYV	MYV + MPV	MPV + MUV +	**a**
120	Labour cost variance is a difference between	Std. labour cos	Std. labour hrs –	Std. labour rate –	std. labour mix	**a**
121	Favorable labour efficiency variance indicates	Improvement i	Improvement in	Cost reduction	increase in cos	**a**
122	Labour rate variance is favourable when	Actual rate is l	Actual time is les	Actual rate is high	actual rate = st	**a**
123	Idle time variance is always	Favourable	Unfavourable	Controllable	uncontrollable	**b**
124	Labour mix variance is	SLH – ALH	SLR – ALR	std. cost – actual c	SCSLM – SCALM	**d**

125	Labour yield variance is	SLC – ALC	SLR – ALR	Idle hrs × std. rate	SLY – ALY × SR	**d**
126	Sales value variance is	SPV + SVV	SPV + SMV	Budgeted sale – ac	Actual sales - B	**a**
127	Labour strike causes	Material price v	Idle time varianc	Material yield vari	Labour efficien	**b**
128	Sales volume variance is	(AQ – SQ) × SP	(AP – SP) × AQ	AM – SM	SSQ-ASQ	**a**
129	Sales mix variance is	SSVAM – SSVRS	SCSM – SCAM	SLH – ALH × SR	SSP-ASP	**a**
130	Idle time variance is caused due to	Power Failure	Change in quant	Change in efficienc	change in price	**a**
131	The manager responsible for idle time variance is	Production ma	Sales manager	M.D.	Chief accounta	**a**
132	In a factory where standard cost system is operating 2,000 kgs or 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	**b**
133	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	**a**
134	XYZ Ltd purchased 6,850 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	**a**
135	Operating Costing uses the methods of ______________	Operation	Marginal	Process	Job	**a**
136	______________ Costing is the method used to ascertai	Operation	Marginal	Process	Contract	**a**
137	Operating Costing uses the methods of ______________	Operation	Marginal	Process	Contract	**a**
138	Which of the following would be classified as a fixed cos	Oil change eve	Petrol	Insurance	Tyre replaceme	**c**

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