

# **SAMPLE QUESTIONS- MULTIPLE CHOICE QUESTIONS COST ACCOUNTING-SEMVI**

1. Non-integrated system of accounting is also known as
  - a) Cost Ledger accounting
  - b) Inter locking accounting system
  - c) Cost Ledger accounting or Inter locking accounting system
  - d) Cost Centre Accounting
  
2. Materials Requisition Note
  - (a) authorises 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
  
3. Issue of material is credited to
  - a) Stores Ledger Control A/c.
  - b) WIP Control a/c
  - c) Overheads Control A/c.
  - d) Cost Ledger Accounts
  
4. 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
  
5. 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
  
6. What is an interlocking bookkeeping system?
  - a) A single, combined system containing both cost 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
  
7. What 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
  
8. A contract is a separate
  - a) Unit of cost

- b) Account
- c) Cost centre
- d) Contractor's A/c

9. The work done & certified by the architect is

- a) Work completed
- b) Work uncertified
- c) Work certified
- d) Contract price

10. Sale 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) Credited to Insurance claim A/c

11. Sale of material is credited to

- a) Contract A/c
- b) Materials A/c
- c) Contractee's A/c
- d) Contractor's A/c

12. Loss of material by fire is debited to

- a) Financial Profit and Loss A/c
- b) Costing Profit and Loss A/c
- c) Contract A/c
- d) Contractee's A/c

13. Contract costing is usually applicable in \_\_\_\_\_.

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

14. 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) Amount paid to contractor

15. Notional Profit is equal to

- a) Work certified Less Cost of work certified
- b) Work certified Less Cost of work completed
- c) Payment received Less Work certified
- d) Profit actually earned

16. If a contract is 40% complete, credit taken to the profit and loss account is\_\_\_\_\_.

- (a) 40% of the notional profit
- (b) 1/3 rd. of Notional profits. reduced in the ratio of cash received to work certified

- (c) NIL
- (d) 2/3 rd. of Notional profits, reduced in the ratio of cash received to work certified

17. Process costing should be used when \_\_\_\_\_.

- a) Product is standardized.
- b) Product is made to order
- c) Product of different categories is manufactured
- d) Products are manufactured in large quantities

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

- (a) Oil refining
- (b) Distilleries
- (c) Sugar
- (d) Air-craft manufacturing

19. Normal loss is \_\_\_\_\_.

- a) Debited to process A/c
- b) Credited to process A/c
- c) Ignored
- d) Credited to Costing P/L A/c

20. Abnormal loss is calculated by \_\_\_\_\_.

- a) Normal output - Actual output
- b) Actual output - Normal output
- c) Input - Normal output
- d) Input - Actual output

21. After adjustment of scrap value, balance on abnormal loss A/c is transferred to

- a) Balance sheet
- b) Costing P & L A/c
- c) Process A/c
- d) Normal Loss

22. Abnormal gain is valued at

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

23. Process costing is applicable to

- a) Paper industry
- b) Printing press
- c) Transport company
- d) Repairs works

24. Input is 950 units Normal Loss is 10% output is 840 units abnormal loss is

- a) 20 units
- b) 15 units
- c) 25 units

d) 30 units

25. Normal Loss is 10%, Input is 950 units Abnormal Loss 15 units The output is

- a) 840 units
- b) 750 units
- c) 740 units
- d) 800 units

26. 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

27. 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

28. 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

29. By - product is valued at standard cost under

- a) Standard cost method
- b) Marginal cost method
- c) Estimated cost method
- d) Historical cost method

30. Sale of By - Product is

- a) Debited to process A/c
- b) Credited to process A/c
- c) Credited to Profit & Loss A/c
- d) Debited to Normal A/c

31. Contribution margin is known as \_\_\_\_\_.

- a) marginal income
- b) gross margin
- c) net income
- d) net profit

32. Fixed cost per unit decreases when \_\_\_\_\_.
- production volume increases
  - production volume decreases
  - variable cost per unit decreases
  - prime cost per unit decreases
33. Contribution margin is equal to
- Fixed cost + variable cost
  - Sales - variable cost
  - Sales - fixed assets
  - Sales - profit
34. Sales are Rs. 1,00,000, variable cost is Rs. 70,000 and fixed cost is Rs. 15,000. The PV ratio will be \_\_\_\_\_.
- 30%
  - 20%
  - 35%
  - 25%
35. Difference between standard cost and actual cost is called as \_\_\_\_\_.
- Variance
  - Profit
  - Loss
  - Wastage
36. Excess of standard cost over actual cost is a \_\_\_\_\_.
- Favourable variance
  - Unfavourable variance
  - Abnormal gain
  - Abnormal Loss
37. Labour mix, variance is
- SLH - ALH
  - SLR - ALR
  - std. cost - actual cost
  - SCSLM - SCALM
38. Labour yield variance is
- SLC - ALC
  - SLR - ALR
  - Idle hrs x std. rate
  - SLY - ALY x SR
39. The objective of standard costing is to control through
- Standard cost
  - Estimated cost
  - Variance analysis
  - Statistical sampling
40. Material price standard is set by

- a) Production Department
- b) Purchase Department
- c) Sales Department
- d) Costing Department

41. 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

42. 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

43. The standard which can be attained under the most favourable conditions possible

- a) Ideal Standard
- b) Expected Standard
- c) Current Standard
- d) Normal Standard

44. 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

45. 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

46. ABC is a

- a) Method of costing
- b) Method of allocation
- c) Technique of costing
- d) Method and technique of costing

47. Most of a product's life-cycle costs are locked in by decisions made during the \_\_\_\_\_ business function of the value chain.

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

48. 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.

49. Cost allocation bases in activity-based costing should be

- a) Cost drivers
- b) Cost pools
- c) Activity centres
- d) Resources

50. Costs that are common to many different activities within an organization are known as costs.

- a) Product-level
- b) Facility-level
- c) Batch-level
- d) Unit-level

### Answer Keys

<b>1</b>	c	<b>11</b>	a	<b>21</b>	b	<b>31</b>	b	<b>41</b>	c
<b>2</b>	a	<b>12</b>	b	<b>22</b>	b	<b>32</b>	a	<b>42</b>	b
<b>3</b>	a	<b>13</b>	a	<b>23</b>	a	<b>33</b>	b	<b>43</b>	a
<b>4</b>	d	<b>14</b>	c	<b>24</b>	b	<b>34</b>	a	<b>44</b>	c
<b>5</b>	c	<b>15</b>	a	<b>25</b>	a	<b>35</b>	a	<b>45</b>	b
<b>6</b>	d	<b>16</b>	b	<b>26</b>	a	<b>36</b>	a	<b>46</b>	b
<b>7</b>	a	<b>17</b>	a	<b>27</b>	b	<b>37</b>	d	<b>47</b>	a
<b>8</b>	a	<b>18</b>	d	<b>28</b>	a	<b>38</b>	d	<b>48</b>	a
<b>9</b>	c	<b>19</b>	b	<b>29</b>	a	<b>39</b>	b	<b>49</b>	a
<b>10</b>	a	<b>20</b>	a	<b>30</b>	b	<b>40</b>	c	<b>50</b>	b