MULTIPLE CHOICE QUESTIONS
COST ACCOUNTIG-SEMVI

1). Control accounts provide a basis
a) for reconciliation of cost and financial accounts.
b) for reconciliation of cost and management accounts.
c) for reconciliation of financial accounts and management accounts.
d) for reconciliation of cost and management and financial accounts.

2). 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

3). 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

4). 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

5). The application of factory overheads usually would be recorded as an increase in
(a) Cost of goods sold
(b) Work-in-progress control
(c) Factory overheads control
(d) Finished goods control

6) A journal entry includes a debit to Work in Process Inventory and a credit to Raw Material Inventory. The explanation for this would be that
a) indirect material was placed into production
b) raw material was purchased on account
c) direct material was placed into production
d) direct labour was used for production

7.) When employees assemble products
(a) Cost of goods manufactured decreases
(b) Work in process inventory increases
(c) Work in process inventory decreases
(d) Manufacturing overhead decreases

8) The balance of the Work in Process account is equal to

a) The total costs of the jobs completed
b) The total costs of the jobs completed and sold
c) The total manufacturing costs incurred during the period
d) The total costs of the incomplete jobs

9) Determining how much manufacturing overhead is over allocated or under allocated

(a) is done before the period starts
(b) is done during the period
(c) can be done at any time
(d) is done at the end of the period

10). Under which of the following situations is raw materials inventory credited and work in process inventory debited?

a) We ship goods to the customer
b) Material is transferred to the factory
c) We transfer goods to the storeroom
d) We purchase goods on account

11). The journal entry needed to record the completion of a job includes a

(a) credit to work in progress
(b) credit to finished goods inventory
(c) debit to work in progress inventory
(d) debit to cost of goods sold

12).To record the requisition of direct materials, which of the following would be debited?

(a) Finished goods inventory
(b) Work in progress
(c) Raw materials inventory
(d) Cost of goods manufactured

13)The entry to record cost of goods sold includes a credit to

a) Cost of Goods Sold
b) Finished Goods Inventory
c) Sales
d) Work in Progress Inventory

14). WDV of plant destroyed by accident is credited to

a. Plant A/c
b. Contractee's A/c
c. Contractor's A/c
d. Contract A/c

15). Work uncertified is valued at

a. Market price
b. Cost or M.P. whichever is less
c. Cost
d. Cost or M.P. whichever is higher

16). When the work done is 100%
a) 50% of the notional profit is transferred to Profit and Loss Account
b) 33.33% of the notional profit is transferred to Profit and Loss Account
c) 100% of the notional profit is transferred to Profit and Loss Account.
d) No Profit is transferred to Profit and Loss Account

17). Normal penalties are debited to
a) P & L A/c
b) Contract A/c
c) Contractee’s A/c
d) Contractor's A/c

18) Contract price is ₹ 10,00,000 work certified is 60% cash received is 80% of work certified which is ₹ 4,80,000 work certified will be
a) ₹ 4,80,000
b) ₹ 6,00,000
c) ₹ 6,20,000
d) ₹ 3,40,000

19) Value of work certified ₹ 2,50,000 cost of work uncertified ₹ 20,000 Total cost incurred till date ₹ 1,20,000. Notional profit is
a) ₹ 75,000
b) ₹ 1,50,000
c) ₹ 2,00,000
d) ₹ 50,000

20). Contract price ₹ 6,00,000 work certified 80% of contract price. Cash received 75% of work certified. If notional profit is ₹ 90,000. The profit to be credited to Profit and Loss A/c is
a. ₹ 45,000
b. ₹ 35,000
c. ₹ 50,000
d. ₹ 40,000

21). Which one of the following is not a contract cost?
(a) Direct wages
(b) Depreciation of plant
(c) Sub-contractors' fees
(d) Architects' certificates

22). 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

23). 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) Contract price

24) 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

25). 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

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

(a) Standard

(b) Actual

(c) Process

(d) Job order

27) Abnormal loss arises due to _____________.

a. Normal circumstances

b. Abnormal circumstances

c. Evaporation

d. Improper Production Process

28). After adjustment of scrap value, balance on abnormal toss A/c is transferred to

a) Balance sheet

b) Costing P & L A/c

c) Process A/c

d) Normal Loss

29) Balance on abnormal gain A/c after adjustments of scrap value is transferred to

a) Normal loss A/c

b) Costing P & L A/c

c) Process A/c

d) Abnormal Loss A/c

30). Process costing is applicable to

a) Paper industry

b) Printing press

c) Transport company

d) Repairs works

31). Normal Output is equal to

(a) Input - Abnormal Loss

(b) Input – Normal loss

(c) Input - Abnormal Gains

(d) Input - Actual Output

32). In process Y, 75 units of a commodity were transferred from process X at a cost of ₹ 1,310. The labour and overhead expenses incurred by the process were ₹ 190. 20% of the units entered are normally lost and sold @ ₹ 4 per unit. The output of the process was 70 units.
(a) Process Account Credit Side showed Abnormal Gains of ₹ 240
(b) Process Account Debit Side showed Abnormal Loss of ₹ 240
(c) Process Account Credit Side showed Abnormal Loss of ₹ 240
(d) Process Account Debit Side showed Abnormal Gains of ₹ 240

33). 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

34). 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

35). A company has sales of ₹ 2,00,000; PN Ratio is 20% and fixed cost is ₹15,000; the profit will be ________________.
a) ₹ 25,000
b) ₹ 20,000
c) ₹ 35,000
d) ₹ 40,000

36). If Sales are ₹80,000 and variable cost to sales is 70%, contribution is _______________.
a) ₹ 56,000
b) ₹ 24,000
c) ₹ 70,000
d) ₹ 30,000

37). 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

38). Profit ₹ 30,000, Marginal cost per unit ₹ 8, selling price per unit ₹ 10. The M/S will be_________________.
a) ₹ 1,40,000
b) ₹ 1,50,000
c) ₹ 1,25,000
d) ₹ 1,45,000

39)

	Year I	Year II
Total sales	₹ 20,000	₹ 30,000
Profit	₹ 2,400	8,400

P/V ratio is ____________.

a. 60%.
b. 20%
c. 30%.
d. 40%

40). Fixed cost ₹45,000, Sales ₹ 1,50,000, Profit ₹ 30,000 M/S is ______________.

a) ₹ 40,000
b) ₹ 35,000
c) ₹ 60,000
d) ₹ 45,000

41). Difference between standard cost and actual cost is called as _______________.

a) Variance
b) Profit
c) Loss
d) Wastage

42). Material cost variance is non controllable when it arises due to _______________.

a. Change in quantity
b. Change in wastage
c. Change in tax rate
d. Change in quality

43). Favourable labour efficiency variance indicates

a) Improvement in labour efficiency
b) Improvement in quality
c) Cost reduction
d) improvement in production technique

44). Standard cost is decided

a) Scientifically
b) Unscientifically
c) Accurately
d) By random sampling

45). Standard quantity for material A is 30 kg with a price of ₹ 20 Actual quantity is 44 kg with a price of ₹ 25 if actual output is 90 kg against the standard of 45 kg the standard quantity for actual output is

a) 50 kg
b) 60 kg
c) 40 kg
d) 35 kg

46)Following information

	100 units	200 units
Labour hrs per unit	Output	3

Rate	₹ 4 per hr	₹ 3 per hr.

Standard hours for actual output is
a) 200 hrs
b) 400 hrs
c) 300 hrs
d) 450 hrs

47). 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

48) The customer order processing activity has cost
a) Order value
b) Order source
c) Inspection plus
d) Order value and Order source.

49). Comparing the way a “best-in-class” company performs a specific activity (such as distribution) is called
a) Competitive Benchmarking
b) Internal Benchmarking
c) Analogues Benchmarking
d) Operational Benchmarking

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