



MULTIPLE CHOICE QUESTIONS

UNIT – I MARGINAL COSTING

Q 1. Fill in the blanks with correct option.

1. What kind of cost has tendency to change proportionally with change in level of output.
 - a. fixed cost
 - b. Variable cost
 - c. Non controllable cost
 - d. administrative cost.

2. Cost don't change proportionally with change in level of output.
 - a. Raw material cost
 - b. labour cost
 - c. power and fuel cost
 - d. audit fees/rent of factory

3. Marginal costing deals with.....
 - a. Variable cost
 - b. fixed cost
 - c. Sunk cost
 - d. semi variable cost

4. Marginal costing also known as-.....
 - a. variable costing
 - b. direct costing
 - c. ABC costing
 - d. budgeting

5. Marginal costing primarily not used for-
 - a. profit planning
 - b. cost control
 - c. management decision
 - d. financial reporting.

6. Managerial costing concerned with-
 - a. fixed cost for period
 - b. Administrative cost
 - c. expansion of organization
 - d. additional cost for incremental production



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7. Managerial costing reveals –
 - a. quality of management
 - b. lowest price of sold goods
 - c. economic Impact on organization
 - d. Employee turnover

8. Under managerial costing cost of product include-
 - a. factory overhead
 - b. Depreciation
 - c. factory Insurance
 - d. taxes.

9. Under managerial costing inventory value of –
 - a. fixed cost
 - b. variable cost
 - c. negative cost
 - d. A and B

10. Advantage of managerial costing-
 - a. no under absorption of overhead
 - b Cost control
 - c. easy to understand the application
 - d. all of these

11. what is not limitation of marginal costing
 - a. difficult in analysis overhead
 - b. ignore time factor
 - c. realistic value of stock
 - d. faulty conclusion

12. The difference between sale and variable cost of sales represented by -
 - a. net profit
 - b. contribution
 - c. operating profit
 - d. marginal cost

13. Contribution termed as –
 - a. marginal revenue
 - b. variable profit



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- c. profit pickup
d. all of these
14. Contribution can be used for finding
a. break even point
b. profitability of product
c. appropriate product price
d. all of these
15. Which is not profit volume ratio (P/V ratio)
a. $\text{contribution/sales} * 100$
b. $\text{change in profit/change in sales}$
c. $\text{change in contribution/ change IN SALES}$
d. none of the above
16. It is the way to improve P/V Ratio-
a. increasing selling price
b. decreasing variable cost
c. increasing sales of profitable product.
d. All of the above
17. Level of activity of which sales revenue is equal to the total cost represented by –
a. contribution level
b. break even point
c. optimum production level
d. economical production level
18. Break even point can be interpreted as –
A. net profit / loss
b. $\text{contribution} = \text{Fixed cost}$
c. a and b
d. none of the above
19. Methods used to determining break even point
a. Algebraic
b. graphic
c. statistical
d. a and b



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20. Under break even chart (graphic presentation method) the angle of incidence in indicator of-
- a. plant capacity
 - b. plant efficiency
 - C. Plant run time
 - D. None of the above
21. Which graph method is used to improvement break even chart and show relation of profit to volume of sales.
- a. profit graph
 - b. turnover graph
 - c. net marginal graph
 - d. all of the above
22. The excess of normal sales over sales at break even points.
- a. contribution
 - b. marginal revenue
 - c. margin of safety
 - d. gross profit
23. Total contribution on marginal of safety is equals to-
- a. profit
 - b. contribution
 - c. gross profit
 - d. none of these
24. Cost volume –profit analysis establishes relation between-
- a. gross profit and net profit with volume of sales volume
 - b. cost and profit with sales volume
 - c. cost and contribution to sales volume
 - d,. All of the above
25. Fixed cost is also known as
- a. rigid cost
 - b. direct cost
 - c. period cost
 - d. none of the above



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26. If the Fixed Cost is Rs.8000, Profit Rs. 2000,and BEP (Sales) 40000 then Actual Sales will be
- a. 50000
 - b. 40000
 - c. 20000
 - d. 10000
27. If Contribution per unit is Rs.5 and Selling Price Per Unit Rs.15. then PV Ratio will be
- a. 33.33%
 - b. 33.99%
 - c. 40%
 - d. 60%
28. If Contribution per unit is Rs.5 and Selling Price Per Unit Rs.15. , Fixed Cost is Rs. 150000. Then BEP (Unit) will be
- a. 30000 units
 - b. 50000 units
 - c. 25000 units
 - d. 25600 units.
29. If the Selling Price per unit is Rs.20, Variable Cost per unit is Rs. 16, and Fixed Cost is Rs. 20000 then BEP (Units) will be
- a. 5000 Units
 - b. 6000 Units
 - c. 1000 Units
 - d. 1200 Units.
30. If the Fixed Cost is 34000 and PV Ratio is 40% then BEP(Sales) will be
- a. 85000
 - b. 75000
 - c. 45000
 - d. 20000
31. If the Fixed Cost is 34000 and PV Ratio is 34% then BEP(Sales) will be
- a. 100000
 - b. 200000
 - c. 25000
 - d. 101000



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32. If Sales 200000, Variable Cost 100000 and Fixed Cost 50000 then PV Ratio will be -

- a. 50%
 - b. 20%
 - c. 25%
 - d. 30%
33. If Sales 200000, Variable Cost 100000 and Fixed Cost 50000 then BEP (Sales) will be
- a. 100000
 - b. 200000
 - c. 250000
 - d. 350000
34. If Fixed Cost and Profit is 45000 and 30000 and Sales Rs. 1500000 then PV Ratio will be.....
- a. 50%
 - b. 40%
 - c. 55%
 - d. 45%
35. If Contribution is Rs. 1500000 and Sales is Rs. 3000000 the PV Ratio will be
- a. 50%
 - b. 25%
 - c. 45%
 - d. 55%
36. If Profit is 20000 and PV Ratio is 40% then Margin of Safety will be
- a. 50000
 - b. 40000
 - c. 10000
 - d. 25000
37. Marginal Costing is anTechnique.
- a. Accounting
 - b. Costing
 - c. Cost Accounting



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- d. None of the Above
38. Marginal Costing is not a -----of costing such as job costing.
- a. Method
 - b. Process
 - c. Strategy
 - d. None Of the above.
39. A Higher P/V ratio reflectsprofitability.
- a. greater
 - b. lesser
 - c. Highest
 - d. All of the above
40. Under Marginal Coasting Stock of Work in Progress is valued atcost only.
- a. Variable
 - b. Fixed
 - c. Semi Variable
 - d. none of the above
41. At the break even point, margin of safety is
- a. Nil
 - b. negative
 - c. positive
 - d. none of the above
42. The Margin of safety is the difference betweensales and Break Even Sales
- a. Actual
 - b. Negative
 - c. Positive
 - d. Basic
43. If nothing is produced, the loss will be equal to
- a. Fixed Cost
 - b. Variable Cost
 - c. Semi Variable Cost
 - d. All of the above



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45. Contribution MinusCost = Profit.
a. Fixed
b. Actual
c. Variable
d. Sales

ANSWERS -

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



MULTIPLE CHOICE QUESTIONS

UNIT -II – BUDGETARY CONTROL

Q 1. Select the Correct option and write the answer.

1. The term Budget is derived from French word-
 - a. Bougette
 - b. Bilancio
 - c. Presopuesto
 - d. der Etot

2. Budget is expressed in-
 - a. Quality term
 - b. Quantitative term
 - c. Both a & b
 - d. None of them

3. “A financial plan serve as a pattern for and a control over future operations” -
 - a. Budgetary control
 - b. Financial statement
 - c. Budget
 - d. cost sheet

4. It is Not a feature of Budget-
 - a. Express in money & number
 - b. Quantitative statement
 - c. Proposed for future specified period
 - d. cost sheet

5. It is a system which uses budget as a means of planning and controlling all aspects of producing and selling
 - a. Internal control
 - b. internal financial control
 - c. Budgetary control
 - d. IT controls



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6. Budgetary control is concerned with three basic aspects
 - a. Planning
 - b. co-ordination
 - c. control
 - d. all the above

7. What are the objectives of Budgetary control?
 - a. Exercise managerial control over the different activities of organization
 - b. Identifying overall Aims of business
 - c. Set specific target of performance for each division
 - d. All of them

8. Which is not procedure of budgetary control
 - a. Establishment of budget centers
 - b. Formation of budget committee
 - c. Determination of governing factor
 - d. Cost audit under companies Act 2013

9. Functions of Budget committee-
 - a. Accept and scrutinize all budget
 - b. Decide overall policy to be followed
 - c. Suggest revision of functional budgets
 - d. All of above

10. Generally budget is prepared for a period of-
 - a. 1 month
 - b. 4-5 years
 - c. 12 months
 - d. None of them

11. What are the essentials of budgetary control-
 - a. Involvement of top management
 - b. Constant review



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- c. Goals should be achievable
 - d. All of above
12. Advantages of budgetary control-
- a. Identifying inefficient area of process
 - b. Increase efficiency, reduce wastage and controls cost
 - c. Responsibilities of managers can be fixed
 - d. All of above
13. Limitations of budgetary control-
- a. Too much reliance on budget is harmful
 - b. Less flexibility
 - c. Deals with quantitative data only
 - d. All of above
14. On the basis of time budget can be classified as-
- a. Long term budget
 - b. Short term budget
 - c. Current budget
 - d. All of above
15. Which is not a function budget type-
- a. Production budget
 - b. Profit budget
 - c. Sales budget
 - d. R & D budget
16. On the basis of flexibility budget can be classified as
- a. Static budget
 - b. Flexible Budget
 - c. A and B
 - d. None of them
17. Budget as a management control instrument can be classified as-



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- a. Program Budgeting
b. Performance budgeting
c. Zero base Budgeting
d. All of them
18. Which Budget preferable when the economic conditions frequently changing and difficult to forecast-
- a. Flexible Budget
b. Static budget
c. A and B
d. Master budget
19. A Budget which is designed to remain unchanged irrespective of volume of output-
- a. Fixed Budget
b. Flexible Budget
c. Cash Budget
d. Long term Budget
20. Methods of preparing flexible Budgets-
- a. Tabular method
b. Charting method
c. Ratio method
d. All of them
21. Budget which is shows the quantity and value of goods to be purchased during period to meet requirements-
- a. Cash Budget
b. Production Budget
c. Selling and distribution Budget
d. Purchase Budget
22. The Base Budget on which other functional Budgets built-
- a. Cash budget
b. Sales budget



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- c. Production budget
 - d. Master budget
23. A statement of planned sales expressed in terms of quality and value-
- a. Sales Budget
 - b. R and D Budget
 - c. Cash Budget
 - d. Production Budget
24. The Budget is an aid of
- a. management
 - b. planning
 - c. decision
 - d. none of the above
25. The first step in preparing budget isforecast.
- a. sales
 - b. purchase
 - d. to find profit
 - e. to find expenses,
26.is the budgetary system where the input costs are related to the performance.
- a. forecast
 - b. planning
 - c. management
 - d. none of the above
27. Flexible budget is also known asbudget.
- a. variable
 - b. fixed
 - c. semi- variable
 - d. none of the above



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28. Costis the primary objective of budgetary control.
- a. control
 - b. accounting
 - c. analysis
 - d. none of the above
29.control is broader term than budgeting.
- a. budgetary
 - b. cost
 - c. management
 - d. all of the above
30. Budgets are adevice also.
- a. communication
 - b. cost control
 - c. planning
 - d. controlling
31. Budget and Budgetary control are the oldest tools ofcontrol.
- a. financial
 - b. cost
 - c. budgetary
 - d. none of the above
32. Budgeting is considered as an important tool forcontrol in the organization.
- a. internal
 - b. external
 - c. intra – firm
 - d. top management level
33. Budget is a projection of financial accounts whereas standard costing is a projection of
- a. cost accounting



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- b. financial accounting
 - c. management accounting
 - d. none of the above
34. Flexible Budget is an effective managementtool.
- a. uniform
 - b. standard
 - c. budgetary
 - d. cost control
35. A.....budget is nothing but a cash flow statement.
- a. cash
 - b. flexible
 - c. standard
 - d. sales
36. Traditional budgeting is based on the concept of
- a. incrementation
 - b. decremental
 - c. decrease
 - d. none of the above
37. A.....budget is one which is prepared for changing level of activity.
- a. flexible
 - b. standard
 - c. cash
 - d. sales
38. A cash budget indicatesorof cash at he end of each budget period.
- a. surplus or deficit
 - b. surplus or profit
 - c. surplus or loss
 - d. none of the above



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39. A labour budget is prepared bymanager.
- a. personnel
 - b. top
 - c. middle level
 - d. bottom level
40. A plant utilization budget is prepared by ,.....manager
- a. production
 - b. personnel
 - c. sales
 - d. top

Answers

1.a	2.b	3.c	4.d	5.c
6.d	7.d	8.d	9.d	10.c
11.d	12.d	13.d	14.d	15.b
16.c	17.d	18.a	19.a	20.d
21.d	22.b	23.a	24. a	25. a
26. a	27. a	28. a	29. a	30. a
31. a	32. a	33. a	34. a	35. a
36. a	37. a	38. a	39. a	40. a



MULTIPLE CHOICE QUESTIONS

UNIT III - UNIFORM COSTING AND INTERIM COMPARISON

Q 1. Select correct option and write the answer.

1. In the National Association of the Store manufactures of the USA introduced first scheme of uniform Costing.
 - a. 1889
 - b. 1989
 - c. 1990
 - d. 2020

2. Inter Firm Caparisons become meaning less in the absence of.....
System.
 - a. Uniform Coating
 - b. Marginal Coating
 - c. Standard costing
 - d. Budgetary control

3. Inter Firm comparison are useful for measuring
 - a. performance
 - b. Revenue
 - c. net profit
 - d. gross profit

4. Ratios are facilitators in.....
 - a. Inter firm comparison
 - b. uniform costing
 - c. budget
 - d. decision making

5. Undersystem the firms follow the same method of stock valuation.
 - a. uniform costing
 - b. job costing
 - c. cost control
 - d. budgetary control



MULTIPLE CHOICE QUESTIONS

6. Price based on uniform cost structure supervised by association of an industry tend to be comparatively..... ..
- stable
 - high
 - variable
 - flexible
7. The firm which are producing identical products can adopt more suitably the method of costing.
- uniform
 - standard
 - flexible
 - sales
8. The system of uniform costing was first introduce in.....
- USA
 - United Kingdom
 - India
 - Brazil
9. MIS helps in decision analysis which are the type of typical decision.....
- Make or Buy
 - Use of alternative material
 - Selection of production
 - All of The Above
- 10role of MIS provides information required by the top or senior manager level
- strategic
 - operational
 - managerial
 - tactical



MULTIPLE CHOICE QUESTIONS

11. Theis defined as an integrated system of man and machine for providing the information to support the operations, the management and the decision making function in the organisation.
- a. MIS
 - b. Inter firm comparison
 - c. intra firm comparison
 - d. none of the above
12. Consists of a set of formal methods developed for planning and controlling an organizations costs.
- a. cost management system
 - b. inter-firm comparison
 - c. MIS
 - d. None of the above
13. Uniform costing requires at most co-operation, openness and confidence among the members of the business.
- a. True
 - b. False
 - c. may be true
 - d. may be false
14. Uniform costing can be applied when the firms are members and the same trade associations.
- a. True
 - b. False
 - c. may be negative
 - d. may be false
15. Intra firm comparison can be used for performance, evaluation and cost benefit of each other *
- a. True
 - b. False
 - c. may be false



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- d. none of the above
16. Inter firm comparison Government in effecting price regulation *
- a. True
 - b. False
 - c. may be false
 - d. may be true
17. Uniform costing serves as a pre-requisite to financial audit.
- a. True
 - b. False
 - c. may be false
 - d. may be true
18. Uniform costing can be employed in process industries also.
- a. True
 - b. False
 - c. may be true
 - d. may be false
19. Uniform costing is a costing method *
- a. True
 - b. False
 - c. may be true
 - d. may be negative
20. The cost of installation of a uniform costing system is.....
- a. Low
 - b. High
 - c. medium
 - d. small



MULTIPLE CHOICE QUESTIONS

21. Mutual trust and co-operation is the basic principle of
- a. Marginal costing
 - b. Uniform costing
 - c. standard costing
 - d. cost accounting
22.Helps the undertaking and their officers to check and ensure that their uniform costing system is in accordance with the uniformity requirement.
- a. Uniform cost manual
 - b. Inter-firm comparison
 - c. Analysis of profit
 - d. submission of final report
23. Uniform costing system and inter firm comparison are independent of each other.
- a. True
 - b. False
 - c. either true or false
 - d. may be false
24. Uniform costing is a useful tool for management control.
- a. True
 - b. False
 - c. either true or false
 - d. may be false
25. Uniform cost manual is very important document for successful installation and operation of uniform costing system.
- a. True
 - b. False
 - c. either true or false
 - d. may be false
26. Uniform Costing is a separate method of Cost ascertainment.
- a. True



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- b. False
c. Only A
d. May be Fasle
27. Uniform Costing can be applied when the firms are the members of the same trade Association
a. True
b. False
c. May Be B
d. Only a
28. Limitations of Uniform Costing arise due to the distrust of the members.
a. True
b. may be true
c. may be false
d. False
29. Common Codification of costs facilitates uniform costing system.
a. True
b. may be false
c. both a and b
d. False
30. Uniform Costing facilitate meaningful comparison of performances of manufacturing units of a firm.
a. True
b. either true or False
c. may be false
d. False



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ANSWERS

1.a	2.a	3.a	4.a	5.a
6.a	7.a	8.a	9.d	10.a
11.a	12.a	13.a	14.a	15.b
16.b	17.b	18.b	19.b	20.b
21.b	22.a	23.b	24.a	25.a
26. b	27. a	28.a	29. a	30.a

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MULTIPLE CHOICE QUESTIONS

**UNIT – IV – INTRODUCTION TO MANAGEMENT INFORMATION SYSTEM
IN COSTING**

Q 1. Select the correct option and write the answer.

- 1.. Information system are afor conduction business today.
 - a. Foundation
 - b. Building
 - c. Process
 - d. Technique

2. Information technology playsrole in increasing productivity.
 - a. Critical
 - b. Crucial
 - c. Vital
 - d. Lead

3.dimension of information system involves issue regarding training, job attitude and management behavior.
 - a. Management
 - b. Organisation
 - c. Technology
 - d. Information system

4.is the study of people, technology, organisation,
 - a. MIS
 - b. 3 Dimensions
 - c. Management
 - d. None of the above

5.type of information is required at the top or senior manager level.
 - a. Strategic role
 - b. tactical role
 - c. operational role
 - d. None of the Above



MULTIPLE CHOICE QUESTIONS

6.system provides adequate development resources and removes the human and organizational barrier to progress.
- a. Integrated system
 - b. Management system
 - c. MIS
 - d. None of the above
7.should deal with operational and control of relevant information
- a. MIS
 - b. Management system
 - c. Integrated System
 - d. All of The above
8.consists of computer equipment.
- a. hardware
 - b. software
 - c. System Planning
 - d. MIS
9.consists of program or instruction given to the computer.
- a. Software
 - b. hardware
 - c. Information system
 - d. 3 dimension.
10. MIS creating knowledge is an
- a. Assets
 - b. Liability
 - c. Debtors
 - d. Loans and advances
11.reports produced periodically or on scheduled reports.
- a. Schedule reports
 - b. Key- indicator reports



MULTIPLE CHOICE QUESTIONS

- c. Demand reports
 - d. Exception report
12.reports summarized the previous days critical activity.
- a. key indicator reports
 - b. Schedule reports
 - c. Demand reports
 - d. Exception report
13.management system consists set of formal methods developed for planning and controlling on organization’s cost.
- a. Cost management system
 - b. MIS
 - c. Information Strategy
 - d. None of the above
14. CMS stand for -----
- a. Cost Management System
 - b. Information System
 - c. Control Management Strategy
 - d. None of the Above.
15.module is responsible for the collection and capture of data that needed to produced the information.
- a. Data capturing Module
 - b. Data storage
 - c. Data Processing Module
 - d. MIS
16.this module is responsible for storing the data capture in the Data capture Module.
- a. Data storage
 - b. CMS
 - c. Data Processing Module



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- d. MIS

- 17.this module responsible for storing data captured into usable information.
 - a. Data Processing Module
 - b. CMS
 - c. Decision support Module
 - d. MIS

- 18. Inmodel the information system is depicted.
 - a. Process model of MIS
 - b. CMS
 - c. Data Processing Module
 - d. MIS

- 19. ERP stands For.....
 - a. Enterprise Resource Planning
 - b. Cost Management System
 - c. Control Management Strategy
 - d. None of the Above.

- 20.system is interact with each other to finally produce the information in the desired format.
 - a. Sub – System
 - b. Cost Management System
 - c. Control Management Strategy
 - d. None of the Above.

ANSWERS –

1.a	2.a	3.a	4.a	5.a
6. a	7.a	8.a	9.a	10.a
11.a	12.a	13.a	14.a	15.a
16.a	17.a	18.a	19.a	20.a



MULTIPLE CHOICE QUESTIONS

UNIT – V – STANDARD COSTING

Q 1. Select the correct option and write the answer.

1. Which of the following equation can be used to calculate a material price variance?
 - a. $(AQ \times AP) - (AQ \times SP)$
 - b. $(AP \times SP) - (AQ \times SP)$
 - c. $(AQ \times SP) - (SQ \times SP)$
 - d. $(AQ \times SP) - (AQ \times AP)$

2. Which of the following equation can be used to calculate material quantity variance?
 - a. $(AQ \times AP) - (AQ \times SP)$
 - b. $(AP \times SP) - (AQ \times SP)$
 - c. $(AQ \times SP) - (SQ \times SP)$
 - d. $(AQ \times SP) - (AQ \times AP)$

3. Standard cost simply;
 - a. predetermined cost for a period
 - b. incurred cost
 - c. conversion cost
 - d. incremental cost

4. When the actual overhead is more than absorbed overhead then it is called
 - a. capacity cost
 - b. over absorption
 - c. under absorption
 - d. none of the above

5. The term standard cost refers to-----
 - a. average unit cost of product produced in previous budget
 - b. budgeted unit of cost product produced in particular period.
 - c. average unit cost of product produced by other companies.
 - d. average unit cost of product produced in current period



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6. The standard that requires peak efficiency and do not allow any work interruption are known as-----
 - a. natural standard
 - b. practical standard
 - c. ideal standard
 - d. budgeted standard

7. A favorable direct material price variance occurs when -----
 - a. actual rate of direct material ia higher than standard rate of direct material
 - b. actual rate of direct material is equal to standard rate of direct material
 - c. actual rate of direct material is less than standard rate of direct material.
 - d. actual rate of direct material is less than previous year rate of direct material

8. Which of the following can't be a reason of unfavorable direct material price variance?
 - a. sudden rise in price of material
 - b. quality of material purchased
 - c. appointment of inexperienced worker
 - d. inefficient standard setting

9. Which of the following is not likely to be a reason unfavorable direct labour rate variance?
 - a. poor estimates while setting direct labor standards
 - b. an increase in labor rates and overtime premium
 - c. frequent breakdown
 - d. assignment of easy task to likely skilled workers

10. The variance analysis is used in -----
 - a. marginal costing
 - b. budgetary costing
 - c. standard costing
 - d. ratio analysis



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11. The standard which is expected to be achieved during the budget period is called as-

- a. basic standard
 - b. expected standard
 - c. normal standard
 - d. none of these
12. The standard costing is ideal for is set for-----
- a. direct material
 - b. direct labor
 - c. overheads
 - d. all of the above
13. Standard costing is helping the management in.....
- a. increasing the overall efficiency
 - b. cost reduction
 - c. increasing production efficiency
 - d. none of these
14. The basis for budget and standard is (are).....
- a. past over due
 - b. technical information
 - c. both
 - d. none of these.
15. Standard Costing technique with process costing system gives best result in
.....industries.
- a. process
 - b. manufacturing
 - c. accounting
 - d. financial



MULTIPLE CHOICE QUESTIONS

16. When actual cost exceeds the standard cost the difference is termed asVariance.
- a. Adverse
 - b. favorable
 - c. positive
 - d. none of the above
17. Costs are classified as the -----into historical and pre-determined costs.
- a. time
 - b. result
 - c. report
 - d. all of the above
18. Entire technique of standard costing is based on the principle of
- a. Exception
 - b. Excluded
 - c. included
 - d. none of the above
19.is the relation between the finished product and the raw material input.
- a. yield
 - b. cost variance
 - c. Price Variance
 - d. mixed variance
20. Time and motion study is used basically to set standard.
- a. labour time
 - b. material yield variance
 - c. Labour wages
 - d. all of the above
21. Employment of a skilled person in place of an semiskilled person results in ----- variance
- a. substitution
 - b. competitive



MULTIPLE CHOICE QUESTIONS

- c. analyzed
d. all of the above
22. Compilation of direct material and labour standards entails setting up of -----
and -----standards.
a. quantity and Price
b. raw material and sales
c. carriage and finished goods
d. none of the above
23. Predetermined cost are -----cost computed in advanced of production.
a. future
b. final price
c. budgetary cost
d. marginal cost.
24. -----costing is necessary for jobbing industry to quote a price and choose
a profitable job.
a. standard
b. marginal
c. budgetary
d. price costing
25. If Standard quantity is 4000 unit , Actual quantity is 4200 units and Standards Rate
is 40 then Material Price varaince will be -----
a. 8000 Adv
b. 2000 adv
c. 8000 Fav.
D. 2000 fav
26. If Standard Price is 40, Actual Price is 45 and Actual Quantity is 4200 then Material
Price Variance will be -----
a. 21000 adv
b. 21050 adv



MULTIPLE CHOICE QUESTIONS

- c. 21000 fav
d. 21050 fav
27. If Standard quantity is 800kg, Actual Quantity 850kg , Actual Price and Standard Price is 2.20 & 2.50 respectively then Material price variance will be -----
- a. 255 Fav
b. 255 adv
c. 250 fav
d. 250 adv
30. $(SQ * SR) - (AQ-AR)$ this formula used to calculate -----
- a. Material Cost Variance
b. Material Price Variance
c. Material yield Variance
d. Material mixed Variance
31. $(SR - AR) * \text{Actual Quantity}$ this formula used to calculate -----
- a. Material price Variance
b. Material cost Variance
c. Material yield Variance
d. Material mixed Variance
32. $(SQ-AQ) * \text{Standard Rate}$ this formula used to calculate
- a. Material Usage Variance
b. Material Price Variance
c. Material yield Variance
d. Material mixed Variance
33. If Standard Rate is 1.50, Actual Rate is 2.00 and Actual hours is 1500 hrs. then Labour Rate Variance will be -----
- a. 600 adv
b. 500 adv
c. 500 fav
d. 600 FAV



MULTIPLE CHOICE QUESTIONS

34. If Standard Hours is 1600 hrs, Actual hours is 1450 hrs. standard rate is 1.50 then Labour Efficiency Variance will be-----
- a. 225 fav
 - b. 225 adv
 - c. 220 adv
 - d. 221 FAV
35. Idle Time * Standard Rate this formula used to calculate -----
- a. Idle Time Variance
 - b. Material Price Variance
 - c. Material yield Variance
 - d. Material mixed Variance
36. If Idle Time 500 Hours and Standard Rate is 8 then Idle Time Variance will be -----
- a. 4000 adv
 - b. 5000 adv
 - c. 4500 fav
 - d. 1200 adv
37. If Idle Time 400 hrs and Standard rate is 5 then Idle Time Variance will be -----
- a. 2000 adv
 - b. 2010 adv
 - c. 2050 fav
 - d. 2000 fav
38. If Standard Rate is 8, Actual Rate is 10 and Actual Hours is 12000 then Labour Rate Variance will be -----
- a. 24000 adv
 - b. 24000 fav
 - c. 22000 adv
 - d. 22000 fav
39. Labour Cost Variance formula is -----
- a. $(\text{Standard Hours} * \text{Standard Rate}) - (\text{Actual Hours} * \text{Actual Rate})$



MULTIPLE CHOICE QUESTIONS

- b. $(\text{Standard Rate} - \text{Actual Rate}) * \text{Actual Hrs.}$
 - c. Idle Time * Standard Rate
 - d. None of the above
40. Labour Efficiency Variance formula is -----
- a. $(\text{SH}-\text{AH}) * \text{SR}$
 - b. $(\text{SR}-\text{AR}) * \text{AH}$
 - c. $(\text{SH} * \text{SR}) - (\text{AH}-\text{AR})$
 - d. None of the above.

ANSWERS -

1-a	2. c	3.a	4.b
5.b	6. c	7. d	8. c
9. c	10. c	11. b	12. d
13. b	14. c	15. a	16. a
17. a	18. a	19. a	20. a
21. a	22. a	23. a	24. a
25. a	26. a	27. a	28. a
29. a	30. a	31. a	32. a
33. a	34. a	35. a	36. a
37. a	38. a	39. a	40. a



MULTIPLE CHOICE QUESTIONS

UNIT -VI - FARM COSTING

Q1. Select the Correct option and write the answer.

1. What is the objective of keeping farm records?
 - a. To know material performance of farm
 - b. To know the percent net worth
 - c. To compare the performance over a period of times.
 - d. All of these.

2. To record of farm produce is entered in
 - a. Inventory book
 - b. Cash book
 - c. Farm stock register
 - d. Log book

3. The farm budget is a tool of farm management analysis.
 - a. True
 - b. False
 - c. Never include cost
 - d. it is a futile exercise

4. A class of agriculture where cattle, goats or other mammals are raised for milk which may be either processed on site or transported to a daily for processing of eventual retail sale is called as;
 - a. Dairy Farming
 - b. Poultry Farming
 - c. Pig Farm
 - d. None of the above

5. One of the example of fixed cost is
 - a. seeds cost
 - b. fertilizer cost



MULTIPLE CHOICE QUESTIONS

- c. land cost
d. none of the above
6. Over head costs are directly related to level of production.
a. True
b. False
c. Either True or False
d. May be True
7. Capital investments are normally as farm cost.
a. True
b. False
c. Either True or False
d. May be True
8. Farm cost Accounting helps to increase the efficiency of functions related to farm activities.
a. True
b. False
c. Either True or False
d. May be True
9. Farm costing accounting helps to monitor and control the labour and maintenance cost easily.
a. True
b. False
c. may be False
d. May be True
10. Farm cost Accounting system is extension of accounting only.
a. True
b. False
c. Either True or False
d. May be True



MULTIPLE CHOICE QUESTIONS

ANSWERS -

1.d	2.d	3.a	4.a	5.c
6. b	7.b	8.a	9. a	10.b





MULTIPLE CHOICE QUESTIONS

UNIT – VII – COST ACCOUNTING RECORDS RULES AND COST AUDIT

Q1. Select the Correct option and write the answer.

1. Cost Classification Can Be done in.....
 - a. two ways
 - b. three ways
 - c. four ways
 - d. several ways

2. The cost which is to be incurred even when a business unit is closed is a
 - a. Imputed Cost
 - b. historical cost
 - c. sunk cost
 - d. shutdown cost

3. Total cost incur in a production process is divided by total number of output units to calculate the.
 - a. cost of indirect labour
 - b. cost of direct labour
 - c. cost of direct material
 - d. unit costs.

4. Third step in process costing system is to---
 - a. Summarize flow of output
 - b. compute output in units
 - c. summarize total costs
 - d. all of above

5. For agreed upon procedures, auditor simply provides a report of factual findings.....is expressed.
 - a. absolute assurance
 - b. negative assurance



MULTIPLE CHOICE QUESTIONS

- c. moderate assurance
d. no assurance
6. In compilation engagement, although the users of the compiled information derive some benefits from the involvement of a member of the institute is expressed in the report.
- a. absolute assurance
b. negative assurance
c. moderate assurance
d. no assurance
7. The evidence available to auditors is -----in nature, rather in nature.
- a. pervasive, conclusive
b. conclusive, pervasive
c. limited, unlimited
d. none of the above.
8. The accounting standards and standards of auditing established standards which have to be complied with to ensure that financial statement are prepared in accordance with
- a. generally acceptable audit procedure
b. accounting principles
c. Ind AS
d. Accounting Standards.
9. Professional judgment means a judgment taken by the auditor out of his.....in an audit situation.
- a. past experience
b. professional experience
c. work experience
d. none of these



MULTIPLE CHOICE QUESTIONS

10. How long is the auditor's term of office
- a. Until the audit is complete
 - b. Until the financial statements are complete
 - c. Until the next AGM
 - d. Until the directors remove them
11. Which one of the following is NOT a duty of the auditor?
- a. .Duty to report to the company's banker
 - b. Duty to report to the members
 - c. Duty to sign the audit report
 - d. Duty to report on any violation of law
12. Which of the following are you unlikely to see in the current file of auditors' working papers?
- A. Memorandum & articles of association
 - B. Audit planning memorandum
 - C. Summary of unadjusted errors
 - D. Details of the work done on the inventory count

ANSWERS –

1- d	2 – d	3 – d	4 – c
5 – c	6 – d	7 – a	8 – a
9 – b	10 – c	11 – a	12 - a



MULTIPLE CHOICE QUESTIONS

UNIT -VIII- COST AUDIT (Legal Provision)

Q1. Select proper option and write the answer.

1.Auditing refers to -----

- a. preparation and checking of accounts
- b. examination of accounts of business only
- c. Examination of accounts of professional accounts.
- d. checking of vouchers.

2. main object of auditing is

- a. detection of errors
- b. to find out whether P& L a/c and balance sheet show true and fair values.
- c. detection of frauds
- d. none of these

3. Auditing is luxury for a

- a. joint stock company
- b. partnership firm
- c. small shop keeper
- d. government company

4. Auditing is compulsory for

- a. small scale business enterprises
- b. partnership firms
- c. all joint stock companies
- d. proprietary concern.

5. Proprietary audit refers to -----

- a. verification of accounts
- b. Examination accounts of proprietary concern
- c. Enquiry against justification and necessity of expenses.
- d. none of these.



MULTIPLE CHOICE QUESTIONS

6. Interim audit refers to
 - a. examination of accounts continuously
 - b. examination of accounts intermittently
 - c. audit work to find out and check interim profits of a company
 - d. none of these

7. final Audit implies.....
 - a. audit of accounts at the end of the year
 - b. finally checking of accounts to reveal frauds
 - c. audit of banking companies
 - d. none of these.

8. Continuous audit is specially needed for -----
 - a. any trading concern
 - b. smaller concern
 - c. banking companies
 - d. any manufacturing companies.

9. Joint audit implies
 - a. audit of two concerns together
 - b. audit of joint stock companies
 - c. only a
 - d. audit by two firms of CA

10. A company auditor should see that the dividend should be paid
 - a. after charging depreciation
 - b. without charging depreciation
 - c. out of capital
 - d. none of these.

11. Internal audit means.....
 - a. audit undertaken to ascertain truth and fairness of state of affairs.
 - b. audit undertaken by employees of the organization to check financial irregularities



MULTIPLE CHOICE QUESTIONS

- c. audit undertaken to check only vouchers
 - d. none of these
12. An auditor can be held liable under companies act 1949 for.....
- a. negligence
 - b. criminal offense
 - c. professional misconduct
 - d. breach of contract.

ANSWERS -

1- c	2 – b	3- c	4- c
5- c	6 – c	7 – a	8 – c
9 – d	10 – a	11 – b	12 - c

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