



## Dr.G.R.Damodaran College of Science

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Semester VI

core: Cost and Management Accounting-615A

Multiple Choice Questions.

1. Basic objectives of cost accounting is\_\_\_\_\_.

- A. tax compliance.
- B. financial audit.
- C. cost ascertainment.
- D. profit analysis.

ANSWER: C

2. Direct cost incurred can be identified with \_\_\_\_\_.

- A. each department.
- B. each unit of output.
- C. each month.
- D. each executive.

ANSWER: B

3. Overhead cost is the total of \_\_\_\_\_.

- A. all indirect costs.
- B. all direct costs.
- C. indirect and direct costs.
- D. all specific costs.

ANSWER: A

4. Imputed cost is a\_\_\_\_\_.

- A. notional cost.
- B. real cost.
- C. normal cost.
- D. variable cost.

ANSWER: A

5. Operating costing is suitable for \_\_\_\_\_.

- A. job order business.
- B. contractors.
- C. sugar industries.
- D. service industries.

ANSWER: D

6. Process costing is suitable for \_\_\_\_\_.

- A. hospitals.
- B. oil reefing firms.
- C. transport firms.
- D. brick laying firms.

ANSWER: B

7. Cost classification can be done in \_\_\_\_\_.

- A. two ways.
- B. three ways.
- C. four ways.
- D. several ways.

ANSWER: D

8. Costing refers to the techniques and processes of \_\_\_\_\_

- A. ascertainment of costs.
- B. allocation of costs.
- C. apportion of costs.
- D. distribution of costs.

ANSWER: A

9. Cost accounting was developed because of the \_\_\_\_\_.

- A. limitations of the financial accounting.
- B. limitations of the management accounting.
- C. limitations of the human resource accounting.
- D. limitations of the double entry accounting.

ANSWER: A

10. Multiple costing is a technique of using two or more costing methods for ascertainment of cost by.

- A. the same firm.
- B. the several firms.
- C. the same industry.
- D. the several industries.

ANSWER: A

11. Wages paid to a labour who was engaged in production activities can be termed as.

- A. direct cost.
- B. indirect cost.
- C. sunk cost.
- D. imputed cost.

ANSWER: A

12. 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.

ANSWER: D

13. Classification of cost is useful .

- A. to find gross profit.
- B. to find net profit.
- C. to identify costs.
- D. to identify efficiency.

ANSWER: C

14. Elements of costs are.

- A. three types.
- B. four types.
- C. five types.
- D. seven types.

ANSWER: A

15. Direct expenses are also called \_\_\_\_\_ .

- A. major expenses.
- B. chargeable expenses.
- C. overhead expenses.
- D. sundry expenses.

ANSWER: B

16. Indirect material used in production is classified as.

- A. office overhead.
- B. selling overhead.
- C. distribution overhead.
- D. production overhead.

ANSWER: D

17. Warehouse rent is a part of \_\_\_\_\_.

- A. prime cost.
- B. factory cost.
- C. distribution cost.
- D. production cost.

ANSWER: C

18. Indirect material scrap is adjusted along with \_\_\_\_\_.

- A. prime cost.
- B. factory cost.
- C. labour cost.
- D. cost of goods sold.

ANSWER: B

19. Which one of the following is not considered for preparation of cost sheet?

- A. Factory cost.
- B. Goodwill written off.
- C. Selling cost.

D. Labour cost.

ANSWER: B

20. Sale of defectives is reduced from \_\_\_\_\_.

- A. prime cost.
- B. works cost.
- C. cost of production.
- D. cost of sales.

ANSWER: C

21. Tender is an.

- A. estimation of profit.
- B. estimation of cost.
- C. estimation of selling price.
- D. estimation of units.

ANSWER: C

22. Cost of sales plus profit is \_\_\_\_\_.

- A. selling price.
- B. value of finished product.
- C. value of goods produced.
- D. value of stocks.

ANSWER: A

23. Prime cost includes.

- A. direct materials, direct wages and indirect expenses .
- B. indirect materials and indirect labour and indirect expenses.
- C. direct materials, direct wages and direct expenses.
- D. direct materials, indirect wages and indirect expenses.

ANSWER: C

24. Total of all direct costs is termed as \_\_\_\_\_.

- A. prime cost.
- B. works cost.
- C. cost of sales.
- D. cost of production.

ANSWER: A

25. Depreciation of plant and machinery is a part of \_\_\_\_\_.

- A. factory overhead.
- B. selling overhead.
- C. distribution overhead.
- D. administration overhead.

ANSWER: A

26. Audit fess is a part of \_\_\_\_\_.

- A. works on cost.
- B. selling overhead.

- C. distribution overhead.
- D. administration overhead.

ANSWER: D

27. Counting house salary is part of\_\_\_\_\_.

- A. factory overhead.
- B. selling overhead.
- C. distribution overhead.
- D. administration overhead.

ANSWER: D

28. Factory overhead can be charged on the basis of\_\_\_\_\_.

- A. material cost.
- B. labour cost.
- C. prime cost.
- D. direct expenses

ANSWER: A

29. Office and administrative expenses can be charged on the basis of\_\_\_\_\_.

- A. material cost.
- B. labour cost.
- C. prime cost.
- D. factory cost.

ANSWER: C

30. Selling and distribution expenses can be charged on the basis of\_\_\_\_\_.

- A. material cost.
- B. labour cost.
- C. prime cost.
- D. factory cost.

ANSWER: C

31. The ratios which reflect managerial efficiency in handling the assets is.

- A. turnover ratios
- B. profitability ratios.
- C. short term solvency ratio.
- D. long term solvency ratio.

ANSWER: A

32. The ratios which reveal the final result of the managerial policies and performance is\_\_\_\_\_.

- A. turnover ratios.
- B. profitability ratios.
- C. short term solvency ratio.
- D. long term solvency ratio.

ANSWER: B

33. Return on investment is a\_\_\_\_\_.

- A. turnover ratios.

- B. short term solvency ratio.
- C. profitability ratios.
- D. long term solvency ratio.

ANSWER: C

34. Net profit ratio is a \_\_\_\_\_.

- A. turnover ratio.
- B. long term solvency ratio.
- C. short term solvency ratio
- D. profitability ratio.

ANSWER: D

35. Stock turnover ratio is a \_\_\_\_\_.

- A. turnover ratio.
- B. profitability ratio.
- C. short term solvency ratio.
- D. long term solvency ratio.

ANSWER: A

36. Current ratio is a \_\_\_\_\_

- A. short-term solvency ratio.
- B. long-term solvency ratio.
- C. profitability ratio.
- D. turnover ratio.

ANSWER: A

37. Proprietary ratio is a \_\_\_\_\_.

- A. short-term solvency ratio.
- B. long-term solvency ratio.
- C. profitability ratio.
- D. turnover ratio.

ANSWER: B

38. Fixed assets ratio is a \_\_\_\_\_

- A. short-term solvency ratio.
- B. long-term solvency ratio.
- C. profitability ratio.
- D. turnover ratio.

ANSWER: B

39. Fixed assets turnover ratio is a \_\_\_\_\_

- A. short-term solvency ratio.
- B. long-term solvency ratio.
- C. profitability ratio.
- D. turnover ratio.

ANSWER: D

40. The ratio which measures the profit in relation to capital employed is known as\_\_\_\_

- A. return on investment.
- B. gross profit ratio.
- C. operating ratio.
- D. operating profit ratio.

ANSWER: A

41. The ratio which determines the profitability from the shareholder's point of view is \_\_\_\_\_.

- A. return on investment.
- B. gross profit ratio.
- C. return on shareholders funds.
- D. operating profit ratio.

ANSWER: C

42. Return on equity is also called \_\_\_\_\_

- A. . return on investment.
- B. gross profit ratio.
- C. return on shareholders funds.
- D. return on net worth.

ANSWER: D

43. Preliminary expenses is an example of \_\_\_\_\_

- A. fixed assets.
- B. current assets.
- C. fictitious assets.
- D. current liabilities.

ANSWER: C

44. Prepaid expenses is an example of \_\_\_\_\_.

- A. fixed assets.
- B. current assets.
- C. fictitious assets.
- D. current liabilities.

ANSWER: B

45. The ratio which is calculated to measure the productivity of total assets is \_\_\_\_\_

- A. return on equity.
- B. return on share holders funds.
- C. return on total assets.
- D. return on equity share holders' funds.

ANSWER: C

46. The ratio which shows the proportion of profits retained in the business out of the current year's profits is \_\_\_\_\_

- A. . retained earnings ratio.
- B. pay out ratio
- C. earnings per share.
- D. price earnings ratio.

ANSWER: A

47. The ratio which indicates earnings per share reflected by the market price is\_\_\_\_\_.

- A. retained earnings ratio.
- B. pay out ratio.
- C. earnings per share.
- D. price earnings ratio.

ANSWER: D

48. The ratio establishes the relationship between profit before interest and tax and fixed interest charges is\_\_\_\_\_.

- A. interest cover ratio.
- B. fixed dividend cover ratio.
- C. debt service coverage ratio.
- D. dividend yield ratio.

ANSWER: A

49. The ratio shows the preference dividend as a proportion of profit available for shareholders is \_\_\_\_\_.

- A. interest cover ratio.
- B. fixed dividend cover ratio.
- C. debt service coverage ratio.
- D. dividend yield ratio.

ANSWER: B

50. The dividend is related to the market value of shares in\_\_\_\_\_.

- A. interest cover ratio.
- B. fixed dividend cover ratio.
- C. debt service coverage ratio.
- D. dividend yield ratio.

ANSWER: D

51. . Turnover ratio is also known as \_\_\_\_\_.

- A. activity ratios.
- B. solvency ratios.
- C. liquidity ratios.
- D. profitability ratios.

ANSWER: A

52. Inventory or stock turnover ratio is also called\_\_\_\_\_.

- A. stock velocity ratio.
- B. . debtors velocity ratio.
- C. . creditors velocity ratio.
- D. working capital turnover ratio.

ANSWER: A

53. Which ratio is calculated to ascertain the efficiency of inventory management in terms of capital investment?

- A. stock velocity ratio.

- B. debtors velocity ratio.
- C. creditors velocity ratio.
- D. working capital turnover ratio.

ANSWER: A

54. The ratio which measures the relationship between the cost of goods sold and the amount of average inventory is \_\_\_\_\_

- A. stock turnover ratio.
- B. debtors velocity ratio.
- C. creditors velocity ratio.
- D. working capital turnover ratio.

ANSWER: A

55. Sales – Gross Profit = \_\_\_\_\_.

- A. net profit.
- B. administrative expenses.
- C. cost of production.
- D. cost of goods sold.

ANSWER: D

56. Opening stock + purchases + direct expenses – closing stock = \_\_\_\_\_

- A. net profit.
- B. cost of production
- C. administrative expenses.
- D. cost of goods sold.

ANSWER: D

57. Which ratio measures the number of times the receivables are rotated in a year in terms of sales?

- A. stock turnover ratio.
- B. debtors turnover ratio.
- C. creditors velocity ratio.
- D. working capital turnover ratio.

ANSWER: B

58. Debtors turnover ratio is also called \_\_\_\_\_.

- A. stock turnover ratio.
- B. debtors velocity ratio.
- C. creditors velocity ratio.
- D. working capital turnover ratio

ANSWER: B

59. Creditors turnover ratio is also called \_\_\_\_\_.

- A. stock turnover ratio.
- B. debtors velocity ratio.
- C. . accounts payables ratio.
- D. working capital turnover ratio.

ANSWER: C

60. The indicates the number of times the payables rotate in a year is \_\_\_\_\_.

- A. stock turnover ratio.
- B. stock turnover ratio.
- C. creditors velocity ratio.
- D. working capital turnover ratio.

ANSWER: C

61. Funds flow statement is based on the \_\_\_\_\_.

- A. working capital concept of funds.
- B. cash concept of funds.
- C. fixed assets concept of funds.
- D. long term funds.

ANSWER: A

62. All those assets which are converted into cash in the normal course of business within one year are known as \_\_\_\_\_.

- A. fixed assets.
- B. current assets.
- C. fictitious assets.
- D. wasting assets.

ANSWER: B

63. All those liabilities which are payable in cash in the normal course of business within a period of one year are called \_\_\_\_\_.

- A. long term liabilities.
- B. overdraft.
- C. short term loans.
- D. current liabilities.

ANSWER: D

64. Any transaction between a current account and another current account does not Affect \_\_\_\_\_.

- A. profit.
- B. funds.
- C. working capital.
- D. capital.

ANSWER: B

65. Any transaction between a non current account and another non current account does not affect \_\_\_\_\_.

- A. profit.
- B. funds.
- C. working capital.
- D. capital.

ANSWER: B

66. Principle' for preparation of working capital statement -Increase in current asset \_\_\_\_\_.

- A. increases working capital.

- B. decreases working capital.
- C. decrease fixed capital.
- D. increase fixed capital.

ANSWER: A

67. Principle' for preparation of working capital statement - Decrease in current asset\_\_\_\_\_ .

- A. increases working capital.
- B. decreases working capital.
- C. decrease fixed capital.
- D. increase fixed capital.

ANSWER: B

68. Principle' for preparation of working capital statement -Increase in current liability\_\_\_\_\_.

- A. increases working capital.
- B. decreases working capital.
- C. decrease fixed capital.
- D. increase fixed capital.

ANSWER: B

69. Principle' for preparation of working capital statement -Decrease in current Liability\_\_\_\_\_.

- A. increases working capital.
- B. decreases working capital.
- C. decrease fixed capital
- D. increase fixed capital.

ANSWER: A

70. Depreciation on fixed assets is\_\_\_\_\_.

- A. non operating income.
- B. operating expense.
- C. operating income.
- D. non operating expense.

ANSWER: D

71. Production cost under marginal costing includes \_\_\_\_\_.

- A. prime cost only .
- B. prime cost and fixed overhead .
- C. . prime cost and variable overhead.
- D. prime cost, variable overhead and fixed overhead.

ANSWER: C

72. One of the primary differences between marginal costing and absorption costing regarding the treatment of \_\_\_\_\_.

- A. prime cost .
- B. fixed overheads.
- C. variable overheads .
- D. direct materials.

ANSWER: B

73. Absorption costing differs from marginal costing is the\_\_\_\_\_.
- A. fact that standard costs can be used with absorption costing but not with marginal costing .
  - B. amount of costs assigned to individual units of products .
  - C. kind of activities for which each can be used .
  - D. amount of fixed costs that will be incurred.

ANSWER: B

74. Contribution margin is also known as \_\_\_\_\_.
- A. marginal income .
  - B. gross profit.
  - C. net profit.
  - D. net loss.

ANSWER: A

75. Period costs are\_\_\_\_\_.
- A. overhead costs .
  - B. prime cost.
  - C. variable cost.
  - D. fixed costs.

ANSWER: D

76. Contribution margin is equal to\_\_\_\_\_.
- A. fixed cost - loss .
  - B. profit + variable cost.
  - C. sales — fixed cost- profit .
  - D. sales – profit.

ANSWER: A

77. P/V Ratio is an indicator of \_\_\_\_\_.
- A. the rate at which goods are sold .
  - B. the volume of sales
  - C. the volume of profit.
  - D. the rate of profit.

ANSWER: D

78. Margin of Safety is the difference between\_\_\_\_\_.
- A. planned sales and planned profit .
  - B. actual sales and break-even sales.
  - C. planned sales and actual sales
  - D. planned sales and planned expenses.

ANSWER: B

79. An increase in variable costs\_\_\_\_\_.
- A. increases p/v ratio .
  - B. increases the profit.
  - C. reduces contribution .
  - D. increase margin of safety.

ANSWER: C

80. An increase in selling price\_\_\_\_\_.

- A. increases the break-even point.
- B. decreases the break-even point.
- C. does not affect the break-even point.
- D. optimize the break even point.

ANSWER: B

81. A large Margin of Safety indicates\_\_\_\_\_.

- A. over production.
- B. over capitalization .
- C. the soundness of the business.
- D. under capitalization.

ANSWER: C

82. Angle of incidence is\_\_\_\_\_.

- A. the angle between the sales line and the total cost line.
- B. the angle between the sales line and the y-axis.
- C. the angle between the sales line and the x-axis.
- D. the angle between the sales line and the total profit line.

ANSWER: A

83. CVP analysis is most important for the determination of\_\_\_\_\_.

- A. sales revenue necessary to equal fixed costs .
- B. relationship between revenues and costs at various levels of operations .
- C. variable revenues necessary to equal fixed costs .
- D. volume of operations necessary to Break—even.

ANSWER: A

84. The conventional Break-even analysis does not assume that\_\_\_\_\_.

- A. selling price per unit will remain fixed .
- B. total fixed costs remain the same.
- C. variable cost per unit will vary .
- D. productivity per worker will remain unchanged.

ANSWER: B

85. If fixed costs decrease while variable cost per unit remains constant, the new B.E.P in relation to the old B.E.P will be\_\_\_\_\_.

- A. lower .
- B. higher.
- C. . unchanged .
- D. indeterminate.

ANSWER: B

86. If fixed costs decrease while the variable cost per unit remains constant, the new contribution margin in relation to the old contribution margin will be\_\_\_\_\_.

- A. lower .
- B. unchanged .

- C. higher.
- D. indeterminate.

ANSWER: B

87. Selling price per unit Rs. 10; Variable cost Rs. 8 per unit; Fixed cost Rs. 20,000; Break-even production in units\_\_\_\_\_.

- A. 10,000.
- B. 16,300.
- C. 2,000.
- D. 2,500.

ANSWER: D

88. Sales Rs. 25,000; Variable cost Rs. 8,000; Fixed cost Rs. 5,000; Break-even sales in value\_\_\_\_\_.

- A. Rs. 7,936.
- B. Rs. 7,353.
- C. Rs. 8,333.
- D. Rs. 9,090.

ANSWER: B

89. Fixed cost Rs. 80,000; Variable cost Rs. 2 per unit; Selling price Rs. 10 per unit; turnover required for a profit target of Rs. 60,000.

- A. Rs. 1,75,000.
- B. Rs. 1,17,400.
- C. Rs. 1.57,000.
- D. Rs. 1,86,667.

ANSWER: A

90. Sales Rs. 25,000; Variable cost Rs. 15,000; Fixed cost Rs. 4,000; P/V Ratio is\_\_\_\_\_.

- A. 40% .
- B. 80%
- C. 15%
- D. 30%.

ANSWER: A

91. Sales Rs. 50,000; Variable cost Rs. 30,000; Net profit Rs. 6,000; fixed cost is\_\_\_\_\_.

- A. Rs. 10,000.
- B. b. Rs. 14,000 .
- C. Rs. 12,000.
- D. Rs. 8,000.

ANSWER: B

92. Actual sales Rs. 4,00,000; Break-even sales Rs. 2,50,000; Margin of Safety in percentage is\_\_\_\_\_.

- A. 33.33%.
- B. 66.67%
- C. 37.5% .
- D. 76.33%.

ANSWER: C

93. P/V Ratio 50%; Variable cost of the produce Rs. 25; Selling price is \_\_\_\_\_.

- A. Rs. 50 .
- B. Rs. 40.
- C. Rs. 30 .
- D. Rs. 55.

ANSWER: A

94. Fixed cost Rs. 2,00,000; Sales Rs. 8,00,000; P/V Ratio 30%; the amount of profit is \_\_\_\_\_.

- A. Rs. 50,000.
- B. Rs. 40,000 .
- C. Rs. 35,000 .
- D. Rs. 45,000 .

ANSWER: B

95. P/V Ratio is 25% and Margin of Safety is Rs; 3,00,000, the amount of profit is \_\_\_\_\_.

- A. Rs. 1,00,000.
- B. Rs. 80,000.
- C. Rs. 75,000.
- D. . Rs. 60,000.

ANSWER: C

96. Total sales Rs. 20,00,000; Fixed expenses Rs. 4,00,000; P/V Ratio 40%; Break-even capacity in percentage is \_\_\_\_\_.

- A. 40% .
- B. 60% .
- C. 50% .
- D. 45%.

ANSWER: C

97. Break - even point occurs at 40% of total capacity, margin of safety will be \_\_\_\_\_.

- A. 40% .
- B. 60% .
- C. 80% .
- D. 85% .

ANSWER: B

98. If the P/V Ratio of a product is 30% and selling price is Rs. 25 per unit, the marginal cost of the product would be \_\_\_\_\_.

- A. Rs.18.75 .
- B. Rs.16 .
- C. Rs. 15 .
- D. Rs.20 .

ANSWER: A

99. Absorption costing is also known as \_\_\_\_\_.

- A. historical costing.

- B. real costing.
- C. marginal costing.
- D. real costing .

ANSWER: A

100. Under marginal costing stock are valued at \_\_\_\_\_.

- A. fixed cost.
- B. semi-variable cost.
- C. variable cost.
- D. market price.

ANSWER: C

101. The budget is a \_\_\_\_\_.

- A. a post-mortem analysis .
- B. a substitute of management
- C. an aid to management
- D. calculation .

ANSWER: C

102. One of the most important tools of cost planning is \_\_\_\_\_.

- A. budget.
- B. direct cost.
- C. unit cost.
- D. cost sheet.

ANSWER: A

103. Sales budget is a \_\_\_\_\_.

- A. Functional budget.
- B. Expenditure budget.
- C. Master budget .
- D. Flexible budget.

ANSWER: A

104. The budget which usually takes the form of budgeted profit and loss account and balance sheet is known as \_\_\_\_\_

- A. Flexible budget .
- B. Master budget.
- C. Cash budget .
- D. Purchase budget.

ANSWER: B

105. Which of the following is usually a long-term budget?.

- A. .Fixed budget.
- B. Cash budget.
- C. Sales budget
- D. Capital expenditure budget.

ANSWER: D

106. The fixed-variable cost classification has a special significance in the preparation of \_\_\_\_\_.

- A. Capital budget.
- B. Cash budget.
- C. Master budget .
- D. Flexible budget .

ANSWER: D

107. The budget, which is prepared first of all is. \_\_\_\_\_

- A. Master budget.
- B. Cash budget.
- C. Budget for key factor.
- D. Flexible budget.

ANSWER: C

108. Preparing budget figures for different levels of activity within a range under flexible budgeting is \_\_\_\_\_.

- A. Formula method.
- B. Multi-activity method.
- C. Budget cost allowance method.
- D. Proportionate method.

ANSWER: B

109. What type of budget is designed to take into account forecast change in costs, prices, etc?

- A. Master budget.
- B. Rolling budget.
- C. Flexible budget .
- D. Functional budget.

ANSWER: B

110. Operation budgets normally cover a period of \_\_\_\_\_.

- A. one to ten years.
- B. one to two years.
- C. one to five years.
- D. one year or less.

ANSWER: D

111. The entire process of preparing the budgets is known as \_\_\_\_\_.

- A. Planning.
- B. Organizing.
- C. Budgeting.
- D. Controlling.

ANSWER: C

112. Budgetary control starts with \_\_\_\_\_.

- A. Planning.
- B. Organizing.
- C. Budgeting.
- D. Controlling.

ANSWER: C

113. Budgetary control ends with \_\_\_\_\_.

- A. Planning.
- B. Organizing
- C. Budgeting.
- D. Control.

ANSWER: D

114. Budget designed to remain constant irrespective of the level of activity attained is called \_\_\_\_\_.

- A. Fixed budget.
- B. Flexible budget.
- C. Sales budget.
- D. Production budget

ANSWER: A

115. Long-term budgets are prepared for \_\_\_\_\_.

- A. 1 year.
- B. 1-3 years.
- C. 1-5 years.
- D. 5-10 years.

ANSWER: D

116. The budget which shows the budgeted quantity of output to be produced during a specific period is.

- A. Fixed budget.
- B. Flexible budget.
- C. Sales budget.
- D. Production budget

ANSWER: D

117. Material consumption budget is prepared on the basis of \_\_\_\_\_.

- A. Production budget.
- B. Sales budget.
- C. Fixed budget.
- D. Flexible budget.

ANSWER: A

118. Material budget consists of two parts, one is the consumption budget and another is \_\_\_\_\_.

- A. Material purchase budget.
- B. Material sales budget.
- C. Material production budget.
- D. Material budget.

ANSWER: A

119. Materials purchase budget is prepared on the basis of \_\_\_\_\_.

- A. Material sales budget.
- B. Material consumption budget.

- C. Material production budget.
- D. Material budget.

ANSWER: B

120. Labour budget is a part of \_\_\_\_\_.

- A. Fixed budget.
- B. Sales budget.
- C. Production budget.
- D. Flexible budget.

ANSWER: C

121. Labour budget is prepared by \_\_\_\_\_.

- A. Personnel department.
- B. Sales department.
- C. Purchase department.
- D. Accounts department.

ANSWER: A

122. Budget of indirect costs in the form of indirect wages, indirect material and indirect expenses in the factory is \_\_\_\_\_.

- A. Production overhead budget.
- B. Administration overhead budget.
- C. Selling and distribution overhead budget.
- D. Master budget.

ANSWER: A

123. The budget prepared to estimate the expenditure to be incurred for planning, organizing, direction and control function of the management is \_\_\_\_\_.

- A. . Production overhead budget.
- B. Administration overhead budget.
- C. Selling and distribution overhead budget.
- D. Master budget.

ANSWER: B

124. The budget prepared to estimate expenditure to be incurred to sell the product and its distribution is \_\_\_\_\_.

- A. Production overhead budget.
- B. Administration overhead budget.
- C. Selling and distribution overhead budget.
- D. Master budget

ANSWER: C

125. The budget prepared to estimate the research and development expenditure to be incurred during a specific period is \_\_\_\_\_.

- A. Production overhead budget.
- B. Administration overhead budget.
- C. Selling and distribution overhead budget.
- D. Research and development budget.

ANSWER: D

126. The budget prepared to estimate the expenditure on fixed assets is known as.

- A. Capital expenditure budget
- B. Production overhead budget.
- C. Administration overhead budget.
- D. Selling and distribution overhead budget.

ANSWER: A

127. The budget prepared for replacement of assets, expansion of production facilities, adoption of new technologies etc. is \_\_\_\_\_.

- A. Capital expenditure budget.
- B. Production overhead budget.
- C. Administration overhead budget.
- D. Selling and distribution overhead budget.

ANSWER: A

128. A fixed budget is prepared for only \_\_\_\_\_.

- A. One level of activity.
- B. Range of activity.
- C. Two level of activity.
- D. Three level of activity.

ANSWER: A

129. A flexible budget is prepared for a \_\_\_\_\_.

- A. One level of activity.
- B. Range of activity.
- C. Two level of activity.
- D. Three level of activity.

ANSWER: B

130. The budget starts without any base is \_\_\_\_\_.

- A. Master budget.
- B. Flexible budget.
- C. Zero base budgeting.
- D. Fixed budget.

ANSWER: C

131. ABC analysis is \_\_\_\_\_.

- A. At Best Control.
- B. Always Better Control.
- C. Average better Control.
- D. All best control.

ANSWER: B

132. JIT inventory system is \_\_\_\_\_.

- A. . Just In Time.
- B. Just Inventory Time.

- C. Job In Time.
- D. Job Inventory Time.

ANSWER: A

133. Perpetual inventory system involves\_\_\_\_\_.

- A. bincard and stores ledger.
- B. bill of material and material requisition.
- C. purchase requisition and purchase order.
- D. inward and outward invoices.

ANSWER: A

134. FIFO is\_\_\_\_\_.

- A. Fast Investment in Future Order.
- B. First In First Out.
- C. Fast In Fast Out
- D. Fast Issue Of Fast Order.

ANSWER: D

135. LIFO method of pricing of materials is more suitable when.

- A. material prices are rising.
- B. material prices are falling.
- C. material prices are constant.
- D. material prices are fluctuating.

ANSWER: A

136. Average method of pricing the material issues is useful when\_\_\_\_\_.

- A. material prices are rising.
- B. material prices are falling.
- C. material prices are constant.
- D. material prices are fluctuating.

ANSWER: D

137. Scrap is \_\_\_\_\_.

- A. residue of material.
- B. wastage of material.
- C. surplus material.
- D. abnormal loss of material.

ANSWER: A

138. Material is issued by store keeper against.

- A. material requisition.
- B. material order.
- C. goods received note.
- D. purchase requisition.

ANSWER: A

139. EOQ stands for\_\_\_\_\_.

- A. Economic Order Quantity.

- B. Essential Order Quantity.
- C. Economic Output Quantity.
- D. Essential Output Quantity.

ANSWER: A

140. The document which is prepared after receiving and inspecting material\_\_\_\_\_.

- A. material record note.
- B. goods received note.
- C. bill of material.
- D. inventory record.

ANSWER: B

141. The budget which reviews a programme or project from 'scratch' is\_\_

- A. Master budget.
- B. Flexible budget.
- C. Zero base budgeting.
- D. Fixed budget.

ANSWER: C

142. The budget said as 'resource planning' and 'redeployment process' is \_\_\_\_\_.

- A. Zero base budgeting.
- B. Master budget.
- C. Flexible budget.
- D. Fixed budget.

ANSWER: A

143. Expected sales + desired closing stock – estimated opening stock =\_\_\_\_\_.

- A. Expected production.
- B. Expected sales.
- C. Expected purchase.
- D. Expected loss.

ANSWER: A

144. In production budget closing stock is added with \_\_\_\_\_.

- A. expense.
- B. sales.
- C. purchase.
- D. material.

ANSWER: B

145. In production budget opening stock is deducted with\_\_\_\_\_.

- A. expense.
- B. sales.
- C. purchase.
- D. material.

ANSWER: B

146. Material consumed is Rs. 5,00,000 Opening stock of raw material is Rs. 50,000 and Closing stock of

raw material is Rs. 25,000. What is the cost of raw material purchased?

- A. Rs. 4,50,000.
- B. Rs. 4,75,000.
- C. Rs. 5,25,000.
- D. Rs. 5, 50,000.

ANSWER: B

147. If selling price is Rs. 25,000 and profit is Rs. 5,000 then what is the percentage of profit on cost? \_\_\_\_\_

- A. 20%.
- B. 25%.
- C. 33.33%.
- D. 35%.

ANSWER: B

148. Material control involves \_\_\_\_\_.

- A. consumption of material
- B. issue of material.
- C. purchase of material.
- D. purchase, storage and issue of material.

ANSWER: C

149. Material requisition is meant for \_\_\_\_\_.

- A. purchase of material.
- B. supply of material from stores.
- C. sale of material.
- D. storage of material.

ANSWER: B

150. Stock control through stock levels and EOQ is called \_\_\_\_\_.

- A. demand and supply method.
- B. perpetual inventory system.
- C. control by important and exception.
- D. automatic order method.

ANSWER: B

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