1.	At the break-even poin a) Variable cost - fixed c) Sales - fixed cost = co	t, which equation will be true cost = contribution ontribution	e ? b) Sales = variable o d) Sales - contribut	cost + fixed cost ion = variable cost
2.	A particular cost is class to the cost per unit a) Increase	sified as being 'semi-variable	'. If activity increases by 1	0% what will happen
	c) Reduce but not in proportiond) Remain constant	n to the change in activity	ινιιγ	
3.	A particular cost is classified as 'semi-variable'. What effect would a 15% reduction in activity have on the unit cost?			
	a) Increase by less than	15%	b) Increase by 15%	
	c) Reduce by less than	15%	d) Remain constant	Į –
4.	The price reduction pol	licy, the P/V ratio and	the break even poi	nt.
	a) reduces, reduces		b) reduces, increas	es
	c) increases, reduces		d) increases, increa	ses
5.	The margin of safety po	pint lies		
	(a) To the left of break	even point	b) To the right of bi	reak even point
_	c) On break even point		u) Call t Say	
6.	Last month, when a con units, the profit using a 10 per unit.	mpany had an opening stock bsorption costing was ₹ 40,0	of 16,500 units and a clos 00. The fixed production	ing stock of 18,000 overhead rate was ₹
	What would the profit	for last month have been usi	ng marginal costing?	
	a) ₹ 15,000	b) ₹ 25,000	c) ₹ 55,000	d) ₹ 65,000
7.	The sales volume in val	ue required to earn the targe	et profit, the formula is	
	a) Target profit/contrib	oution per unit	b)(Fixed cost + Targ	get profit) P/V ratio
	c) Fixed cost + Target p	rofit/contribution on per uni	t d)(Fixed cost + Targ	get profit) / PV ratio
8.	Variable cost are those	which		
	a) Are directly apportio	ned to cost unit or cost cent	re b) Varies directly w	ith production
	c) Depends upon the de	emand	d) Depends upon th	ne sale
9.	Telephone charges is a			
	a) Fixed cost		b) Variable cost	
	c) Semi-variable cost		d) Marginal cost	
10	When variable costs de	creases, then break even poi	int	
	a) Increases	b) Decreases	c) No effect	d) Can't say
11	A company manufactu	res and sells a single product.	. The variable cost of the p	product is
	₹ 2.50 per unit and all production each month is sold at a price of ₹ 3.70 per unit. A potential new			
	customer has offered to buy 6,000 units per month at a price of ₹ 2.95 per unit. The company has			
	sufficient spare capacity to produce this quantity. If the new business is accepted, sales to existing			
	customers are expected to fall by two units for every 15 units sold to the new customer. What			
	would be the overall in	crease in monthly profit whit	Lii woulu result from acce	pung the new
	a) ₹ 1 740	h) ₹ 2 220	-) ₹ 2 340	d) ₹ 2 700
	u, x 1,740		5/ X 2,570	aj \ 2,700

12. A company manufactures two products (L and M) using the same material and labour. It holds no stocks. Information about the variable costs and maximum demands are as follows:

	Product L	Product	М
	₹/unit	₹/unit	
Material (₹ 4 per litre)	13	19	
Labour (₹ 7 per hour)	35		28
	Units	5	Units
Maximum monthly demand	600	0	6000

Each month 50,000 litres of material and 60,000 labour hours are available.

Which one of the following statements is correct?

a) Material is a limiting factor but labour is not a limiting factor

b) Material is not a limiting factor but labour is a limiting factor

c) Neither material nor labour is a limiting factor

- d) Both material and labour are limiting factors
- 13. A company would sell 40,000 units of a product if the unit selling price was set at ₹ 10 and these would generate a total contribution of ₹ 1,60,000. If the unit selling price was reduced to ₹ 9.50 then sales of 44,000 units would result. Setting unit selling prices of ₹ 10.50 and ₹ 11 would result in sales of 36,000 and 31,000 units respectively.

Which selling price would generate the highest total contribution?

d) ₹ 11.00

14. A company currently produces 6,000 units of its single product each period, incurring total variable costs of ₹ 60,000 and fixed costs of ₹ 42,000. Production will increase to 8,000 units per period if the company expands capacity resulting in changes both to the variable costs per unit and to the total fixed costs. For production of 8,000 units per period total variable costs would be ₹ 76,000 and fixed costs ₹ 50,000.

What is the reduction in total cost per unit comparing the costs for 8,000 units per period with the unit costs currently being incurred?

b)₹0.75 a) ₹ 0.50

c)₹1.25

c) ₹ 10.50

d)₹2.08 15. A manufacturing company pays its employees a constant salary for working 35 hours each week. The production process is highly specialised and the quality of output is a critical factor. All completed units are inspected. Currently about 10% of output fails to meet the expected specification. The Managing Director has forecast increasing sales and is keen to reduce the labour cost per unit of production. He has suggested three possible ways of achieving this:

1. Improve direct labour productivity 2. Increase the number of hours worked

3. Reduce the rate of rejections

Which of the above suggestions would enable the company to reduce the labour cost per unit?

a) Suggestion 2 only

b) Suggestions 1 and 2 only

c) Suggestions 1 and 3 only

d) Suggestions 2 and 3 only

16. The following details relate to Product Z:

₹/Unit	
Selling price	45.00
Purchased components	14.00
Labour	10.00

Variable overhead8.50Fixed overhead4.50Time on bottleneely recourse 10 minutes4.50	
Fixed overhead 4.50)
Time on hettleneel, recourse 10 minutes)
Time on bottleneck resource to minutes 4.50)
Product return per minute is	
a) ₹ 0.80 b) ₹ 1.25 c) ₹ 2.10 d) ₹ 3.1	0
17. Z Limited is a hotel that serves cakes and burgers in its coffee shop. An analysis of its internal	
costs has revealed that the variable cost of preparing its own burgers is ₹ 5.50 per burger	
compared to the price of ₹ 8.00 per burger that would be charged by an external bakery. Z Li	mited
employs a chef to prepare the burgers at a salary of ₹ 1,000 per month. This chef is not able t	:0
carry out any other work in the hotel and is the only employee capable of preparing the burg	ers.
Calculate the minimum monthly number of sales of burgers at which it is worthwhile prepari	ng
the burgers in the hotel.	
a) 100 b) 400 c) 300 d) 250	
18. A company which manufactures four components (A, B, C and D), using the same skilled labo	ur,
aims to maximise its profits. The following information is available:	
Component	
A B C D	
Variable production cost per unit (₹) 60 70 75 85	
Purchase price per unit from another supplier (₹) 108 130 120 124	
Skilled labour hours per unit to manufacture 4 6 5 3	
As it has insufficient skilled labour hours available to manufacture all the components require	ed,
the company will need to buy some units of one component from the other supplier. Which	
component should be purchased from the other supplier?	
a) Component A b) Component B	
c) Component C d) Component D	
10 ID has been trading for the last six menths as a fast feed retailer. His everage gross profit	
19. JB has been trading for the last six months as a last lood retailer. His average gross profit	
margin for that period was 33%, on sales of ₹ 1,20,000. His total expenses were ₹ 25,800. He	is
margin for that period was 33%, on sales of ₹ 1,20,000. His total expenses were ₹ 25,800. He considering employing an extra member of staff as he anticipates an increase in business. The	is e cost
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 19.18 has been trading for the last six months as a last lood retailer. His average gross profit margin for that period was 33%, on sales of ₹ 1,20,000. His total expenses were ₹ 25,800. He considering employing an extra member of staff as he anticipates an increase in business. The of the new employee will be ₹ 18,000 per annum. To stimulate sales, JB will also reduce his g profit margin to 30%. What percentage increase in sales is needed for JB to earn the same net profit in the next six months as he earned in the first six months? 	e is e cost ross
 19.18 has been trading for the last six months as a last food retailer. His average gross profit margin for that period was 33%, on sales of ₹ 1,20,000. His total expenses were ₹ 25,800. He considering employing an extra member of staff as he anticipates an increase in business. The of the new employee will be ₹ 18,000 per annum. To stimulate sales, JB will also reduce his g profit margin to 30%. What percentage increase in sales is needed for JB to earn the same net profit in the next six months as he earned in the first six months? a) 21.66% b) 25.00% c) 35.00% d) 60.00% 	e is e cost ross
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 19.3B has been trading for the last six months as a last rood retailer. His average gross profit margin for that period was 33%, on sales of ₹ 1,20,000. His total expenses were ₹ 25,800. He considering employing an extra member of staff as he anticipates an increase in business. The of the new employee will be ₹ 18,000 per annum. To stimulate sales, JB will also reduce his g profit margin to 30%. What percentage increase in sales is needed for JB to earn the same net profit in the next six months as he earned in the first six months? a) 21.66% b) 25.00% c) 35.00% d) 60.00% 20. When making a decision between manufacturing a component or outsourcing its production, information required is: (i) the internal variable manufacturing cost per component 	e is e cost ross
 19.38 has been trading for the last six months as a last lood retailer. His average gross profit margin for that period was 33%, on sales of ₹ 1,20,000. His total expenses were ₹ 25,800. He considering employing an extra member of staff as he anticipates an increase in business. The of the new employee will be ₹ 18,000 per annum. To stimulate sales, JB will also reduce his g profit margin to 30%. What percentage increase in sales is needed for JB to earn the same net profit in the next six months as he earned in the first six months? a) 21.66% b) 25.00% c) 35.00% d) 60.00% 20. When making a decision between manufacturing a component or outsourcing its production, information required is: (i) the internal variable manufacturing cost per component (ii) the monthly volume of components required 	e is e cost ross
 19.38 has been trading for the last six months as a fast food retailer. His average gross profit margin for that period was 33%, on sales of ₹ 1,20,000. His total expenses were ₹ 25,800. He considering employing an extra member of staff as he anticipates an increase in business. Th of the new employee will be ₹ 18,000 per annum. To stimulate sales, JB will also reduce his g profit margin to 30%. What percentage increase in sales is needed for JB to earn the same net profit in the next six months as he earned in the first six months? a) 21.66% b) 25.00% c) 35.00% d) 60.00% 20. When making a decision between manufacturing a component or outsourcing its production, information required is: (i) the internal variable manufacturing cost per component (ii) the monthly volume of components required (iii) the internal fixed overhead absorption rate per component 	e is e cost ross
 19.3B has been trading for the fast six months as a fast food retailer. His average gross profit margin for that period was 33%, on sales of ₹ 1,20,000. His total expenses were ₹ 25,800. He considering employing an extra member of staff as he anticipates an increase in business. Th of the new employee will be ₹ 18,000 per annum. To stimulate sales, JB will also reduce his g profit margin to 30%. What percentage increase in sales is needed for JB to earn the same net profit in the next six months as he earned in the first six months? a) 21.66% b) 25.00% c) 35.00% d) 60.00% 20. When making a decision between manufacturing a component or outsourcing its production, information required is: (i) the internal variable manufacturing cost per component (ii) the internal fixed overhead absorption rate per component (iv) the monthly specific fixed cost total for the component 	e is e cost ross
 19. JB has been trading for the last six months as a last root retailer. His average gross profit margin for that period was 33%, on sales of ₹ 1,20,000. His total expenses were ₹ 25,800. He considering employing an extra member of staff as he anticipates an increase in business. Th of the new employee will be ₹ 18,000 per annum. To stimulate sales, JB will also reduce his g profit margin to 30%. What percentage increase in sales is needed for JB to earn the same net profit in the next six months as he earned in the first six months? a) 21.66% b) 25.00% c) 35.00% d) 60.00% 20. When making a decision between manufacturing a component or outsourcing its production, information required is: (i) the internal variable manufacturing cost per component (ii) the monthly volume of components required (iii) the internal fixed overhead absorption rate per component (iv) the monthly specific fixed cost total for the component (v) the purchase price of the component from the external supplier 	e is e cost ross
 19.36 has been trading for the fast six months as a fast food retailer. His average gross profit margin for that period was 33%, on sales of ₹ 1,20,000. His total expenses were ₹ 25,800. He considering employing an extra member of staff as he anticipates an increase in business. Th of the new employee will be ₹ 18,000 per annum. To stimulate sales, JB will also reduce his g profit margin to 30%. What percentage increase in sales is needed for JB to earn the same net profit in the next six months as he earned in the first six months? a) 21.66% b) 25.00% c) 35.00% d) 60.00% 20. When making a decision between manufacturing a component or outsourcing its production, information required is: (i) the internal variable manufacturing cost per component (ii) the monthly volume of components required (iii) the internal fixed overhead absorption rate per component (iv) the monthly specific fixed cost total for the component (v) the purchase price of the component from the external supplier a) (i) and (v) only 	e is e cost ross
 19.16 has been trading for the last six months as a last food retailer. His average gross profit margin for that period was 33%, on sales of ₹ 1,20,000. His total expenses were ₹ 25,800. He considering employing an extra member of staff as he anticipates an increase in business. Th of the new employee will be ₹ 18,000 per annum. To stimulate sales, JB will also reduce his g profit margin to 30%. What percentage increase in sales is needed for JB to earn the same net profit in the next six months as he earned in the first six months? a) 21.66% b) 25.00% c) 35.00% d) 60.00% 20. When making a decision between manufacturing a component or outsourcing its production, information required is: (i) the internal variable manufacturing cost per component (ii) the internal fixed overhead absorption rate per component (iv) the monthly specific fixed cost total for the component (v) the purchase price of the component from the external supplier a) (i) and (v) only b) (i), (iii), (iii), and (v) only 	e is e cost ross
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c) Direct cost

d) Predetermined cost

22.	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		
23.	A standard which is established for use unaltered for an indefinite period is called			
	a) Current standard	b) Ideal standard		
	c) Basic standard	d) Expected standards		
24.	The amount of work achievable in an hour, at stand	ard efficiency levels, is		
	a) an ideal standard	b) the direct labour usage	per hour	
	c) a standard hour	d) the direct labour efficie	ency variance	
25.	In the four week production period just completed, labour cost for each unit was ₹ 13.50, based on bud labour cost for the period was ₹ 8,238. What was the labour rate variance for the period?	B Ltd. produced 570 units. The s geted production of 550 units. T	tandard he actual	
	a) ₹ 543 adverse	b) ₹ 543 favourable		
	c) ₹ 813 adverse	d) ₹ 813 favourable		
26.	The standard and the actual requirements of mater Standard - 2,400 units at the rate of ₹ 20 per unit Actual - 2,600 units at the rate of ₹ 19 per unit The material cost variance is	ial of a company are as under:		
	a) ₹ 2,600 (Adverse)	b) ₹ 1,400 (Favourable)		
	c) ₹ 2,400 (Adverse)	d) ₹ 1,400 (Adverse)		
27.	Last month 27,000 direct labour hours were worked standard direct labour hours of production were 29 was ₹ 8.50. What was the labour efficiency variance?	l at an actual cost of ₹ 2,36,385 a ,880. The standard direct labour	and the cost per hour	
	a) ₹ 17,595 Adverse	b) ₹ 17,595 Favourable		
	c) ₹ 24,480 Adverse	d) ₹ 24,480 Favourable		
28.	During a period, 17,500 labour hours were worked a labour efficiency variance is ₹ 7,800 (favourable), th a) 20,000 b) 19,200	at a standard cost of ₹ 6.50 per h e standard direct labour hours a c) 18,700	our. If the re d) 18,500	
29.	Which of the following is not a type of standard, con	nceptually speaking?		
	a) Ideal standards	b) Negative standards		
	c) Expected standards	d) Current standards		
30.	While computing variances from standard costs, the difference between the actual and the standard prices multiplied by the actual quantity vields a			
	a) Yield variance	b) Volume variance		
	c) Mix variance	d) Price variance		
31.	When a flexible budget is used, then increase in the	actual production level within a	relevant	
	range would increase			
	a) Total cost	b) Variable cost		
	c) Fixed cost	d) Both (a) and (b) above		

32. Which of the information below should be contained in a budget manual? a) An organisation chart b) Timetable for budget preparation c) A list of account codes d) All (a), (b) and (c) 33. Which of the following is normally the most appropriate sequence of events in the preparation of the indicated budgets ? a) Sales budget, cash budget, budgeted balance sheet, production budget b) Sales budget, cash budget, production budget, budgeted balance sheet c) Sales budget, production budget, cash budget, budgeted balance sheet d) Sales budget, production budget, budgeted balance sheet, cash budget 34. Which of the following items should be included in a cash budget? (i) loan repayments (ii) depreciation charge (iv) wages paid (iii) tax provision a)(i) and (ii) b) (i) and (iv) c)(ii) and (iii) d) (iii) and (iv) 35. A budget that gives a summary of all the functional budgets is known as a) Capital budget b) Flexible budget c) Master budget d) Fixed budgets 36. The classification of fixed and variable cost has a special significance in the preparation of a) Flexible budget b) Cash budget c) Capital budget d) Zero-based budget 37. If the activity level is reduced from 80% to 70%, the fixed cost a) will decrease by 10% b) will increase by 10% c) per unit will decrease d) per unit will increases 38. When a flexible budget is used, a decrease in the actual production level within a relevant range would a) Decrease variable cost per unit b) Decrease variable costs c) Increase total fixed costs d) Increase variable cost per unit 39. A master budget comprises a) The budgeted profit and loss account b) Budgeted cash flow, budgeted profit and loss, budgeted balance sheet c) Budgeted cash flow d) Entire sets of budgets prepared 40. Which one of the following items would NOT be included in a cash budget? a) Capital repayments on loans b) Depreciation charges c) Dividend payments d) Proceeds of sale of fixed assets 41. Electricity Undertaking a) Per Kilowatt – Hour b) Per Consumer - Hour c) Per Consumer – Points d) Per K.G. / Cubic Ft 42. Operating Costing uses the methods of _____ Costing when costing a particular trip by a bus. a) Operation b) Standard c) Process d) Job

43. Passenger transport			
a) Per Passenger – Sea	t	b) Per Passenger -	K.M.
c) Per Passenger – Day		d) Per Passenger -	Hour
44 Costing is the m hotel, hospital, gas or e	ethod used to ascertain the c electricity.	ost of providing a service	such as transport,
a) Operation	b) Operating	c) Process	d) Job
45. In case of passenger tr	ansport, Carriage capacity is in	n terms of	
a) seats	b) tonnes	c) KM	d) CC
46. Which of the following vehicle?	; would be regarded as a varia	ble cost in the annual op	eration of a motor
a) Hire purchase paym	ents	b) Insurance	
c) Petrol		d) Tyre replacemer	nt
47. There are 100 rooms in winter. The period of s month may be assume attendant for each roo summer are	n the hotel. 80% of the rooms summer and winter may be co ed to be 30 days. Wages of the om. He is paid wages when the	are generally occupied in nsidered to be of 6 mont room attendant ₹ 20 pe room is occupied. Room	n summer and 30% in ths in each case. A r day. There is a room n attendant wages for
a) 2,88,000	b) 3,60,000	c) 1,08,000	d) 72,000
48. A hotel has 60 availabl total costs incurred we period?a) ₹ 12.44	e rooms. Room occupancy wa ere ₹ 1,04,976. What was the o b) ₹ 15.55	ts 80% during a 90 day pe cost per occupied room p c) ₹ 19.44	eriod during which per night in the d) ₹ 24.30
49. Which of the followinga) Oil change every 10,c) Insurance	; would be classified as a fixed ,000 kilometres	cost in the operation of b) Petrol d) Tyre replacemer	a motor vehicle? nt
50. Operating Costing uses electricity, steam etc.	s the methods of Costir	ng when ascertaining the	cost of supply of
a) Operation	b) Marginal tool	c) Process	d) Job