



Dr.G.R.Damodaran College of Science

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CRISL rated 'A' (TN) for MBA and MIB Programmes

III BBA [2015-2018]

SEMESTER-V

ELECTIVE: COST AND MANAGEMENT ACCOUNTING- 516W1

Multiple Choice Questions.

1. The prime function of accounting is to

- A. Record economic data
- B. Provide the informational basis for action
- C. Classify and record business transactions
- D. Attain non economic goals

ANSWER: C

2. Cost accounting disclose

- A. The Financial position
- B. Profit/loss of a product, job or service
- C. Effect and impact of cost on business
- D. None of these

ANSWER: B

3. The scope of cost accounting includes_____.

- A. cost ascertainment.
- B. cost preservation.
- C. cost control.
- D. all the above.

ANSWER: D

4. helps in ascertaining costs before hand

- A. Financial accounting
- B. Cost accounting
- C. Management accounting
- D. None of these

ANSWER: B

5. The basic function of Management Accounting is to.....

- A. Record all business transactions
- B. Interpret the financial data
- C. variable cost per unit decreases. Assist the management in performing its functions effectively
- D. None of these

ANSWER: C

6. Management accounting has a.....Scope than cost accounting

- A. Wider
- B. Narrow
- C. No
- D. None of these

ANSWER: A

7. Cost accounting provides data for managerial

- A. Decision making
- B. Recruitment
- C. Retrenchment
- D. None of the above

ANSWER: A

8. Cost accounting is based on figures

- A. Estimated
- B. Historical
- C. Actual
- D. None of these

ANSWER: A

9. Cost accounting records both monetary and units

- A. Physical
- B. Cost
- C. Both a & b
- D. None of these

ANSWER: A

10. Cost Accounting and Management Accounting are in nature

- A. Complementary
- B. Contradictory
- C. Different
- D. Similar

ANSWER: A

11. The total of all direct expenses is known as cost

- A. Prime
- B. Works
- C. Production
- D. Both a & b

ANSWER: A

12. Process costing is suitable for _____

- A. hospital
- B. transport firm
- C. oil refining firms
- D. brick laying firms

ANSWER: C

13. Cost of sales plus profit is _____

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

ANSWER: A

14. Works cost is the total of _____.

- A. direct material.
- B. direct labor.
- C. work expenses.
- D. all the above.

ANSWER: D

15. Variable cost change _____ with change in output.

- A. proportionality.
- B. variability.
- C. constantly.
- D. rapid Change.

ANSWER: A

16. Out of pocket cost involves payment to _____.

- A. owners.
- B. managers.
- C. subordinates.
- D. outsiders.

ANSWER: D

17. Fixed cost per unit _____ with increase in output.

- A. decrease.
- B. increase.
- C. constant.
- D. dis-proportionate.

ANSWER: A

18. The three stages of material are _____.

- A. purchase
- B. storing.
- C. issue of materials.
- D. none of the above.

ANSWER: D

19. Material storing aims in _____.

- A. material management.
- B. pricing Strategy.
- C. none of the above.

D. both a & b.

ANSWER: A

20. Two levels of material control exist as _____.

A. quality Control.

B. financial Control.

C. both a & b.

D. none of the above.

ANSWER: C

21. Budgeting may said to be the act of _____ .

A. building.

B. ascertaining.

C. predicting.

D. none of the above.

ANSWER: C

22. Budgeting system _____key managerial functions.

A. builds.

B. ascertains.

C. integrates.

D. dis-Integrates.

ANSWER: A

23. A functional budgets relates to which of the following _____.

A. sales.

B. production.

C. research & development.

D. all the above.

ANSWER: D

24. Capital Turnover ratio = _____/ capital employed.

A. Cost of sales.

B. Cost of production.

C. Profit.

D. None of the above.

ANSWER: A

25. Zero based budgeting overcomes the weaknesses of _____.

A. conventional budgeting.

B. cost budgeting.

C. both a& b.

D. none of the above.

ANSWER: C

26. Fixed level of budgeting is useful only when _____.

A. moderate level.

B. actual level.

- C. proportionate level.
- D. dis-proportionate level.

ANSWER: B

27. Limiting factor is a major constraint on _____.
- A. operational activities.
 - B. functional activities.
 - C. both a& b.
 - D. none of the above.

ANSWER: C

28. Establishment of budgets is necessary for _____.
- A. all sections of the firm.
 - B. selected sections.
 - C. production section.
 - D. none of the above.

ANSWER: A

29. The sources and applications of funds are _____.
- A. issue of shares.
 - B. sale of fixed assets.
 - C. redemption of fixed assets.
 - D. all the above.

ANSWER: D

30. Fund flow refers to changes in _____ capital.
- A. working.
 - B. share.
 - C. debenture.
 - D. stock.

ANSWER: A

31. Which one of the following constitute the cost of production?
- A. Prime cost + Factory over heads.
 - B. Works cost + office and administrative over heads.
 - C. Works cost + Prime cost
 - D. Works cost + Selling and distribution over heads.

ANSWER: B

32. Difference between current asset and current liabilities is known as
- A. share capital.
 - B. amount capital.
 - C. working capital.
 - D. none of the above.

ANSWER: C

33. Commission outstanding is _____ of funds.
- A. application of funds.

- B. source of funds.
- C. both a & b.
- D. none of the above.

ANSWER: D

34. Welfare expenses will be shown in the cost sheet under _____.

- A. selling over heads.
- B. administrative over heads.
- C. office over heads.
- D. works over heads.

ANSWER: D

35. Material control involves _____

- A. consumption of material
- B. issues of material
- C. purchase of materials
- D. purchase storage and issues of materials.

ANSWER: D

36. Material requisition is meant for

- A. purchase of material
- B. supply of material from stores
- C. sales of material
- D. none of the above.

ANSWER: B

37. Net profit earned plus non-operating expenses minus non-operating incomes is equal to _____.

- A. fund provided by operations.
- B. use of funds.
- C. sinking funds.
- D. none of the above.

ANSWER: A

38. stock control through stock levels and EOQ is called

- A. demand and supply method
- B. perpetual inventory system
- C. control by importance and exception
- D. none of these.

ANSWER: A

39. ABC analysis is _____

- A. always better control
- B. advantage of better control
- C. at the best control
- D. none of the above.

ANSWER: A

40. JIT inventory system

- A. job in time
- B. just inventory time
- C. just in time
- D. none of the above.

ANSWER: C

41. FIFO is

- A. fast investment in future orders
- B. first in first out
- C. fast issue of first order
- D. none of the above.

ANSWER: B

42. Scrap is

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

ANSWER: A

43. piece workers are paid on the basis of

- A. output sold
- B. output produced
- C. output in stock
- D. actual time

ANSWER: B

44. Overtime is _____

- A. time spend by workers on their jobs
- B. time spent by workers in the factory
- C. time spent by workers without work
- D. none of these.

ANSWER: B

45. Bonus under Halsey plan is paid

- A. at 100% of time saved
- B. at 75% of time saved
- C. at 80% of time saved
- D. at 50% of time saved

ANSWER: D

46. Time wages are paid on the basis of

- A. standard time
- B. time saved
- C. output produced
- D. actual time

ANSWER: D

47. _____ defined as the method of accounting for the cost, the process of recording and accounting for all the elements of costs.

- A. Costing.
- B. Accounting.
- C. Cost accounting.
- D. Management accounting.

ANSWER: A

48. The scope of cost accounting is concerned with the ascertainment of control of _____.

- A. costs.
- B. sales.
- C. profit.
- D. none of the above.

ANSWER: A

49. The accounting is been classified into _____.

- A. financial accounting.
- B. cost accounting.
- C. management accounting.
- D. all of these.

ANSWER: D

50. As the order quantity increases, this cost will reduce.

- A. ordering cost.
- B. insurance cost
- C. inventory carrying cost.
- D. stock out cost.

ANSWER: A

51. The basic purpose of _____ is to facilitate managerial decision making.

- A. cost accounting.
- B. management accounting.
- C. financial accounting.
- D. none of the above.

ANSWER: B

52. Cost can be classified into many categories because the usage of cost varies from _____.

- A. industry to industry.
- B. country to country.
- C. place to place.
- D. none of the above.

ANSWER: A

53. The expenses of your product are analyzed under different heads in the form of statement. This statement is called _____.

- A. balance sheet.
- B. cost sheet.

- C. income statement.
- D. product statement.

ANSWER: B

54. Which of the following methods of wage payment does not guarantee wages on time basis?

- A. Halsey premium plan.
- B. Rowan premium system.
- C. Emerson efficiency plan.
- D. Piece rate system.

ANSWER: D

55. The factory overheads consist of_____.

- A. all expenses related to factory.
- B. all direct expenses related to factory.
- C. all indirect expenses related to factory.
- D. none of the above.

ANSWER: C

56. The showroom rent comes under_____ overheads.

- A. factory overhead.
- B. office overhead.
- C. selling & distribution overhead.
- D. none of the above

ANSWER: C

57. If the opening stock of raw materials is 40,000 material purchased is Rs 2, 00,000, carriage inward is 2,000 and closing stock of raw materials is 60,000. What are raw materials consumed?

- A. 1, 80,000.
- B. 1, 82,000
- C. 20,000.
- D. 1, 78,000.

ANSWER: B

58. General on cost comprises _____.

- A. factory overheads and office overhead.
- B. factory overhead and selling & distribution overhead.
- C. office overhead and selling & distribution overhead.
- D. worksheet and administration overhead.

ANSWER: C

59. Economic order quantity is also known as_____.

- A. standard order quantity.
- B. optimum quantity.
- C. economic size.
- D. all of these.

ANSWER: A

60. From the given formulae, select the right formula for re-order level.

- A. Maximum consumption X Maximum re-order period.
- B. Minimum consumption X Minimum re-order period.
- C. Maximum consumption X Minimum re-order period.
- D. Minimum consumption X Maximum re-order period.

ANSWER: C

61. The ordering levels are divided into _____ types of levels.

- A. 3
- B. 4
- C. 5
- D. 6

ANSWER: C

62. The remuneration paid to employees is divided into _____ methods of remuneration.

- A. remuneration based on time.
- B. remuneration based on production.
- C. both a & b.
- D. none of the above of these.

ANSWER: B

63. What refers to formal and informal original statements prepared by a business concern to disclose its financial information?

- A. statement analysis.
- B. financial statement analysis.
- C. business statement analysis.
- D. accounting statement analysis.

ANSWER: B

64. According to American Institution of certified public accounts, the financial statement deals with_____.

- A. composition of various costs.
- B. status of investments and result achieved during the period under review.
- C. differentiation into various accounting segments.
- D. all of these.

ANSWER: D

65. Which of the following what are characteristics of financial statement?

- A. accounting conventions.
- B. personal judgments.
- C. based on recorded facts.
- D. all of these.

ANSWER: D

66. The management accountant is expected to analyze and interpret the financial statements to perform his basic duty of_____.

- A. communication to management.
- B. controlling of costs.
- C. providing alternatives.

D. all of these.

ANSWER: A

67. _____ is prepared by the business concern in order to know the profit earned and loss sustained during a specified period.

- A. Income statement.
- B. Balance sheet.
- C. Both a and b.
- D. None of these.

ANSWER: A

68. The financial statement analysis is classified into _____ types.

- A. 2
- B. 3
- C. 4
- D. 5

ANSWER: B

69. _____ statement is prepared in order to reveal clearly the various sources where from the funds are procured to finance the activities of business concern.

- A. Funds flow.
- B. Cash flow.
- C. Income.
- D. Working capital.

ANSWER: B

70. _____ analysis summarizes and presents the related data for number of years incorporating the changes in individual items of financial statement.

- A. Cash flow analysis.
- B. Common that size statement analysis.
- C. Comparative statement.
- D. Trend analysis.

ANSWER: C

71. According to _____, the term fund refers to cash to cash equivalence or to working capital.

- A. ICMA.
- B. Jeffery hicks.
- C. international accounting standards.
- D. Indian institute of accountancy.

ANSWER: C

72. Statement of changes in the working capital is prepared from _____ and _____.

- A. current assets and liabilities.
- B. fixed assets and liabilities.
- C. income and expenses.
- D. profit and loss.

ANSWER: A

73. The EOQ inventory model attempts to minimize _____.

- A. the number of times ordered.
- B. the number of orders placed.
- C. total inventory costs.
- D. the safety stock.

ANSWER: C

74. There is how many steps involved in fund flow statement _____.

- A. 2
- B. 3
- C. 4
- D. 5

ANSWER: B

75. Which among the following is true?

- A. increase in current asset decrease in working capital.
- B. decrease in current asset decrease in working capital.
- C. increase in current asset increase in working capital.
- D. decrease in current asset decrease in working capital.

ANSWER: D

76. Pricing of material issues closely resembles the current market value under _____.

- A. LIFO.
- B. FIFO.
- C. simple average.
- D. weighted average.

ANSWER: A

77. If the net profits is 115800, depreciation is 70000 loss on sale of machinery is 4000 good will written off is Rs 20000 selling expenses is 5000 profit on sale of land is 60000 and profit from sale is 10000 calculate funds from operation?

- A. 144800.
- B. 134800.
- C. 149800.
- D. 159800.

ANSWER: C

78. If the net profits for the year are Rs 250000 closing profit for the year 1995 is 230000 what is true from the following?

- A. fund from operation.
- B. fund from other sources.
- C. fund lost in operation.
- D. loss of fund in depreciation.

ANSWER: C

79. Budgets are _____ quantities statements of the resources set aside for carrying out planned activities over given periods of time.

- A. periodic.

- B. un periodic.
- C. formal.
- D. informal.

ANSWER: C

80. One of the methods of forecasting and controlling the cash requirement of any organization is through preparation of a _____.

- A. cash budget.
- B. sales budget.
- C. conventional budget.
- D. production budget.

ANSWER: A

81. There are _____ types of budgets.

- A. 2
- B. 3
- C. 4
- D. 5

ANSWER: A

82. _____ spell out on detail the money the organization intends to spend in the same period and where that money will come from.

- A. Operating Budgets.
- B. Organization Budgets.
- C. Financial Budgets.
- D. System Budgets.

ANSWER: C

83. The sales budget is the most important budget and forms the basis on which all the _____ are built up.

- A. budget.
- B. income.
- C. sales.
- D. purchase.

ANSWER: A

84. In addition to bring a major control device, budgets are also one of the major means of _____ the activities of the organization.

- A. directing.
- B. co-ordination.
- C. controlling.
- D. all.

ANSWER: B

85. The storekeeper should initiate a purchase requisition when stock reaches _____.

- A. minimum level.
- B. maximum level.
- C. re-order level.

D. average level.

ANSWER: C

86. Which one of the following is the presentation of the information derived from cost accounting for decision making?

- A. costing.
- B. budgeting.
- C. financial accounting.
- D. cost accountancy.

ANSWER: D

87. Which is the objective of cost accounting?

- A. cost finding & cost control.
- B. cost cutting.
- C. fixation of selling price.
- D. all the above.

ANSWER: D

88. Purpose of managerial accounting is _____.

- A. facilitate decision making.
- B. cost control.
- C. ascertainment of cost.
- D. prepare financial statements.

ANSWER: A

89. Cost of sales = _____.

- A. Sales minus cost of sales.
- B. Sales minus profit.
- C. Direct labor minus indirect labor.
- D. Assets minus liability.

ANSWER: B

90. Expenses of a product can be analyzed through _____.

- A. cost sheet.
- B. profit & loss account.
- C. balance sheet.
- D. none of the above.

ANSWER: A

91. Factory cost can be otherwise called as _____.

- A. primary cost.
- B. prime cost.
- C. total cost.
- D. works cost.

ANSWER: D

92. When sales is higher than cost of sales it is _____.

- A. loss.

- B. profit.
- C. breakeven sales.
- D. none of the above.

ANSWER: B

93. Time lag is otherwise known as_____.

- A. lead time.
- B. time cost.
- C. inventory.
- D. lag.

ANSWER: A

94. EOQ _____

- A. equal order quantity.
- B. economic order quantity.
- C. ethnic order quantity.
- D. none of the above.

ANSWER: B

95. Minimum stock level is also called as _____.

- A. safety stock .
- B. average stock.
- C. maximum stock.
- D. re-order level.

ANSWER: A

96. Danger level is _____ the minimum quantity.

- A. above.
- B. below.
- C. equal.
- D. none of the above.

ANSWER: B

97. When re-order level is 950 units, consumption = 425 units, order period= 2, then minimum stock level will be_____.

- A. 200
- B. 100
- C. 150
- D. 420

ANSWER: D

98. Pricing of materials is done by_____ department.

- A. costing.
- B. production.
- C. HR.
- D. R&D.

ANSWER: A

99. Under which the last material purchased will be issued first?

- A. FIFO.
- B. simple average method.
- C. LIFO.
- D. weighted Average Method.

ANSWER: C

100. Which of the following method causes failure to recover the cost price of the materials?

- A. simple average.
- B. cost sheet.
- C. FIFO.
- D. LIFO.

ANSWER: A

101. Total wages earned by employees is termed as_____.

- A. bonus.
- B. salary.
- C. incentives.
- D. remuneration.

ANSWER: D

102. _____ incentives influence the performance of the employees.

- A. Monetary.
- B. Non- monetary.
- C. None of the above.
- D. Goods.

ANSWER: A

103. Which are the two methods of remunerations?

- A. time.
- B. labor.
- C. time and labor.
- D. time and production.

ANSWER: D

104. Which time rate remuneration is given according to cost of living?

- A. graduated.
- B. post Graduated.
- C. UG.
- D. all the above.

ANSWER: A

105. Which time rate remuneration recognizes the individuals efficiency and skill?

- A. differential.
- B. simple
- C. average
- D. flat

ANSWER: A

106. Piece rate system is also known as _____.

- A. payment by result.
- B. straight piece rate.
- C. payment by production.
- D. all the above.

ANSWER: A

107. Formula to calculate time rate system is _____.

- A. Pieces * rate.
- B. Hours * rate.
- C. Hours * pieces.
- D. Hours * pieces.

ANSWER: B

108. _____ is prepared for presenting a periodical review or report of the management.

- A. Balance sheet.
- B. P&L a/c.
- C. Financial statement.
- D. None of the above.

ANSWER: C

109. Which of the following belongs to financial statement analysis?

- A. External and internal.
- B. Horizontal and vertical.
- C. All the above.
- D. None of the above.

ANSWER: C

110. _____ are the tools of financial analysis.

- A. Comparative statement.
- B. Trend analysis.
- C. Ratio analysis.
- D. All the above.

ANSWER: D

111. Comparative statement analysis comprises _____.

- A. comparative Balance sheet.
- B. comparative P&L a/c.
- C. all the above.
- D. none of the above.

ANSWER: C

112. Working capital = _____

- A. Current assets minus Current liability.
- B. Current assets minus Past liability.
- C. Current assets minus Current payments.
- D. Current assets minus Current assets.

ANSWER: A

113. The term funds refer to _____.

- A. cost.
- B. liability.
- C. working capital.
- D. none of the above

ANSWER: C

114. _____ analysis helps to judge the credit worthiness, financial planning and budget preparation.

- A. Cost flow.
- B. Fund flow.
- C. Net- working capital.
- D. None of the above.

ANSWER: B

115. _____ analysis is otherwise called static or structural analysis.

- A. Vertical.
- B. Internal.
- C. External.
- D. Cost.

ANSWER: A

116. _____ analysis is otherwise called as trend or dynamic analysis.

- A. Horizontal.
- B. Internal.
- C. External.
- D. Cost.

ANSWER: A

117. _____ statement can be classified into P&L a/c and Balance sheet.

- A. Non- monetary.
- B. Financial.
- C. Non- financial.
- D. None of the above.

ANSWER: B

118. Flow of fund is not possible between _____.

- A. current assets and current liabilities.
- B. non current assets and non current liabilities.
- C. all the above.
- D. none of the above.

ANSWER: C

119. Marginal cost = Prime cost + total cost - _____ cost.

- A. fixed.
- B. variable.

- C. current.
- D. previous.

ANSWER: A

120. Marginal cost is helpful in determining the _____ of the product.

- A. accountability.
- B. credibility.
- C. profitability.
- D. sustainability.

ANSWER: C

121. Marginal cost takes into account only _____ cost and excludes fixed cost.

- A. current.
- B. prime.
- C. incurred .
- D. variable.

ANSWER: D

122. Marginal cost is the additional cost of producing an _____ unit of a product.

- A. multiple.
- B. additional.
- C. primary.
- D. secondary.

ANSWER: B

123. _____ is an advantage is marginal cost.

- A. Simplicity.
- B. Complexity.
- C. Ambiguity.
- D. Hypocrisy.

ANSWER: A

124. Marginal cost is a technique of _____ making.

- A. speculation.
- B. decision.
- C. correction.
- D. regulation.

ANSWER: B

125. Marginal costing has the limitation of _____.

- A. simplicity.
- B. stock valuation.
- C. automation.
- D. decision making.

ANSWER: C

126. In common size analysis the items in the income statement are expressed as a percentage of _____.

- A. total assets.
- B. net sales.
- C. total expenses.
- D. gross sales.

ANSWER: B

127. Marginal cost is _____ cost.

- A. variable.
- B. prime.
- C. works.
- D. fixed.

ANSWER: A

128. Breakeven chart is a chart of _____.

- A. sales.
- B. total cost.
- C. both a & b.
- D. none of the above.

ANSWER: A

129. Budgetary control is the process of preparation of _____.

- A. cost.
- B. decision.
- C. balance.
- D. budget.

ANSWER: B

130. Budgetary control involves comparison of budgets with _____.

- A. actual.
- B. tangibles.
- C. budgets.
- D. nominal.

ANSWER: A

131. ZBB is _____ budgeting.

- A. cost.
- B. marginal.
- C. zero based.
- D. variable.

ANSWER: C

132. _____ budget is for different levels of activity.

- A. Flexible.
- B. Primary.
- C. Fixed.
- D. Abnormal.

ANSWER: A

133. Actual performance may differ from _____ performance.

- A. real.
- B. budgeted.
- C. tangible.
- D. coherent.

ANSWER: B

134. Budgetary control is a _____ technique.

- A. budget.
- B. marginal.
- C. fixed.
- D. cost.

ANSWER: D

135. Consumption of raw materials is based on _____.

- A. production.
- B. sales.
- C. cash.
- D. market.

ANSWER: A

136. _____ ratios are helpful in performance measurement.

- A. Traditional.
- B. Control.
- C. Primary.
- D. Fixed.

ANSWER: B

137. Consumption of _____ is based on production.

- A. raw material.
- B. funds.
- C. finished goods.
- D. none of the above.

ANSWER: A

138. To make budgetary control successful, there should be proper system of communication and reporting between various levels of _____.

- A. firms.
- B. management.
- C. committee.
- D. group.

ANSWER: B

139. _____ is a process should be credited to the account and carried forward to the next period.

- A. Input.
- B. Work - In- Process.
- C. Output.
- D. None of the above.

ANSWER: B

140. _____ supply to the units of abnormal loss while computing equal units.

- A. Scrap.
- B. Input.
- C. Output.
- D. Process.

ANSWER: A

141. Long - term solvency is indicated by _____.

- A. rate of return.
- B. liquid ratio.
- C. debt - equity ratio.
- D. capital - gearing ratio. None of the above.

ANSWER: C

142. The cost which varies directly in proportion to every increase or decrease in the volume of output or production is known as _____.

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

ANSWER: B

143. The cost of searching for new or improved products, new application of materials, or new or improved methods is known as _____.

- A. replacement cost.
- B. administration cost.
- C. selling cost.
- D. development cost.

ANSWER: A

144. The cost of remuneration of the employee of an understanding is called as _____.

- A. prime cost.
- B. labor cost.
- C. material cost.
- D. indirect material cost.

ANSWER: B

145. The scope of _____ is concerned with the ascertainment of control of costs.

- A. cost management.
- B. cost control.
- C. cost accounting.
- D. none of the above.

ANSWER: C

146. Cost of goods sold = _____

- A. sales - gross profit.

- B. sales - net profit.
- C. sales proceeds.
- D. none of the above.

ANSWER: A

147. Cost Accounting will be helpful for the organization in the _____ of selling price.

- A. determining.
- B. fixation.
- C. finalizing.
- D. none of the above.

ANSWER: B

148. Selling Price= _____ + Margin required.

- A. Total Cost.
- B. Capital.
- C. Production Cost.
- D. None of the above.

ANSWER: A

149. Cost Accounting strives to help management in formulating _____ & decision making.

- A. cost reduction.
- B. cost control.
- C. total cost.
- D. none of the above.

ANSWER: C

150. _____ may be helpful to draw profit and loss account as well as balance sheet.

- A. Financial Accounting.
- B. Cost Accounting.
- C. Final Accounts.
- D. None of the above.

ANSWER: A

151. Cost Accounting involves many forms & _____

- A. accounts.
- B. cost.
- C. statements.
- D. none of the above.

ANSWER: C

152. Existing methods of _____ may not be applicable in all types of industries and in all types of service.

- A. cost management.
- B. cost accounting.
- C. cost statement.
- D. none of the above.

ANSWER: B

153. _____ is the presentation of accounting information in such a way to cooperate management in the creation of policy and in the day to day operations

- A. Management Accounting.
- B. General Accounting.
- C. Cost Accounting.
- D. None of the above.

ANSWER: A

154. _____ is not the characteristic of Management Accounting.

- A. Providing Financial Information.
- B. Cost Accounting.
- C. Forecasting.
- D. none of the above.

ANSWER: B

155. _____ is the main aim of management accounting to hold the individual responsibility on internal control.

- A. Tax Auditing.
- B. Book Keeping.
- C. Internal Auditing.
- D. None of the above.

ANSWER: C

156. _____ is applied where the job is big and of longer duration.

- A. Job Costing.
- B. Contract Costing.
- C. Cost Classification.
- D. None of the above.

ANSWER: B

157. _____ means a combination of two or more different types of costs.

- A. Multiple Costing.
- B. Batch Costing.
- C. Job Costing.
- D. None of the above.

ANSWER: A

158. _____ is the method used where there is a mass production and processes are repetitive in nature and there is a detailed application of process costing.

- A. Historical Costing.
- B. Conversion Costing.
- C. Operating Costing.
- D. None of the above.

ANSWER: C

159. _____ refers to the ascertainment of costs after they have been incurred.

- A. Production Cost.
- B. Historical Costing.

- C. Standard Costing.
- D. None of the above.

ANSWER: B

160. _____ is the cost of replacing a material or assets in the current ink.

- A. Replacement Cost.
- B. Research Cost.
- C. Policy Cost.
- D. None of the above.

ANSWER: A

161. _____ is the cost which involves current or future expenditure, in accordance with the management decisions.

- A. Shut down cost.
- B. Other cost.
- C. Out of pocket cost.
- D. None of the above.

ANSWER: C

162. Works Cost = Prime cost + _____.

- A. Material Cost.
- B. Factory Overheads.
- C. Administration Cost.
- D. None of the above.

ANSWER: B

163. Administration cost = _____ + Administration overheads.

- A. Works Cost.
- B. Production Cost.
- C. Imputed Cost.
- D. Opportunity Cost.

ANSWER: A

164. The term _____ denotes the stock which has not yet attained the final stage of production.

- A. raw materials.
- B. finished goods.
- C. work- in- progress.
- D. none of the above.

ANSWER: C

165. The term _____ is the technical term used for stock control or material control.

- A. work control.
- B. inventory control.
- C. raw materials control.
- D. none of the above.

ANSWER: B

166. _____ is the time between rising of indent by the store keeper and the receipt of materials during

a particular situation.

- A. Lead Time.
- B. Inventory Control.
- C. Final time.
- D. None of the above.

ANSWER: A

167. Cost of goods produced include

- A. production cost and finished goods inventory
- B. work in progress and prime cost
- C. production cost and work in progress
- D. production cost and cost of sales

ANSWER: C

168. Minimum Stock Level = Re-order level minus _____ X Normal Reorder period.

- A. Normal Consumption.
- B. Normal Stock Level.
- C. Maximum Stock level.
- D. Reorder Quantity.

ANSWER: A

169. Maximum Stock Level = Re-order level + _____ minus Minimum usage * Minimum Lead time.

- A. Re-order quality.
- B. Re-order usage.
- C. Re-order Quantity.
- D. None of the above.

ANSWER: C

170. Danger level = Average Rate of Consumption * _____.

- A. Re-order level.
- B. Emergency level.
- C. Emergency Lead time.
- D. None of the above.

ANSWER: C

171. Average stock level = _____ plus 1/2 of Re-order quantity.

- A. Minimum Re-order level.
- B. Minimum Stock Level.
- C. Danger level.
- D. None of the above.

ANSWER: B

172. _____ = Maximum Consumption * Maximum Re-order Period.

- A. Re-order Level.
- B. Re-order quantity.
- C. Re-order quality.
- D. None of the above.

ANSWER: A

173. _____ is a vital part of the business concerns engaged in manufacturing.

- A. Materials Issued.
- B. Materials Received.
- C. Materials Usages.
- D. None of the above.

ANSWER: B

174. _____ refers to formal and informal and original statements prepared by a business concern to disclose its financial information.

- A. Financial information.
- B. Financial statement analysis.
- C. Financial decisions.
- D. None of the above.

ANSWER: B

175. According to cash flow statement increase in current asset _____ cash and vice versa.

- A. increases.
- B. decreases.
- C. stabilizes.
- D. none of the above.

ANSWER: A

176. According to cash flow statement, increase in current liability _____ cash and vice versa.

- A. increases.
- B. decreases.
- C. stabilizes.
- D. none of the above.

ANSWER: A

177. Increase in the amount of prepaid expenses results in _____.

- A. increase in cash.
- B. decrease in cash.
- C. no change in cash.
- D. increase in profit.

ANSWER: B

178. According to fund flow statement increase in current asset _____ cash and vice versa.

- A. increases.
- B. decreases.
- C. stabilizes.
- D. none of the above.

ANSWER: B

179. According to fund flow statement increase in current liability _____ cash and vice versa.

- A. increases.
- B. decreases.
- C. stabilizes.

D. none of the above.

ANSWER: A

180. Comparative financial statements will contain items at least for _____ periods.

- A. two.
- B. three.
- C. four.
- D. five.

ANSWER: A

181. Variable cost comprises of all those costs which vary in _____ proportion to the level of activity.

- A. direct.
- B. indirect.
- C. equal.
- D. none of the above.

ANSWER: B

182. The cost which remains constant up to a particular level and thereafter it increases can be termed as _____.

- A. indirect cost.
- B. direct cost
- C. both
- D. none

ANSWER: A

183. CMA stands for _____.

- A. Cost and Management Accounting.
- B. Cost and Material Accounting.
- C. Cash and Material Accounting.
- D. None of the above.

ANSWER: A

184. The _____ is the consolidated summary of various financial budgets.

- A. master budget.
- B. summary budget.
- C. full budget.
- D. cash budget.

ANSWER: A

185. Which among the following is external source of funds?

- A. Public deposits.
- B. Bank loans and overdrafts.
- C. Mortgage loans.
- D. All the above.

ANSWER: D

186. Current ratio is a classification of _____.

- A. profitability Ratio.
- B. turnover ratio.
- C. liquidity ratio.
- D. none of the above.

ANSWER: C

187. Proprietary ratio shows the relationship between _____ and total tangible assets.

- A. proprietors fund.
- B. creditors fund.
- C. debtors fund.
- D. loan.

ANSWER: A

188. _____ = Profit after tax minus preference Dividend / No. of Equity Shares.

- A. EPS.
- B. PAT.
- C. PBT.
- D. EBIT.

ANSWER: A

189. The analysis of the financial performance of all the firms in an industry and their comparison at a given point of time is referred to as _____.

- A. trend analysis.
- B. inter firm analysis.
- C. ratio analysis.
- D. credit analysis.

ANSWER: B

190. The capital expenditure budget gives an estimate amount of _____ required for fulfilling production requirements as specified in the production budget

- A. capital.
- B. sales.
- C. profit.
- D. production.

ANSWER: A

191. Cost of goods sold = _____ - Gross profit.

- A. production.
- B. sales.
- C. net profit.
- D. none of the above.

ANSWER: A

192. If the ROI of a firm is higher than the cost of capital, it is said to have favorable _____.

- A. financial leverage.
- B. operating leverage.
- C. profit.
- D. sales.

ANSWER: A

193. Break- even chart is a graphic presentation of _____ analysis.

- A. break even.
- B. statistical.
- C. economical.
- D. none of the above.

ANSWER: A

194. Managerial accounting does not encompass

- A. Calculating product cost
- B. Calculating earnings per share
- C. Determining cost behavior
- D. Profit planning

ANSWER: B

195. FIFO method is more useful at the time of _____ prices.

- A. rising.
- B. falling.
- C. similar prices.
- D. issue prices.

ANSWER: B

196. _____ is calculated by dividing the total of purchases prices from number of prices.

- A. Simple average.
- B. Weighted average.
- C. Both.
- D. None.

ANSWER: A

197. Under _____ method the materials are priced under the reverse order of purchase.

- A. FIFO.
- B. LIFO.
- C. simple average.
- D. weighted average.

ANSWER: B

198. Average cost method of valuing material issues is suitable when _____.

- A. falling prices.
- B. fluctuating prices.
- C. fixed prices.
- D. rising prices.

ANSWER: B

199. The long - term solvency position are measured by _____.

- A. coverage ratio.
- B. earnings ratio.
- C. structural ratio.

D. both a & b
ANSWER: D

200. Under _____ system of wage payment, payment is made according to the quantity of work done.

- A. piece rate.
- B. time rate.
- C. Halsey premium plan.
- D. Rowan premium plan.

ANSWER: A

201. Any technique or process to ascertain the cost of product or service is known as _____.

- A. cost.
- B. costing.
- C. cost accounting.
- D. direct cost.

ANSWER: B

202. Basic objective of cost accounting is _____.

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

ANSWER: D

203. Cost classification can be done in _____.

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

ANSWER: D

204. Management accounting is applicable to

- A. Service entities
- B. Manufacturing entities
- C. Not-for-profit entities
- D. All of these

ANSWER: D

205. Basic object of Management Accounting is.

- A. ascertain profit or loss.
- B. to settle dispute between management & workers.
- C. to report two different level of management on performance .
- D. all of the above.

ANSWER: A

206. Management Accounting analyses data with help of _____.

- A. tools & technique.

- B. statutory forms.
- C. auditors.
- D. none of the above

ANSWER: A

207. Management Accounting used primary data from financial accounting and _____ accounting.

- A. financial.
- B. cost.
- C. financial & cost accounting.
- D. none of the above.

ANSWER: B

208. Management Accounting helps management in _____.

- A. preparation of final account.
- B. raising finance.
- C. filing tax.
- D. decision making.

ANSWER: B

209. _____ is a statement which gives detailed components of cost centre or cost unit.

- A. Cost sheet.
- B. Tender.
- C. Quotation.
- D. None of the above.

ANSWER: A

210. In Cinemas _____ cost is used.

- A. service cost.
- B. combine cost.
- C. operating cost.
- D. sunk cost.

ANSWER: C

211. Total cost - selling cost and distribution overhead = _____.

- A. Cost of production.
- B. Cost of sales.
- C. Prime cost.
- D. All the above.

ANSWER: A

212. Warehouse rent is a part of _____ overhead.

- A. administration.
- B. selling.
- C. distribution.
- D. all the above.

ANSWER: C

213. The meaning of "fund" in fund flow statement is _____.

- A. cash.
- B. net working capital.
- C. gross working capital.
- D. both a & b

ANSWER: D

214. Dividing the values of stock in the stores by the quantity in the stock from which material are to issue _____.

- A. weighted average method.
- B. simple average method.
- C. moving weighted average method .
- D. moving simple average method.

ANSWER: A

215. Material control involves _____.

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

ANSWER: B

216. Time wages are paid on the basis of _____.

- A. standard time.
- B. time saved.
- C. actual time.
- D. output produced.

ANSWER: C

217. Differential price wages means _____.

- A. different wages for different level of performance.
- B. wages for different time consumed.
- C. wages for time saved.
- D. none of the above.

ANSWER: A

218. Halsey plan is _____.

- A. individual incentive scheme.
- B. group incentive scheme.
- C. time and price wage system.
- D. differential price wage system.

ANSWER: A

219. Bonus under Rowan Scheme is paid _____.

- A. as a proportion of standard time to actual time.
- B. as a proportion of actual time to standard time.
- C. as a proportion of time saved to standard time.
- D. none of the above.

ANSWER: C

220. Price works are paid on the basis of _____.

- A. output sold.
- B. output produced.
- C. output in stock.
- D. none of the above.

ANSWER: B

221. Financial statement is meaningful and useful only when these are _____.

- A. verified.
- B. presented to owners.
- C. analyzed and interpreted.
- D. published.

ANSWER: C

222. A fund flow statement is also known as _____.

- A. balance sheet.
- B. profit and loss statement.
- C. income statement.
- D. statement for the changes in financial position.

ANSWER: D

223. Financial statement usually includes income statement and _____.

- A. expenses statement.
- B. balance sheet.
- C. cash flow statement.
- D. fund flow statement.

ANSWER: A

224. Trend analysis is significant for _____.

- A. profit planning.
- B. working capital management.
- C. capital retaining.
- D. forecasting and budgeting.

ANSWER: B

225. Analyzing of Financial statement is meant for deriving additional information for various _____.

- A. debtors.
- B. creditors.
- C. shareholders.
- D. interested party.

ANSWER: A

226. Ratio is a _____.

- A. journal entry.
- B. business transaction.
- C. relationship between two items.

D. none of the above .

ANSWER: C

227. The ratio analysis involves the process of _____.

- A. recording.
- B. computation.
- C. relationship between two items.
- D. none of the above.

ANSWER: B

228. Current ratio indicates _____.

- A. ability to meet short term obligation.
- B. efficiency of management.
- C. profitability.
- D. none of the above.

ANSWER: A

229. Net worth refers to _____.

- A. owners fund.
- B. owners liability.
- C. owners assets.
- D. all the above.

ANSWER: A

230. The safe level of proprietary ratio is _____.

- A. 0.50.
- B. 2.
- C. 1.
- D. 3.

ANSWER: A

231. The term fund refers to _____.

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

ANSWER: B

232. Funds inflow from operations is _____.

- A. an internal source of fund.
- B. an application of fund.
- C. an external sources of fund.
- D. all the above.

ANSWER: A

233. Fund from operations is _____.

- A. gross profit.
- B. net profit.

- C. operating profit.
- D. none of the above.

ANSWER: C

234. Depreciation is _____.

- A. an external source of fund.
- B. an application of fund.
- C. a non fund item.
- D. a non fund item.

ANSWER: D

235. Gross working capital is the_____.

- A. total value of current asset.
- B. total value of fixed asset.
- C. total value of all asset.
- D. all of the above.

ANSWER: A

236. Cash Flow includes _____.

- A. cash receipts only.
- B. cash payment only.
- C. cash receipts and payments.
- D. cash and non cash incomes and expenses.

ANSWER: C

237. Cash from operating activities include_____.

- A. cash from business activities.
- B. cash from business activities and changes in current assets and liabilities.
- C. sale of fixed assets.
- D. borrowing from outside sources.

ANSWER: D

238. _____ are current assets.

- A. Marketable securities.
- B. Short - term investments.
- C. Long - term investments.
- D. Book debts.

ANSWER: C

239. Cash from investing activities arise from_____.

- A. cash flows on account of dealings in fixed assets and long term Investments.
- B. cash flows on account of purchase and sale of goods.
- C. cash flows on account of shorts term investments.
- D. none of the above.

ANSWER: A

240. Purchase of fixed assets is classified as an-_____activities.

- A. investing activity.

- B. non-fund activities.
- C. cash- inflow activity.
- D. all the above.

ANSWER: A

241. Budgeting is_____.

- A. a technique.
- B. a method of costing.
- C. maintaining ledge accounts.
- D. none of the above.

ANSWER: A

242. A production budget is based on _____.

- A. cash budget.
- B. overheads budget.
- C. sales budget.
- D. purchase budget.

ANSWER: C

243. Purchase budget refers to_____.

- A. purchase of fixed assets.
- B. purchase of raw materials.
- C. purchase of adverting \$ distribution materials.
- D. purchase of office supplies.

ANSWER: C

244. Increase in the amount of debtors results in _____.

- A. decrease in cash.
- B. increase in cash.
- C. no change in cash.
- D. all of these.

ANSWER: A

245. A flexible budget is_____.

- A. budget for different capacity levels.
- B. budget for different departments.
- C. budget for receipts and payment.
- D. none of the above.

ANSWER: D

246. Marginal cost is_____.

- A. a system of costing.
- B. a method of costing.
- C. a distinct technique of costing.
- D. none of these.

ANSWER: C

247. P/V Ratio is_____.

- A. price Volume Ratio.
- B. price variance ratio.
- C. contribution to sales ratio.
- D. total cost to sales ratio.

ANSWER: A

248. BEP is _____.

- A. sales at which profit is high.
- B. sales at which there is loss.
- C. sales at which there is no profit no loss.
- D. none of the above.

ANSWER: C

249. Break even chart is a chart of _____.

- A. sales.
- B. total cost.
- C. profit.
- D. sales and total cost.

ANSWER: B

250. Contribution is _____.

- A. excess of sales over total cost.
- B. excess of cost of sales over sales.
- C. excess of sales over fixed cost.
- D. excess of sales over variable cost.

ANSWER: D

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