

Cost And Works Accounting –III T.Y.Bcom Unit-I

Q 1. Fill in the blanks with correct option.

1. What kind of cost has tendency to change proportionally with change in level of output.
 - a. fixed cost
 - b. Variable cost
 - c. Non controllable cost
 - d. administrative cost.
2. Cost don't change proportionally with change in level of output.
 - a. Raw material cost
 - b. labour cost
 - c. power and fuel cost
 - d. audit fees/rent of factory
3. Marginal costing deals with.....
 - a. Variable cost
 - b. fixed cost
 - c. Sunk cost
 - d. semi variable cost
4. Marginal costing also known as-
 - a. variable costing
 - b. direct costing
 - c. ABC costing
 - d. budgeting
5. Marginal costing primarily not used for-
 - a. profit planning
 - b. cost control
 - c. management decision
 - d. financial reporting.
6. Managerial costing concerned with-
 - a. fixed cost for period
 - b. Administrative cost
 - c. expansion of organization
 - d. additional cost for incremental production

7. Managerial costing reveals –
 - a. quality of management
 - b. lowest price of sold goods
 - c. economic Impact on organization
 - d. Employee turnover
8. Under managerial costing cost of product include-
 - a. factory overhead
 - b. Depreciation
 - c. factory Insurance
 - d. taxes.
9. Under managerial costing inventory value of –
 - a. fixed cost
 - b. variable cost
 - c. negative cost
 - d. A and B
10. Advantage of managerial costing-
 - a. no under absorption of overhead
 - b. Cost control
 - c. easy to understand the application
 - d. all of these
11. what is not limitation of marginal costing
 - a. difficult in analysis overhead
 - b. ignore time factor
 - c. realistic value of stock
 - d. faulty conclusion
12. The difference between sale and variable cost of sales represented by –
 - a. net profit
 - b. contribution
 - c. operating profit
 - d. marginal cost
13. Contribution termed as –
 - a. marginal revenue
 - b. variable profit

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

19. Methods used to determining break even point
- Algebraic
 - graphic
 - statistical
 - a and b
20. Under break even chart (graphic presentation method) the angle of incidence in indicator of-
- plant capacity
 - plant efficiency
 - Plant run time
 - None
21. Which graph method is used to improvement break even chart and show relation of profit to volume of sales.
- profit graph
 - turnover graph
 - net marginal graph
 - all
22. The excess of normal sales over sales at break even points.
- contribution
 - marginal revenue
 - margin of safety
 - gross profit
23. Total contribution on marginal of safety is equals to-
- profit
 - contribution
 - gross profit
 - none of these
24. Cost volume –profit analysis establishes relation between-
- gross profit and net profit with volume of sales volume
 - cost and profit with sales volume
 - cost and contribution to sales volume
 - All

25. Fixed cost is also known as

- a. rigid cost
- b. direct cost
- c. period cost
- d. A and c

ANSWERS :-

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

UNIT -II

Q 1. Fill in the blanks.

1. The term Budget is derived from French word-
 - a. Bougette
 - b. Bilancio
 - c. Presopuesto
 - d. der Etot
2. Budget is expressed in-
 - a. Quality term
 - b. Quantitative term
 - c. Both a & b
 - d. None of them
3. “A financial plan serve as a pattern for and a control over future operations” -
 - a. Budgetary control
 - b. Financial statement
 - c. Budget
 - d. cost sheet
4. Not a feature of Budget-
 - a. Express in money & number
 - b. Quantitative statement
 - c. Proposed for future specified period
 - d. cost sheet
5. It is a system which uses budget as a means of planning and controlling all aspects of producing and selling
 - a. Internal control
 - b. internal financial control
 - c. Budgetary control
 - d. IT controls
6. Budgetary control is concerned with three basic aspects
 - a. Planning
 - b.co-ordination
 - c.control

- d. all the options
7. What are the objectives of Budgetary control?
- a. Exercise managerial control over the different activities of organization
 - b. Identifying overall Aims of business
 - c. Set specific target of performance for each division
 - d. All of them
8. Which is not procedure of budgetary control
- a. Establishment of budget centers
 - b. Formation of budget committee
 - c. Determination of governing factor
 - d. Cost audit under companies Act 2013
9. Functions of Budget committee-
- a. Accept and scrutinize all budget
 - b. Decide overall policy to be followed
 - c. Suggest revision of functional budgets
 - d. All of them
10. Generally budget is prepared for a period of-
- a. 1 month
 - b. 4-5 years
 - c. 12 months
 - d. None of them
11. What are the essentials of budgetary control-
- a. Involvement of top management
 - b. Constant review
 - c. Goals should be achievable
 - d. All of them
12. Advantages of budgetary control-
- a. Identifying inefficient area of process
 - b. Increase efficiency, reduce wastage and controls cost
 - c. Responsibilities of managers can be fixed
 - d. All of them

13. Limitations of budgetary control-
- a. Too much reliance on budget is harmful
 - b. Less flexibility
 - c. Deals with quantitative data only
 - d. All of them
14. On the basis of time budget can be classified as-
- a. Long term budget
 - b. Short term budget
 - c. Current budget
 - d. All of them
15. Which is not a function budget type-
- a. Production budget
 - b. Profit budget
 - c. Sales budget
 - d. R & D budget
16. On the basis of flexibility budget can be classified as
- a. Static budget
 - b. Flexible Budget
 - c. A and B
 - d. None of them
17. Budget as a management control instrument can be classified as-
- a. Program Budgeting
 - b. Performance budgeting
 - c. Zero base Budgeting
 - d. All of them
18. Which Budget preferable when the economic conditions frequently changing and difficult to forecast-
- a. Flexible Budget
 - b. Static budget
 - c. A and B
 - d. Master budget

19. A Budget which is designed to remain unchanged irrespective of volume of output-

- a. Fixed Budget
- b. Flexible Budget
- c. Cash Budget
- d. Long term Budget

20. Methods of preparing flexible Budgets-

- a. Tabular method
- b. Charting method
- c. Ratio method
- d. All of them

21. Budget which shows the quantity and value of goods to be purchased during period to meet requirements-

- a. Cash Budget
- b. Production Budget
- c. Selling and distribution Budget
- d. Purchase Budget

22. The Base Budget on which other functional Budgets built-

- a. Cash budget
- b. Sales budget
- c. Production budget
- d. Master budget

23. A statement of planned sales expressed in terms of quality and value-

- a. Sales Budget
- b. R and D Budget
- c. Cash Budget
- d. Production Budget

Answers :-

1.a	2.b	3.c	4.d	5.c
6.d	7.d	8.d	9.d	10.c
11.d	12.d	13.d	14.d	15.b
16.c	17.d	18.a	19.a	20.d
21.d	22.b	23.a		

UNIT –III

Q 1. Select correct option and fill in the blanks.

1. In the National Association of the Store manufactures of the USA introduced first scheme of uniform Costing.
 - A 1889
 - B 1989
2. Inter Firm Caparisons become meaning less in the absence of ----System.
 - A. Uniform Coating
 - B.Marginal Coating
3. Inter Firm comparison are useful for measuring
 - A. performance
 - B .Revenue
4. Ratios are facilitators in.....
 - A. Inter firm comparison
 - B. uniform costing
5. Under ...system the firms follow the same method of stock valuation.
 - A. uniform costing
 - B. job costing
6. Price based on uniform cost structure supervised by association of an industry tend to be comparatively.....
 - A. stable
 - B. high
7. The firm which are producing identical products can adopt more suitably the method ofcosting.
 - A. uniform
 - B. standard
8. The system of uniform costing was first introduce in.....
 - A.USA
 - B. United Kingdom

9. MIS helps in decision analysis which are the type of typical decision.....
- A. Make or Buy
 - B. Use of alternative material
 - C. Selection of production
 - D. All of The Above
10.role of MIS provides information required by the top or senior manager level
- A. strategic
 - B. operational
11. The is defined as an integrated system of man and machine for providing the information to support the operations, the management and the decision making function in the organisation.
- A. MIS
 - B. Inter firm comparison
- 12consists of a set of formal methods developed for planning and controlling an organizations costs.
- A. cost management system
 - B. inter-firm comparison
13. Uniform costing requires at most co-operation, openness and confidence among the members of the business.
- A. True
 - B. False
14. Uniform costing can be applied when the firms are members and the same trade associations.
- A. True
 - B. False
15. Intra firm comparison can be used for performance, evaluation and cost benefit of each other *
- A. True
 - B. False
16. Inter firm comparison Government in effecting price regulation *
- A. True
 - B. False

17. Uniform costing serves as a pre-requisite to financial audit. *
- A. True
 - B. False
18. Uniform costing can be employed in process industries also.
- A. True
 - B. False
19. Uniform costing is a costing method *
- A. True
 - B. False
20. The cost of installation of a uniform costing system is.....
- A. Low
 - B. High
21. Mutual trust and co-operation is the basic principle of
- A. Marginal costing
 - B. Uniform costing
22. helps the undertaking and their officers to check and ensure that their uniform costing system is in accordance with the uniformity requirement.
- A. Uniform cost manual
 - B. Inter-firm comparison
23. Uniform costing system and inter firm comparison are independent of each other.
- A. True
 - B. False
24. Uniform costing is a useful tool for management control.
- A. True
 - B. False
25. Uniform cost manual is very important document for successful installation and operation of uniform costing system.
- A. True
 - B. False



Answers :-

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

Question Bank-4

Q: 1 State the statement true or false

1. Standard costing works on the principle of exception.
2. Standard costing cannot be followed in process industries.
3. When actual cost is less than standard cost the variance is favourable.
4. Material cost variance is the aggregate of material price variance and material usage variance.
5. Overhead standards are based on budgeted overhead cost and budgeted production.
6. Standard costing system cannot be effective without a system of Budgetary control.
7. Estimated cost and standard cost are one and same.
8. Variance are computed only in respect of direct material and labour.
9. Rate variance are part of price variance.
10. Variance cost per unit is constant for any level of activity.

Q: 2 Multi choice question

1. Which of the following equation can be used to calculate a material price variance?
 - a. $(AQ \times AP) - (AQ \times SP)$
 - b. $(AP \times SP) - (AQ \times SP)$
 - c. $(AQ \times SP) - (SQ \times SP)$
 - d. $(AQ \times SP) - (AQ \times AP)$
2. Which of the following equation can be used to calculate material quantity variance?
 - a. $(AQ \times AP) - (AQ \times SP)$
 - b. $(AP \times SP) - (AQ \times SP)$
 - c. $(AQ \times SP) - (SQ \times SP)$
 - d. $(AQ \times SP) - (AQ \times AP)$
3. Standard cost imply;
 - a. predetermined cost for a period
 - b. incurred cost
 - c. conversion cost

- d. incremental cost
- 4. When the actual overhead is more than absorbed overhead then it is called
 - a. capacity cost
 - b. over absorption
 - c. under absorption
 - d. none of the above
- 5. The term standard cost refers to;
 - a. average unit cost of product produced in previous budget
 - b. budgeted unit of cost product produced in particular period.
 - c. average unit cost of product produced by other companies.
 - d. average unit cost of product produced in current period
- 6. The standard that requires peak efficiency and do not allow any work interruption are known as;
 - a. natural standard
 - b. practical standard
 - c. ideal standard
 - d. budgeted standard
- 7. A favorable direct material price variance occurs when;
 - a. actual rate of direct material is higher than standard rate of direct material
 - b. actual rate of direct material is equal to standard rate of direct material
 - c. actual rate of direct material is less than standard rate of direct material.
 - d. actual rate of direct material is less than previous year rate of direct material
- 8. Which of the following can't be a reason of unfavorable direct material price variance?
 - a. sudden rise in price of material
 - b. quality of material purchased
 - c. appointment of inexperienced worker
 - d. inefficient standard setting
- 9. Which of the following is not likely to be a reason unfavorable direct labour rate variance?
 - a. poor estimates while setting direct labor standards

- b. an increase in labor rates and overtime premium
 - c. frequent breakdown
 - d. assignment of easy task to likely skilled workers
10. The variance analysis is used in;
- a. marginal costing
 - b. budgetary costing
 - c. standard costing
 - d. ratio analysis
11. The standard which is expected to be achieved during the budget period is called as;
- a. basic standard
 - b. expected standard
 - c. normal standard
 - d. none of these
12. The standard costing is ideal for is set for,
- a. direct material
 - b. direct labor
 - c. overheads
 - d. all of the above
13. Standard costing is helping the management in,
- a. increasing the overall efficiency
 - b. cost reduction
 - c. increasing production efficiency
 - d. none of these
14. The basis for budget and standard is (are),
- a. past over due
 - b. technical information
 - c. both
 - d. none of these.

Answers :-

Q1. True or false

1. True 2. False 3. True 4. True 5. true 6. true

7.false 8. False 9.true 10.true.

Answers :-

1- a	2 – c	3 – a	4 – b
5- b	6 – c	7 – d	8 – c
9 – c	10 – c	11 – b	12 – d
13 – b	14 -c		

Farm costing - question bank -5

Q 1. State the statement true or false.

1. Over head costs are directly related to level of production.

2. Capital investments are normally as farm cost.
3. Farm cost Accounting helps to increase the efficiency of functions related to farm activities.
4. Farm costing accounting helps to monitor and control the labour and maintenance cost easily.
5. Farm cost Accounting system is extension of accounting only.

Q:2 Fill in the blanks

1. is one of the most important economy sector in world.
2. Farm costing is single and extension of Principles method and techniques to a farm field.
3. are define as an asset that contribute to farm production, over at least a medium term period of 12 months.
4. is the process of collecting and interpreting information to determine low farm activities earns and uses funds.
5. is usually takes with accumulating the cost of inventory for financial reporting purpose.

Q: 3 Multiple choice questions,

1. What is the objective of keeping farm records?
 - a. To know material performance of farm
 - b. To know the percent net worth
 - c. To compare the performance over a period of times.
 - d. All of these.
2. To record of farm produce is entered in
 - a. Inventory book
 - b. Cash book
 - c. Farm stock register
 - d. Log book
3. The farm budget is a tool of farm management analysis.
 - a. True
 - b. False
 - c. Never include cost
 - d. it is a futile exercise
4. A class of agriculture where cattle, goats or other mammals are raised for milk which may be either processed on site or transported to a daily for processing of eventual retail sale is called as;
 - a. Dairy Farming
 - b. Poultry Farming
 - c. Pig Farm
 - d. None of the above

5. One of the example of fixed cost is
- seeds cost
 - fertilizer cost
 - land cost
 - none of the above

Answers :- Q 1 True or False

1. False 2. False 3. True 4. True, 5. False.

Q2. Answers.

- | | | |
|--------------------------------|--|--------------------------|
| 1. Farm Industry | 2. Cost Accounting | 3. capital Assets |
| 4. Farm cost accounting | 5. Farm cost accounting system. | |

Q3. – Answers –

1.d, 2. D, 3. A, 4. A, 5.c.

Question Bank 6th TY BCom Costing III

1. Cost Classification Can Be done in.....
- two ways

- b. three ways
 - c. four ways
 - d. several ways
2. The cost which is to be incurred even when a business unit is closed is a
- a. Imputed Cost
 - b. historical cost
 - c. sunk cost
 - d. shutdown cost
3. Total cost incurred in a production process is divided by total number of output units to calculate the.
- a. cost of indirect labour
 - b. cost of direct labour
 - c. cost of direct material
 - d. unit costs.
4. Third step in process costing system is to---
- a. Summarize flow of output
 - b. compute output in units
 - c. summarize total costs
 - d. all of above
5. For agreed upon procedures, auditor simply provides a report of factual findings.....is expressed.
- a. absolute assurance
 - b. negative assurance
 - c. moderate assurance
 - d. no assurance
6. In compilation engagement, although the users of the compiled information derive some benefits from the involvement of a member of the instituteis expressed in the report.
- a. absolute assurance
 - b. negative assurance
 - c. moderate assurance
 - d. no assurance
7. The evidence available to auditors is -----in nature, ratherin nature.

- a. pervasive, conclusive
 - b. conclusive, pervasive
 - c. limited, unlimited
 - d. none of the above.
8. The accounting standards and standards of auditing established standards which have to be complied with to ensure that financial statement are prepared in accordance with
- a. generally acceptable audit procedure
 - b. accounting principles
 - c. Ind AS
 - d. Accounting Standards.
9. Professional judgment means a judgment taken by the auditor out of hisin an audit situation.
- a. past experience
 - b. professional experience
 - c. work experience
 - d. none of these
10. How long is the auditor's term of office
- a. Until the audit is complete
 - b. Until the financial statements are complete
 - c. Until the next AGM
 - d. Until the directors remove them
11. Which one of the following is NOT a duty of the auditor?
- A. Duty to report to the company's banker
 - B. Duty to report to the members
 - C. Duty to sign the audit report
 - D. Duty to report on any violation of law
12. Which of the following are you unlikely to see in the current file of auditors' working papers?
- A. Memorandum & articles of association

- B. Audit planning memorandum
- C. Summary of unadjusted errors
- D. Details of the work done on the inventory count

Answers:-

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

Question Bank- VII

Q1. Select proper option and write the answer.

1.Auditing refers to -----

- a. preparation and checking of accounts

- b. examination of accounts of business only
 - c. Examination of accounts of professional accounts.
 - d. checking of vouchers.
2. main object of auditing is
- a. detection of errors
 - b. to find out whether P& L a/c and balance sheet show true and fair values.
 - c. detection of frauds
 - d. none of these
3. Auditing is luxury for a
- a. joint stock company
 - b. partnership firm
 - c. small shop keeper
 - d. government company
4. Auditing is compulsory for
- a. small scale business enterprises
 - b. partnership firms
 - c. all joint stock companies
 - d. proprietary concern.
5. Proprietary audit refers to
- a. verification of accounts
 - b. Examination accounts of proprietary concern
 - c. Enquiry against justification and necessity of expenses.
 - d. none of these.
6. Interim audit refers to
- a. examination of accounts continuously
 - b. examination of accounts intermittently
 - c. audit work to find out and check interim profits of a company
 - d. none of these
7. final Audit implies.....
- a. audit of accounts at the end of the year
 - b. finally checking of accounts to reveal frauds

- c. audit of banking companies
 - d. none of these.
8. Continuous audit is specially needed for -----
- a. any trading concern
 - b. smaller concern
 - c. banking companies
 - d. any manufacturing companies.
9. Joint audit implies
- a. audit of two concerns together
 - b. audit of joint stock companies
 - c. only a
 - d. audit by two firms of CA
10. A company auditor should see that the dividend should be paid
- a. after charging depreciation
 - b. without charging depreciation
 - c. out of capital
 - d. none of these.
11. Internal audit means.....
- a. audit undertaken to ascertain truth and fairness of state of affairs.
 - b. audit undertaken by employees of the organization to check financial irregularities
 - c. audit undertaken to check only vouchers
 - d. none of these
12. An auditor can be held liable under companies act 1949 for.....
- a. negligence
 - b. criminal offense
 - c. professional misconduct
 - d. breach of contract.

Answers :-

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

