

QUESTION PAPER BOOKLET CODE : **A**

322

Question Paper Booklet No.

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Roll No. :

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Time Allowed : 3 hours

Maximum marks : 100

Total number of questions : 100

Total number of printed pages : 20

Instructions :

1. Candidates should use blue/black ballpoint pen ONLY to fill-in all the required information in OMR Answer Sheet and this Question Paper Booklet.
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4. This Question Paper Booklet contains 100 questions. All questions are compulsory and carry ONE mark each. There will be negative marking for wrong answers in the ratio of 1:4, *i.e.*, deduction of 1 mark for every four wrong answers.
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Space for Rough Work

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1. In a company, weekly minimum and maximum consumption of Material-A is 25 and 75 units respectively. The re-order quantity as fixed by the company is 300 units. The material is received within 4 to 6 weeks from issue of supply order. Maximum level of Material-A is —
 (A) 640 Units
 (B) 650 Units
 (C) 175 Units
 (D) 560 Units.
2. Following data is given for Gopal Ltd. which produces and sells three products X, Y and Z :
- | Product | Units sold | Selling price per unit (₹) | Marginal cost per unit (₹) |
|---------|------------|----------------------------|----------------------------|
| X | 1,000 | 100 | 60 |
| Y | 500 | 120 | 90 |
| Z | 800 | 50 | 25 |
- Overall P/V ratio of the company will be —
 (A) 42.5%
 (B) 37.5%
 (C) 42.8%
 (D) 46.7%.
3. Item(s) excluded from cost sheet are —
 (A) Direct material
 (B) Administrative overheads
 (C) Provision for taxation
 (D) All of the above.
4. Job card is a method of recording details of time with reference to —
 (A) Work orders undertaken
 (B) Performance
 (C) Skill
 (D) Rating.
5. The financial records of a company showed a net profit of ₹6,70,000 for the period ended 31st March, 2015. On further examination of cost and financial records, the following facts were discovered :
- | | |
|--|--------|
| | ₹ |
| Works overheads under-recovered in cost | 16,240 |
| Office overheads over-recorded in cost | 4,000 |
| Interest on investments not included in cost | 16,000 |
- The profit as per cost records is —
 (A) ₹6,66,250
 (B) ₹6,66,240
 (C) ₹6,67,270
 (D) ₹6,68,250
6. Wage rate : ₹1.50 per hour
 Time allowed for job : 20 hours
 Time taken : 15 hours
 The total earnings of the worker under Halsey plan is —
 (A) ₹26.25
 (B) ₹26.55
 (C) ₹27.25
 (D) ₹27.55
7. The basis of apportionment of overheads which takes into account the profitability of various departments is called —
 (A) FIFO basis
 (B) LIFO basis
 (C) Ability to pay basis
 (D) Activity basis.
8. The functions of a cost auditor involve —
 (A) Examining the inventory records
 (B) Capacity utilisation
 (C) Proper utilisation of labour
 (D) All of the above.

9. _____ are necessary for the study of trends and direction of movements in the financial position and operating results of a concern.
- (A) Trend ratios
(B) Cash flow statements
(C) Common size statements
(D) Comparative statements.
10. When stores are issued for maintenance, the accounting entry is to _____ production overheads and _____ stores ledger control account.
- (A) Debit; credit
(B) Credit; debit
(C) Deduct; add
(D) Divide; multiply.
11. _____ account does not record the balance of stores ledger control account.
- (A) Manufacturing
(B) Trading
(C) Profit and loss
(D) Work-in-progress.
12. Under-valuation of closing stock in cost accounts is _____ and under-valuation of opening stock in cost accounts is _____ while reconciling costing profits with financial profits.
- (A) Deducted, added
(B) Added, deducted
(C) Multiplied, divided
(D) Divided, multiplied.
13. If a contract is almost complete, the amount of profit generally transferred to profit and loss account is equal to —
- (A) $\text{Estimated profit} \times \text{Work certified} / \text{Contract price}$
(B) Cash received/Work certified
(C) $\text{Notional profit} \times \text{Estimated profit} / \text{Work certified}$
(D) $\text{Notional profit} \times \text{Contract price} / \text{Work certified}$.
14. The following information is extracted from the job ledger in respect of Job No. 404 :
- | | |
|------------------------|-------------------------------|
| Material | : ₹3,400 |
| Wages | : 80 hours @ ₹2.50 per hour |
| Variable overheads | |
| incurred for all jobs: | ₹5,000 for 4,000 labour hours |
- If the job is billed for ₹4,200 the profit will be —
- (A) ₹600
(B) ₹500
(C) ₹700
(D) ₹650
15. Current ratio is 2.5 and liquid ratio is 1.5. Working capital is ₹75,000. Value of the stock held will be —
- (A) ₹60,000
(B) ₹1,00,000
(C) ₹50,000.
(D) None of the above .
16. The most important criterion for distinguishing between scrap, by-product and joint product is _____ of the products.
- (A) Related purchase value
(B) Relative sales value
(C) Production cost
(D) Total cost.
17. The two main methods of calculating equivalent production are —
- (A) FIFO method and average cost method
(B) LIFO method and standard cost method
(C) LIFO method and market price method
(D) FIFO method and market price method.

18. Management accounting is basically concerned with —
 (A) The problem of choice
 (B) Causative relationship
 (C) Recording of transaction
 (D) Both (A) and (B) above.
19. Cost accounting is —
 (A) Nothing more than a detailed analysis of expenditure
 (B) An instrument of management control
 (C) Useful only in such organisation which has profit as the aim
 (D) Not needed if prices are beyond the control of the firm.
20. Z Ltd. recorded sales of ₹60 lakh in 2014 as compared to ₹45 lakh in 2013. Profit for 2014 was ₹5 lakh higher than that in 2013. If the annual fixed costs amount to ₹12 lakh, the profit on projected sales of ₹90 lakh will be —
 (A) ₹15 lakh
 (B) ₹14 lakh
 (C) ₹12 lakh
 (D) ₹18 lakh.
21. Conversion cost is the summation of —
 (A) Direct material and direct wages
 (B) Direct wages and office overheads
 (C) Direct wages, direct charges and works overheads
 (D) None of the above.
22. A cost centre which is engaged in production activity by conversion of raw material into finished product is called —
 (A) Production cost centre
 (B) Impersonal cost centre
 (C) Process cost centre
 (D) Production unit.
23. The following particulars relate to production department of a factory :
 Material used : ₹20,000
 Direct labour : ₹10,000
 Overheads : ₹7,500
 On an order carried out in the department, material consumed was ₹4,000 and direct wages paid amounted to ₹2,000.
 The amount of overheads chargeable to this order on the basis of prime cost would be —
 (A) ₹1,500
 (B) ₹1,510
 (C) ₹1,700
 (D) ₹1,710
24. You are given the following information :
 (i) Total number of workers working in a department : 500
 (ii) Working days in a year : 300
 (iii) Number of hours worked in a day : 8
 (iv) Total departmental overheads : ₹68,400
 (v) Idle time @ 5% of days hours to be deducted from total number of days hours.
 Direct labour hour rate will be —
 (A) 7 paise per labour hour
 (B) 6 paise per labour hour
 (C) 8 paise per labour hour
 (D) 9 paise per labour hour.
25. Determine a firm's total assets turnover, if its net profits margin is 8%, total assets are ₹8,00,000 and the return on investment is 14% —
 (A) 2.05
 (B) 4.00
 (C) 1.75
 (D) 2.00

26. Which method of absorption of factory overheads would you suggest in a concern which produces only one uniform item of product —
- (A) Percentage of direct wage basis
(B) Direct labour hour rate
(C) Machine-hour rate
(D) Rate per unit output.
27. *Statement-I* :
Departmentalisation of items of costs is known as primary distribution.
Statement-II :
Redistribution of service department's costs is known as secondary distribution.
Choose the correct option —
- (A) Statement-I is true but Statement-II is false
(B) Both statements are true
(C) Statement-I is false but Statement-II is true
(D) Both statements are false.
28. Shine Furniture House uses sunmica tops for table making, the following information is available :
- | | |
|--|-----------------|
| Standard quantity of sunmica per table | : 4 sq. ft. |
| Standard price per sq. ft. of sunmica | : ₹5 |
| Actual number of tables manufactured | : 1,000 |
| Sunmica actually used | : 4,300 sq. ft. |
| Actual price of sunmica per sq. ft. | : ₹7 |
- Material cost variance is —
- (A) ₹10,100 (A)
(B) ₹10,500 (A)
(C) ₹11,000 (A)
(D) ₹11,500 (A).
29. *Statement-I* :
The contribution concept is based on the theory that the fixed expenses of a business is not a joint cost.
Statement-II :
Fixed expenses can be equitably apportioned to different segments of business.
Choose the correct option —
- (A) Both statements are correct
(B) Both statements are incorrect
(C) Statement-I is correct, but statement-II is incorrect
(D) Statement-I is incorrect, but statement-II is correct.
30. A worker completes a job in certain number of hours. The standard time allowed for the job is 10 hours and the hourly rate of wages is ₹1. The worker earns a bonus of ₹2 at 50% rate under Halsey plan. His total wages under the Rowan Premium plan is —
- (A) ₹8.30
(B) ₹8.20
(C) ₹8.50
(D) ₹8.40
31. The following information is given about Zac Ltd. dealing in musical instruments :
- | | |
|------------------|-----|
| P/V ratio | 50% |
| Margin of safety | 40% |
- If the sales volume is ₹50,00,000 the net profit will be —
- (A) ₹15,00,000
(B) ₹10,00,000
(C) ₹20,00,000
(D) ₹5,00,000

32. *Assertion (A) :*
In management accounting, firm decisions on pricing policy can be taken.
Reason (R) :
As marginal cost per unit is constant from period to period within a short span of time. Select the correct answer from the option given below —
- (A) Both A and R are true and R is the correct explanation of A
(B) Both A and R are true, but R is not the correct explanation of A
(C) A is true, but R is false
(D) A is false, but R is true.
33. FIFO method of valuing material issues is suitable in times of —
- (A) Rising prices
(B) Falling prices
(C) Price fluctuation
(D) Boom period.
34. About 50 units are required every day for a machine. Fixed cost of ₹50 is incurred for placing an order. The inventory carrying cost per unit amounts to ₹0.02 per day. The lead period is 32 days. Economic Order Quantity is —
- (A) 200 Units
(B) 300 Units
(C) 500 Units
(D) 100 Units.
35. Which one of the following industry adopts batch costing in determining the total cost —
- (A) Biscuit making
(B) Oil refinery
(C) Cycle manufacturing
(D) Cement industry.
36. The basic difference between a static budget and a flexible budget is —
- (A) A static budget is based on one specific level of production and a flexible budget can be prepared for any production level within a relevant range
(B) A static budget is for an entire production, but a flexible budget is applicable only to a single department
(C) Flexible budget allows management latitude in meeting goals, whereas a static budget is based on a fixed standard
(D) A flexible budget considers only variable costs, but a static budget considers all costs.
37. Manoj Ltd. manufactures three products P, Q and R. The unit selling price of these products are ₹100, ₹160 and ₹75 respectively. The corresponding unit variable costs are ₹50, ₹80 and ₹30. The proportions (quantity-wise) in which these products are manufactured and sold are 20%, 30% and 50% respectively. Total fixed costs are ₹14,80,000. Overall break-even quantity is —
- (A) 26,195 Units
(B) 27,195 Units
(C) 27,165 Units
(D) 28,165 Units.
38. Net income of a company after payment of preference dividend was ₹63 lakh. The number of equity shares was 1,40,000. The P/E ratio of the company was 8.50 times. Earnings per share and market value per share would be —
- (A) ₹45 and ₹382.50 respectively
(B) ₹45 and ₹308.20 respectively
(C) ₹33.16 and ₹281.86 respectively
(D) ₹45 and ₹5.29 respectively.

39. The original standard rate of pay in a factory was ₹5 per hour. Due to settlement with trade unions, this rate of pay per hour was increased by 20%. During a particular period, 5,000 actual hours were worked whereas work done was equivalent to 4,500 hours. The actual labour cost was ₹35,000. Labour rate variance is —
- (A) ₹10,000 (A)
 (B) ₹5,000 (A)
 (C) ₹5,000 (F)
 (D) ₹10,000 (F).
40. When allocating service department costs to production departments, which one of the following is not a method of re-distribution —
- (A) Floor area based distribution
 (B) Direct distribution
 (C) Repeated distribution
 (D) Trial and error method of distribution.
41. *Assertion (A) :*
 Overheads are recovered in costing based on predetermined rates.
Reason (R) :
 This solves the problem of treatment of under recovery or over recovery of overheads.
 Select the correct answer from the options given below —
- (A) Both A and R are true
 (B) Both A and R are false
 (C) A is true, but R is false
 (D) A is false, but R is true.
42. Profits in a company can be increased by :
- (1) Decreasing the selling price per unit
 (2) Increasing the selling price per unit
 (3) Decreasing the volume of sales
 (4) Increasing the volume of sales
 (5) Decreasing the fixed or variable expenses
 (6) Increasing the fixed or variable expenses
 (7) Giving more weightage for products having higher P/V ratio
 (8) Giving less weightage for products having higher P/V ratio
- Select the correct answer from the options given below —
- (A) (1), (3), (5) and (7)
 (B) (2), (4), (6) and (8)
 (C) (2), (4), (5) and (7)
 (D) (1), (3), (6) and (8).
43. A business unit is known to be a profit centre —
- (A) If its operations or departments are not directly involved in revenue generating activities, but instead focus on elements of cost control
 (B) If its management is evaluated not only on revenues and expenses, but also on asset investment
 (C) If its management is compensated based on the level of profitability
 (D) If its management is held accountable for both revenues and expenses and has the authority to make decision regarding its products, markets and source of supply.

44. *Assertion (A) :*
The business earns a surplus of sale revenue over variable costs, which is called contribution.
Reason (R) :
Once fixed costs are fully recovered such excess contribution is termed as profit.
Select the correct answer from the options given below —
(A) Both A and R are true and R is the correct explanation of A
(B) Both A and R are true, but R is not the correct explanation of A
(C) A is true, but R is false
(D) A is false, but R is true.
45. Which of the following are the possible causes of material price variance :
(1) Change in market price
(2) Use of poor quality material
(3) Inefficient buying
(4) Untimely buying
(5) Paying overtime for urgent work
(6) Use of substitute material of different prices
Select the correct answer from the options given below —
(A) (1), (3), (4) and (6)
(B) (2), (3), (5) and (6)
(C) (3), (4), (5) and (6)
(D) (1), (3), (5) and (6).
46. If the closing stock figures are more in cost books as compared to those in financial books for reconciliation, the difference due to stock valuation is —
(A) Deducted from costing profit
(B) Added to costing profit
(C) Ignored
(D) None of the above.
47. A manufacturer produces 2,00,000 units of a product at a cost of ₹3.25 per unit. Later on, he produces 2,75,000 units at a cost of ₹3.20 per unit, when its fixed overheads have increased by 10%. Marginal cost per unit and original fixed overheads will be —
(A) ₹2 and ₹45,000 respectively
(B) ₹4 and ₹47,000 respectively
(C) ₹3 and ₹50,000 respectively
(D) ₹5 and ₹45,000 respectively.
48. The following data is obtained from the records of Mayur Ltd. :

	<i>First Year</i>	<i>Second Year</i>
	(₹)	(₹)
Sales	80,000	90,000
Profit	10,000	14,000

Break-even-point in rupees is —
(A) ₹45,000
(B) ₹52,000
(C) ₹55,000
(D) ₹55,500
49. Match the following :

<i>List-I</i>	<i>List-II</i>
P. Material cost variance	1. SP (RSQ - AQ)
Q. Material price variance	2. SP (SQ - AQ)
R. Material usage variance	3. AQ (SP - AP)
S. Material mix variance	4. SC - AC

Select the correct answer from the options given below —

	P	Q	R	S
(A)	4	3	2	1
(B)	2	1	4	3
(C)	4	1	2	3
(D)	3	4	2	1

50. Calculate fixed overheads volume variance from the following data :

	Standard	Actual
Output (in units)	8,000	10,000
Working hours	5,000	4,800
Fixed overheads	₹40,000	₹60,000

Correct answer option is —

- (A) ₹9,000 (F)
 (B) ₹10,000 (F)
 (C) ₹11,000 (F)
 (D) ₹8,000 (F).
51. In ratio analysis, 'proforma analysis' implies —
- (A) Making a list of all the present ratios of the firm
 (B) Comparison of liquidity ratios with other kind of ratios of the firm
 (C) Comparison of the ratios of the firm relating to the performance of the firm
 (D) Comparison of the firm's past and current ratios with future ratios to ascertain the relative strengths and weaknesses in the past and future.

52. Assertion (A) :

Profit volume ratio is considered to be the best indicator of the profitability of the business.

Reason (R) :

If profit volume ratio is improved, it will result in better profits.

Select the correct answer from the options given below —

- (A) Both A and R are true and R is the correct explanation of A
 (B) Both A and R are true, but R is not the correct explanation of A
 (C) A is true, but R is false
 (D) A is false, but R is true.

53. Match the following :

List-I (Variances)	List-II (Causes)
P. Overheads efficiency variance	1. Power failure
Q. Overheads volume variance	2. Appointing low grade employees
R. Labour idle time variance	3. Poor working conditions
S. Labour efficiency variance	4. Working days being more or less than budgets

Select the correct answer from the options given below —

	P	Q	R	S
(A)	4	3	2	1
(B)	3	4	1	2
(C)	3	1	4	2
(D)	2	1	4	3

54. Match the following :

List-I	List-II
P. Cash flow statements	1. Inflow of funds
Q. Inflow of cash	2. Short-term financial planning
R. Investment (maturity period 3 months)	3. Financing activity
S. Payment of dividend	4. Cash equivalent

Select the correct answer from the options given below —

	P	Q	R	S
(A)	2	1	4	3
(B)	2	4	1	3
(C)	4	3	1	2
(D)	3	4	1	2

55. Match the following :

<i>List-I</i>	<i>List-II</i>
P. Labour cost variance	1. Actual hours paid \times (Standard rate – Actual rate)
Q. Labour rate variance	2. Standard cost – Actual cost
R. Efficiency variance	3. Idle hours \times Standard rate per hour
S. Idle time variance	4. Standard rate \times (Standard hours – Actual hours worked)

Select the correct answer from the options given below —

	P	Q	R	S
(A)	4	3	2	1
(B)	2	3	4	1
(C)	4	1	2	3
(D)	2	1	4	3

56. Which of the following are advantages of marginal costing :

- (1) Pricing decision
- (2) True profit
- (3) Difficulty to classify
- (4) Ignores time value
- (5) Break-even analysis
- (6) Contribution is not final
- (7) Control over expenditure

Select the correct answer from the options given below —

- (A) (1), (2), (5) and (7)
- (B) (1), (3), (5) and (7)
- (C) (3), (4), (6) and (7)
- (D) (1), (2), (6) and (7).

57. If sales revenue at 60% capacity is ₹4,50,000, sales revenue at 70% capacity on a fall in selling price by 5% would be —

- (A) ₹4,98,750
- (B) ₹7,50,000
- (C) ₹5,25,000
- (D) ₹7,12,000

58. Match the following :

<i>List-I</i>	<i>List-II</i>
P. Prepaid expenses	1. Solvency ratio
Q. Sales ratio	2. Net profit margin \times Investment ratio
R. Return on investment	3. Turnover ratio
S. 100 <i>minus</i> Proprietary ratio	4. Current asset ratio

Select the correct answer from the options given below —

	P	Q	R	S
(A)	4	3	1	2
(B)	4	3	2	1
(C)	2	1	4	3
(D)	2	4	1	3

59. *Assertion (A)* :

Material cost variance is the difference between the standard cost of material allowed for actual output and actual cost of material used.

Reason (R) :

A favourable variance would result if actual cost is less than standard cost.

Select the correct answer from the options given below —

- (A) Both A and R are true and R is the correct explanation of A
- (B) Both A and R are true, but R is not the correct explanation of A
- (C) A is true, but R is false
- (D) A is false, but R is true.

60. In Sapphire Ltd. 1,000 units of raw material were introduced in Process-A. The actual output and normal loss of respective processes are as follows :

Process	Output (units)	Normal loss on input units
A	900	10%
B	680	20%
C	540	25%

Abnormal effectiveness in Process-C is —

- (A) 40 Units
(B) 50 Units
(C) 45 Units
(D) 30 Units.
61. Match the following :
- | <i>List-I</i> | <i>List-II</i> |
|--|---------------------|
| P. Classification of costs into fixed and variable costs | 1. Contribution |
| Q. Difference between sales and variable costs | 2. P/V ratio |
| R. Both fixed and variable costs are charged to product | 3. Marginal costing |
| S. Relative profitability | 4. Absorption |

Select the correct answer from the following options —

	P	Q	R	S
(A)	4	3	1	2
(B)	3	4	1	2
(C)	3	1	4	2
(D)	4	3	2	1

62. *Statement-I* :
Segregation of expenses as fixed and variable helps the management to exercise control over expenditure.
Statement-II :
The management can compare the actual variable expenses with the budgeted variable expenses and take corrective action through variance analysis.

Select the correct answer from the following —

- (A) Both statements are correct
(B) Both statements are incorrect
(C) Statement-I is correct, but Statement-II is incorrect
(D) Statement-I is incorrect, but Statement-II is correct.

63. *Statement-I* :
In funds flow analysis, current assets and current liabilities are shown separately in a statement of changes in working capital.
Statement-II :
In cash flow analysis, increases and decreases of all current accounts are adjusted in the calculation of cash flow from operating activities.

Select the correct answer from the following —

- (A) Both statements are correct
(B) Both statements are incorrect
(C) Statement-I is correct, but Statement-II is incorrect
(D) Statement-I is incorrect, but Statement-II is correct.

64. *Statement-I* :
Margin of safety represents the difference between sales at break-even point and total sales.
Statement-II :
Margin of safety can be expressed as a percentage of total sales or in value or in terms of quantity.

Select the correct answer from the options given below —

- (A) Both statements are correct
(B) Both statements are incorrect
(C) Statement-I is correct, but Statement-II is incorrect
(D) Statement-I is incorrect, but Statement-II is correct.

65. Match the following :

<i>List-I</i>	<i>List-II</i>
P. Increase in funds	1. Application of funds
Q. Goods purchased on credit	2. Drain in working capital
R. Commission outstanding	3. Source of funds
S. Net loss	4. No flow of funds

Select the correct answer from the options given below —

	P	Q	R	S
(A)	4	3	2	1
(B)	4	3	1	2
(C)	3	4	1	2
(D)	3	4	2	1

66. Match the following :

<i>List-I</i>	<i>List-II</i>
P. Excess of actual sales over break-even sale volume	1. Contribution
Q. Sum of fixed cost and profit	2. Cost-volume profit analysis
R. Break-even analysis	3. No profit, no loss
S. Break-even point	4. Margin of safety

Select the correct answer from the options given below —

	P	Q	R	S
(A)	4	1	2	3
(B)	4	3	2	1
(C)	4	3	1	2
(D)	3	1	4	2

67. *Statement-I :*

The activities or operations of every cost centre should be homogeneous so as to ensure uniform basis of charging expenses within the centre.

Statement-II :

The activities or operation of each cost centre must be well defined and clearly identifiable.

Select the correct answer from the following —

- (A) Both statements are correct
- (B) Both statements are incorrect
- (C) Statement-I is correct, but Statement-II is incorrect
- (D) Statement-I is incorrect, but Statement-II is correct.

68. Match the following :

<i>List-I</i>	<i>List-II</i>
P. Performance budgeting	1. Fixed budget
Q. Zero base budgeting	2. Production oriented
R. Summary of all functional budgets	3. Jimmy Carter
S. Remain unchanged irrespective of level of activity actually attained	4. Master budget

Select the correct answer from the options given below —

	P	Q	R	S
(A)	3	4	1	2
(B)	3	4	2	1
(C)	2	4	1	3
(D)	2	3	4	1

69. Which of the following pairs is correctly matched —

- (A) Administrative expenses + Selling and distribution expenses = Operating expenses
- (B) $(\text{Gross profit} \div \text{Net sales}) \times 100 = \text{Net profit ratio}$
- (C) Both (A) and (B) above
- (D) None of the above.

70. *Statement-I :*

If any fixed asset remains idle due to abnormal or unusual events, it should be included in capital employed.

Statement-II :

Idle machines and tools required for normal operation of plant would not be included in capital employed.

Select the correct answer from the following —

- (A) Both statements are correct
- (B) Both statements are incorrect
- (C) Statement-I is correct, but Statement-II is incorrect
- (D) Statement-I is incorrect, but Statement-II is correct.

71. Match the following :

<i>List-I</i>	<i>List-II</i>
P. Cost accounting	1. Change in working capital
Q. Funds flow statement	2. Deals with the cost of production, selling and distribution
R. Cash flow statement	3. Is an important technique of financial analysis
S. Ratio analysis	4. Cash and cash equivalents

Select the correct answer from the options given below —

- | | P | Q | R | S |
|-----|---|---|---|---|
| (A) | 4 | 3 | 2 | 1 |
| (B) | 2 | 1 | 4 | 3 |
| (C) | 4 | 3 | 1 | 2 |
| (D) | 3 | 4 | 2 | 1 |

72. Allotment of the entire costs to a cost centre or unit is known as —

- (A) Cost apportionment
- (B) Cost allocation
- (C) Cost absorption
- (D) Machine hour rate.

73. *Assertion (A) :*

Cash flow statement enhances the comparability of report.

Reason (R) :

Cash flow statement eliminates the effect of using different treatments for same transactions.

Select the correct answer from the following —

- (A) Both A and R are true and R is the correct explanation of A
- (B) Both A and R are true, but R is not the correct explanation of A
- (C) A is true, but R is false
- (D) A is false, but R is true.

74. Match the following :

<i>List-I</i>	<i>List-II</i>
P. Absorption costing	1. Is a logical extension of marginal costing
Q. Fixed expenses	2. Relationship of change in cost and change in profit
R. Marginal costing	3. Contribution = ____ + Profit
S. Break-even analysis	4. Uses classification of costs according to their functions

Select the correct answer from the options given below —

- | | P | Q | R | S |
|-----|---|---|---|---|
| (A) | 4 | 3 | 2 | 1 |
| (B) | 2 | 1 | 4 | 3 |
| (C) | 3 | 2 | 4 | 1 |
| (D) | 4 | 3 | 1 | 2 |

75. *Assertion (A) :*

Accounting ratios reveal the financial position of a concern.

Reason (R) :

Accounting ratios are not useful in assessing the operational efficiency.

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- Select the correct answer from the following —
- (A) Both A and R are true and R is the correct explanation of A
 (B) Both A and R are true, but R is not the correct explanation of A
 (C) A is true, but R is false
 (D) A is false, but R is true.
76. Return on investment depends on two ratios —
 (A) Net profit ratio and capital turnover ratio
 (B) Gross profit ratio and net profit ratio
 (C) Capital employed ratio and assets turnover ratio
 (D) Earnings per share and net profit ratio.
77. *Assertion (A) :*
 Funds are not related to working capital.
Reason (R) :
 Flow of funds takes place whenever there is change in the funds.
 Select the correct answer from the following —
 (A) Both A and R are true and R is the correct explanation of A
 (B) Both A and R are true, but R is not the correct explanation of A
 (C) A is true, but R is false
 (D) A is false, but R is true.
78. Arrange the following categories of cash inflows and cash outflows in the correct order of cash flow statements :
 (1) Cash flows from investing activities
 (2) Cash flows from financing activities
 (3) Cash flows from operating activities.
 Select the correct answer from the options given below —
 (A) (3), (1), (2)
 (B) (1), (3), (2)
 (C) (3), (2), (1)
 (D) (2), (1), (3).
79. Which of the following pairs is not correctly matched —
 (A) Dividend per equity share / Earnings per share = Payout ratio
 (B) $[\text{Operating profit} / \text{Capital employed}] \times 100 = \text{Return on capital employed}$
 (C) $[(\text{Cost of goods sold} + \text{operating expenses}) / \text{net sales}] \times 100 = \text{Operating profit ratio}$
 (D) None of the above.
80. Match the following :

<i>List-I</i>	<i>List-II</i>
P. Cost control purposes	1. _____ is a predetermined cost
Q. Standard cost	2. Responsibility accounting fixes responsibility for
R. Integrates	3. _____ Cost accounting guides future _____
S. Production policies	4. Budgeting system _____ key managerial functions

 Select the correct answer from the options given below —

	P	Q	R	S
(A)	4	3	2	1
(B)	2	1	4	3
(C)	2	3	4	1
(D)	3	2	4	1
81. *Statement-I :*
 According to AS-3, provision for taxation should always be treated as a non-operating charge on profits.
Statement-II :
 Dividend on shares is an appropriation of profits and not a trading charge.
 Select the correct answer from the following —
 (A) Both statements are correct
 (B) Both statements are incorrect
 (C) Statement-I is correct, but Statement-II is incorrect
 (D) Statement-I is incorrect, but Statement-II is correct.

82. Match the following :

<i>List-I</i>	<i>List-II</i>
P. Operating profit	1. Capital employed = _____ + preference share capital
Q. Liquid liabilities	2. _____ = Gross profit – Operating expenses
R. Capital employed	3. Quick assets = Quick ratio × _____
S. Equity share capital	4. Fixed assets ratio = fixed assets ÷ _____

Select the correct answer from the options given below —

	P	Q	R	S
(A)	2	3	4	1
(B)	3	4	1	2
(C)	4	3	2	1
(D)	2	1	4	3

83. Assertion (A) :

Cost accounting hides the relative efficiencies of different workers.

Reason (R) :

Cost accounting does not disclose profitable and non-profitable activities.

Select the correct answer from the following —

- (A) Both A and R are true and R is the correct explanation of A
 (B) Both A and R are true, but R is not the correct explanation of A
 (C) A is true, but R is false
 (D) A is false, but R is true.

84. A company sells its product at ₹15 per unit. In a period, it produces and sells 8,000 units and incurs a loss of ₹5 per unit. If the sales volume were to be raised to 20,000 units, it could earn a profit of ₹4 per unit. Break-even point (in units) will be —

- (A) 24,000 Units
 (B) 12,000 Units
 (C) 16,000 Units
 (D) 30,000 Units.

85. Which of the following pairs is correctly matched —

- (A) Profitability ratios – Expenses ratios
 (B) Activity ratios – Total assets turnover ratio
 (C) Both (A) and (B) above
 (D) None of the above.

86. Statement-I :

At the time of replacement of plant, according to marginal cost technique, the proposal which yields lowest contribution is to be selected.

Statement-II :

According to total cost technique, the proposal which involves the highest costs is to be selected.

Select the correct answer from the following —

- (A) Both statements are correct
 (B) Both statements are incorrect
 (C) Statement-I is correct, but Statement-II is incorrect
 (D) Statement-I is incorrect, but Statement-II is correct.

87. Choose the correct statements from the following :

- (1) Marginal costing and absorption costing are the same
 (2) For decision making, absorption costing is more suitable than marginal costing
 (3) Cost-volume-profit relationship also denotes break-even point
 (4) Marginal costing is based on the distinction between fixed and variable costs.

Correct answer option is —

- (A) (1) and (2)
 (B) (2) and (3)
 (C) (3) and (4)
 (D) (2) and (4).

88. Return on investment is also known as —
- (A) Du-pont chart
(B) Activity ratio
(C) P/V ratio
(D) Market test ratio.
89. *Assertion (A) :*
Higher the gross profit ratio, the better it is.
Reason (R) :
A low gross profit ratio indicates unfavourable trend in the form of reduction in selling prices.
Select the correct answer from the following —
- (A) Both A and R are true and R is the correct explanation of A
(B) Both A and R are true, but R is not the correct explanation of A
(C) A is true, but R is false
(D) A is false, but R is true.
90. Equity share capital: ₹30 lakh (30,000 shares of ₹100 each); 9% preference shares: ₹10 lakh; profit before tax: ₹24.46 lakh and tax rate 30%. Earnings per share will be —
- (A) ₹54.07
(B) ₹81.53
(C) ₹78.53
(D) ₹57.07
91. Financial statement of X Ltd. shows the following data —
- | | ₹ |
|---|-----------|
| Opening stock | 1,50,000 |
| Total purchases (including cash purchases of ₹1,75,000) | 10,50,000 |
| Closing stock | 1,20,000 |
- Stock turnover ratio is —
- (A) 6.70 times
(B) 8 times
(C) 7.2 times
(D) 9 times.
92. The sales and profit during the two periods were as follows :
- | | Sales (₹) | Profit (₹) |
|-----------|-----------|------------|
| Period-I | 20,00,000 | 2,00,000 |
| Period-II | 30,00,000 | 4,00,000 |
- Sales required to earn a profit of ₹5,00,000 is —
- (A) ₹30 lakh
(B) ₹40 lakh
(C) ₹35 lakh
(D) ₹28 lakh.
93. The key area(s) of activity based costing is/are —
- (A) Product cost differentiation
(B) Identification of non-value added cost
(C) Distribution between fixed and variable cost
(D) Both (A) and (B) above.
94. Match the following :
- | <i>List-I</i> | <i>List-II</i> |
|------------------|---|
| P. Marginal cost | 1. $\frac{\text{Contribution}}{\text{Sales}}$ |
| Q. P/V ratio | 2. Selling price – _____ |
| R. Profit | 3. $\text{Sales} \times (1 - \text{P/V ratio})$ |
| S. Variable cost | 4. $\frac{\text{Margin of safety}}{\text{P/V Ratio}}$ |
- Select the correct answer from the options given below —
- | | P | Q | R | S |
|-----|---|---|---|---|
| (A) | 4 | 3 | 2 | 1 |
| (B) | 3 | 1 | 4 | 2 |
| (C) | 2 | 1 | 4 | 3 |
| (D) | 2 | 3 | 4 | 1 |

95. In contract costing, the whole of the amount shown under architect's certificate is not paid immediately, but a part thereof is paid after the contract is completed. Such amount is known as —
- (A) Retention money
(B) Advance money
(C) Contract amount
(D) Work-in-progress.
96. Actual fixed overhead : ₹22,400
Budgeted fixed overheads : ₹20,000
Actual hours worked : 28,000
Budgeted hours : 40,000
Fixed overhead expenditure variance is —
- (A) ₹2,800 (A)
(B) ₹2,400 (A)
(C) ₹2,400 (F)
(D) ₹2,800 (F).
97. X Ltd. has forecast its sales for the next three months as follows :
- May : 12,000 units
June : 20,000 units
July : 25,000 units
- Opening stock as on 1st April is expected to be 5,000 units. Closing stock should equal 20% of the coming month's sales needs. How many units should be produced in June —
- (A) 20,000 Units
(B) 11,000 Units
(C) 21,000 Units
(D) 25,000 Units.
98. Standard rate of wages ₹0.90 per hour; standard output 20 units per hour; actual wages paid ₹76 for 80 hours (idle time 10 hours). Output produced 1,640 units.
Direct labour rate variance is —
- (A) ₹4.00 (A)
(B) ₹4.00 (F)
(C) ₹4.20 (F)
(D) ₹4.20 (A).
99. Cost-volume-profit (CVP) analysis is based on several assumptions. Which one of the following is not relevant for such an analysis —
- (A) Inventory quantity changes in the year
(B) Sales mix of the products is constant
(C) Material price and labour rates do not change
(D) Behaviour of both sales and variable cost is linear throughout the year.
100. The fixed expenses are ₹4,000 and break-even point is ₹10,000. New break-even point, if selling price is reduced by 20% is —
- (A) ₹14,000
(B) ₹15,000
(C) ₹16,000
(D) ₹17,000

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Space for Rough Work

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Space for Rough Work