
SAMPLE QUESTION PAPER

Subject: Cost Accounting Semester VI Set – 10

Date of Exam: 03 October 2020

**Time allotted: 1 hour
Maximum Marks: 25**

1. Sales are 1,000 units @ 100 per unit variable cost 60,000. Fixed cost 28,000. The BEP in units will be _____.
- 500 units
 - 700 units
 - 1,000 units
 - 1,200 units

Answer: Option b [700 units]

2. Break Even sales 1,600 units Actual sales 2,000 units. M/s will be _____.
- 300 units
 - 200 units
 - 400 units
 - None of the above

Answer: Option b [200 units]

3. Fixed Cost Rs. 1,00,000 per year S.P. per unit Rs. 50. P/V ratio 40% B.E. sales in units will be _____.
- 5,000 units
 - 7,500 units
 - 6,500 units
 - 4,500 units

Answer: Option a [5,000 units]

4. During a period, 17,500 labour hours were worked at a standard cost of Rs. 6.50 per hour. If the labour efficiency variance is Rs. 7,800 (favourable), the standard direct labour hours are _____.
- 20000
 - 19200
 - 18700
 - 18500

Answer: Option c [18700]

5. The standard units (SQ) were 5,200, the standard price (SP) was Rs. 3.25, and the materials quantity variance (MQV) was Rs. 325 favourable. The actual units (AQ) were _____.
- 5300
 - 5000
 - 5100
 - 5200

Answer: Option C [5100]

6. In May, material requisitions were Rs. 44,000 (Rs. 39,000 of these were direct materials), and raw material purchases were Rs. 57,700. The end of month balance in raw materials inventory a/c was Rs. 24,300. What was the beginning raw materials inventory a/c balance?
- 10600
 - 43000
 - 72400
 - 25300

Answer: Option a [10600]

7. In a period Rs. 50,000 was incurred on indirect labour. In a Cost Ledger, the double entry will be:
- Wages Control Account Dr.
 To Overhead Control Account
 - WIP Control Account Dr.
 To Wages Control Account
 - Overhead Control Account Dr.
 To Wages Control Account
 - Wages Control Account Dr.
 To WIP Control Account

*Answer: Option c [Overhead Control Account Dr.
To Wages Control Account]*

8. Contract price is Rs. 10,00,000 work certified is 60% cash received is 80% of work certified which is Rs. 4,80,000 work certified will be _____.
- 480000
 - 600000
 - 620000
 - 340000

Answer: Option b [600000]

9. Cash received Rs. 4,80,000 being 80% of work certified. Calculate the work certified.
- Rs. 6,00,000
 - Rs. 4,00,000
 - Rs. 7,50,000
 - Rs. 4,50,000

Answer: Option a [Rs. 6,00,000]

10. Contract price Rs. 6,00,000 work certified 80% of contract price. Cash received 75% of work certified. If notional profit is Rs. 90,000 The profit to be credited to Profit and Loss A/c is Rs. _____.
- 45000
 - 35000
 - 50000
 - 40000

Answer: Option a [45000]

11. Process costing is applicable to _____.
- Paper industry
 - Printing press
 - Transport company
 - Repairs works

Answer: Option a [Paper industry]

12. Cost incurred is Rs. 34,960 scrap value of Normal Loss Rs. 760 Input 950 units Abnormal loss 95 units Abnormal loss is 15 units. Cost of abnormal loss is Rs. _____.
- 600

- b. 750
- c. 950
- d. 1000

Answer: Option a [600]

13. Which one of the following is a collection of overhead costs related to a cost object?

- a. Cost pool
- b. Cost driver
- c. Cost object
- d. Cost allocation

Answer: Option a [Cost pool]

14. Sale of By – Product is _____.

- a. Debited to process A/c
- b. Credited to process A/c
- c. Credited to Profit & Loss A/c
- d. Debited to Normal A/c

Answer: Option b [Credited to process A/c]

15. W Corporation's production department used Rs. 64,000 of materials to manufacture products during May. Which one of the following is one effect of recording this transaction?

- a. Raw materials increases by Rs. 64,000
- b. Manufacturing overhead increases by Rs. 64,000
- c. Cost of goods sold increases by Rs. 64,000
- d. Work in process increases by Rs. 64,000

Answer: Option d [Work in process increases by Rs. 64,000]

16. The total profit on a contract for Rs. 3,00,000 is Rs. 60,000 and the contract is 60% complete and has been certified accordingly. The retention money is 20% of the certified value, then the amount of profit that can be prudently credited to Profit and Loss Account is _____.

- a. Rs. 60,000
- b. Rs. 36,000
- c. Rs. 28,800
- d. Rs. 48,000

Answer: Option c [Rs. 28,800]

17. 400 litres of a chemical were manufactured in a period. There is a normal loss of 25% of the material input into the process. An abnormal loss of 5% of material input occurred in the period. How many litres of material (to the nearest litre) were input into the process in the period?

- a. 500
- b. 520
- c. 560
- d. 571

Answer: Option d [571]

18. A process gives rise, incidentally, to an item of low value, which is called _____.

- a. a joint product
- b. a by-product
- c. scrap
- d. waste

Answer: Option b [a by-product]

19. The total cost of manufacturing 4,000 units of a product is Rs. 4,50,000 which includes fixed costs of Rs. 2,50,000. If the company desires to produce 5,000 units, then the total cost will be-

- a. Rs. 5,27,778
- b. Rs. 5,20,000
- c. Rs. 5,00,000
- d. Rs. 4,95,000

Answer: Option c [Rs. 5,00,000]

20. An organization's break-even point is 4,000 units at a sales price of Rs. 50 per unit, variable cost of Rs. 30 per unit, and total fixed costs of Rs. 80,000. If the company sells 500 additional units, by how much will its profit increase ?
- Rs. 10,000
 - Rs. 12,000
 - Rs. 37,000
 - Rs. 25,000

Answer: Option a [Rs. 10,000]

21. An estimate of what cost should be is known as _____.
- Actual cost
 - Ideal cost
 - Standard cost
 - Forecast cost

Answer: Option c [Standard cost]

22. During the month of December 2013, XLNT Ltd. used 5,000 kgs of materials at a total standard cost of Rs. 20,000. The material usage variance was Rs. 360 (adverse). The standard usage of material (SQ) for the period is _____.
- 4,000 kgs
 - 4,910 kgs
 - 5,000 kgs
 - 5,850 kgs

Answer: Option b [4,910 kgs]

23. In the four week production period just completed, B Ltd. produced 570 units. The standard labour cost for each unit was Rs. 13.50, based on budgeted production of 550 units. The actual labour cost for the period was Rs. 8,238. What was the labour rate variance for the period?
- Rs. 543 adverse
 - Rs. 543 favourable
 - Rs. 813 adverse
 - Rs. 813 favourable

Answer: Option a [Rs. 543 adverse]

24. If the work certified of a contract is Rs. 2,00,000 and retention money is Rs. 30,000, compute the cash ratio.
- 0.85
 - 0.15
 - 0.87
 - 0.13

Answer: Option a [0.85]

25. The portion of raw materials which has been spoiled or destroyed in the manufacturing process, which can be reused in manufacture as raw materials or sold as seconds is _____
- Scrap
 - Defectives
 - Spoilage
 - Waste

Answer: Option c [Spoilage]