



# CS EXECUTIVE QUESTION PAPERS JUNE 2016

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EXAMS MADE EASY

1. Which of the following statements are true —

- (i) Conversion costs and overheads are interchangeable terms
- (ii) Notional cost and imputed cost means the same thing
- (iii) Cost accounting is not needed by a non-profit organisation
- (iv) Rent on owned building is included in cost accounts.

Select the correct answer from the options given below —

- (A) (i) and (ii)
- (B) (iii) and (iv)
- (C) (ii) and (iv)
- (D) All of the above.

2. XYZ Ltd. had 4,000 units of inventory in hand on 1<sup>st</sup> March, 2016, costing ₹4 per unit. Purchases and issues of material during the month were as follows :

| Date     | Purchase                     | Issue       |
|----------|------------------------------|-------------|
| March 8  | 500 units<br>@ ₹5 per unit   | —           |
| March 15 | —                            | 2,000 units |
| March 20 | 6,000 units<br>@ ₹6 per unit | —           |
| March 28 | —                            | 4,000 units |

The cost of inventory as on 31<sup>st</sup> March, 2016 under FIFO and weighted average cost method will be —

- (A) ₹27,000 and ₹24,498
- (B) ₹27,000 and ₹23,625
- (C) ₹22,000 and ₹23,625
- (D) ₹22,000 and ₹24,498

3. What journal entry is to be passed in non-integrated accounting system when finished goods are sold at cost —

- (A) Debit General ledger adjustment account and Credit Costing profit and loss account
- (B) Debit General ledger adjustment account and Credit Finished goods stock ledger account
- (C) Debit Cost of sales account and Credit Costing profit and loss account
- (D) Debit Cost of sales account and Credit Finished goods stock ledger control account.

4. Match the following industry/product with appropriate cost unit :

| Industry/<br>Product | Cost unit           |
|----------------------|---------------------|
| (i) Toy Industry     | (a) Per batch       |
| (ii) Steel Industry  | (b) Tonne-kilometre |
| (iii) Chemical       | (c) Tonne           |
| (iv) Transport       | (d) Gallon          |

Select the correct answer using the codes given below —

- |     | (i) | (ii) | (iii) | (iv) |
|-----|-----|------|-------|------|
| (A) | (a) | (c)  | (d)   | (b)  |
| (B) | (a) | (b)  | (d)   | (c)  |
| (C) | (a) | (d)  | (c)   | (b)  |
| (D) | (b) | (a)  | (c)   | (d)  |

5. Which one of the following statements is false —

- (A) Management accountant uses cost accounting tools and techniques for planning and decision making
- (B) Management accounting is mostly historical in its approach and it projects the past

- (C) Cost accounting system can be installed without management accounting ✓  
 (D) Management accounting focuses on wealth maximisation.

6. 4,000 Kgs. of material is purchased @ ₹2 per Kg. Normal wastage is estimated at the rate of 10%. The wastage has recovery value of ₹1.10 per Kg. Calculate cost of material of work order of 600 units, if each unit requires 1.5 Kg. of material —  
 (A) ₹1,260  
 (B) ₹1,800  
 (C) ₹1,620  
 (D) ₹1,890

*Handwritten calculation:*  

$$\frac{8000 - 800}{200} = 36$$

7. What is the treatment of unrealised profit in process costing —  
 (A) Transferred to profit and loss account  
 (B) Closing stock valued at transfer price  
 (C) Eliminated by creating stock reserve  
 (D) Treated as abnormal gain.

8. Cost-Volume-Profit analysis is based on several assumptions. Which one of the following is not one of these assumptions —  
 (A) Sales mix of the products is constant  
 (B) The behaviour of both sales and variable cost is linear throughout the relevant range  
 (C) Variable cost per unit will remain constant ✓  
 (D) Productivity and operational efficiency will change according to output.

9. Which of the following is/are not a purpose of time keeping —  
 (i) Ascertaining labour cost of a job/product/activity ✓  
 (ii) Evaluating labour performance by comparing actual and budgeted time  
 (iii) Providing internal check against dummy workers.

Select the correct answer from the options given below —  
 (A) (i) and (ii)  
 (B) (ii) and (iii)  
 (C) (i) and (iii) ✓  
 (D) (ii) only.

10. Pride Ltd. has profit after tax ₹90,000, depreciation ₹17,000, and decrease of debtors ₹20,000. The cash generated from operating activities will be —  
 (A) ₹87,000  
 (B) ₹93,000 ✓  
 (C) ₹1,27,000  
 (D) ₹53,000

*Handwritten calculation:*  

$$90000 - 17000 + 20000 = 93000$$

11. Classify the following expenses as direct (D) and indirect (I) —  
 (i) Royalties charged as a rate per unit ✓  
 (ii) Cost of making a design, pattern for a specific job ✓  
 (iii) Salesman's commission ✓  
 (iv) Power, fuel, lighting of factory and office.

Select the correct answer using the codes given below —  
 (i) (ii) (iii) (iv)  
 (A) (D) (D) (I) (I)  
 (B) (D) (D) (I) (D) ✓  
 (C) (D) (D) (D) (D)  
 (D) (D) (D) (D) (I)

12. Under Merrick's multiple piece rate system, 110% of the ordinary piece rate is given to workers whose level of performance lies between 83% and 100% of the standard output.  
 (A) 83% and 100% ✓  
 (B) 73% and 100%  
 (C) 83% and 90%  
 (D) 80% and 90%.

13. Current liabilities of a firm are ₹1,50,000. Its current ratio is 3:1 and liquid ratio is 1:1. The value of stock will be —  
 (A) ₹3,00,000  
 (B) ₹4,50,000  
 (C) ₹2,50,000  
 (D) ₹1,50,000 ✓

*Handwritten calculation:*  

$$\frac{112500}{75000} = \frac{3}{1}$$
  

$$\frac{112500}{75000} = \frac{3}{1}$$
  

$$\frac{3}{1} = \frac{3}{1}$$

14. The state of production at which separate products are identified is known as —  
 (A) Split-off point  
 (B) Break-even point  
 (C) Re-order point ✓  
 (D) Cost indifference point.

15. Under marginal costing, unit product cost would most likely be increased by —  
 (A) A decrease in the number of units produced  
 (B) An increase in the number of units produced  
 (C) An increase in the commission paid to salesman for each unit sold  
 (D) A decrease in the commission paid to salesman for each unit sold.

16. A company reported current year profit as ₹70,000 after the following adjustments :  
 Loss on sale of equipment : ₹9,000  
 Premium on debenture redemption : ₹1,500  
 Tax provision : ₹22,000  
 Dividend income : ₹4,000  
 Profit on revaluation of fixed asset : ₹2,500  
 The amount of fund from operations will be —  
 (A) ₹96,000  
 (B) ₹93,000  
 (C) ₹78,000  
 (D) ₹61,000 ✓

*Handwritten calculation:*  

$$70000 - 9000 + 1500 + 22000 + 4000 + 2500 = 61000$$

17. In process costing, abnormal effectiveness would arise if —  
 (A) Actual units lost during the process were more than the normal loss  
 (B) Closing stock at end of the period was higher than opening stock  
 (C) Actual units lost during the process were less than the normal loss  
 (D) Estimate of cost per unit was below the actual cost per unit of output.

18. A company producing three products, viz., X, Y and Z has sales mix in the ratio of 2:1:3. The profit volume ratio of the products X, Y and Z are 15%, 30% and 20% respectively. The total fixed cost of the company is ₹3,50,000.

The break-even point of the company will be —

- (A) ₹16,15,390
- (B) ₹17,50,000
- (C) ₹23,33,333
- (D) ₹11,66,667

Handwritten calculation:  

$$\frac{3,50,000}{15\%} = 23,33,333$$

$$\frac{3,50,000}{30\%} = 11,66,667$$

$$\frac{3,50,000}{20\%} = 17,50,000$$

19. Which one of the following is a non-current item —

- (A) Securities premium
- (B) Outstanding wages
- (C) Trade payables
- (D) Bank balance.

20. Match the following :

| Overheads                             | Basis of apportionment |
|---------------------------------------|------------------------|
| (i) Insurance of stock                | (a) Floor area         |
| (ii) Rent and other building expenses | (b) Number of workers  |
| (iii) Fringe benefits                 | (c) Direct wages       |
| (iv) Holiday pay                      | (d) Capital value      |

Select the correct answer using the codes given below —

- |         |      |       |      |
|---------|------|-------|------|
| (i)     | (ii) | (iii) | (iv) |
| (A) (a) | (c)  | (d)   | (b)  |
| (B) (d) | (a)  | (b)   | (c)  |
| (C) (d) | (b)  | (a)   | (c)  |
| (D) (c) | (a)  | (b)   | (c)  |

21. Match the following statements with prescribed forms :

| Statements  | Forms     |
|---|-----------|
| (i) Cost Audit Report to Central Government by the company            | (a) CRA 3 |
| (ii) Cost Auditor to submit report to the Board of Directors          | (b) CRA 2 |
| (iii) Intimation of appointment of Cost Auditor to MCA by the company | (c) CRA 4 |

Select the correct answer using the codes given below —

- |         |      |       |
|---------|------|-------|
| (i)     | (ii) | (iii) |
| (A) (a) | (b)  | (c)   |
| (B) (c) | (a)  | (b)   |
| (C) (b) | (a)  | (c)   |
| (D) (c) | (b)  | (a)   |

22. Identify the cost which is not relevant or useful for decision making —

- (A) Shut down cost
- (B) Marginal cost
- (C) Imputed cost and replacement cost
- (D) Sunk cost.

23. EOQ is 200 units, ordering cost ₹20 per order and total purchases 4,000 units. The carrying cost per unit will be —

- (A) ₹2
- (B) ₹6
- (C) ₹4
- (D) None of the above.

Handwritten calculation:  

$$EOQ = \sqrt{\frac{2 \times 4000 \times 20}{C}}$$

$$200 = \sqrt{\frac{160000}{C}}$$

$$40000 = \frac{160000}{C}$$

$$C = \frac{160000}{40000} = 4$$

24. From the following particulars, calculate the selling price per unit, if the break-even point is brought down to 10,000 units : B.E.P.

|                        |           |
|------------------------|-----------|
| Selling price per unit | : ₹20     |
| Variable cost per unit | : ₹16     |
| Fixed expenses         | : ₹60,000 |

Choose the correct option —

- (A) ₹25
- (B) ₹20
- (C) ₹22
- (D) ₹32

25. Standard time allowed for a job is 20 hours @ ₹2 per hour. Actual time taken by a worker is 15 hours. The earning and effective wage rate under Halsey Plan (50% sharing) will be —

- (A) ₹35 and ₹2.33
- (B) ₹35 and ₹1.75
- (C) ₹40 and ₹2.67
- (D) ₹40 and ₹2.00

Handwritten calculation:  

$$20 \times 2 = 40$$

$$15 \times 2 = 30$$

$$40 - 30 = 10$$

$$10 \times 50\% = 5$$

$$30 + 5 = 35$$

26. Operating and accounting figures for the month of January, 2015 with respect to overheads were as under :

|                            |        |
|----------------------------|--------|
| Actual overheads           | ₹8,600 |
| Actual direct labour hours | ₹6,000 |
| Standard labour hours      | ₹5,000 |

Budget equation = ₹3,000 +

(90 paise × Actual direct hours)

Absorption equation = ₹1.50

× Standard direct labour hours

The budgeted overheads amounted to ₹8,400 and absorbed overheads to ₹8,250.

The overheads volume variance is —

- (A) ₹150 (A)
- (B) ₹158 (F)
- (C) ₹142 (A)
- (D) ₹140 (F).

27. Assertion (A) : A current ratio of 2:1 is considered satisfactory as a rule of thumb but it should not be followed blindly.

Reason (R) : The greatest weakness of current ratio is the possibility of window dressing and manipulation.

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.

28. What is the proper sequence of events in an 'activity based costing' system — A D C

- (i) Calculation of overheads application rates.
- (ii) Identification of cost drivers
- (iii) Identification of cost pools
- (iv) Assignment of overheads cost to products.

Select the correct answer from the options given below —

- (A) (i), (iii), (iv), (ii)
- (B) (ii), (iii), (i), (iv)
- (C) (iii), (ii), (i), (iv)
- (D) (ii), (iii), (iv), (i)

29. Calculate machine hour rate from the following :

|  |                     |
|--|---------------------|
| Cost of machine                                  | : ₹19,200           |
| Estimated scrap value                            | : ₹1,200            |
| Average repair and maintenance charges per month | : ₹150              |
| Standing charges allocated to machine per month  | : ₹50               |
| Effective working life of machine                | : 10,000 hours      |
| Running time per month                           | : 166 hours         |
| Power used by machine 5 units per hour @         | : 19 paise per unit |

Choose the correct option —

- (A) ₹4  
(B) ₹3.95  
(C) ₹5.95  
(D) ₹3.50

30. During the year ended 31<sup>st</sup> March, 2015, the profit of the company is ₹63,450 as per financial records. The following details are given :

|  |          |
|--|----------|
| Opening stock overstated in cost accounts          | : ₹8,500 |
| Closing stock understated in cost accounts         | : ₹7,600 |
| Factory overheads under recovered in cost accounts | : ₹4,500 |

The profit as per cost accounts will be —

- (A) ₹69,950  
(B) ₹65,950  
(C) ₹51,850  
(D) ₹56,950

31. Cost Accounting Standard 12 is related to bringing uniformity and consistency in the principles and methods of determining the selling and distribution overheads with reasonable accuracy.

- (A) 10  
(B) 12  
(C) 15  
(D) 4

32. Which of the following statements is wrong with reference to contract costing —

- (A) Cost plus contract is suitable where it is not possible to compute the cost in advance  
(B) Upward and downward revision may be possible in contract price by inserting escalation/de-escalation clause  
(C) If certified work-in-progress is  $\frac{1}{4}$  or more but less than  $\frac{1}{2}$  of the contract price, no profit is to be transferred to profit and loss account  
(D) Loss on incomplete contracts should be transferred to profit and loss account.

33. Which one of the following statements is true in ABC classification of materials —

- (A) 'C' items of material have moderate % of cost and high % of quantity  
(B) 'A' items of material have high % of cost and low % of quantity  
(C) 'A' items of material have high % of cost and high % of quantity  
(D) 'B' items of material have moderate % of cost and low % of quantity.

34. Aman Ltd. sells its products at ₹16 per unit. In a period, if it produces and sells 20,000 units, it incurs a loss of ₹2 per unit. If the volume is doubled, it earns a profit of ₹2.20 per unit. The amount of fixed cost and break-even point (in units) will be —

- (A) ₹1,68,000 and 26,250 units  
(B) ₹8,000 and 53,333 units  
(C) ₹1,60,000 and 25,000 units  
(D) ₹1,70,000 and 42,500 units.

35. In a situation of rising prices, profit and tax liability would be lower under \_\_\_\_\_ method than under \_\_\_\_\_ method of material issue pricing.

- (A) FIFO; LIFO  
(B) LIFO; FIFO  
(C) LIFO; Average  
(D) FIFO; Average.

36. The purchase of machinery by issuing long-term notes payable should be reported as a —

- (A) Non-cash investing and financing activity  
(B) Cash outflow in the operating activity  
(C) Cash outflow in the investing activity  
(D) Cash outflow in the financing activity.

37. A standard that represents the most likely scenario can be referred to as —

- (A) Attainable standard  
(B) Basic standard  
(C) Ideal standard  
(D) Normal standard.

38. Stock turnover : 6 times

Total sales : ₹3,00,000

Gross profit ratio : 20%

Closing stock : ₹4,000 more than opening stock

The opening stock is —

- (A) ₹36,000  
(B) ₹38,000  
(C) ₹40,000  
(D) ₹42,000

39. To produce one unit of 'A', two ingredients, i.e., 2 Kgs. of X and 3 Kgs. of Y are required :

| Stock levels | Opening | Closing |
|--------------|---------|---------|
| A (Units)    | 5,000   | 8,000   |
| X (Kgs.)     | 11,000  | 14,000  |
| Y (Kgs.)     | 18,000  | 21,000  |

What will be the quantity of consumption of ingredients X and Y, if 20,000 units of A are sold —

- (A) 46,000 Kgs. and 69,000 Kgs. respectively  
(B) 49,000 Kgs. and 72,000 Kgs. respectively  
(C) 40,000 Kgs. and 60,000 Kgs. respectively  
(D) 43,000 Kgs. and 63,000 Kgs. respectively.

40. Which one of the following would not form part of master budget —

- (A) Cash budget  
(B) Statement of profit and loss  
(C) Statement of financial position  
(D) None of the above.

41. Standard time for a job is 40 hours @ ₹2 per hour. Actual time taken by a worker is 30 hours. His total earnings under Rowan plan and Halsey plan will be —  
 (A) ₹75 and ₹70 respectively  
 (B) ₹70 and ₹75 respectively  
 (C) ₹60 and ₹70 respectively  
 (D) ₹75 and ₹60 respectively.

42. Section \_\_\_\_\_ of the Companies Act, 2013 gives the cost auditor same power as the financial auditor has under section \_\_\_\_\_ of the Companies Act, 2013.  
 (A) 148, 143  
 (B) 143, 148  
 (C) 147, 148  
 (D) 143, 144

43. Balance of investment account is ₹20,000 on 31<sup>st</sup> March, 2014 and ₹30,000 on 31<sup>st</sup> March, 2015. As per additional information, dividend received ₹3,000 includes ₹1,000 from pre-acquisition profit which is credited to investment account. The amount of investment purchased/ sold during the year 2014-15 is —  
 (A) ₹13,000 purchased  
 (B) ₹11,000 purchased  
 (C) ₹9,000 purchased  
 (D) ₹9,000 sold.

44. Which one of the following statements is correct —  
 (A) Lower debt equity ratio means lower financial risk  
 (B) Increase in net profit ratio means increase in sales

- (C) A higher receivable turnover is not desirable  
 (D) Interest coverage ratio depends upon tax rate.

45. Direct labour cost will include —  
 (A) All labour cost attributable to a production department  
 (B) Labour cost of production and production support services  
 (C) Cost of direct labour engaged in converting raw materials into manufactured articles  
 (D) Cost of labour recruited directly by the management and through contractors.

46. Following information is provided in respect of a contract :
- |                                     |              |
|-------------------------------------|--------------|
| Contract price                      | : ₹10,00,000 |
| Cost incurred                       | : ₹5,60,000  |
| Cash received                       | : ₹5,40,000  |
| Work not certified                  | : ₹60,000    |
| Deduction by way of retention money | : 10%        |
- The amount of notional profit is —  
 (A) ₹40,000  
 (B) ₹1,00,000  
 (C) ₹4,40,000  
 (D) None of the above.

47. Those fixed costs which continue to be incurred even when there is no production are called —  
 (A) Period costs  
 (B) Discretionary costs  
 (C) Committed costs  
 (D) Output costs.

48. Which one of the following is not a part of reciprocal method for re-distribution of service departments' overheads to production departments —  
 (A) Simultaneous equation method  
 (B) Step method  
 (C) Repeated distribution method  
 (D) Trial and error method.

49. Profit : ₹50,000  
 Contribution : ₹70,000  
 Sales : ₹7,00,000  
 The amount of margin of safety will be —  
 (A) ₹4,00,000  
 (B) ₹5,00,000  
 (C) ₹2,50,000  
 (D) ₹1,45,000

50. Which one of the following is not an advantage of budgetary control —  
 (A) Maximisation of profit through effective planning  
 (B) Planned approach for expenditure  
 (C) Create necessary conditions for setting-up of standard costs  
 (D) Based on quantitative data and represent only an impersonal appraisal to the conduct of business activity.

51. Job analysis is the analysis of each job to determine a list of \_\_\_\_\_ needed by workers to perform the work satisfactorily.  
 (A) Qualifications  
 (B) Manual methods  
 (C) Mechanical methods  
 (D) Various jobs.

52. The technique of economic order quantity is losing significance since the development of —  
 (A) Perpetual inventory  
 (B) Just-in-time  
 (C) First-in-first-out  
 (D) ABC analysis.

53. A firm plans to produce 1,980 units of a product per 8 hour shift. The standard productivity is 2 units per man hour. Average labour efficiency is 91%, idle time is 15% of attendance time and absenteeism is 20%. How many workers should be recruited to produce planned output —  
 (A) 200  
 (B) 124  
 (C) 136  
 (D) 151

54. Two articles A and B are produced in a factory. Their specifications show that 4 units of A or 2 units of B can be produced in one hour. The budgeted production for January, 2015 is 800 units of A and 200 units of B. The actual production for the month was 900 units of A and 180 units of B. Actual labour hours spent were 350. The efficiency ratio for January, 2015 is —  
 (A) 80%  
 (B) 85%  
 (C) 90%  
 (D) 95%.

55. A direct cost is a cost which can be classified on the basis of —  
 (A) Behaviour  
 (B) Traceability  
 (C) Controllability  
 (D) Relevance.

56. Following information is given :

Input raw material 2,000 units @ ₹20 per unit

Direct material : ₹8,400

Direct wages : ₹13,000

Production overheads : ₹12,350

Output transferred to

Process-II : 1,800 units

Normal loss of input : 5%

Scrap value per unit : ₹6

Value of abnormal loss will be —

(A) ₹3,657.50

(B) ₹3,881.60

(C) ₹3,850.00

(D) ₹3,687.50

57. The original standard rate of pay in a factory was ₹4 per hour. Due to settlement with Trade Unions, this rate of pay per hour was increased by 15%. During a particular period, 5,000 actual hours were worked whereas work done was equivalent to 4,400 hours. Actual labour cost was ₹24,000. Labour cost variance will be —

(A) ₹6,400 (A)

(B) ₹6,000 (A)

(C) ₹6,400 (F)

(D) ₹6,000 (F)

58. Following information relates to a travel agency :

Distance of one way route : 40 Kms.

Round trips per day : 3

Days operated in a month : 25

Seating capacity

(80% occupied) : 50 passengers

The effective passenger-km per annum will be —

(A) 2,40,000

(B) 28,80,000

(C) 14,40,000

(D) 24,00,000

59. Which method of joint cost apportionment is suitable where further processing costs after separation point are not incurred proportionately or all the joint products are not subject to further processing —

(A) Physical unit method

(B) Contribution margin method

(C) Relative market value method

(D) Market value after further processing method.

60. The ratio of variable cost to sales is 75%. The break-even point occurs at 64% of the capacity sales when fixed cost is ₹1,20,000. The 100% capacity sales will be —

(A) ₹4,80,000

(B) ₹2,50,000

(C) ₹7,50,000

(D) None of the above.

61. Which of the following statement(s) is/are true :

(i) Common size balance sheet is vertical financial analysis

(ii) Financial analysis performed on behalf of shareholders is called internal analysis

(iii) Trend percentage may be used for both balance sheet and profit and loss account.

Select the correct answer from the options given below —

(A) (i) and (ii)

(B) (ii) and (iii)

(C) (i) and (iii)

(D) (ii) only.

62. Following information is given :  
Standard fixed overheads

rate per hour : ₹5

Budgeted hours : 12,500

Standard number of

working days : 25

Actual hours : 11,500

Actual number of working

days : 22

Calendar variance will be —

(A) 2,840 (A)

(B) 5,000 (A)

(C) 2,500 (A)

(D) 7,500 (A).

63. Management accounting does not include the function of —

(A) Planning and control

(B) Product costing

(C) Preparation of financial statements

(D) Decision-making.

64. Kriti Ltd. has provided following information for the quarter January to March :

|                              | January | February | March  |
|------------------------------|---------|----------|--------|
| Sales @ ₹20 per unit (units) | 1,000   | 2,000    | 3,000  |
| Closing debtors (₹)          | 16,000  | 40,000   | 64,000 |

20% of the sales are on cash basis and balance on credit basis. The amount to be collected from debtors in the month of February and March will be —

(A) Zero and ₹8,000 respectively

(B) ₹8,000 and ₹16,000 respectively

(C) ₹8,000 and ₹24,000 respectively

(D) ₹16,000 and ₹36,000 respectively.

65. Following information is given for Component 'A' :

Normal usage 50 units per week, maximum usage 75 units per week, reorder period 4 to 6 weeks. The minimum level of stock will be —

(A) 250 Units

(B) 150 Units

(C) 450 Units

(D) 200 Units.

66. From the following financial data, compute stock turnover ratio and stock velocity (assume 360 days in a year) —

Opening stock : ₹58,000

Purchases : ₹5,02,000

Return outwards : ₹18,000

Sales : ₹6,53,000

Return inwards : ₹13,000

Gross profit : 25% on sales

Choose the correct option —

(A) 8 times; 45.62 days

(B) 8 times; 45 days

(C) 10.67 times; 33.75 days

(D) 7.74 times; 46.51 days.

67. Which statement contains opening as well as closing balances of cash and cash equivalents and prepared on accrual basis —
- (A) Cash flow statement
  - (B) Fund flow statement
  - (C) Both (A) and (B) above
  - (D) Statement of income and expenditure.

68. Quarterly consumption of materials : 2,000 Kgs.  
 Cost of placing an order : ₹50  
 Cost per unit : ₹40  
 Storage and other carrying costs : 8% of average inventory

The economic order quantity and number of orders to be placed per quarter of the year will be —

- (A) 400 Kgs. and 5 orders
- (B) 500 Kgs. and 4 orders
- (C) 500 Kgs. and 12 orders
- (D) 400 Kgs. and 6 orders.

69. Which of the following account will be debited under the integrated accounting system when materials are purchased on credit —
- (A) Purchases account
  - (B) Stores ledger control account
  - (C) Cost ledger control account
  - (D) None of the above.

70. Cost of production for 10,000 units : ₹1,60,000  
 Opening stock of finished goods (1,000 units) : ₹18,000  
 Closing stock of finished goods (FIFO) : 2,000 units  
 Selling and distribution overheads : ₹2 per unit sold  
 Profit mark-up on selling price : 20%  
 The amount of profit will be —
- (A) ₹39,800
  - (B) ₹40,500
  - (C) ₹41,000
  - (D) ₹40,800

71. 8% Preference share capital : ₹3,00,000  
 Equity share capital (₹10 per share) : ₹8,00,000  
 Profit after 30% tax : ₹2,80,000  
 Market price of equity share : ₹40  
 The earnings per share and the price-earnings ratio will be —
- (A) ₹3.50 and 11.43
  - (B) ₹5 and 8
  - (C) ₹4.70 and 8.51
  - (D) ₹3.20 and 12.50

72. Re-order quantity : 300 Kgs.  
 Minimum usage : 20 Kgs. per day  
 Minimum lead time : 5 days  
 Maximum stock level : 400 Kgs.  
 Re-order level will be —
- (A) 350 Kgs.  $300 + 5$
- (B) 200 Kgs.  $\frac{300}{2} + 5$
- (C) 375 Kgs.  $Max - Re +$
- (D) 150 Kgs.  $\Rightarrow 400 - 300 + 100 +$

73. Cost of maintenance of an equipment for 12,000 hours of running is ₹1,70,000 and for 18,500 hours of running, it is ₹2,09,000. The cost of maintenance for 14,000 hours will be —
- (A) ₹1,81,500
  - (B) ₹1,80,000
  - (C) ₹1,82,000
  - (D) ₹1,90,000

74. For a department, the standard overheads rate is ₹2.50 per hour and the overheads allowances are as follows :
- | Activity level (hours) | Budget overheads allowance (₹) |
|------------------------|--------------------------------|
| 3,000                  | 10,000                         |
| 7,000                  | 18,000                         |
| 11,000                 | 26,000                         |

Calculate the normal capacity level on the basis of which the standard overheads rate has been worked out —

- (A) 8,000 Hours
- (B) 7,000 Hours
- (C) 6,000 Hours
- (D) 9,000 Hours.

75. Acute Ltd. is committed to supply 24,000 bearings per annum to Mighty Ltd. on a steady basis. It is estimated that it costs 10 paise as inventory holding cost per bearing per month and that the set-up cost per run of bearing manufacture is ₹324. The optimum run size for bearing manufacture would be —
- (A) 3,800 Units
  - (B) 4,000 Units
  - (C) 3,600 Units
  - (D) 3,400 Units.

76. Following information is supplied regarding a contract in progress :

| Details                    | Amount (₹) | Stage of completion (%) |
|----------------------------|------------|-------------------------|
| Erection cost to date      | 7,500      | 25                      |
| Fabrication cost to date : |            |                         |
| Material                   | 60,000     | 60                      |
| Wages and other expenses   | 47,500     | 50                      |
| Contract value             | 2,00,000   |                         |

The estimated profit or loss at the completion of the contract will be —

- (A) ₹25,000 (Profit)
- (B) ₹25,000 (Loss)
- (C) ₹26,000 (Profit)
- (D) ₹26,000 (Loss).

77. Which one of the following is the correct sequence of the purchase procedure of inventory —
- (A) Indenting for material, issuing tenders, receiving quotations, and placing order
  - (B) Issuing tenders and receiving quotations, indenting for material, and placing order
  - (C) Placing order, issuing tenders and receiving quotations, and indenting for material
  - (D) Indenting for material and placing order.

78. PQR Ltd. has prepared the budget for the production of one lakh units of the only commodity manufactured by them for a costing period as follows :

| Cost elements                        | ₹ (in lakh) |
|--------------------------------------|-------------|
| Raw material                         | 252         |
| Direct labour                        | 75          |
| Direct expenses                      | 10          |
| Works overheads (60% fixed)          | 225         |
| Administrative overheads (80% fixed) | 40          |
| Selling overheads (50% fixed)        | 20          |

If the actual production during the period was 60,000 units, the revised budget cost per unit will be —

- (A) ₹740
- (B) ₹800
- (C) ₹700
- (D) ₹840

79. Match the following overtime reasons to charge in cost accounting

| Reason  | Charged to                          |
|---|-------------------------------------|
| (i) Overtime due to circumstances beyond control    | (a) Job directly                    |
| (ii) Overtime due to negligence or delay of workers | (b) General overheads               |
| (iii) Overtime resorted due to desire of customer   | (c) Costing profit and loss account |
| (iv) Overtime due to general pressure of work       | (d) Particular department           |

Select the correct answer using the codes given below —

- |     |     |      |       |      |
|-----|-----|------|-------|------|
|     | (i) | (ii) | (iii) | (iv) |
| (A) | (c) | (a)  | (d)   | (b)  |
| (B) | (c) | (d)  | (a)   | (b)  |
| (C) | (d) | (a)  | (b)   | (c)  |
| (D) | (b) | (c)  | (a)   | (d)  |

80. There are two similar plants under the same management. The management desires to merge these two plants. The following particulars are available :

| Details        | Plant-I            | Plant-II    |             |
|----------------|--------------------|-------------|-------------|
|                | Capacity operation | 100%        | 60%         |
|                | ₹ (in lakh)        | ₹ (in lakh) | ₹ (in lakh) |
| Sales          | 600                | 240         |             |
| Variable costs | 440                | 180         |             |
| Fixed costs    | 80                 | 40          |             |

The capacity of the merged plant to be operated for the purpose of break-even will be —

- (A) 45.14%
- (B) 48.12%
- (C) 50.76%
- (D) 46.16%

81. Following information is given for an order :

Materials (direct) : ₹25,000  
 Wages (direct) : ₹20,000  
 Factory overheads : 75% of wages (direct)

Sales : ₹85,800  
 Profit : 10% on cost of production

Office overheads are charged as a percentage of factory cost. The amount of office overheads and its percentage to factory cost will be —

- (A) ₹78,000 and 30%
- (B) ₹18,000 and 30%
- (C) ₹25,800 and 43%
- (D) ₹33,000 and 55%

Works overheads are recovered on the basis of 50% on prime cost and administrative overheads at 10% of works cost.

Choose the correct option —

- (A) ₹45,000
- (B) ₹45,240
- (C) ₹42,240
- (D) ₹43,000

82. Total number of workers : 100  
 Idle time : 5%  
 Working days per year : 300  
 Factory overheads : ₹11,400  
 No. of hours worked per day : 8  
 Direct labour hour rate will be —

- (A) 6 paise per hour
- (B) 4 paise per hour
- (C) 8 paise per hour
- (D) 5 paise per hour.

83. Match the following events with type of activity :

| Event                           | Type of activity            |
|---------------------------------|-----------------------------|
| (i) Material ordering           | (a) Product level activity  |
| (ii) Designing the product      | (b) Facility level activity |
| (iii) Production manager salary | (c) Unit level activity     |
| (iv) Use of consumables         | (d) Batch level activity    |

Select the correct answer using the codes given below —

- |     |     |      |       |      |
|-----|-----|------|-------|------|
|     | (i) | (ii) | (iii) | (iv) |
| (A) | (d) | (c)  | (b)   | (a)  |
| (B) | (d) | (c)  | (a)   | (b)  |
| (C) | (a) | (d)  | (b)   | (c)  |
| (D) | (d) | (a)  | (b)   | (c)  |

84. From the following particulars relating to Job No. 555, ascertain the total cost :

|                  | ₹      |
|------------------|--------|
| Direct materials | 16,000 |
| Direct labour    | 8,000  |
| Direct expenses  | 1,600  |

85. In financial analysis, 'time series analysis' refers to —

- (A) Making a time series of various ratios to assess a firm's profitability
- (B) A graphical comparison of a firm's sources of finance
- (C) The comparison of financial ratios over a period of time to assess the direction of change and the financial performance of a firm
- (D) A comparison of time values for various ratios of a firm.

86. Input material : 10,000 units

Normal loss of total input : 8%

Closing work-in-progress : 900 units

Degree of completion for closing stock of work-in-progress and abnormal loss :

Material – 100%

Labour – 70%

Output transferred to next process 7,900 units.

From the above information, equivalent production units for material and labour are :

- (A) 9,200 and 8,930 respectively
- (B) 9,200 and 8,810 respectively
- (C) 8,800 and 8,930 respectively
- (D) 8,800 and 8,810 respectively.



87. The standard material required to manufacture one unit of Product-A is 5 Kgs. and the standard price per Kg. of material is ₹3. The cost accountant's records, however, reveal that 16,000 Kgs. of material costing ₹52,000 were used for producing 3,000 units of Product-A.

Material price variance will be —

- (A) ₹4,000 (A)  
(B) ₹4,000 (F)  
(C) ₹4,300 (A)  
(D) ₹4,300 (F).

88. Which of the following statements is/are false :

- (i) Product can be sold below marginal cost in certain special circumstances  
(ii) Cost per unit of key factor is the basis of ranking products on profitability  
(iii) When there are no inventories, profit figures under marginal and absorption costing are identical.

Select the correct answer from the options given below —

- (A) (ii) only  
(B) (i) and (ii)  
(C) (i) and (iii)  
(D) (ii) and (iii).

89. Which of the following is/are the characteristics of service costing :

- (i) Use of composite cost units  
(ii) Documents like daily log sheet, cost sheet, etc. are used for collection of cost data  
(iii) Expenses are divided on functional basis as in unit costing.

Select the correct answer from the options given below —

- (A) (i) only  
(B) (i) and (ii)  
(C) (ii) and (iii)  
(D) (i) and (iii).

90. Following data are given :

|                                     | Product-A | Product-B |
|-------------------------------------|-----------|-----------|
| Contribution per unit (₹)           | 30        | 28        |
| Direct labour (hours per unit)      | 5         | 4         |
| Maximum possible production (units) | 10,000    | 10,000    |

Direct labour hours available 72,000 hours.

What should be the number of units of A and B to be produced to maximise profit of the company —

- (A) A-10,000 units, B-5,500 units  
(B) B-10,000 units, A-5,500 units  
(C) B-10,000 units, A-6,400 units  
(D) 10,000 units of each A and B.

91. The formula for computing overheads efficiency variance is —

- (A) Absorbed overheads – Standard overheads  
(B) Standard overheads – Revised budgeted overheads  
(C) Absorbed overheads – Budgeted overheads  
(D) Absorbed overheads – Actual overheads.

92. If average collection period is 15 days and average account receivables is ₹45,000, the total amount of credit sales will be (assume 360 days in a year) —

- (A) ₹10,80,000  
(B) ₹16,20,000  
(C) ₹6,75,000  
(D) ₹1,87,500

$$\frac{45000 \times 360}{15}$$

93. A process in which management is looking outward to examine how others achieve their performance levels and to understand the process they use, is called —

- (A) Balanced score card  
(B) Target costing  
(C) Bench marking process  
(D) Performance analysis.

94. Cost of goods sold : ₹4,00,000  
Administration and office expenses : ₹35,000  
Selling and distribution expenses : ₹45,000  
Net credit sales : ₹4,75,000  
Cash sales : ₹1,25,000  
Operating profit ratio will be —

- (A) 30%  
(B) 35%  
(C) 20%  
(D) 25%.

95. Which one of the following is not a statistical technique of cost audit —

- (A) Monte-Carlo simulation  
(B) Inter-firm comparison  
(C) Network analysis  
(D) Exponential smoothing.

96. If provision for taxation is treated as a current liability, then payment of tax is —

- (A) An application of funds  
(B) A source of funds  
(C) No flow of funds  
(D) None of the above.

97. Margin of safety is ₹8,000 which represents 40% of sales. P/V ratio is 50%. Fixed cost will be —

- (A) ₹6,000  
(B) ₹5,500  
(C) ₹6,500  
(D) ₹7,000

$$\frac{8000}{50\%} = 16000$$

$$16000 \times 40\% = 6400$$

98. What is the proper sequence in standard costing to control cost and measure efficiency —

- (A) Try to achieve targets, compare actual costs with targets, set targets  
(B) Set targets, compare actual costs with targets, try to achieve targets  
(C) Set targets, compare actual costs with targets, report to management, revise the targets  
(D) Set targets, try to achieve targets, compare actual with targets, report to management.

99. Direct material cost ₹45,000  
Direct labour cost is 40% of direct material cost  
Royalties on production ₹4,000  
Other direct expenses are 20% of prime cost.

Prime cost will be —

- (A) ₹78,750  
(B) ₹83,750  
(C) ₹80,400  
(D) None of the above.

100. A budget in which a responsibility centre manager must justify each planned activity and its budgeted total cost is called —

- (A) Traditional budget  
(B) Zero based budget  
(C) Master budget  
(D) Functional budget.

Agel