

Class: T.Y.B.A.F

Subject: Sample question SEM VI

Paper Name: Cost Accounting-IV

1. When a flexible budget is used, a decrease in the actual production level within a relevant range would

- a) Decrease variable cost per unit**
- b) Decrease variable cost**
- c) Increase total fixed costs**
- d) Increase variable cost per unit**

2. _____ budget is calculated from the desired ending inventory and the sales forecast.

- a) Cash**
- b) Flexible**
- c) Production**
- d) Sales**

3. A _____ budget comprises the budgeted income statement, budgeted balance sheet and budgeted cash flow only.

- a) Master**
- b) Flexible**
- c) Production**
- d) Sales**

4. Cost volume profit analysis is used PRIMARILY by management

- a) as a planning tool**
- b) for control purposes**
- c) to prepare external financial statements**
- d) for correct financial results**

5. A company has a profit volume ratio of 20%. To maintain the same contribution by what percentage must sales be increased to offset 10% reduction in selling price?

- a) 10**
- b) 80**
- c) 20**
- d) 50**

6. At the break even point, which equation will be true.

- a) Variable cost – Fixed cost = contribution**
- b) Sales = Variable cost + Fixed cost**
- c) Sales – fixed cost = Contribution**
- d) Sales – contribution = variable cost**

7. If standard cost is lower than the actual cost, the difference is known as

- a) Favourable**

b) Adverse

c) Positive

d) Negative

8. The term standard hours allowed measures

a) budgeted output at actual hours

b) budgeted output at standard hours

c) actual output at standard hours

d) actual output at actual hours

9. While evaluating deviations of actual cost from standard cost, the technique used is

a) Regression analysis

b) Variance analysis

c) Linear progression

d) Trend analysis

10. During a period, 17500 labour hours were worked at a standard cost of Rs. 6.5 per hour. If the labour efficiency variance is Rs. 7800 (favourable) the standard direct labour hours are

a) 20000

b) 19200

c) 18700

d) 18500

11. When sales increases then breaking point

a) increases

b) decreases

c) remains constant

d) none of these

12. If contribution margin increases by 2 Rs. Per unit, then operating profit will

a) Also increases by Rs. 2 per unit

b) Increases by less than Rs. 2 per unit

c) Decreases by Rs. 2 Per unit

d) Cannot say

13. _____ is the cost which cannot be influenced or controlled by the concerned cost centre or responsibility centre.

a) Sunk Cost

b) Imputed Cost

c) Differential Cost

d) Controllable Cost

14. Profitability Per Unit of Key Factor = Contribution / _____

a) Key factor

b) Contribution

c) Break even

d) Fixed cost