Dr.G.R.Damodaran College of Science

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CRISL rated 'A' (TN) for MBA and MIB Programmes

III B Bcom(IT) [2011-2014]
Semester VI
core: Cost and Management Accounting-615A
Multiple Choice Questions.

1. Basic objectives of cost accounting is__________.
   A. tax compliance.
   B. financial audit.
   C. cost ascertainment.
   D. profit analysis.
   ANSWER: C

2. Direct cost incurred can be identified with ________.
   A. each department.
   B. each unit of output.
   C. each month.
   D. each executive.
   ANSWER: B

3. Overhead cost is the total of ____________.
   A. all indirect costs.
   B. all direct costs.
   C. indirect and direct costs.
   D. all specific costs.
   ANSWER: A

4. Imputed cost is a__________.
   A. notional cost.
   B. real cost.
   C. normal cost.
   D. variable cost.
   ANSWER: A

5. Operating costing is suitable for ___________.
   A. job order business.
   B. contractors.
   C. sugar industries.
   D. service industries.
   ANSWER: D

6. Process costing is suitable for _________.
   A. hospitals.
   B. oil reefing firms.
   C. transport firms.
   D. brick laying firms.
 ANSWER: B

7. Cost classification can be done in __________.
   A. two ways.
   B. three ways.
   C. four ways.
   D. several ways.
 ANSWER: D

8. Costing refers to the techniques and processes of __________
   A. ascertainment of costs.
   B. allocation of costs.
   C. apportion of costs.
   D. distribution of costs.
 ANSWER: A

9. Cost accounting was developed because of the ________.
   A. limitations of the financial accounting.
   B. limitations of the management accounting.
   C. limitations of the human resource accounting.
   D. limitations of the double entry accounting.
 ANSWER: A

10. Multiple costing is a technique of using two or more costing methods for ascertainment of cost by.
   A. the same firm.
   B. the several firms.
   C. the same industry.
   D. the several industries.
 ANSWER: A

11. Wages paid to a labour who was engaged in production activities can be termed as.
   A. direct cost.
   B. indirect cost.
   C. sunk cost.
   D. imputed cost.
 ANSWER: A

12. 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.

ANSWER: D

13. Classification of cost is useful .
   A. to find gross profit.
   B. to find net profit.
   C. to identify costs.
   D. to identify efficiency.
ANSWER: C

14. Elements of costs are.
   A. three types.
   B. four types.
   C. five types.
   D. seven types.
ANSWER: A

15. Direct expenses are also called ________ .
   A. major expenses.
   B. chargeable expenses.
   C. overhead expenses.
   D. sundry expenses.
ANSWER: B

16. Indirect material used in production is classified as.
   A. office overhead.
   B. selling overhead.
   C. distribution overhead.
   D. production overhead.
ANSWER: D

17. Warehouse rent is a part of _________.
   A. prime cost.
   B. factory cost.
   C. distribution cost.
   D. production cost.
ANSWER: C

18. Indirect material scrap is adjusted along with ________.
   A. prime cost.
   B. factory cost.
   C. labour cost.
   D. cost of goods sold.
ANSWER: B

19. Which one of the following is not considered for preparation of cost sheet?
   A. Factory cost.
   B. Goodwill written off.
   C. Selling cost.

D. Labour cost.
ANSWER: B

20. Sale of defectives is reduced from _________.
A. prime cost.
B. works cost.
C. cost of production.
D. cost of sales.
ANSWER: C

21. Tender is an.
A. estimation of profit.
B. estimation of cost.
C. estimation of selling price.
D. estimation of units.
ANSWER: C

22. Cost of sales plus profit is __________.
A. selling price.
B. value of finished product.
C. value of goods produced.
D. value of stocks.
ANSWER: A

23. Prime cost includes.
A. direct materials, direct wages and indirect expenses .
B. indirect materials and indirect labour and indirect expenses.
C. direct materials, direct wages and direct expenses.
D. direct materials, indirect wages and indirect expenses.
ANSWER: C

24. Total of all direct costs is termed as _______.
A. prime cost.
B. works cost.
C. cost of sales.
D. cost of production.
ANSWER: A

25. Depreciation of plant and machinery is a part of ___________.
A. factory overhead.
B. selling overhead.
C. distribution overhead.
D. administration overhead.
ANSWER: A

26. Audit fess is a part of__________.
A. works on cost.
B. selling overhead.

C. distribution overhead.
D. administration overhead.
ANSWER: D

27. Counting house salary is part of____________.
A. factory overhead.
B. selling overhead.
C. distribution overhead.
D. administration overhead.
ANSWER: D

28. Factory overhead can be charged on the basis of____________-.
A. material cost.
B. labour cost.
C. prime cost.
D. direct expenses
ANSWER: A

29. Office and administrative expenses can be charged on the basis of___________.
A. material cost.
B. labour cost.
C. prime cost.
D. factory cost.
ANSWER: C

30. Selling and distribution expenses can be charged on the basis of_______________.
A. material cost.
B. labour cost.
C. prime cost.
D. factory cost.
ANSWER: C

31. The ratios which reflect managerial efficiency in handling the assets is.
A. turnover ratios
B. profitability ratios.
C. short term solvency ratio.
D. long term solvency ratio.
ANSWER: A

32. The ratios which reveal the final result of the managerial policies and performance is_____.
A. turnover ratios.
B. profitability ratios.
C. short term solvency ratio.
D. long term solvency ratio.
ANSWER: B

33. Return on investment is a__________.
A. turnover ratios.

B. short term solvency ratio.
C. profitability ratios.
D. long term solvency ratio.
ANSWER: C

34. Net profit ratio is a ___________.
A. turnover ratio.
B. long term solvency ratio.
C. short term solvency ratio
D. profitability ratio.
ANSWER: D

35. Stock turnover ratio is a___________.
A. turnover ratio.
B. profitability ratio.
C. short term solvency ratio.
D. long term solvency ratio.
ANSWER: A

36. Current ratio is a_____________
A. short-term solvency ratio.
B. long-term solvency ratio.
C. profitability ratio.
D. turnover ratio.
ANSWER: A

37. Proprietary ratio is a ___________.
A. short-term solvency ratio.
B. long-term solvency ratio.
C. profitability ratio.
D. turnover ratio.
ANSWER: B

38. Fixed assets ratio is a __________
A. short-term solvency ratio.
B. long-term solvency ratio.
C. profitability ratio.
D. turnover ratio.
ANSWER: B

39. Fixed assets turnover ratio is a _______
A. short-term solvency ratio.
B. long-term solvency ratio.
C. profitability ratio.
D. turnover ratio.
ANSWER: D

40. The ratio which measures the profit in relation to capital employed is known as___

A. return on investment.
B. gross profit ratio.
C. operating ratio.
D. operating profit ratio.
ANSWER: A

41. The ratio which determines the profitability from the shareholder's point of view is_______.
A. return on investment.
B. gross profit ratio.
C. return on shareholders funds.
D. operating profit ratio.
ANSWER: C

42. Return on equity is also called______
A. . return on investment.
B. gross profit ratio.
C. return on shareholders funds.
D. return on net worth.
ANSWER: D

43. Preliminary expenses is an example of______
A. fixed assets.
B. current assets.
C. fictitious assets.
D. current liabilities.
ANSWER: C

44. Prepaid expenses is an example of _______.
A. fixed assets.
B. current assets.
C. fictitious assets.
D. current liabilities.
ANSWER: B

45. The ratio which is calculated to measure the productivity of total assets is_________
A. return on equity.
B. return on share holders funds.
C. return on total assets.
D. return on equity share holders' funds.
ANSWER: C

46. The ratio which shows the proportion of profits retained in the business out of the current year's profits is___________
A. . retained earnings ratio.
B. pay out ratio
C. earnings per share.
D. price earnings ratio.
ANSWER: A

47. The ratio which indicates earnings per share reflected by the market price is________.

A. retained earnings ratio.
B. pay out ratio.
C. earnings per share.
D. price earnings ratio.
ANSWER: D

48. The ratio establishes the relationship between profit before interest and tax and fixed interest charges is____________.

A. interest cover ratio.
B. fixed dividend cover ratio.
C. debt service coverage ratio.
D. dividend yield ratio.
ANSWER: A

49. The ratio shows the preference dividend as a proportion of profit available for shareholders is ____________.

A. interest cover ratio.
B. fixed dividend cover ratio.
C. debt service coverage ratio.
D. dividend yield ratio.
ANSWER: B

50. The dividend is related to the market value of shares in______________.

A. interest cover ratio.
B. fixed dividend cover ratio.
C. debt service coverage ratio.
D. dividend yield ratio.
ANSWER: D

51. . Turnover ratio is also known as ________________.

A. activity ratios.
B. solvency ratios.
C. liquidity ratios.
D. profitability ratios.
ANSWER: A

52. Inventory or stock turnover ratio is also called_________________.

A. stock velocity ratio.
B. . debtors velocity ratio.
C. . creditors velocity ratio.
D. working capital turnover ratio.
ANSWER: A

53. Which ratio is calculated to ascertain the efficiency of inventory management in terms of capital investment?

A. stock velocity ratio.

B. debtors velocity ratio.
C. creditors velocity ratio.
D. working capital turnover ratio.
ANSWER: A

54. The ratio which measures the relationship between the cost of goods sold and the amount of average inventory is____________
A. stock turnover ratio.
B. debtors velocity ratio.
C. creditors velocity ratio.
D. working capital turnover ratio.
ANSWER: A

55. Sales – Gross Profit = _______________________.
A. net profit.
B. administrative expenses.
C. cost of production.
D. cost of goods sold.
ANSWER: D

56. Opening stock + purchases + direct expenses – closing stock = ____________
A. net profit.
B. cost of production
C. administrative expenses.
D. cost of goods sold.
ANSWER: D

57. Which ratio measures the number of times the receivables are rotated in a year in terms of sales?
A. stock turnover ratio.
B. debtors turnover ratio.
C. creditors velocity ratio.
D. working capital turnover ratio.
ANSWER: B

58. Debtors turnover ratio is also called___________________.
A. stock turnover ratio.
B. debtors velocity ratio.
C. creditors velocity ratio.
D. working capital turnover ratio
ANSWER: B

59. Creditors turnover ratio is also called ________________.
A. stock turnover ratio.
B. debtors velocity ratio.
C. . accounts payables ratio.
D. working capital turnover ratio.
ANSWER: C

60. The indicates the number of times the payables rotate in a year is __________.
   A. stock turnover ratio.
   B. stock turnover ratio.
   C. creditors velocity ratio.
   D. working capital turnover ratio.
 ANSWER: C

61. Funds flow statement is based on the______________.
   A. working capital concept of funds.
   B. cash concept of funds.
   C. fixed assets concept of funds.
   D. long term funds.
 ANSWER: A

62. All those assets which are converted into cash in the normal course of business within one year are known as____________.
   A. fixed assets.
   B. current assets.
   C. fictitious assets.
   D. wasting assets.
 ANSWER: B

63. All those liabilities which are payable in cash in the normal course of business within a period of one year are called __________.
   A. long term liabilities.
   B. overdraft.
   C. short term loans.
   D. current liabilities.
 ANSWER: D

64. Any transaction between a current account and another current account does not Affect______________.
   A. profit.
   B. funds.
   C. working capital.
   D. capital.
 ANSWER: B

65. Any transaction between a non current account and another non current account does not affect_____________.
   A. profit.
   B. funds.
   C. working capital.
   D. capital.
 ANSWER: B

66. Principle' for preparation of working capital statement -Increase in current asset __________.
   A. increases working capital.

B. decreases working capital.
C. decrease fixed capital.
D. increase fixed capital.
ANSWER: A

67. Principle' for preparation of working capital statement - Decrease in current asset________ .
A. increases working capital.
B. decreases working capital.
C. decrease fixed capital.
D. increase fixed capital.
ANSWER: B

68. Principle' for preparation of working capital statement -Increase in current liability_________.
A. increases working capital.
B. decreases working capital.
C. decrease fixed capital.
D. increase fixed capital.
ANSWER: B

69. Principle' for preparation of working capital statement -Decrease in current Liability____________.
A. increases working capital.
B. decreases working capital.
C. decrease fixed capital
D. increase fixed capital.
ANSWER: A

70. Depreciation on fixed assets is_________.
A. non operating income.
B. operating expense.
C. operating income.
D. non operating expense.
ANSWER: D

71. Production cost under marginal costing includes _____________.
A. prime cost only .
B. prime cost and fixed overhead .
C. . prime cost and variable overhead.
D. prime cost, variable overhead and fixed overhead.
ANSWER: C

72. One of the primary differences between marginal costing and absorption costing regarding the treatment of ___________.
A. prime cost .
B. fixed overheads.
C. variable overheads .
D. direct materials.
ANSWER: B

73. Absorption costing differs from marginal costing is the____________.
   A. fact that standard costs can be used with absorption costing but not with marginal costing .
   B. amount of costs assigned to individual units of products .
   C. kind of activities for which each can be used .
   D. amount of fixed costs that will be incurred.
 ANSWER: B

74. Contribution margin is also known as __________.
   A. marginal income .
   B. gross profit.
   C. net profit.
   D. net loss.
 ANSWER: A

75. Period costs are__________.
   A. overhead costs .
   B. prime cost.
   C. variable cost.
   D. fixed costs.
 ANSWER: D

76. Contribution margin is equal to___________.
   A. fixed cost - loss .
   B. profit + variable cost.
   C. sales — fixed cost- profit .
   D. sales – profit.
 ANSWER: A

77. P/V Ratio is an indicator of _______________.
   A. the rate at which goods are sold .
   B. the volume of sales
   C. the volume of profit.
   D. the rate of profit.
 ANSWER: D

78. Margin of Safety is the difference between___________.
   A. planned sales and planned profit .
   B. actual sales and break-even sales.
   C. planned sales and actual sales
   D. planned sales and planned expenses.
 ANSWER: B

79. An increase in variable costs______________.
   A. increases p/v ratio .
   B. increases the profit.
   C. reduces contribution .
   D. increase margin of safety.
 ANSWER: C

80. An increase in selling price____________.
   A. increases the break-even point.
   B. decreases the break-even point.
   C. does not affect the break-even point.
   D. optimize the break even point.
 ANSWER: B

81. A large Margin of Safety indicates____________.
   A. over production.
   B. over capitalization .
   C. the soundness of the business.
   D. under capitalization.
 ANSWER: C

82. Angie of incidence is______________.
   A. the angle between the sales line and the total cost line.
   B. the angle between the sales line and the y-axis.
   C. the angle between the sales line and the x-axis.
   D. the angle between the sales line and the total profit line.
 ANSWER: A

83. CVP analysis is most important for the determination of_______.
   A. sales revenue necessary to equal fixed costs .
   B. relationship between revenues and costs at various levels of operations .
   C. variable revenues necessary to equal fixed costs .
   D. volume of operations necessary to Break—even.
 ANSWER: A

84. The conventional Break-even analysis does not assume that_________.
   A. selling price per unit will remain fixed .
   B. total fixed costs remain the same.
   C. variable cost per unit will vary .
   D. productivity per worker will remain unchanged.
 ANSWER: B

85. 1f` fixed costs decrease while variable cost per unit remains constant, the new B.E.P in relation to the old B.E.P will be___________.
   A. lower .
   B. higher.
   C. . unchanged .
   D. indeterminate.
 ANSWER: B

86. If fixed costs decrease while the variable cost per unit remains constant, the new contribution margin in relation to the old contribution margin will be___________.
   A. lower .
   B. unchanged .

C. higher.
D. indeterminate.
ANSWER: B

87. Selling price per unit Rs. 10; Variable cost Rs. 8 per unit; Fixed cost Rs. 20,000; Break-even production in units__________.
A. 10,000.
B. 16,300.
C. 2,000.
D. 2,500.
ANSWER: D

88. Sales Rs. 25,000; Variable cost Rs. 8,000; Fixed cost Rs. 5,000; Break-even sales in value_____________.
A. Rs. 7,936.
B. Rs. 7,353.
C. Rs. 8,333.
D. Rs. 9,090.
ANSWER: B

89. Fixed cost Rs. 80,000; Variable cost Rs. 2 per unit; Selling price_Rs. 10 per unit; turnover required for a profit target of Rs. 60,000.
A. Rs. 1,75,000.
B. Rs. 1,17,400.
C. Rs. 1.57,000.
D. Rs. 1,86,667.
ANSWER: A

90. Sales Rs. 25,000; Variable cost Rs. 15,000; Fixed cost Rs .4,000; P/V Ratio is_____.
A. 40% .
B. 80%
C. 15%
D. 30%.
ANSWER: A

91. Sales Rs. 50,000; Variable cost Rs. 30,000; Net profit Rs. 6,000; fixed cost is_____.
A. Rs. 10,000.
B. b. Rs. l4,000 .
C. Rs. 12,000.
D. Rs. 8,000.
ANSWER: B

92. Actual sales Rs .4,00,000; Break-even sales Rs. 2,50,000; Margin of Safety in percentage is__________.
A. 33.33%.
B. 66.67%
C. 37.5% .
D. 76.33%.

ANSWER: C

93. P/V Ratio 50%; Variable cost of the produce Rs. 25; Selling price is ________.
   A. Rs. 50 .
   B. Rs. 40.
   C. Rs. 30 .
   D. Rs. 55.
 ANSWER: A

94. Fixed cost Rs. 2,00,000; Sales Rs. 8,00,000; P/V Ratio 30%; the amount of' profit is ______________.
   A. Rs. 50,000.
   B. Rs. 40,000 .
   C. Rs. 35,000 .
   D. Rs. 45,000 .
 ANSWER: B

95. P/V Ratio is 25% and Margin of Safety is Rs; 3,00,000, the amount of profit is__________.
   A. Rs. 1,00,000.
   B. Rs. 80,000.
   C. Rs. 75,000.
   D. . Rs. 60,000.
 ANSWER: C

96. Total sales Rs. 20,00,000; Fixed expenses Rs. 4,00,000; P/V Ratio 40%; Break-even capacity in percentage is__________.
   A. 40% .
   B. 60% .
   C. 50% .
   D. 45%.
 ANSWER: C

97. Break - even point occurs at 40% of` total capacity, margin of safety will be______.
   A. 40% .
   B. 60% .
   C. 80% .
   D. 85% .
 ANSWER: B

98. If the P/V Ratio of a product is 30% and selling price is Rs. 25 per unit, the marginal cost of the product would be_______.
   A. Rs.18.75 .
   B. Rs.16 .
   C. Rs. 15 .
   D. Rs.20 .
 ANSWER: A

99. Absorption costing is also known as_______.
   A. historical costing.

B. real costing.
C. marginal costing.
D. real costing .
ANSWER: A

100. Under marginal costing stock are valued at __________.
A. fixed cost.
B. semi-variable cost.
C. variable cost.
D. market price.
ANSWER: C

101. The budget is a ______________.
A. a post-mortem analysis .
B. a substitute of management
C. an aid to management
D. calculation .
ANSWER: C

102. One of the most important tools of cost planning is _________.
A. budget.
B. direct cost.
C. unit cost.
D. cost sheet.
ANSWER: A

103. Sales budget is a _________.
A. Functional budget.
B. Expenditure budget.
C. Master budget .
D. Flexible budget.
ANSWER: A

104. The budget which usually takes the form of budgeted profit and loss account and balance sheet is known as ___________
A. Flexible budget .
B. Master budget.
C. Cash budget .
D. Purchase budget.
ANSWER: B

105. Which of the following is usually a long-term budget?.
A. .Fixed budget.
B. Cash budget.
C. Sales budget
D. Capital expenditure budget.
ANSWER: D

106. The fixed-variable cost classification has `a special significance in the preparation of________.
   A. Capital budget.
   B. Cash budget.
   C. Master budget .
   D. Flexible budget .
 ANSWER: D

107. The budget, which is prepared first of all is.________
   A. Master budget.
   B. Cash budget.
   C. Budget for key factor.
   D. Flexible budget.
 ANSWER: C

108. Preparing budget figures for different levels of activity within a range under flexible budgeting is _______.
   A. Formula method.
   B. Multi-activity method.
   C. Budget cost allowance method.
   D. Proportionate method.
 ANSWER: B

109. What type of budget is designed to take into account forecast change in costs, prices, etc?
   A. Master budget.
   B. Rolling budget.
   C. Flexible budget .
   D. Functional budget.
 ANSWER: B

110. Operation budgets normally cover a period of _____.
   A. one to ten years.
   B. one to two years.
   C. one to five years.
   D. one year or less.
 ANSWER: D

111. The entire process of preparing the budgets is known as___________.
   A. Planning.
   B. Organizing.
   C. Budgeting.
   D. Controlling.
 ANSWER: C

112. Budgetary control starts with ________________.
   A. Planning.
   B. Organizing.
   C. Budgeting.
   D. Controlling.

ANSWER: C

113. Budgetary control ends with ____________.
   A. Planning.
   B. Organizing
   C. Budgeting.
   D. Control.
ANSWER: D

114. Budget designed to remain constant irrespective of the level of activity attained is called______________.
   A. Fixed budget.
   B. Flexible budget.
   C. Sales budget.
   D. Production budget
ANSWER: A

115. Long-term budgets are prepared for _______________.
   A. 1 year.
   B. 1-3 years.
   C. 1-5 years.
   D. 5-10 years.
ANSWER: D

116. The budget which shows the budgeted quantity of output to be produced during a specific period is.
   A. Fixed budget.
   B. Flexible budget.
   C. Sales budget.
   D. Production budget
ANSWER: D

117. Material consumption budget is prepared on the basis of ______________.
   A. Production budget.
   B. Sales budget.
   C. Fixed budget.
   D. Flexible budget.
ANSWER: A

118. Material budget consists of two parts, one is the consumption budget and another Is_____________.
   A. Material purchase budget.
   B. Material sales budget.
   C. Material production budget.
   D. Material budget.
ANSWER: A

119. Materials purchase budget is prepared on the basis of __________.
   A. Material sales budget.
   B. Material consumption budget.

C. Material production budget.
D. Material budget.
ANSWER: B

120. Labour budget is a part of _____________.
A. Fixed budget.
B. Sales budget.
C. Production budget.
D. Flexible budget.
ANSWER: C

121. Labour budget is prepared by _________________.
A. Personnel department.
B. Sales department.
C. Purchase department.
D. Accounts department.
ANSWER: A

122. Budget of indirect costs in the form of indirect wages, indirect material and indirect expenses in the factory is ________________.
A. Production overhead budget.
B. Administration overhead budget.
C. Selling and distribution overhead budget.
D. Master budget.
ANSWER: A

123. The budget prepared to estimate the expenditure to be incurred for planning, organizing, direction and control function of the management is____________.
A. . Production overhead budget.
B. Administration overhead budget.
C. Selling and distribution overhead budget.
D. Master budget.
ANSWER: B

124. The budget prepared to estimate expenditure to be incurred to sell the product and its distribution is _____________.
A. Production overhead budget.
B. Administration overhead budget.
C. Selling and distribution overhead budget.
D. Master budget
ANSWER: C

125. The budget prepared to estimate the research and development expenditure to be incurred during a specific period is____________.
A. Production overhead budget.
B. Administration overhead budget.
C. Selling and distribution overhead budget.
D. Research and development budget.

ANSWER: D

126. The budget prepared to estimate the expenditure on fixed assets is known as.
   A. Capital expenditure budget
   B. Production overhead budget.
   C. Administration overhead budget.
   D. Selling and distribution overhead budget.
ANSWER: A

127. The budget prepared for replacement of assets, expansion of production facilities, adoption of new technologies etc. is_______________.
   A. Capital expenditure budget.
   B. Production overhead budget.
   C. Administration overhead budget.
   D. Selling and distribution overhead budget.
ANSWER: A

128. A fixed budget is prepared for only __________.
   A. One level of activity.
   B. Range of activity.
   C. Two level of activity.
   D. Three level of activity.
ANSWER: A

129. A flexible budget is prepared for a ______________.
   A. One level of activity.
   B. Range of activity.
   C. Two level of activity.
   D. Three level of activity.
ANSWER: B

130. The budget starts without any base is ________________.
   A. Master budget.
   B. Flexible budget.
   C. Zero base budgeting.
   D. Fixed budget.
ANSWER: C

131. ABC analysis is ______________.
   A. At Best Control.
   B. Always Better Control.
   C. Average better Control.
   D. All best control.
ANSWER: B

132. JIT inventory system is ______________.
   A. . Just In Time.
   B. Just Inventory Time.

C. Job In Time.
D. Job Inventory Time.
ANSWER: A

133. Perpetual inventory system involves____________.
A. bincard and stores ledger.
B. bill of material and material requisition.
C. purchase requisition and purchase order.
D. inward and outward invoices.
ANSWER: A

134. FIFO is_____________.
A. Fast Investment in Future Order.
B. First In First Out.
C. Fast In Fast Out
D. Fast Issue Of Fast Order.
ANSWER: D

135. LIFO method of pricing of materials is more suitable when.
A. material prices are rising.
B. material prices are falling.
C. material prices are constant.
D. material prices are fluctuating.
ANSWER: A

136. Average method of pricing the material issues is useful when_______.
A. material prices are rising.
B. material prices are falling.
C. material prices are constant.
D. material prices are fluctuating.
ANSWER: D

137. Scrap is __________.
A. residue of material.
B. wastage of material.
C. surplus material.
D. abnormal loss of material.
ANSWER: A

138. Material is issued by store keeper against.
A. material requisition.
B. material order.
C. goods received note.
D. purchase requisition.
ANSWER: A

139. EOQ stands for_______________.
A. Economic Order Quantity.

B. Essential Order Quantity.
C. Economic Output Quantity.
D. Essential Output Quantity.
ANSWER: A

140. The document which is prepared after receiving and inspecting material_____.
A. material record note.
B. goods received note.
C. bill of material.
D. inventory record.
ANSWER: B

141. The budget which reviews a programme or project from ‘scratch’ is__
A. Master budget.
B. Flexible budget.
C. Zero base budgeting.
D. Fixed budget.
ANSWER: C

142. The budget said as ‘resource planning’ and ‘redeployment process’ is _______.
A. Zero base budgeting.
B. Master budget.
C. Flexible budget.
D. Fixed budget.
ANSWER: A

143. Expected sales + desired closing stock – estimated opening stock =____________.
A. Expected production.
B. Expected sales.
C. Expected purchase.
D. Expected loss.
ANSWER: A

144. In production budget closing stock is added with ___________.
A. expense.
B. sales.
C. purchase.
D. material.
ANSWER: B

145. In production budget opening stock is deducted with_____________.
A. expense.
B. sales.
C. purchase.
D. material.
ANSWER: B

146. Material consumed is Rs. 5,00,000 Opening stock of raw material is Rs. 50,000 and Closing stock of

raw material is Rs. 25,000. What is the cost of raw material purchased?

A. Rs. 4,50,000.
B. Rs. 4,75,000.
C. Rs. 5,25,000.
D. Rs. 5, 50,000.

ANSWER: B

147. If selling price is Rs. 25,000 and profit is Rs. 5,000 then what is the percentage of profit on cast?__________

A. 20%.
B. 25%.
C. 33.33%.
D. 35%.

ANSWER: B

148. Material control involves__________.

A. consumption of material
B. issue of material.
C. purchase of material.
D. purchase, storage and issue of material.

ANSWER: C

149. Material requisition is meant for _________.

A. purchase of material.
B. supply of material from stores.
C. sale of material.
D. storage of material.

ANSWER: B

150. Stock control through stock levels and EOQ is called ________.

A. demand and supply method.
B. perpetual inventory system.
C. control by important and exception.
D. automatic order method.

ANSWER: B

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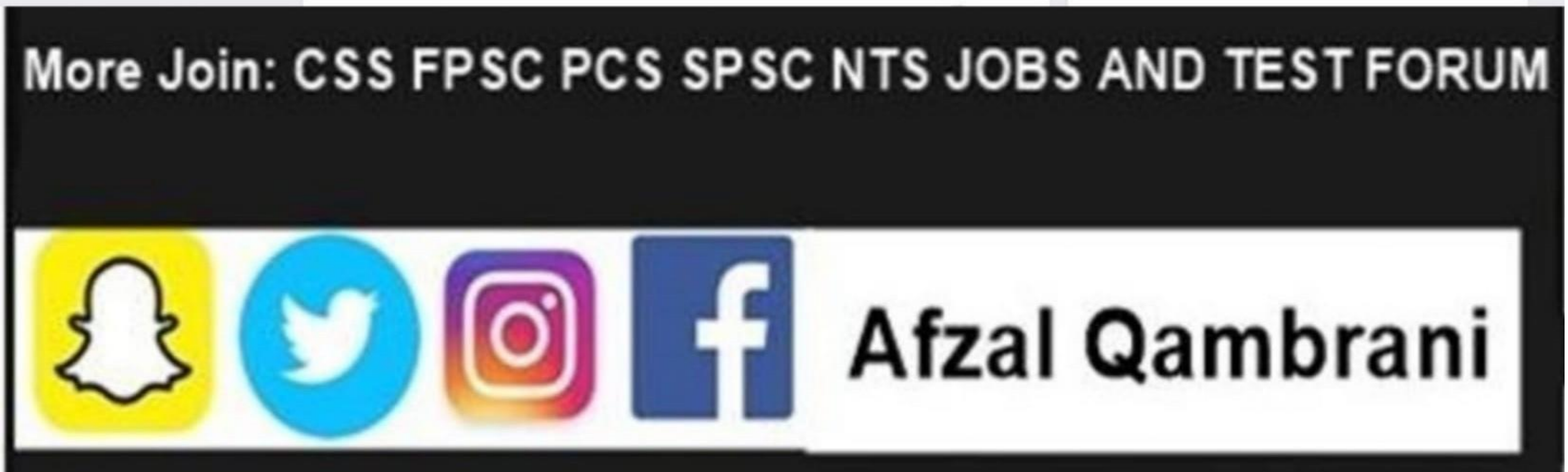
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