322 QUESTION PAPER BOOKLET CODE : **A**

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Space for Rough Work

1. Classification of cost is useful ....
   (A) to find gross profit
   (B) to find net profit
   (C) to identify costs
   (D) to identify efficiency
2. Cost of abnormal wastage is :
   (A) Charged to the product cost
   (B) Charged to the profit & loss account
   (C) Charged partly to the product and partly to the profit & loss account
   (D) Not charged at all
3. Multiple costing is followed in ....
   (A) Jute factory
   (B) Paper industry
   (C) Brick making
   (D) Cycle manufacturing
4. The main purpose of cost accounting is to ....
   (A) maximize profit
   (B) help in inventory valuation
   (C) maximize wealth
   (D) help in the fixation of selling price
5. 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
6. Material consumed is ₹ 5,00,000, Opening stock of raw material is ₹ 1,00,000 and Closing stock of raw material is ₹ 75,000. What is the cost of raw material purchased ?
   (A) ₹ 4,50,000
   (B) ₹ 4,75,000
   (C) ₹ 5,25,000
   (D) ₹ 5,50,000
7. .... represents the unusable loss, which can be sold. It is a residue, which is measurable and has a minor value.
   (A) Waste
   (B) Scarp
   (C) Spoilage
   (D) Defective
8. Which of the following items can be classified as "C" category as per ABC analysis of inventory control ?

Items	**Unit usage**	**Value per unit (₹)**
1	19000	70.75
2	19000	85.95
3	35000	22.20
4	39000	24.10
5	80000	03.10

   (A) Item number 5 only
   (B) Item number 3 and 4
   (C) Item number 2 and 3
   (D) Item number 1 and 2

9. A company purchases 2000 units of a particular item per year at a unit cost of ₹ 20. The ordering cost is ₹ 50 per order and the inventory carrying cost is 25% on unit cost. What will be the total cost, if company decides to buy on the basis of EOQ ?

(A) ₹ 41325

(B) ₹ 41000

(C) ₹ 41500

(D) ₹ 41525

10. In a company the weekly minimum and maximum consumption of Material-A are 25 units and 75 units respectively. The reorder level as fixed by the company is 300 units. Material-A is received within 4 to 6 weeks from the date of supply order. Find the minimum level.

(A) 40 units

(B) 50 units

(C) 200 units

(D) 150 units

11. If the time saved by a worker is 40% of time fixed, then the premium bonus plan which is beneficial to the worker is :

(A) Rowan plan

(B) Halsey plan

(C) Emerson plan

(D) Bedeaux plan

12. Which of the following is not a method of cost absorption ?

(A) Percentage of direct material cost

(B) Machine hour rate

(C) Labour hour rate

(D) Repeated distribution method

13. Regular maintenance expenses of factory buildings are :

(A) to be capitalised

(B) part of manufacturing overheads

(C) written-off to costing profit and loss account

(D) part of prime cost

14. Time keeping refers to ....

(A) Time spent by workers on their job

(B) Time spent by workers in factory

(C) Time spent by workers in keeping machines

(D) Time spent by workers to keep them fit for a job

15. The abnormal idle time is due to :

(A) rest pauses

(B) tea break

(C) tool setting

(D) strikes or lockout

16. Labour turnover rate for the first quarter ending was 25% under replacement method; number of workers replaced during first quarter was 250. Find out the average number of workers on roll in the first quarter.

(A) 625

(B) 1000

(C) 750

(D) 1500

17. The following particulars have been taken from the books of Z Ltd. :

	2019	**2020**
	₹	₹
Sales	20,00,000	25,00,000
Profit/Loss	(1,00,000)	1,00,000

The Break-even sales shall be :

(A) ₹ 21,00,000

(B) ₹ 22,00,000

(C) ₹ 22,50,000

(D) ₹ 21,50,000

18. The following data were taken from the cost records for the week ended on 31st March, 2021 :

Budgeted fixed overhead ₹ 1400

Standard output for 40 hours per week 1400 units

Actual output 1200 units

Actual hours worked 32

If the actual fixed overhead was ₹ 1500, the capacity variance is :

(A) ₹ 299.6 A

(B) ₹ 280 A

(C) ₹ 80 F

(D) ₹ 85.6 F

19. Which of the following is not a method of segregation of semi-variable overhead costs into fixed and variable costs :

(A) Least square method

(B) High and low points method

(C) Standard cost method

(D) Comparison by level of activity method

20. One of company Z's cost pool is parts administration. The expected overhead cost for that cost pool was ₹ 4,00,000 and the expected activity was 5,000 part types. The actual overhead cost for the cost pool was ₹ 6,00,000 at an actual activity of 6,000 part types. The activity rate used to assign costs for that cost pool was ....

(A) ₹ 66.67 per part type

(B) ₹ 80 per part type

(C) ₹ 100 per part type

(D) ₹ 120 per part type

21. Which of the following activities is *not* a batch level activity ?
    (A) Processing purchase orders
    (B) Designing product
    (C) Receive raw material from suppliers
    (D) Setting up machines

22. The production cost incurred for one unit of finished goods was ₹ 45. Direct materials were 1/3 of the total cost, and direct labour was 40% of the combined total of direct labor and factory overhead. The cost for direct materials, direct labour and factory overhead was :
    (A) ₹ 15, 18 and 12 respectively
    (B) ₹ 15, 12 and 18 respectively
    (C) ₹ 15, 16 and 14 respectively
    (D) ₹ 15, 10 and 20 respectively

23. Items of accounts which are excluded in a non-integrated accounting system are represented by :
    (A) Nominal Ledger Control Account
    (B) Cost Ledger Control Account
    (C) General Ledger Adjustment Account
    (D) Any of the above

24. **Assertion (A) :** In an integrated accounting system, there is no need of reconciliation of cost accounting profit and financial accounting profit.

    Reason (R) : Only one set of books provide information for the ascertainment of cost as well as preparation of a balance sheet as per legal requirements.

    Select the *correct* answer from the options given below :
    (A) (A) is true, but (R) is false
    (B) (A) is false, but (R) is true
    (C) Both (A) and (R) are true but (R) is not the correct explanation of (A)
    (D) Both (A) and (R) are true and (R) is the correct explanation of (A)

25. If loss as per cost books were to be ₹ 13,000 and closing stock was overvalued in cost books by ₹ 4,000 and opening stock was undervalued in cost books by ₹ 5,000, the loss as per financial accounts would be :
    (A) ₹ 9,000
    (B) ₹ 4,000
    (C) ₹ 22,000
    (D) ₹ 8,000

26. If the sales value of a product is ₹ 1,99,200 and the profit margin on cost 25%, the amount of profit will be :

(A) ₹ 53,120

(B) ₹ 31,872

(C) ₹ 49,800

(D) ₹ 39,840

27. Pre-determined factory overhead rate was ₹ 10 per labour hour. Actual labour hour worked 80,000. Actual factory overhead was ₹ 8,00,000 and pre-determined factory overhead was ₹ 7,60,000. The amount of over/under absorbed factory overhead was :

(A) ₹ 50,000 under-absorbed

(B) ₹ 50,000 over-absorbed

(C) ₹ 40,000 under-absorbed

(D) None of the above

28. XYZ contractor provides the following information : Contract price is ₹ 4,00,000. Cash received on account was ₹ 3,00,000. Work certified ₹ 3,50,000. Cost of work done up to date ₹ 2,95,000. Calculate profit to be considered on contract.

(A) ₹ 15714.43

(B) ₹ 42777.27

(C) ₹ 31428.57

(D) ₹ 21389.63

29. Process A/c is credited by ....

(A) Cost of normal loss

(B) Sale price of normal loss

(C) Cost of abnormal loss

(D) Both (B) and (C)

30. The following data related to Process II a/c :

Direct material	₹ 40,000
Direct labour	₹ 30,000
Production overhead	₹ 40,250
Normal loss	5%
Output (Units)	17,400
Loss realization (₹/unit)	3.00
Abnormal gain in units	300

Entire output of Process II sold at ₹ 5,54,625 taking 25% profit on cost. Calculate input cost of Process II.

(A) ₹ 3,28,500

(B) ₹ 4,46,400

(C) ₹ 4,43,700

(D) ₹ 3,32,750

31. A process costing system for J Co. used an input of 3,500 kg of materials at ₹ 20 per kg and labour hours of 2,750 at ₹ 25 per hour. Normal loss is 20% and losses can be sold at a scrap value of ₹ 5 per kg. Output was 2,950 kg. What is the value of the output ?

(A) ₹ 1,42,495.54

(B) ₹ 1,46,183.44

(C) ₹ 1,49,746.56

(D) ₹ 1,52,986.64

32. In a process 10000 units are introduced during a period. 10% of input is normal loss. Closing work in progress 80% completed is 1000 units. 8000 completed units are transferred to next process.

Equivalent production for the period is :

(A) 9000 units

(B) 7200 units

(C) 8200 units

(D) 8800 units

33. In transport service industry, costs are classified as ....

(A) Standing charges, maintenance costs and running charges

(B) Fixed cost, normal cost, standard cost and variable costs

(C) Variable cost, fixed cost, marginal cost and discretionary costs

(D) Standard cost, marginal cost, fixed cost and sunk costs

34. Calculate the cost to be charged per day per room for a multinational hotel company using the following information :

Total Rooms in hotel	100
Occupied in summer	80%
Occupied in winter	30%
Period of summer and winter six months each	
Normal days in a month	30
Total cost incurred	₹ 8,88,800

(A) ₹ 24.68

(B) ₹ 44.89

(C) ₹ 34.68

(D) ₹ 25.68

35. Sales ₹ 1,00,000; variable cost ₹ 50,000; fixed cost ₹ 44,000; P/V ratio is ....

(A) 50%

(B) 44%

(C) 56%

(D) 94%

36. If profit is ₹ 50,000, after adjusting expenses resulting to an application of funds ₹ 10,000 and expenses not resulting to any application of funds ₹ 10,000, then the funds from operations would be :

(A) ₹ 30,000

(B) ₹ 40,000

(C) ₹ 50,000

(D) ₹ 60,000

37. A product's P/V ratio is 20% and its selling price is ₹ 325 per unit, the marginal cost of the product would be ....

(A) ₹ 260

(B) ₹ 65

(C) ₹ 81.25

(D) ₹ 54.15

38. An increase in variable cost will lead to :

(A) an increase in P/V ratio

(B) an increase in profit

(C) a reduction in contribution

(D) an increase in margin of safety

39. Company XYZ is using activity-based costing for its two products : Products B & D. One of the activity cost pools is parts administration. The total estimated overhead cost for that pool was ₹ 5,50,000 and the expected activity was 2,000 part types. If product D requires 1,200 part types, the amount of overhead allocated to product D, would be :

(A) ₹ 2,75,000

(B) ₹ 3,00,000

(C) ₹ 3,30,000

(D) ₹ 3,45,000

40. .... variance is divided into capacity variance, calendar variance and efficiency variance.

(A) Volume

(B) Expenditure

(C) Yield

(D) Variable overhead

41. J Ltd., sells a product for ₹ 6.25 p.u.; the variable costs p.u. are ₹ 3.75. J Ltd's break-even units are 35,000 p.a. What are the company's annual amounts of fixed costs ?

(A) ₹ 87,500

(B) ₹ 35,000

(C) ₹ 1,31,250

(D) ₹ 2,18,750

42. The P/V ratio of a company is 50% and margin of safety is 40%. If present sales is ₹ 30,00,000, then Break Even-Point in Rupees will be ....

(A) ₹ 9,00,000

(B) ₹ 18,00,000

(C) ₹ 5,00,000

(D) None of the above

43. From the following information find out the value of opening stock :

Stock turnover ratio 6 times

Gross profit ratio 20% on sales

Annual sales ₹ 3,00,000

Closing stock is ₹ 10,000 more than the opening stock

(A) ₹ 25,000

(B) ₹ 30,000

(C) ₹ 35,000

(D) ₹ 40,000

44. When the sales increased from ₹ 40,000 to ₹ 60,000, profit increased by ₹ 5,000. Calculate P/V ratio.

(A) 20%

(B) 30%

(C) 25%

(D) 40%

45. In 'make or buy' decision, it is profitable to buy from outside only when the suppliers price is below the firm's own ....

(A) Fixed Cost

(B) Variable Cost

(C) Total Cost

(D) Prime Cost

46. P/V Ratio of a company is 17% and its Margin of Safety is ₹ 4,08,000, calculate the amount of profit to the company.

(A) ₹ 24,630

(B) ₹ 69,360

(C) ₹ 79,360

(D) ₹ 59,360

47. The standard cost of a product is ....

(A) The average unit cost of products produced in the previous period

(B) The planned unit cost of products produced during a particular period

(C) The unit cost of products incurred at the start of a particular period

(D) The average unit cost of the products produced during a particular period

48. Material yield variance = ...

(A) Material mix variance – Material usage variance

(B) Material usage variance – Material mix variance

(C) Material usage variance – Material price variance

(D) Material mix variance – Material price variance

49. In a manufacturing firm, the standard quantity of material was set at 10 kg and standard price was fixed at ₹ 2 per kg. The actual quantity consumed was 12 kg and the actual price paid was ₹ 1.90 per kg. Calculate material usage variance.

(A) ₹ 4 favourable

(B) ₹ 4 unfavourable

(C) ₹ 2.80 unfavourable

(D) ₹ 1.20 favourable

50. J.K. Ltd. which is maintaining Integrated System of accounting paid wages of ₹ 1,20,000 in an accounting period (30% indirect). If wages charged to production is ₹ 95,000, then the amount debited to Wages Control Account is :

(A) ₹ 84,000

(B) ₹ 36,000

(C) ₹ 1,20,000

(D) ₹ 95,000

51. Examine the following relating to Job No. 100 :

Standard hours planned	104.50
Actual hours worked	101.25
Standard wage rate	₹ 5.15
Actual wage rate	₹ 5.25

The total labour cost variance for Job No. 100 is ....

(A) ₹ 6.61 (F)

(B) ₹ 6.61 (A)

(C) ₹ 10.12 (F)

(D) ₹ 10.12 (A)

52. Which of the following is not a reason for an idle time variance ?

(A) Wage rate increase

(B) Machine break-down

(C) Injury to worker

(D) Non-availability of material

53. Which of the following items appears in a cash budget ?

(A) Capital expenditure

(B) Provision for doubtful debts

(C) Depreciation

(D) Accrued expenditure

54. A budget which is prepared in a manner so as to give the budgeted cost for any level of activity is known as :

(A) Master budget

(B) Zero base budget

(C) Level budget

(D) Flexible budget

55. The cost per unit of a product manufactured in a factory amounts to ₹ 160 (75% variable) when the production is 10,000 units. When production increases by 25%, the cost of production will be .... per unit.

(A) ₹ 145

(B) ₹ 150

(C) ₹ 152

(D) ₹ 140

56. Given estimated sales in February, March, April, May and June are ₹ 90,000, ₹ 96,000, ₹ 54,000, ₹ 87,000 and ₹ 63,000 respectively. In case 50% of sales are realized in the next month and the balance in the next of next month, determine cash collection from sales in April and May.

(A) ₹ 93,000 and ₹ 75,000

(B) ₹ 93,000 and ₹ 70,500

(C) ₹ 75,000 and ₹ 70,500

(D) None of the above

57. Consider the following data for the month of May :

Closing stock	80 units
Sales	210 units
Opening stock	60 units

Based on the data, the production for May month will have to be ....

(A) 70 units

(B) 230 units

(C) 150 units

(D) 190 units

58. Which one of the following accounting standards deals with determination of averaged/equalised transportation cost ?

(A) CAS 6

(B) CAS 22

(C) CAS 9

(D) CAS 5

59. Current assets are ₹ 6,00,000 and current liabilities are ₹ 3,00,000. The debtors realized ₹ 40,000. Its impact on working capital would be :

(A) No change in working capital

(B) ₹ 80,000 decrease in working capital

(C) ₹ 40,000 increase in working capital

(D) None of the above

60. Which of the following statements is most *correct* ?

(A) If a company increase its current liabilities by ₹ 1000 and simultaneously increase its inventories by ₹ 1000, its current ratio must rise.

(B) If a company increase its current liabilities by ₹ 1000 and simultaneously increase its inventories by ₹ 1000, its quick ratio must fall.

(C) A company's quick ratio may never exceed its current ratio.

(D) Statements (B) and (C) are correct

61. Which of the following involves a movement of cash in a cash flow statement ?

(A) A bonus share issue

(B) A rights share issue

(C) Providing depreciation on fixed assets

(D) Creating provision for taxation

62. Which one of the following is false ?

(A) If cash outflows exceed cash inflows on an ongoing basis, the business will eventually run out of cash

(B) Rapidly expanding companies can sometimes face a cash shortage

(C) Cash is the lifeblood of a business and without it the business will die

(D) A profitable company will never run out of cash

63. **Assertion (A) :** The approach of cost accounting is much narrower than that of management accounting.

    Reason (R) : Cost accounting is mostly historical in nature and management accounting is futuristic in its approach.

    (A) (A) is false but (R) is true

    (B) (A) is true but (R) is false

    (C) Both (A) and (R) are true but (R) is not the correct explanation to (A)

    (D) Both (A) and (R) are true and (R) is the correct explanation of (A)

64. Quick ratio is 1.8 : 1, current ratio is 2.7 : 1 and current liabilities are ₹ 60,000. Determine the value of stock.

    (A) ₹ 54,000

    (B) ₹ 1,08,000

    (C) ₹ 1,62,000

    (D) None of the above

65. During the year, a business was bought by issue of ₹ 25,000 debentures and ₹ 25,000 shares. The business bought had machine worth ₹ 20,000, Debtors ₹ 15,000, Stock ₹ 5,000 and Creditors ₹ 5,000. Determine the effect of this transaction on flow of funds.

    (A) Net outflow of ₹ 15,000

    (B) Net inflow of ₹ 15,000

    (C) Neither inflow nor outflow

    (D) None of the above

66. .... of financial statement analysis is also known as Dynamic Analysis.

    (A) External Analysis

    (B) Internal Analysis

    (C) Horizontal Analysis

    (D) Vertical Analysis

67. Which of the following can be shown on the "application side" of fund flow statement ?

    (A) Funds lost in operation

    (B) Drawings by proprietor

    (C) Net increase in working capital

    (D) All of the above

68. Net profit for the year ₹ 2,50,000;

    Transferred to general reserve ₹ 40,000;

    Old machinery bought for ₹ 50,000 was sold for ₹ 20,000.

    Calculate funds from operations.

    (A) ₹ 2,80,000

    (B) ₹ 2,20,000

    (C) ₹ 2,90,000

    (D) ₹ 3,20,000

69. In the books of ZY Ltd. the balance of 10% debenture of the face value of ₹ 100 each at the beginning of the year was ₹ 1,00,000 and at the end was ₹ 80,000. During the year ₹ 20,000, 10% debentures were redeemed by purchase from open market @ ₹ 95 (Ex-Interest). Ignoring other transactions, calculate net fund flow from transaction relating to 10% debenture.

(A) Net outflow ₹ 40,000

(B) Net outflow ₹ 29,000

(C) Net outflow ₹ 20,000

(D) Net outflow ₹ 19,000

70. The balance of property account at cost has been ₹ 20,000 and ₹ 17,000 in the year 2019 and 2020 respectively. The profit on sale of property ₹ 2000 is credited to Capital Reserves Account. New property costing ₹ 5000 bought in the year 2020. Calculate the sale proceeds received from sale of property.

(A) ₹ 8,000

(B) ₹ 10,000

(C) ₹ 7,000

(D) ₹ 15,000

71. **Assertion (A) :** Cash flow statement is based on a narrow concept than fund flow statement.

Reason (R) : Fund flow statement contains, as a part of it, schedule of changes in working capital which is not finding a place in cash flow statement.

(A) (A) is true but (R) is false

(B) (A) is false but (R) is true

(C) Both (A) and (R) are true and (R) is the correct explanation of (A)

(D) Both (A) and (R) are true but (R) is not the correct explanation of (A)

72. Which of the following items would be classified as operating activities while preparing statement of cash flows ?

(A) Acquisition of equipment and payment of dividends

(B) Proceeds from borrowing, payment of dividends, purchase of assets

(C) Payment for inventory, payment of salaries, cash received from sale of goods

(D) Payments on loan, payments for taxes, payments for dividends

73. For year 2018 Equity Share Capital is ₹ 3,00,000; Preference Share Capital is ₹ 1,00,000; 10% debentures is ₹ 2,00,000, and Share premium is ₹ 30,000. For year 2019 Equity Share Capital is ₹ 4,00,000; Preference Share Capital is ₹ 60,000; 10% debentures is ₹ 1,00,000 and Share premium is ₹ 40,000. Also given, Dividend paid on shares ₹ 15,000 and Interest paid on debentures ₹ 20,000. Determine net cash flow from financing activities.

(A) Cash inflow of ₹ 65,000

(B) Cash outflow of ₹ 65,000

(C) Cash inflow of ₹ 56,000

(D) Cash outflow of ₹ 56,000

74. Opening balance of provision for taxation is ₹ 20,000 and its closing balance is ₹ 30,000. If tax paid during the year is ₹ 24,000, provision for taxation made in this year is :

(A) ₹ 34,000

(B) ₹ 36,000

(C) ₹ 14,000

(D) ₹ 24,000

75. .... is a cost when costs are classified from analytical and decision making point of view.

(A) Semi-variable cost

(B) Historical cost

(C) Sunk cost

(D) Direct cost

76. In contract costing, which of the following clauses provides safeguard against any fluctuation in the prices of material, labour and other expenses ?

(A) Pricing clause

(B) Exclusion clause

(C) Arbitration clause

(D) Escalation clause

77. Calculate cost of sales from the following information :

Net Works cost : ₹ 3,00,000

Office & Administration Overheads : ₹ 1,30,000

Closing stock of WIP : ₹ 21,000

Opening stock of WIP : ₹ 11,000

Closing stock of finished goods : ₹ 30,000

There was no opening stock of finished goods. Selling overheads: ₹ 10,000.

(A) ₹ 4,10,000

(B) ₹ 4,00,000

(C) ₹ 4,30,000

(D) ₹ 2,50,000

78. Maximum quantity of production and minimum quantity of production is 10,000 and 5,000 units respectively. Maximum total cost is ₹ 25,000 and minimum total cost is ₹ 15,000. Calculate per unit marginal cost and total fixed cost.

(A) ₹ 2 per unit, ₹ 5,000

(B) ₹ 5 per unit, ₹ 2,000

(C) ₹ 3 per unit, ₹ 10,000

(D) None of the above

79. In a machine process, the normal spoilage rate to be 2% of input. Spoiled units are sold for 50 paise each. In a period, 5200 units were introduced at a cost of ₹ 2 each. If the total output of good units was 4850, what would be the amount to be written off to the P/L Account in respect of abnormal loss. The other expenses in the process amounted to ₹ 4,940.

(A) ₹ 208

(B) ₹ 525

(C) ₹ 492

(D) ₹ 615

80. The cost auditor shall submit the cost audit report along with his reservations or qualifications or observations or suggestions in :

(A) Form CRA — 2

(B) Form CRA — 3

(C) Form CRA — 4

(D) Form CRA — 5

81. The following are relating to Job No. 102 :

Standard hours planned	40.0
Actual hours worked	36.5
Standard wage rate	₹ 2.60
Actual wage rate	₹ 2.95

Assume that there is no idle time.

The total labour efficiency variance for Job No. 102 is :

(A) ₹ 10.32 (F)

(B) ₹ 9.10 (F)

(C) ₹ 14.00 (A)

(D) ₹ 12.77 (A)

82. .... costs change in the same direction as that of the output but not in the same proportion.

(A) Variable

(B) Semi-variable

(C) Step

(D) All of the above

83. According to Belkaoni .... is a fallacy about controllable costs.

(A) All variable costs are controllable

(B) All direct costs are controllable

(C) All long-term costs are controllable

(D) All of the above

84. Production Account is prepared by using :
   (A) Actual Figures
   (B) Estimated Figures
   (C) Standard Figures
   (D) Actual and Estimated Figures

85. A company wishes to earn a 15% profit margin on selling price when quoting for a job. Which of the following is the profit mark-up on cost to achieve the required profit margin ?
   (A) 15%
   (B) 85%
   (C) 17.65%
   (D) 13.04%

86. X Ltd. has forecasted its sales for the next four months as follows :

   May : 20,000 units

   June : 30,000 units

   July : 40,000 units

   August : 50,000 units

   Opening stock as on 1st April is expected to be 8,000 units. Closing stock should equal to 30% of the coming month's sales needs. How many units should be produced in June ?
   (A) 23,000 Units
   (B) 43,000 Units
   (C) 33,000 Units
   (D) 53,000 Units

87. The net profit (after tax) of a company is ₹ 2,10,000 and its fixed interest charges on long-term borrowings are ₹ 50,000. If the rate of income-tax is 30%, the interest coverage ratio of the company is :
   (A) 3.2 times
   (B) 4.2 times
   (C) 6.0 times
   (D) 7.0 times

88. Explanatory Ratios are :
   (A) Primary Ratios
   (B) Secondary Ratios
   (C) Profitability Ratios
   (D) Activity Ratios

89. Overhead cost variance is ₹ 9,000 (A), overhead expenditure variance is ₹ 2,000 (A) and overhead efficiency variance is ₹ 3,000 (F). In this case, overhead capacity variance is :
   (A) ₹ 11,000 (A)
   (B) ₹ 8,000 (A)
   (C) ₹ 1,000 (F)
   (D) ₹ 10,000 (A)

90. **Statement I :** Standard cost is a pre-determined cost.

    Statement II : All pre-determined costs are standard in nature.

    (A) Both statements are correct

    (B) Both statements are incorrect

    (C) Statement I is incorrect but statement II is correct

    (D) Statement II is incorrect but statement I is correct

91. When fixed cost is ₹ 8,000 and break-even point is ₹ 20,000, find the profit when sales is ₹ 30,000 :

    (A) ₹ 4,000

    (B) ₹ 8,000

    (C) ₹ 10,000

    (D) ₹ 12,000

92. A contract is completed to the extent of two-third. It shows a loss of ₹ 1,20,000 at the end of the accounting period and cash received being 80% of work certified. Then, the amount of loss to be transferred to profit and loss account is :

    (A) ₹ 1,20,000

    (B) ₹ 80,000

    (C) ₹ 64,000

    (D) ₹ 96,000

93. In a factory to complete 40 units, 8 hours of standard time is allowed. Guaranteed time wage given in the factory is ₹ 50 per hour and the high piece rate followed is ₹ 14 per unit. If a worker in the factory completes the work in six hours, the wages payable to him under Gantt's Task and Bonus System is :

    (A) ₹ 440

    (B) ₹ 360

    (C) ₹ 560

    (D) ₹ 616

94. Installation of a good costing system is beneficial to :

    (A) Management

    (B) Creditors

    (C) Employees

    (D) All of the above

95. In the organisational set-up, management accountant is generally placed :

    (A) At a higher level of hierarchy than cost accountant

    (B) At a lower level of hierarchy than cost accountant

    (C) At the same level of hierarchy with cost accountant

    (D) Outside the hierarchy

96. Differences in stock of material due to .... are written off to Profit and Loss Account and do not form part of manufacturing cost.

    (A) Normal causes

    (B) Abnormal causes

    (C) Unavoidable causes

    (D) All of the above

97. The most suitable method for calculating the issue price of slow-moving material is :

    (A) Realisable price method

    (B) Replacement price method

    (C) Standard price method

    (D) Inflated price method

98. To which of the following companies, the requirement of Cost Audit is not applicable even if they are covered under applicable class of companies :

    (A) Company whose revenue from exports, in foreign exchange, exceeds 51% of its total revenue

    (B) Company which is operating from a special economic zone

    (C) Company which is engaged in generation of electricity for public consumption

    (D) All of the above

99. A factory is currently working at 50% of its capacity. At this level the variable, semi-variable and fixed expenses are respectively ₹ 60,000, ₹ 20,000 and ₹ 10,000. If, its semi-variable expenses have a tendency to increase by 10% for every 25% increase in production, the total cost at 75% of its capacity is :

    (A) ₹ 1,30,000

    (B) ₹ 1,35,000

    (C) ₹ 1,27,000

    (D) ₹ 1,22,000

100. .... method of cost is adopted when by-products are utilised by the factory itself as input for some other process.

    (A) Standard cost

    (B) Replacement cost

    (C) Market value

    (D) Net realisable value

Space for Rough Work

ANSWERS MARKED IN THE OMR ANSWER SHEET SHALL ONLY BE EXAMINED