

322

QUESTION PAPER BOOKLET CODE : **A**

Question Paper Booklet No.

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Roll No. :

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Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 100

Total number of printed pages : 20

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: 2 :

Space for Rough Work

1. 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
2. is the cost of selecting one course of action and the losing of other opportunities to carry out that course of action.
- (A) Sunk Cost
- (B) Joint Cost
- (C) Differential Cost
- (D) Opportunity Cost
3. A flexible budget is :
- (A) A budget that is designed to furnish budgeted costs at different activity levels
- (B) A budget that will be changed at the end of the month in order to reflect the actual costs of a department
- (C) A budget that comprises variable costs only
- (D) A budget that is designed for a specific planned output level
4. is a method of recording details of time with reference to the jobs or work orders undertaken by the workers.
- (A) Weekly time sheet
- (B) Payroll
- (C) Job card
- (D) Daily time sheet
5. If the overtime arises for completing a job within a specified time as requested by the customer, then the entire amount of overtime including overtime premium should be charged :
- (A) To that job directly
- (B) To general overheads
- (C) To costing profit and loss account
- (D) To a particular department
6. Which of the following items can be classified as "C" as per ABC analysis of inventory control ?
- | Items | Annual usage | Value per unit |
|-------|--------------|----------------|
| | Unit | ₹ |
| 1 | 5,000 | 60 |
| 2 | 2,000 | 100 |
| 3 | 32,000 | 17 |
| 4 | 28,000 | 12 |
| 5 | 60,000 | 3 |
- (A) Item number 5 only
- (B) Item number 2 only
- (C) Item numbers 3 and 4
- (D) Item numbers 1 and 2

7. Stores ledger is maintained to record :
- Quantity as well as value of the material received, issued and balance
 - Quantity of the material received, issued and balance
 - Value of the material received, issued and balance
 - Labour attendance
8. Company X uses activity-based costing for its two products: Product A & B. 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 the Product B requires 1,200 part types, the amount of overhead allocated to it would be :
- ₹ 2,75,000
 - ₹ 3,00,000
 - ₹ 3,30,000
 - ₹ 3,45,000
9. X Limited provides you the following data for the month May, 2017 :
- | | |
|--|-----------|
| Closing stock as on 31 st May, 2017 | 80 units |
| Production | 280 units |
| Sales | 330 units |
- Based on the above data, the opening stock as on 1st May, 2017 would be :
- 70 units
 - 130 units
 - 50 units
 - 410 units
10. In service costing, costs are classified as :
- Standing charges, running charges & maintenance costs
 - Fixed cost, normal cost & standard cost
 - Variable cost, fixed cost & marginal cost
 - Standard cost, marginal cost & fixed cost
11. A transport company is running five buses between two towns, which are 50 km apart. Seating capacity of each bus is 50 passengers. Actual passengers carried by each bus were 75% of seating capacity. In April, 2017, all the buses ran on all days of the month. Each bus made one round trip per day. Total passenger km for the month April, 2017 would be :
- 2,81,250
 - 1,87,500
 - 5,62,500
 - None of the above
12. The division of activities into unit level, batch level, product level, and facility level categories is commonly known as a :
- Cost object
 - Cost application
 - Cost hierarchy
 - Cost estimation

13. Service costing helps an organization in ascertaining :
- (A) Inter-departmental service prices
 (B) Benchmarking process/operations
 (C) Tracking and controlling the excess cost
 (D) All of the above
14. If the sales of a product is ₹ 94,080 and the profit margin on cost 12%, the amount of profit will be :
- (A) ₹ 7,800
 (B) ₹ 11,290
 (C) ₹ 8,580
 (D) ₹ 10,080
15. **Assertion (A) :**
 Management accounting can be defined as processing and presenting of accounting, cost accounting and other economic data.
- Reason (R) :**
 It is analysis of all the transactions, financial and physical, to enable effective comparison to be made between the forecasts and actual performance.
- 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
16. is relevant for price fixation during recession or when make or buy decision is to be made.
- (A) Sunk cost
 (B) Out-of-pocket cost
 (C) Differential cost
 (D) Joint cost
17. When analyzing material variances, which of the following variance would not be calculated :
- (A) Mix variance
 (B) Price variance
 (C) Capacity variance
 (D) Usage variance
18. When calculating cost variance under standard costing system we must :
- (A) Compare actual costs with budgeted costs.
 (B) Compare standard costs with actual costs at the standard level of activity
 (C) Compare actual costs with standard costs at the actual level of activity
 (D) Compare actual outputs against budgeted outputs

19. ABC Ltd. has forecast its sales for the next three months as follows :
- May : 12,000 units
June : 20,000 units
July : 25,000 units
- As per the company policy, closing stock should be equal to 20% of the coming month's sales forecast. How many units should be produced in June :
- (A) 20,000 Units
(B) 11,000 Units
(C) 21,000 Units
(D) 25,000 Units
20. ABC Ltd. shows break even sales ₹ 40,500 and budgeted sales ₹ 50,000. Compute the margin of safety ratio ?
- (A) 19%
(B) 81%
(C) 1.81%
(D) Require more data to calculate
21. If the P/V ratio of a product is 25% and selling price is ₹ 25 per unit, the marginal cost of the product would be :
- (A) ₹ 18.75
(B) ₹ 16
(C) ₹ 15
(D) ₹ 20
22. In case of large contracts the system of progress payment is adopted. The amount of such progress payment will be equal to :
- (A) Value of work certified – Retention money
(B) Value of work certified + Retention money
(C) Value of work certified + Work uncertified – Retention money
(D) Value of work certified + Work uncertified + Material in hand – Retention money
23. Contracts in which reimbursement is based on actual allowable cost plus a fixed fee is called :
- (A) Special contract
(B) Cost plus contract
(C) Regular contract
(D) Cost contract
24. The total profit on a contract for ₹ 3,00,000 is ₹ 60,000 when the contract is 60% complete and has been duly certified. If the retention money is 20% of the certified value, the amount of profit that can be prudently credited to profit and loss account is :
- (A) ₹ 28,000
(B) ₹ 32,000
(C) ₹ 40,000
(D) ₹ 60,000

29. Under or over absorption of overheads due to abnormal factors is :
- Charged to costing P & L A/c
 - Charged to production using supplementary overhead rate
 - Charged to product cost
 - Separately shown in the cost sheet
30. Percentage of direct material cost method of overhead absorption is suitable :
- If sub-standard material is used in production process.
 - If material prices are not stable.
 - If material is a smaller part of the cost of units made in the cost Centre.
 - If material is a major part of the cost of units made in the cost Centre.
31. The total production cost to produce 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 labour and direct materials. The cost for direct materials, direct labour, and factory overhead was :
- ₹ 15, 18 & 12 respectively
 - ₹ 15, 12 & 18 respectively
 - ₹ 15, 16 & 14 respectively
 - ₹ 15, 10 & 20 respectively
32. Compute the machine hour rate from the following information :
- | | |
|---|-----------------------------------|
| Cost of a machine | ₹ 9,50,000 |
| Cost of installation | ₹ 50,000 |
| Scrap value of the machine after 10 years | ₹ 1,00,000 |
| Estimated Repairs | ₹ 5,000 per annum |
| Power consumed | 2 units per hour @ ₹ 1.5 per unit |
| Estimated working hours | 10,000 per annum |
- ₹ 12.50
 - ₹ 9.50
 - ₹ 10
 - ₹ 12
33. **Assertion (A) :**
Overheads are recovered in costing based on predetermined rates.
- Reason (R) :**
This solves the problem of treatment of under- recovery or over recovery of overheads.
- Select the *correct* answer from the options given below :
- Both A and R are true and R is the correct explanation of A
 - Both A and R are true but R is not the correct explanation of A
 - A is true but R is false
 - A is false but R is true

34. Which of the following does *not* come under the scope of management accounting ?
- (A) Formation, installation and operation of accounting, cost accounting, tax accounting and information system.
 - (B) The compilation and preservation of vital data for management planning.
 - (C) Providing and installing an effective system of feed back.
 - (D) Publishing the financial statements and get them audited by statutory auditors
35. is the method of assigning the organisation's resources through activities performed to produce the products.
- (A) Historical Costing
 - (B) Absorption costing
 - (C) Activity based costing
 - (D) Marginal costing
36. Which of the following is *not* a cost price method of pricing of material issues ?
- (A) First-in-first-out (FIFO) method
 - (B) Last-in-first-out (LIFO) method
 - (C) Standard price method
 - (D) Specified price method
37. Contribution is the difference between :
- (A) Selling price and Fixed cost
 - (B) Selling price and Total cost
 - (C) Selling price and Variable cost of sales
 - (D) Selling price and Profit
38. Which of the statement is *not true* in respect of cost-volume-profit analysis ?
- (A) In order to forecast profit accurately, it is essential to know the relationship between profits and costs on the one hand and volume on the other.
 - (B) Cost-volume-analysis is not suitable for setting up flexible budgets which indicates costs at various levels of activity
 - (C) Cost-volume-profit analysis is of assistance in performance evaluation for the purpose of control.
 - (D) Analysis of cost-volume-profit relationship may assist in formulating price policies to suit particular circumstances by projecting the effect which different price structures have on costs and profits.

39. Which of the following is *not correct* for calculation of re-ordering level of inventory ?
- (A) Maximum consumption \times Maximum re-order period
- (B) (Maximum consumption \times Lead time) + Safety stock
- (C) Minimum level + Consumption during time lag period
- (D) (Maximum consumption \times Lead time) – Safety stock
40. is a value based system of inventory control, in which materials are analysed according to their value so that costly and more valuable materials are given greater attention.
- (A) MAX-MIN plan
- (B) Review of slow and non moving items
- (C) ABC Analysis
- (D) Order cycling system
41. Which of the following is *not* a group bonus plan ?
- (A) Priestman Production Bonus Plan
- (B) Scanlon Plan
- (C) Towne Gain Sharing Plan
- (D) Halsey Weir Plan
42. The cost accountant of Zed Ltd. has computed the following labour turnover rates for the quarter ended 31st March, 2017 :
- | | |
|--------------------------|-----|
| Under Flux Method | 15% |
| Under Replacement Method | 10% |
| Under Separation Method | 6% |
- If the number of workers replaced during the quarter is 75, find out the number of workers left and discharged :
- (A) 48
- (B) 45
- (C) 30
- (D) 64
43. Which of the following statement is *not true* in respect of Activity based costing ?
- (A) Activity based costing improves control over overheads costs.
- (B) Setting up equipment is a batch level activity.
- (C) In Activity based costing each cost pool has its own predetermined overhead rate.
- (D) Activity based costing is less expensive to implement than traditional costing.
44. The ratio that explains how efficiently companies use their assets to generate sales is :
- (A) Revenue asset ratio
- (B) Receivable turnover ratio
- (C) Income ratio
- (D) Fixed Asset turnover ratio

45. Profit before interest and tax of AB Ltd. was ₹ 3,40,000. Their net fixed assets were ₹ 2,10,00,000 and working capital was ₹ 27,70,000.
Return on investments = ?
(A) 1.34%
(B) 0.57%
(C) 1.43%
(D) 1.57%
46. Debtor velocity = 3 months
Sales ₹ 25,00,000
Bills receivable & bills payable were ₹ 60,000 and 36,667 respectively
Sundry debtors = ?
(A) ₹ 6,25,000
(B) ₹ 5,25,000
(C) ₹ 5,65,000
(D) ₹ 6,65,000
47. Which of the following involves a movement of cash ?
(A) A bonus issue
(B) A right issue
(C) Depreciation of fixed assets
(D) Provision for taxes
48. The following items would be classified as operating activities in the statement of cash flows :
(A) Acquisition of equipment, payment of dividends
(B) Proceeds from borrowing, payment of interest
(C) Payment of salaries, cash received from sale of goods
(D) Payments on loan, payments for taxes
49. When the installment paid in respect of a fixed asset acquire on deferred payment basis includes both interest and loan, the interest element is classified under activities and the loan element is classified under activities.
(A) Financing, Investing
(B) Investing, Operating
(C) Operating, Financing
(D) Investing, Operating
50. Calculate the prime cost from the following information :
Direct material purchased : ₹ 1,00,000
Direct material consumed for production : ₹ 90,000
Direct labour : ₹ 60,000
Direct expenses : ₹ 20,000
Manufacturing overheads : ₹ 30,000
(A) ₹ 1,80,000
(B) ₹ 2,00,000
(C) ₹ 1,70,000
(D) ₹ 2,10,000
51. Total cost of a product : ₹ 10,000
Profit : 25% on Selling Price
Profit is :
(A) ₹ 2,500
(B) ₹ 3,000
(C) ₹ 3,333
(D) ₹ 2,000

52. Which of the following is not the work of purchase department :
- (A) Receiving purchase requisition
 (B) Exploring the sources of material supply
 (C) Preparation and execution of purchase orders
 (D) Accounting for material received
53. Calculate Re-order level from the following :
- Consumption per week : 100-200 units
 Delivery period : 14-28 days
- (A) 5600 units
 (B) 800 units
 (C) 1400 units
 (D) 200 units
54. 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
55. Most suitable basis for apportioning insurance charges of machines would be :
- (A) Floor Area
 (B) Value of Machines
 (C) No. of Workers
 (D) No. of Machines
56. During the year ended 31st March, 2017 the profits of A Ltd. stood at ₹ 36,450 as per financial records. The company provides you the following information :
- | | |
|--|---------|
| Factory overheads under recovered in cost accounts | ₹ 2,500 |
| Depreciation over-recovered in cost accounts | ₹ 1,500 |
| Interest on investment not included in cost accounts | ₹ 5,000 |
- The profit as per cost records would be :
- (A) ₹ 38,950
 (B) ₹ 32,450
 (C) ₹ 27,450
 (D) ₹ 33,650
57. During the month July, 2017, 15,000 units were completed in process I and transferred to the process II. Opening Stock as on 1st July, 2017 was 5,000 units and closing stock as on 31st July, 2017 was 10,000 units. Degree of completion for both opening and closing stock :
- | | |
|---------------------|------|
| Material | 100% |
| Labour and overhead | 40% |
- Equivalent production units for labour and overheads using FIFO method are :
- (A) 18,000 units
 (B) 17,000 units
 (C) 20,000 units
 (D) 25,000 units

58. Following information is available in relation to Process Q :
- | | |
|---------------------------------|-------------|
| Input of raw material | |
| @ ₹ 50 per unit | 1,000 units |
| Other materials | ₹ 8,500 |
| Direct wages | ₹ 10,000 |
| Production overheads | ₹ 7,500 |
| Output transferred to process R | 900 units |
| Normal loss | 5% |
- The amount of abnormal loss to be transferred to costing profit and loss account would be :
- (A) ₹ 4,000
(B) ₹ 4,026
(C) ₹ 3,040
(D) ₹ 8,000
59. Which of the following is *not* used in analyzing Financial statements ?
- (A) Variance analysis
(B) Trend Ratio
(C) Ratio analysis
(D) Common size statement
60. Working capital ratio is also known as :
- (A) Quick ratio
(B) Current ratio
(C) Debt equity ratio
(D) Liquidity ratio
61. For the financial year ended 31st March, 2017, the figures extracted from the balance sheet of EXE Ltd. are as follow :
- | | |
|--------------------|------------|
| Opening stock | ₹ 29,000 |
| Closing stock | ₹ 31,000 |
| Cost of goods sold | ₹ 2,40,000 |
- The stock turnover ratio will be :
- (A) 12 times
(B) 10 times
(C) 8 times
(D) 9 times
62. Debt service coverage ratio is obtained by dividing net profit before interest and taxes by :
- (A) Taxes
(B) Income
(C) Equity
(D) Interest charges
63. If Capacity variance is ₹ 3,520 (F) and Efficiency variance is ₹ 480 (F), then the Fixed overhead volume variance would be :
- (A) Rs,4,000 (F)
(B) ₹ 4,000 (A)
(C) ₹ 3,040 (F)
(D) ₹ 3,040 (A)

64. Wage rate variance occurs due to :
- (A) Higher wages paid on account of overtime for urgent work
 - (B) Change in basic wage structure
 - (C) Change in piece work rate
 - (D) All of the above
65. Budget which remain unchanged regardless of the actual level of the activity is known as :
- (A) Fixed Budget
 - (B) Functional budget
 - (C) Flexible budget
 - (D) Cash budget
66. An input of 10,000 Kg of material is introduced into the process K. The expected normal loss in that process is 5%. If the actual output from the process is 9,800 Kg, the abnormal gain would be :
- (A) 500 Kg
 - (B) 300 Kg
 - (C) 700 Kg
 - (D) 200 Kg
67. is prepared for the estimation of plant capacity to meet the budgeted production during the budgeted period.
- (A) Plant utilization budget
 - (B) Production budget
 - (C) Manufacturing overhead budget
 - (D) Labour budget
68. Every cost auditor, shall submit the cost audit report along with his or its reservation or qualification or suggestions, if any, in form :
- (A) CRA-1
 - (B) CRA-2
 - (C) CRA-3
 - (D) CRA-4
69. Which of the following statement is *not correct* ?
- (A) Cost audit helps to the Government in the fixation of ceiling price of essential commodities.
 - (B) Cost audit helps in improvement of productivity of human, physical and financial resources of the enterprises.
 - (C) The cost auditor submits the report in annual general meeting organised by shareholders.
 - (D) Cost auditor is appointed by the board of directors with the previous approval of the Central Government
70. Department prepares plans and specifications of each job, supervise production activities, undertake time and motion studies, perform job analysis etc.
- (A) Personnel
 - (B) Industrial engineering
 - (C) Payroll
 - (D) Cost

71. Performing periodic maintenance on buildings and general use equipments is an example of :
- (A) Facility level activity
(B) Unit level activity
(C) Batch level activity
(D) Product level activity
72. Which of the following is *not* indirect costs ?
- (A) Advertising, legal charges, audit fees, bad debts etc.
(B) Cost of making a design, pattern for a specific job
(C) Lighting and heating of office building
(D) Depreciation, repairs and maintenance of plant and machinery
73. Which of the following statement is *not true* ?
- (A) Retention money is withheld to ensure completion of entire contract and compliance with the terms of the contract.
(B) In the case of large contracts, the system of progress payment is adopted.
(C) Profits on incomplete contracts should be considered in respect of work certified and uncertified both.
(D) Cost-plus contract ensures that a reasonable profit accrues to the contractor even in risky projects.
74. Every cost auditor shall forward his duly signed report to the board of directors of the company within a period of from the closure of the financial year to which the report relates.
- (A) 30 days
(B) 120 days
(C) 90 days
(D) 180 days
75. A manufacturing company provides you the following information for the coming month :
- | | |
|------------------------|------------|
| Budgeted sales revenue | ₹ 7,50,000 |
| Budgeted contribution | ₹ 3,00,000 |
| Budgeted profit | ₹ 75,000 |
- What will be the budgeted break-even sales volume ?
- (A) ₹ 9,37,500
(B) ₹ 5,25,000
(C) ₹ 5,62,500
(D) ₹ 6,75,000
76. Which of the following is *not* a Statistical technique of Cost Audit ?
- (A) Activity Sampling
(B) Attitude Survey
(C) Exponential Smoothing
(D) Monte Carlo Simulation

77. A company, which has a margin of safety of ₹ 2,00,000 makes profit of ₹ 40,000. If the fixed cost is ₹ 2,50,000, break-even sales of the company would be :
- (A) ₹ 15,00,000
(B) ₹ 12,50,000
(C) ₹ 10,00,000
(D) ₹ 20,00,000
78. In cash flow statement, proceeds from sales of an asset will be considered as :
- (A) Investing activity
(B) Financing activity
(C) Operating activity
(D) None of the above
79. The net income of a company after deducting preference dividend is ₹ 4,00,000 and the number of the equity shares is 50,000. Find out price earning ratio if market price of the share is ₹ 32 ?
- (A) 4 times
(B) 2 times
(C) 3 times
(D) 8 times
80. Which of the following is to be included while preparing a cost sheet ?
- (A) Dividend paid
(B) Income tax paid
(C) Salesman's commission
(D) Goodwill written off
81. Cost of production plus opening stock of finished goods minus closing stock of finished goods equals to :
- (A) Cost of goods sold
(B) Sales
(C) Prime cost
(D) Manufacturing cost
82. If material mix variance is ₹ 500 (F) and material yield variance is ₹ 800 (A), then the material usages variance will be :
- (A) ₹ 1,300 (A)
(B) ₹ 1,300 (F)
(C) ₹ 300 (A)
(D) ₹ 300 (F)
83. Working capital will *not* change if there is :
- (A) Increase in current assets
(B) Payment to the creditors
(C) Decrease in current liabilities
(D) Decrease in current assets
84. Long term solvency is indicated by :
- (A) Debt equity ratio
(B) Proprietary ratio
(C) Fixed assets ratio
(D) All of the above

85. Welfare expenses like canteen, medical, recreation services provided to the employees are examples of :
- (A) Direct expenses
(B) Indirect expenses
(C) Notional expenses
(D) Selling and distribution expenses
86. A Construction company received a contract of ₹ 540 lakh to build an over bridge which will take two years to complete. Which method of costing should be used by the company ?
- (A) Job costing
(B) Single-output costing
(C) Contract costing
(D) Batch costing
87. Which of the following is *not* an objectives of the Cost Accounting Standards, which has been issued by the Institute of Cost and Works Accountants of India ?
- (A) Provide better guidelines on standard cost accounting practices.
(B) Enable the comparability of Financial statements and improve reliability and usefulness of Financial statements.
(C) Assist cost accountants in preparation of uniform costs statements.
(D) Help Indian industry and the Government towards better cost management.
88. In 'make or buy' decision, it is profitable to buy from outside only when the supplier's price is below the firm's own
- (A) Fixed Cost
(B) Variable Cost
(C) Total Cost
(D) Prime Cost + Fixed cost
89. 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 will be :
- (A) ₹ 9,00,000
(B) ₹ 18,00,000
(C) ₹ 5,00,000
(D) None of the above
90. When the sales increase from ₹ 40,000 to ₹ 60,000 and profit increases by ₹ 5,000, the P/V ratio is :
- (A) 20%
(B) 30%
(C) 25%
(D) 40%

91. 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
92. A manufacturing unit provides you the following information :
- | | |
|--|-----------------|
| Total input of material | 10,000 units |
| Normal spoilage of the material | 4% of the input |
| Total spoiled units | 550 units |
| Total cost of the material @ ₹ 10 per unit | ₹ 1,00,000 |
| Sales value of the spoiled units | ₹ 1 per unit |
- Calculate the net cost of abnormal spoilage to be transferred to costing profit and loss account.
- (A) ₹ 1,344
(B) ₹ 1,494
(C) ₹ 1,556.25
(D) ₹ 1,406.25
93. Bee Ltd. follows Halsey plan for remuneration to workers. A worker Ram, has a rate of wages of ₹ 3,000 per week for 48 hours, plus a cost of living bonus of ₹ 25 per hour worked. He is given an 8 hours task to perform, which he accomplishes in 6 hours. He is allowed 40% of the time saved as premium bonus. What would be his total earning for that task ?
- (A) ₹ 575
(B) ₹ 525
(C) ₹ 425
(D) ₹ 650
94. If EOQ is 200 units, ordering cost is ₹ 20 per order and total purchases is 4,000 units. The carrying cost per unit will be :
- (A) ₹ 4
(B) ₹ 6
(C) ₹ 8
(D) ₹ 2
95. A job requires 2,400 actual labour hours for completion and it is anticipated that there will be 20% idle time. If the wage rate is ₹ 10 per hour, what is the budgeted labour cost for the job ?
- (A) ₹ 19,200
(B) ₹ 24,000
(C) ₹ 28,800
(D) ₹ 30,000

96. **Assertion (A) :**

Marginal costing furnishes a better and more logical basis for fixation of sales prices as well as tendering for contracts.

Reason (R) :

Marginal cost provides management with the information regarding the behavior of costs and incidence of such cost on the profitability of an undertaking.

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
97. Which of the following is *false* in respect of Bills of materials ?
- (A) Suitable action for purchase of material can be taken on the basis of the bills of materials.
- (B) It serves as an advance intimation to stores department about the raw material requirement.
- (C) Bills of material is prepared by the purchase department.
- (D) A Bill of material is a comprehensive list of material required for a particular job, process or service.

98. Actual overheads for the year ending 31st March, 2017 were ₹ 21,000, whereas the overhead absorbed shows an over absorption of ₹ 1,000 for the same period. If the direct labour cost is ₹ 1,00,000, then overhead absorption rate based on direct wages would be :

- (A) 20%
- (B) 21%
- (C) 22%
- (D) 25%
99. Which of the following is generally used as cost unit in cement industry ?
- (A) Per tonne
- (B) Per kilolitre
- (C) Per gallon
- (D) None of the above

100. Which of the following method is *not* used for segregating semi-variable costs into fixed and variable costs ?
- (A) Graphic presentation method
- (B) Least square method
- (C) Comparison by period or level of activity method
- (D) Repeated distribution method

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Space for Rough Work