

# 322

QUESTION PAPER BOOKLET CODE : **A**

Question Paper Booklet No.

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Roll No. :

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Time allowed : 3 hours

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Total number of questions : 100

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**322**

: 2 :

**Space for Rough Work**

1. Which of the following is included in both the prime cost and conversion cost ?
  - (A) Direct Material
  - (B) Direct Labour
  - (C) Indirect Material
  - (D) Indirect Labour
2. The cost which has already been incurred and cannot be avoided by decisions taken in the future is :
  - (A) Fixed cost
  - (B) Sunk cost
  - (C) Opportunity cost
  - (D) Imputed cost
3. Which of the following institute defined cost as “the amount of expenditure (actual or notional) incurred on, or attributable to a specified thing or activity” ?
  - (A) The Institute of Cost and Management Accountants, London
  - (B) The Institute of Management Accountants, London
  - (C) The Chartered Institute of Management Accountants, London
  - (D) The Chartered Institute of Cost Accountants, London
4. This method of costing is useful for the assembly department in a factory producing a mechanical article :
  - (A) Terminal Costing
  - (B) Composite Costing
  - (C) Departmental Costing
  - (D) Single-output Costing
5. Which one of the following is *not* a practical difficulty in the installation of a cost accounting system ?
  - (A) Lack of support from departmental heads
  - (B) Resistance from the existing financial accounting staff
  - (C) Huge expenditure
  - (D) Availability of qualified staff
6. Principles to determine production overheads relates to :
  - (A) CAS 5
  - (B) CAS 7
  - (C) CAS 3
  - (D) CAS 2
7. Based on cost accounting information, which is the tool of Management Accounting for decision-making ?
  - (A) Marginal Costing
  - (B) Standard Costing
  - (C) Differential Costing
  - (D) All of the above
8. .... is concerned with historical records, while ..... is concerned with historical cost with pre-determined cost.
  - (A) Cost Accounting, Financial Accounting
  - (B) Financial Accounting, Cost Accounting
  - (C) Financial Accounting, Management Accounting
  - (D) Management Accounting, Cost Accounting

9. A centre where raw materials are handled and converted into saleable product is known as :
- Unproductive cost centre
  - Operation cost centre
  - Productive cost centre
  - Process cost centre
10. If costs are classified 'by changes in activity or volume' then which of the following is the *correct* classification ?
- Fixed Cost, Variable Cost and Semi-variable Cost
  - Historical Cost, Pre-determined Cost, Standard Cost, Estimated Cost
  - Production Cost, Administration Cost, Selling Cost, Distribution Cost, Research and Development Cost
  - Material, Labour and Expenses
11. The following informations are given :  
10,000 units of material are consumed per year; per unit cost is ₹ 20; cost of processing an order is ₹ 50; Annual interest rate is 5%; Annual carrying cost of material per unit is 15% (other than interest). What would be the Economic Order Quantity (EOQ) ?
- 200 units
  - 500 units
  - 400 units
  - 100 units
12. Which of the following is the objective of inventory management ?
- To ensure timely delivery of inventory for production
  - To avoid under or over production
  - To maintain investment in inventories at lowest level
  - All of the above
13. V Ltd. is the manufacturer of picture tubes for TV. The following are details of their operation. Minimum usages 50 tubes per week, Maximum usages 200 tubes per week; Normal usages 100 tubes per week; lead time to supply 4-6 weeks; and Re-order quantity 400 tubes. What would be the maximum and minimum level of stock ?
- 1400 units and 700 units
  - 1200 units and 700 units
  - 1300 units and 600 units
  - 1100 units and 600 units
14. Smoke, dust, gases and loss of weight due to seasoning are examples of .....
- Scrap
  - Spoilage
  - Defectives
  - Waste
15. **Statement I :**  
Losses or gains arising out of atmospheric conditions are the losses or gains due to unavoidable causes.
- Statement II :**  
Differences due to unavoidable causes should be valued and adjusted through the stores consumption account and recovered in cost as an item of stores overhead expenses.
- Select the *correct* answer from the options given below :
- Both statements are correct
  - Both statements are incorrect
  - Statement I is incorrect, but statement II is correct
  - Statement I is correct, but statement II is incorrect

16. Which one is *not* a correct accounting treatment of normal defectives ?
- (A) Charged to good units  
(B) Charged to costing profit and loss account  
(C) Charged to factory overheads  
(D) Charged to specific job/department
17. The following information is given for receipts and issues of a material in the month of March, 2019.
- | Date     | Description | Quantity<br>(kg) | Rate<br>(₹) |
|----------|-------------|------------------|-------------|
| 1 March  | Receipt     | 400              | 5.00        |
| 5 March  | Receipt     | 600              | 6.00        |
| 8 March  | Issue       | 700              | —           |
| 20 March | Receipt     | 500              | 4.50        |
| 30 March | Issue       | 600              | —           |
- What is the value of closing stock under FIFO and LIFO method ?
- (A) ₹ 800 and ₹ 900  
(B) ₹ 900 and ₹ 800  
(C) ₹ 1,000 and ₹ 900  
(D) ₹ 900 and ₹ 1,000
18. Weekly time sheets are used as a method for :
- (A) Time Keeping  
(B) Time Booking  
(C) Preparation of Payrolls  
(D) Measuring Idle Time
19. Idle time arises due to administrative causes are charged to ..... and over time arises due to the negligence of workers of a particular department is charged to .....
- (A) Department overheads, Costing P&L account  
(B) General works overheads, Concerned department  
(C) Department overheads, Concerned department  
(D) Costing P&L account, Costing P&L account
20. Under inflated price method of pricing of material issues, ..... are included with actual price of materials.
- (A) Ordering Costs  
(B) Carrying Costs  
(C) Transporting Costs  
(D) All of the above
21. Cost of labour welfare activities is an example of :
- (A) Preventive Cost  
(B) Replacement Cost  
(C) Material Cost  
(D) None of the above

22. Labour turnover rate for the quarter ended 31st Dec. 2018 as 16%, 8% and 6% under flux, replacement and separation methods respectively. If the number of workers replaced during the quarter is 60. What number of workers left and discharged and what number of workers recruited and joined ?
- (A) 48 and 112  
(B) 45 and 75  
(C) 45 and 15  
(D) 40 and 100
23. Which one is *not* a merit of piece rate system ?
- (A) The quality of work is improved  
(B) Idle time is automatically controlled  
(C) It increases efficiency  
(D) The reward is related to effort
24. X executes a piece of work in 128 hours as against 160 hours allowed to him. Hourly rate is ₹ 40 and gets dearness allowance of ₹ 100 per day of 8 hours, in addition to his wages. Bonus is given on basic wages. What would be the amount of bonus under Emerson's Efficiency Plan ?
- (A) ₹ 2304  
(B) ₹ 1280  
(C) ₹ 2560  
(D) ₹ 2506
25. The meaning of apportionment of overheads is :
- (A) A charging of discrete identifiable items of cost to cost centres or cost units  
(B) The collection of cost attributable to cost centres and cost units using costing methods and principles.  
(C) The division of costs amongst two or more cost centres in proportion to the estimated benefit received.  
(D) The process of establishing the overheads of cost centres and cost units.
26. Legal charges is an example of :
- (A) Prime Cost  
(B) Production Overheads  
(C) Selling and Distribution Overheads  
(D) Office and Administration Overheads
27. Pay roll or time department cost will be apportioned on the basis of :
- (A) Direct material cost  
(B) Direct labour hours  
(C) Floor area  
(D) Number of requisitions

28. The following data has been extracted from the records of a manufacturing company :

Machine Hours	9,00,000	4,00,000
Manufacturing Overhead ₹	57,00,000	42,00,000

Total manufacturing overhead for an activity level of 5,50,000 machine hours = ?

- (A) ₹ 42,00,000  
 (B) ₹ 46,50,000  
 (C) ₹ 57,00,000  
 (D) ₹ 49,50,000

29. Work out machine hour rate from the following :

Cost of machine : ₹ 90,00,000

Scrap value : NIL

Freight & Installation charges : ₹ 10,00,000

Working Life : 10 years

Working hours : 2,000 per year

Repairing charges : 50% of depreciation

Power : 10 units of per hour @ ₹ 10 per unit

Lubricating oil : ₹ 200 per day of 8 hours

Consumable stores : ₹ 1,000 per day of 8 hours

Wages of operator : ₹ 400 per day

- (A) ₹ 1075 per hour  
 (B) ₹ 875 per hour  
 (C) ₹ 950 per hour  
 (D) ₹ 1050 per hour

30. Which method of re-distribution of service department costs to production departments is *not* a part of reciprocal service method ?

- (A) Simultaneous equation method  
 (B) Step method  
 (C) Repeated distribution method  
 (D) Trial and error method

31. The following data are related to overheads of a particular period :

	Budgeted	Actual
Fixed overheads		
(₹)	30,000	28,000
Direct labour hours	40,000	39,000

Overheads are absorbed on the basis of labour hours. What will be the under or over absorbed overheads ?

- (A) Over absorbed ₹ 1,250  
 (B) Under absorbed ₹ 1,250  
 (C) Over absorbed ₹ 1,000  
 (D) Under absorbed ₹ 1,000

32. Which of the following methods is not applied for segregation of semi-variable expenses into fixed and variable ?

- (A) Graphical Presentation Method  
 (B) Maximum Absorption Point  
 (C) High and Low Point Method  
 (D) Least Square Method

33. In ABC system, the allocation basis that are used for applying costs to services or procedures are called :
- (A) Cost Pool  
(B) Cost Absorption  
(C) Cost Object  
(D) Cost Driver
34. A company is switching from traditional overhead allocation system based on machine hours to activity based costing system using machine hours and production setups as measure of activity. The following information is given :
- Machine hours 40,000 and per hour overhead rate ₹ 5.
- Number of production setups 2000 and per setup overhead rate ₹ 20.
- A job for current year required 28 machine hours and 2 production setups. Would this job have been over costed or under costed, under the traditional system and how much ?
- (A) Over costed by ₹ 12  
(B) Under costed by ₹ 12  
(C) Under costed by ₹ 20  
(D) Over costed by ₹ 40
35. **Statement I :**  
Cost ledger control account is opened in non-integrated system to record all transactions of income and expenditure which originate in the financial accounts.
- Statement II :**  
The total of cost ledger control account should be tallied with total of balances of all impersonal accounts.
- Select the *correct* answer from the options given below :
- (A) Both statements are correct  
(B) Both statements are incorrect  
(C) Statement I is incorrect, but statement II is correct  
(D) Statement I is correct, but statement II is incorrect
36. When indirect material is issued from store to production department then ..... account is debited and ..... account is credited in non-integrated system.
- (A) WIP control and Stores ledger control  
(B) Costing P&L and Stores ledger control  
(C) Costing P&L and Cost ledger control  
(D) Overhead control and Stores ledger control
37. Under integrated system of accounting, purchase of raw materials is debited to which account ?
- (A) WIP Control Account  
(B) Stores Ledger Control Account  
(C) Purchase Account  
(D) None of the above

38. When actual expenses are more than recovered in cost accounts, it is known as :
- (A) Over absorption  
(B) Over valued  
(C) Under absorption  
(D) Over applied
39. In non-integrated system unproductive wages will be debited to :
- (A) WIP Ledger Control A/c  
(B) Finished Stock Ledger Control A/c  
(C) General Ledger Adjustment A/c  
(D) Factory Overheads Control A/c
40. The following details are given to you :
- |                        |                     |
|------------------------|---------------------|
| Raw materials consumed | ₹ 1,60,000          |
| Direct wages           | ?                   |
| Factory overheads      | 60% of direct wages |
| Office overheads       | 10% of factory cost |
| Cost of production     | ₹ 3,52,000          |
- The amount of direct wages will be :
- (A) ₹ 1,36,000  
(B) ₹ 1,20,000  
(C) ₹ 1,00,000  
(D) ₹ 1,76,000
41. ABC Ltd. calculates the price of product by adding overheads to the prime cost as 20% of total cost and adding 25% to total costs as a profit margin. The product was sold for ₹ 2,450. Prime cost of the product will be .....
- (A) ₹ 1,470  
(B) ₹ 1,306.67  
(C) ₹ 1,568  
(D) ₹ 2,352
42. Which of the following is *not* a characteristic of the Production Account ?
- (A) Expenses are not classified to ascertain Prime Cost, Factory Cost etc.  
(B) It is based on estimated figures of expenses.  
(C) It is prepared for each manufacturing department.  
(D) No figures of previous period provided.
43. Q company manufactures ring binders which are embossed with the customer's own logo. A customer has ordered a batch of 700 binders. The following illustrates the cost of a typical batch of 100 binders :
- |                     |     |
|---------------------|-----|
|                     | ₹   |
| Direct Material     | 70  |
| Direct Labour       | 25  |
| Machine set up      | 10  |
| Design and Art work | 35  |
| Prime Cost          | 140 |
- Direct employees are paid on a piecework basis.
- Q company absorbs production overheads at a rate of 24% of direct wages cost. 6% is added to the total production cost of each batch to allow for selling, distribution and administration overheads.
- Q company requires a profit margin of 20% on sales value.
- The selling price for 700 units (to the nearest ₹) will be :
- (A) ₹ 1,354  
(B) ₹ 1,300  
(C) ₹ 1,083  
(D) ₹ 1,325

44. The following information relates to manufacturing of a component "ZIP" in a cost centre. Cost of material ₹ 6 per component, Operator's wages ₹ 7.20 per hour, Machine hour rate ₹ 1.50 per hour, setting up time of machine (productive) 5 hours, manufacturing time 10 minutes per component. Company producing 50 batches consist of 100 components in each batch. What will be the cost per batch and total setting up cost ?
- (A) ₹ 740.87 and 43.50  
 (B) ₹ 745.87 and 43.50  
 (C) ₹ 745.72 and 36  
 (D) ₹ 74.57 and 36
45. Contract price ₹ 18,00,000, 70% of the contract was completed. Architect gave certificate for 60% of the contract price on which 80% was paid. Cost incurred till date ₹ 10,50,000. Cost of work uncertified will be :
- (A) ₹ 1,50,000  
 (B) ₹ 1,80,000  
 (C) ₹ 2,10,000  
 (D) ₹ 3,90,000
46. **Assertion (A) :**  
 When work certified is less than 1/4 of the contract price, a zero value of attributable profit taken into account.
- Reason (R) :**  
 The profit outcome of the contract cannot be estimated with reasonable accuracy and amount of carried forward as provision against future losses, increase in prices and other contingencies.
- 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 and (R) is not the correct explanation of (A)  
 (C) (A) is true, but (R) is false  
 (D) (A) is false, but (R) is true
47. When value of contract is ascertained by adding a certain percentage of profit over the total cost of work. It is known as :
- (A) Subcontract  
 (B) Cost plus contract  
 (C) Escalation clause  
 (D) Work certified

48. When an abnormal gain in a process occurs, the accounting entry is to be made :
- (A) Process account debit and Abnormal gain account credit
- (B) Abnormal gain account debit and P&L account credit
- (C) Abnormal gain account debit and Normal wastage account credit
- (D) Normal wastage account debit and abnormal gain account credit
49. In process A, 20,000 units are introduced during a particular month. The normal loss is estimated to be 4% of the input. At the end of the month 2,400 units were lying as incomplete. The stagewise completion of the inventory was given as under :
- Materials : 80% complete
- Labour : 60% complete
- Overheads : 50% complete
- 16,600 units were transferred to finished stores. Equivalent units in respect of material = ?
- (A) 20,000 units
- (B) 18,000 units
- (C) 18,240 units
- (D) 18,720 units
50. P Ltd. operates a process costing system. The process is expected to lose 20% of input and this can be sold for ₹ 10 per kg. Inputs for the month of April, 2019 are : Direct material 4,000 kg at a total cost of ₹ 66,000, Direct labour ₹ 11,120 for the month. There is no opening and closing WIP. Actual output was 3,600 kg. What is the valuation of the output ?
- (A) ₹ 62,208
- (B) ₹ 77,760
- (C) ₹ 69,120
- (D) ₹ 85,120
51. Cars, jeeps, buses etc. produced by an automobile industry are classified as :
- (A) Joint products
- (B) By-products
- (C) Co-products
- (D) None of the above
52. In a manufacturing concern, the joint expenses of products X, Y and Z are ₹ 25,000. Subsequent expenses of products X, Y and Z are ₹ 5,900, 4,000 and 4,450 respectively. Sales values are : X ₹ 30,000, Y ₹ 20,000 and Z ₹ 15,000. Estimated profit on sales are : X 40%, Y 30% and Z 25%. What is the amount of share in the joint expenses of product X, Y and Z respectively if the selling expenses are 6% on sales value ?
- (A) ₹ 12,100, ₹ 10,000 and ₹ 6,800
- (B) ₹ 10,300, ₹ 8,800 and ₹ 5,900
- (C) ₹ 11,538, ₹ 7,692 and ₹ 5,769
- (D) ₹ 10,405, ₹ 8,092 and ₹ 6,503

53. The following information is given :

Input of raw material	
@ ₹ 50 per unit :	1,000 units
Direct Material	₹ 15,000
Direct Wages	₹ 9,000
Production overheads	₹ 12,000
Actual output transferred to next process :	900 units
Normal Loss	5%
Value of Scrap	₹ 20 per unit

The amount of abnormal loss would be transferred to costing profit and loss account (calculation to the nearest rupee) :

- (A) ₹ 3,474
- (B) ₹ 4,474
- (C) ₹ 4,300
- (D) ₹ 4,250

54. In service costing, costs are classified as :

- (A) Fixed cost, Normal cost and Standard cost
- (B) Standard cost, Marginal cost and Variable cost
- (C) Variable cost, Fixed cost and Marginal cost
- (D) Standard charges, Running charges and Maintenance charges

55. Which of the following 'Cost Unit' is not used by the organisation engaged in providing services ?

- (A) Per Metre
- (B) Tonne Km
- (C) Passenger Km
- (D) Kilowatt Hour

56. A hotel has a capacity of 100 single bed-rooms and 40 double bed-rooms. The average occupancy for single bed-room is 80% and for double bed-rooms is 60% throughout the year of 365 days. The rent for double bed-room has been fixed 1.50 times of rent of single bed-room. Total operational cost of the year is ₹ 1,96,45,760 and hotel earns margin of safety of 20% on chargeable price. Chargeable room rent per day for single and double bed-room will be :

- (A) ₹ 556.80 and ₹ 835.20
- (B) ₹ 580 and ₹ 870
- (C) ₹ 646.90 and ₹ 970.40
- (D) ₹ 517.50 and ₹ 776.30

57. The effect of sale price reduction is always reduce the P/V ratio to raise ..... and to shorten the .....

- (A) BEP and Margin of Safety
- (B) Fixed Cost and BEP
- (C) Margin of Safety and BEP
- (D) Profit and BEP

58. ABC Ltd. had a marginal costing profit of ₹ 1,25,500 in April, 2018. Opening stock were 1,800 units and closing stock were 1,260 units. The company is considering changing to absorption costing system. Fixed overhead absorption rate is ₹ 6 per unit. Profit under absorption costing will be .....

- (A) ₹ 1,28,740
- (B) ₹ 1,22,260
- (C) ₹ 1,14,700
- (D) ₹ 1,33,060

59. The following information is given :

	Sales (₹)	Profit (₹)
Period 1	20,000	4,000
Period 2	30,000	8,000

Sales to earn a profit of ₹ 16,000 will be :

- (A) ₹ 40,000  
 (B) ₹ 60,000  
 (C) ₹ 50,000  
 (D) ₹ 75,000

60. P/V Ratio is 25% and margin of safety is ₹ 6,00,000, the amount of profit is :

- (A) ₹ 2,00,000  
 (B) ₹ 1,60,000  
 (C) ₹ 1,50,000  
 (D) ₹ 1,20,000

61. The following information is given :

Selling price ₹ 20 per unit, Variable cost ₹ 15 per unit and Fixed cost ₹ 48,000. What will be BEP sales (in ₹) and Profit if actual sales is 40% more than BEP sales ?

- (A) ₹ 1,92,000 and ₹ 20,800  
 (B) ₹ 1,80,000 and ₹ 18,000  
 (C) ₹ 96,000 and ₹ 9,600  
 (D) ₹ 1,92,000 and ₹ 19,200

62. **Statement I :**

When a factory operates at full capacity, Fixed cost also becomes relevant for make or buy decision.

**Statement II :**

Margin of safety is the difference of actual sales and standard sales.

Select the *correct* answer from the options given below :

- (A) Both statements are correct  
 (B) Both statements are incorrect  
 (C) Statement I is incorrect, but statement II is correct  
 (D) Statement I is correct, but statement II is incorrect

63. The total cost and profit during two periods are as follows :

	Period I	Period II
Total cost (₹)	4,50,000	6,50,000
Profit (₹)	50,000	1,00,000

Profit volume ratio will be :

- (A) 15%  
 (B) 25%  
 (C) 20%  
 (D)  $33\frac{1}{3}\%$

64. If profit, fixed cost and margin of safety are ₹ 19,20,000; ₹ 25,60,000 and ₹ 64,00,000 respectively, then break-even point will be :
- (A) ₹ 44,80,000  
 (B) ₹ 85,33,333  
 (C) ₹ 38,40,000  
 (D) ₹ 48,00,000
65. Selling price per unit ₹ 20, Trade discount 5% of selling price, cash discount 2% on sales, Material cost ₹ 3, Labour cost ₹ 4, Fixed overheads ₹ 22,000 and variable overheads 80% of labour cost. What would be the net profit if sales are 10% above the BEP ?
- (A) ₹ 2,000  
 (B) ₹ 2,500  
 (C) ₹ 2,200  
 (D) ₹ 1,850
66. The following information is given :
- Standard : 196 kg material for 140 units of finished output @ ₹ 2 per kg.
- Actual : Output 4,200 units, material used 5600 kg., cost of material ₹ 1,00,800.
- Material usage variance will be .....
- (A) ₹ 560 (F)  
 (B) ₹ 600 (A)  
 (C) ₹ 650 (F)  
 (D) ₹ 720 (A)
67. Records of Zed Ltd. reveal the following data :
- Fixed overhead capacity variance = 3,000 (F)  
 Fixed overhead efficiency variance = 3,000 (F)  
 Fixed overhead expenditure variance = 2,000 (A)  
 Fixed overhead cost variance will be :
- (A) ₹ 6,000 (F)  
 (B) ₹ 2,000 (A)  
 (C) ₹ 4,000 (F)  
 (D) ₹ 2,000 (F)
68. Which one is *not* a method of disposing cost variances ?
- (A) Transfer to costing P&L account  
 (B) Transfer to reserve account  
 (C) Pro rata allocation of variances to finished stock, WIP and cost of sales  
 (D) No treatment, only shown in report for the purpose of control variances
69. Standard which is established for use, unaltered over a long period of time is known as :
- (A) Ideal standard  
 (B) Basic standard  
 (C) Expected standard  
 (D) Current standard

70. For producing one unit of product X, standard labour hours are 20. Wages rate is ₹ 2 per hour. In June, 2018, output was 2,000 units. 38,000 labour hours actually paid, costing ₹ 79,800. These 38,000 hours include 200 hours arise due to machine breakdown. Labour rate variance was :
- (A) ₹ 3,000 (A)  
 (B) ₹ 3,600 (A)  
 (C) ₹ 3,800 (F)  
 (D) ₹ 3,800 (A)
71. PQR Ltd. has normal monthly machine hour capacity of 120 machines working 8 hours per day for 25 working days in a month. The budgeted fixed overhead is ₹ 3,00,000. The actual production was 4,500 units. The actual fixed overhead was ₹ 3,20,000. Expenditure variance = ?
- (A) 30,000 (A)  
 (B) 20,000 (A)  
 (C) 20,000 (F)  
 (D) 18,000 (A)
72. Direct labour cost data are as follows :  
 Actual hours worked 25,000, Total direct labour cost ₹ 1,25,400, Direct labour rate variance ₹ 2,900 (A), Direct labour efficiency variance ₹ 3,528 (F)  
 Standard labour hour rate will be .....
- (A) ₹ 5.02  
 (B) ₹ 5.26  
 (C) ₹ 4.90  
 (D) ₹ 5.16
73. A firm manufactures 15,000 units per annum, each taking 1.5 direct labour hours. The direct labour rate is ₹ 8 per hour and pay rise of 15% is awarded half way through the year.  
 What is the total annual direct labour budget amount ?
- (A) ₹ 1,20,000  
 (B) ₹ 1,93,500  
 (C) ₹ 1,80,000  
 (D) ₹ 2,07,000
74. The following information extracted from the records of P Ltd.  
 Sales for October, November and December, 2018 are ₹ 90,000, ₹ 1,10,000 and ₹ 80,000 respectively. 40% of its sales are expected to be for cash. Of its credit sales 70% are expected to pay in the month after sales and take 2% discount on it. Balance is expected to pay in second month after sales and 3% of it is expected to bad debts.  
 What are the sales receipts to be shown in cash budget for the month of December ?
- (A) ₹ 92,990  
 (B) ₹ 1,23,174  
 (C) ₹ 95,609  
 (D) ₹ 1,25,793

75. Which of the following is not a step for successful implementation of the budgetary control system ?
- (A) Budget manual  
(B) Budget controller  
(C) Budget period  
(D) Budget standard
76. **Assertion (A) :**  
The purpose of performance budgeting is to focus on work to be done and services to be rendered.
- Reason (R) :**  
The main purpose of performance budgeting is not to inter-relate physical and financial aspects of every programme, project or activity.
- 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 and (R) is not the correct explanation of (A)  
(C) (A) is true, but (R) is false  
(D) (A) is false, but (R) is true
77. A budget designed for a specific planned output level and is not adjusted to the level of activity attained is known as :
- (A) Fixed budget  
(B) Master budget  
(C) Zero base budget  
(D) Flexible budget
78. The following information are given :  
Normal loss in production is 2.50% of input; Sales target is 9,600 units; Closing stock is 1,650 units which has been estimated 10% more than previous year quantity.  
Input quantity required for production will be .....
- (A) 8,000 units  
(B) 11,500 units  
(C) 10,000 units  
(D) 8,500 units
79. A factory is presently working at 50% capacity and producing 4,000 units. The cost data are as follows :
- Material and labour cost per unit ₹ 15,  
Factory overheads (40% variable) ₹ 30,000. What will be the works cost for 60% capacity ?
- (A) ₹ 1,04,400  
(B) ₹ 1,12,400  
(C) ₹ 1,18,600  
(D) ₹ 1,22,200

80. Maintenance of cost records relating to the utilisation of materials, labour and other items of cost, in the manner as prescribed by specified class of companies engaged in the .....
- (A) Production of goods only  
 (B) Providing services only  
 (C) Production of such goods and providing such services as may be prescribed  
 (D) Production of such goods or providing such services as may be prescribed
81. Every cost auditor, who conducts an audit of the cost records of a company, shall submit report in :
- (A) General form  
 (B) Form-CRA 1  
 (C) Form-CRA 2  
 (D) Form-CRA 3
82. 'Cost benefit analysis' falls under :
- (A) Scientific techniques  
 (B) Accounting or economic techniques  
 (C) Personnel techniques  
 (D) Statistical techniques
83. Which is not a social purpose of cost audit ?
- (A) Promoting corporate governance  
 (B) Facilitate in fixation of reasonable prices of goods and services  
 (C) Improvement of human productivity  
 (D) Pinpointing areas of inefficiency
84. Dividing net credit sales by average debtors would yield .....
- (A) Current Ratio  
 (B) Return on Sales Ratio  
 (C) Debtors Turnover Ratio  
 (D) Average Receivables
85. ABC Ltd. has earned 12% returns on total assets of ₹ 8,00,000 and has a net profit ratio of 8%. Sales of the firm shall be :
- (A) ₹ 96,000  
 (B) ₹ 6,40,000  
 (C) ₹ 12,00,000  
 (D) ₹ 7,36,000
86. The following information is given :  
 9% preference shares of ₹ 10 each ₹ 4,00,000, Equity shares of ₹ 10 each ₹ 12,00,000, Profit after tax ₹ 4,20,000, Equity dividend paid 20%, Market price of equity share ₹ 25 each. What will be the earnings per share ?
- (A) ₹ 3.50  
 (B) ₹ 3.20  
 (C) ₹ 5.40  
 (D) ₹ 9.60
87. The average creditors are ₹ 74,000, creditors turnover ratio is 4.80. Amount of credit purchases will be :
- (A) ₹ 15,417  
 (B) ₹ 3,52,500  
 (C) ₹ 3,55,200  
 (D) None of the above

88. What will be the amount of stock if the current ratio is 2 : 1 and quick ratio is 1.5 : 1 and current liabilities are ₹ 90,000 ?
- (A) ₹ 55,000  
(B) ₹ 1,80,000  
(C) ₹ 1,35,000  
(D) ₹ 45,000
89. Conducted to ensure borrowing capacity of a concern to meet contingencies in the near future is :
- (A) Long-term Analysis  
(B) Vertical Analysis  
(C) Short-term Analysis  
(D) Internal Analysis
90. A company has an inventory of ₹ 58,400, Debtors of ₹ 48,000 and inventory turnover of 6 times. The gross profit margin is 20% on sales and its credit sales are 40% of the total sales. What will be the credit sales ?
- (A) ₹ 3,50,400  
(B) ₹ 3,53,440  
(C) ₹ 4,38,000  
(D) ₹ 1,75,200
91. The following information is given for X Ltd. Stock velocity 3.75 months, Gross profit ₹ 80,000 being 20% of sales. The closing stock of the year is ₹ 25,000 more than the opening stock. What will be the amount of opening and closing stocks ?
- (A) ₹ 1,00,000 and ₹ 1,25,000  
(B) ₹ 80,000 and ₹ 1,05,000  
(C) ₹ 87,500 and ₹ 1,12,500  
(D) ₹ 85,000 and ₹ 1,10,000
92. Which of the following statements is false ?
- (A) Financial statements take into consideration only the financial factors.  
(B) Financial statements are primarily prepared for shareholders.  
(C) Financial statements not serving any purpose to the probable shareholders, suppliers, lenders and other interested parties.  
(D) Financial statements are essentially interim reports and therefore, cannot be final because the final gain/loss can be computed only at the termination of business.
93. A company has the following Current Assets :
- Cash ₹ 40,000, Marketable securities ₹ 25,000, Debtors ₹ 20,000 and Inventory ₹ 18,000. The total current liabilities were ₹ 65,400 (including the future tax liability of ₹ 4,800 which will be made after one year)
- What will be the quick ratio of the company ?
- (A) 1.40 : 1  
(B) 1.81 : 1  
(C) 1.57 : 1  
(D) 1.30 : 1
94. The following information of a non-financial enterprise is given :
- Purchase of fixed assets ₹ 40,000; Proceeds from sale of equipments ₹ 35,000; Interest received ₹ 3,000; Interest paid ₹ 6,000, Dividend received ₹ 4,000 and Dividend paid ₹ 15,000.
- Amount of cash from investing activities will be .....
- (A) ₹ 1,000  
(B) ₹ (4,000)  
(C) ₹ 2,000  
(D) ₹ (2,000)

95. Which of the following statement is *correct* ?
- (A) A decrease in current liability during the year results in increase in working capital.
- (B) Only non cash expenses are added to net profit to find out funds from operations.
- (C) Conversion of debentures into equity shares appears in funds flow statement.
- (D) Collection from debtors is a source of fund.
96. **Assertion (A) :**  
MIS is a necessity of all the organisations.  
**Reason (R) :**  
MIS helps in strategic planning, management control, operational control, transaction processing and decision-making.  
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 and (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. The following information is given :  
Depreciation provided during the year :  
Furniture ₹ 15,000, Building ₹ 14,000.  
The statement of P&L for the year :  
Opening balance ₹ 38,500 *Add* : Profit for the year ₹ 40,300, *Less* : Goodwill written off ₹ 15,000, Closing balance ₹ 63,800.  
What will be the amount of funds from operations ?
- (A) ₹ 69,300
- (B) ₹ 54,300
- (C) ₹ 78,800
- (D) ₹ 25,300
98. Closing debtors are ₹ 8,00,000 which are 125 percent of opening debtors. Cash sales is 25 percent of total sales. If the debtors turnover ratio is 4 times then the amount of total sales will be .....
- (A) ₹ 36,00,000
- (B) ₹ 28,80,000
- (C) ₹ 38,40,000
- (D) ₹ 48,00,000
99. PQR Ltd. have the following balances :  
Investment at the end of the year 2017-18 ₹ 85,000, Investment at the end of the year 2018-19 ₹ 70,000. During the year the company had sold 40% of its original investment at a profit of 50%. What will be the amount of cash inflow and cash outflow from the investment :
- (A) ₹ 51,000 and ₹ 36,000
- (B) ₹ 51,000 and ₹ 19,000
- (C) ₹ 1,21,000 and ₹ 85,000
- (D) ₹ 1,21,000 and ₹ 19,000
100. According to Activity Based Costing System, use of consumables is :
- (A) Unit level activity
- (B) Batch level activity
- (C) Product level activity
- (D) Facility level activity

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**Space for Rough Work**