



## BRAINWARE UNIVERSITY

Term End Examination 2021 - 22  
Programme – Bachelor of Business Administration  
Course Name – Management Accounting  
Course Code - BBA303  
( Semester III )

Time : 1 Hr.25 Min.

Full Marks : 70

[The figure in the margin indicates full marks.]

### Group-A

(Multiple Choice Type Question)

1 x 70=70

Choose the correct alternative from the following :

- (1) Labour Efficiency Standards are decided by considering following factor(s)
  - a) Records of past performance
  - b) Time & Motion Study
  - c) Trial Runs
  - d) All of these
- (2) Standard may not be necessarily useful for this purpose.
  - a) Forecasting
  - b) Coordinating
  - c) Planning
  - d) None of these
- (3) Contribution represents pool of resources available for meeting all costs other than \_\_\_\_
  - a) Fixed Costs
  - b) Variable Costs
  - c) Labor Costs
  - d) Material Costs
- (4) What will be the B.E.P if P/V ratio is 20% and Fixed cost is Rs 40,000.
  - a) Rs 2,00,000
  - b) Rs 4,00,000
  - c) Rs 6,00,000
  - d) None of these
- (5) Given Sales in first and second year is Rs 80,000 and Rs 90,000 respectively. Also, profit is Rs 10,000 and Rs 14,000 respectively. What is the break-even point in rupees?
  - a) Rs 10,000
  - b) Rs 24,000
  - c) Rs 55,000
  - d) None of these
- (6) Margin of safety can be increased by
  - a) Decrease in setting price
  - b) Decline in volume of production
  - c) Reduction in fixed or the variable costs or both
  - d) None of these
- (7) Calculate margin of safety if sales is Rs 3,00,000 and B.E.P is Rs 4,50,000.

- a) Rs 1,00,000  
 c) Amount of sales < B.E.P, therefore no margin of safety
- b) Rs 1,50,000  
 d) None of these
- (8) What will be sales in rupees for desired profit if fixed cost is Rs 30,000, desired profit is Rs 15,000 and P/V ratio is 30%?
- a) Rs 1,50,000  
 c) Rs 2,00,000
- b) Rs 1,00,000  
 d) None of the above
- (9) Determine sales in units for desired profit if Fixed cost is Rs 15,000, desired profit is Rs 5,000 Selling price per unit is Rs 20 and Variable cost per unit is Rs 16.
- a) 5,000 units  
 c) Rs 10,000
- b) Rs 5,000  
 d) 10,000 units
- (10) The formula for calculating MOS is
- a) PV Ratio / Profit  
 c) Profit / Sales
- b) Profit / PV Ratio  
 d) Contribution / FC
- (11) MOS can be improved by
- a) Increasing production  
 c) Reducing the costs
- b) Increasing selling price  
 d) All of these
- (12) A firm dealing in several products, which of the following is calculated
- a) Composite BEP  
 c) BE Sales
- b) BEP  
 d) Cash BEP
- (13) The term period cost refers to...
- a) Variable cost  
 c) Prime cost
- b) Fixed cost marginal cost  
 d) None
- (14) The angle formed by the sales line and total cost line at the breakeven point is known as...
- a) Profit variable  
 c) Angle of incidence
- b) Margin of safety  
 d) None
- (15) \_\_\_\_\_ refers to a situation where the costs of operating two alternative plants are equal.
- a) Simple BEP  
 c) Contribution BEP
- b) Cost BEP  
 d) None
- (16) If a firm is dealing in several products the \_\_\_\_\_ is calculated
- a) Composite BEP  
 c) Breakeven sales
- b) BEP  
 d) Cash BEP
- (17) The formula for Margin of Safety is one of the following...
- a) PV ratio/profit  
 c) Profit/sales
- b) Profit / P/v ratio  
 d) Contribution/fixed cost
- (18) The formula to estimate Labour Mix variance is.
- a) Total standard labour cost of actual output - Total actual cost of actual output  
 c) (Revised standard time - Actual time) \* Standard rate
- b) (Standard rate per hour - Actual rate per hour) \* Actual Hours  
 d) Abnormal idle hours \* Standard hourly rate
- (19) Breakeven chart presents only cost volume profits. It ignores other considerations such as...



- a) Capital
- c) Government policy

- b) Marketing aspects
- d) All of these

(20) The breakeven chart helps the management in...

- a) Forecasting costs and profits
- c) Long term planning and growth

- b) Cost control
- d) All of these

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(21) A cost that is easily traceable to a cost object is known as:

- a) indirect cost
- c) direct cost

- b) variable cost
- d) fixed cost

(22) Which of the following terms is used to denote the response of a cost to the change in business activity?

- a) Cost behavior
- c) Cost response

- b) Cost trend
- d) Cost accumulation

(23) A cost that changes in total dollar amount with the change in the level of activity is known as:

- a) fixed cost
- c) conversion cost

- b) mixed cost
- d) variable cost

(24) According to cost formula  $Y = \text{Rs.}20,000 + \text{Rs.}4X$ , total cost at an activity level of 15,000 units would be:

- a) Rs.20,000
- c) Rs.80,000

- b) Rs.60,000
- d) Rs.35,000

(25) Which of the following costs is not a product cost?

- a) Depreciation on the plant installed in the factory
- c) The cost of shipping finished products to customers

- b) The electricity cost of the office of factory factory
- d) The cost of fuel used in the factory

(26) Which of the following costs is not a period cost?

- a) Advertising cost
- c) Interest

- b) Sales commission
- d) Direct labor

(27) The costs incurred to acquire or manufacture a product is known as:

- a) Period costs
- c) Admin. costs

- b) Product costs
- d) Real costs

(28) Prime cost = ?

- a) Manufacturing overhead cost + Direct labor cost
- c) Direct materials cost + Manufacturing overhead cost

- b) Direct materials cost + Direct labor cost
- d) Direct materials cost + Direct labor cost + Manufacturing overhead cost

(29) Conversion cost = ?

- a) Direct labor cost + Manufacturing overhead cost
- c) Direct materials cost + Admin. cost

- b) Direct materials cost + Manufacturing overhead cost
- d) Direct materials cost + Marketing cost

(30) Manufacturing cost = ?

- a) Direct materials cost + Manufacturing overhead cost
- c) Direct materials cost + Direct labor cost + Manufacturing overhead cost

- b) Direct materials cost + Direct labor cost + Manufacturing overhead cost
- d) Prime cost + Conversion cost

manufacturing overhead cost + Marketing and admin cost

- (31) Which of the following costs is treated as indirect labor?
- a) Idle time
  - b) Overtime premium
  - c) Fringe benefits
  - d) All of the above
- (32) The term quality cost refers to:
- a) the cost incurred to purchase expensive materials
  - b) the cost incurred to purchase very high quality materials
  - c) the cost incurred to higher highly skilled workers
  - d) the cost incurred to prevent, detect and remove defects from products
- (33) The costs that are incurred to avoid defects at first place are known as:
- a) prevention costs
  - b) appraisal costs
  - c) internal failure costs
  - d) external failure costs
- (34) Which of the following costs is an example of external failure cost?
- a) Statistical process control
  - b) The cost of supplies used in testing
  - c) Warranty repairs and replacement costs
  - d) Rework labor and overhead
- (35) The benefit forgone when one alternative is selected rather than another is known as:
- a) sunk cost
  - b) opportunity cost
  - c) differential cost
  - d) decision cost
- (36) The Indian Company incurred Rs.50,000 to ship 22,000 liters and Rs.42,000 to ship 18,000 liters. If the company ships 20,000 liters, its expected shipping expense would be closest to:
- a) Rs.40,000
  - b) Rs.44,000
  - c) Rs.46,000
  - d) Rs.48,000
- (37) Which of the following terms is correct for a cost that has already been incurred and cannot be changed by any decision?
- a) Past cost
  - b) Previous cost
  - c) Lost cost
  - d) Sunk cost
- (38) Within the relevant range:
- a) both total variable costs and total fixed costs fluctuate
  - b) both total variable costs and total fixed costs will remain constant
  - c) variable costs per unit will remain constant and fixed costs per unit will fluctuate
  - d) fixed costs per unit will remain constant and variable costs per unit will fluctuate
- (39) Process costing is appropriate for which firm?
- a) Bricklaying firms
  - b) Transport firms
  - c) Hospitals
  - d) Oil refining firms
- (40) Which cost is incurred even if the company is closed?
- a) Sunk cost
  - b) Historical cost
  - c) Shutdown cost
  - d) Imputed cost
- (41) Warehouse rent is a part of which cost?
- a) Production cost
  - b) Distribution cost
  - c) Prime cost
  - d) Factory cost
- (42) What is tender?
- a) Estimation of cost
  - b) Estimation of profit



- c) Estimation of units  
(43) A total of all the direct costs is known as  
a) Cost of production  
c) Prime cost
- d) Estimation of the selling price  
b) Cost of sales  
d) Works cost
- (44) What item is not included in cost accounting?  
a) Product costing  
c) Planning
- b) Profit-sharing  
d) Controlling
- (45) Toy manufacturing companies use what type of costing?  
a) Multiple costing  
c) Unit costing
- b) Process costing  
d) Batch costing
- (46) The budget committee consists of...  
a) Managers  
c) Creditors
- b) Budget officers  
d) Both
- (47) A budget centre is...  
a) Department or part of the department  
c) Office of the budget officer
- b) Meeting place for budget committee  
d) None
- (48) Management accounting deals with  
a) Qualitative information  
c) None of the above
- b) Quantitative information  
d) Both 1 and 2
- (49) The use of management accounting is  
a) Compulsory  
c) Mandatory
- b) Optional  
d) Any of the above
- (50) Out of various costs, fixed cost is defined as  
a) Which do not change in total during a given period despite changes in output  
c) Which changes in total in proportion to changes in output
- b) Which is partly fixed and partly variable in relation to output  
d) Which remains same for each unit of output
- (51) Which of the following statements is false?  
a) Management accounting systems do not necessarily comply with GAAP  
c) Financial accounting statements normally reflect more detail than would be found in management accounting reports
- b) Financial accounting data are directly primarily at external users rather than internal users  
d) Management accounting reports emphasise future activities and future costs
- (52) Management Accounting as a branch of accounting came into being  
a) After the great recession of 1930s  
c) After the Financial Accounting failed to answer the business challenges
- b) After intensifying the business competition during and after 1950s  
d) After the Cost Accounting failed to answer the business challenges
- (53) The major basis of decision making under cost accounting are  
a) Cost and benefits  
c) Cost and profits
- b) Cost and price  
d) Cost and loss
- (54) The main role of management accounting is  
a) Decision making  
c) Direction
- b) Planning  
d) Provision of information to management

- (55) The cost which is incurred on physical substance or thing is called
- Capitalised cost
  - Labour cost
  - Material cost
  - None of the above
- (56) Costs which can be easily attributed to a particular cost center/ product
- Indirect cost
  - Direct cost
  - Marginal cost
  - None of the above
- (57) A product of relatively small total value that is produced simultaneously with a product of greater total value is called
- Joint Product
  - By Product
  - New Product
  - None of the above
- (58) A budget in which all expenses must be justified for each new period is called
- New period budget
  - Cost budget
  - Future budget
  - Zero Base budget
- (59) Which of the following can improve break-even point in units, keeping everything else constant?
- Increase in variable cost per unit
  - Increase in total fixed cost
  - Increase in sales price per unit
  - Increase in sales volume in units
- (60) Management accounting is \_\_\_\_\_
- A discipline of decision-making.
  - A discipline of cost computation.
  - A discipline of value computation.
  - None of above.
- (61) Which of the following statements are false about responsibility accounting?
- The responsibility centers, for control purposes classified into three types
  - Responsibility accounting results in inter-departmental conflicts
  - The contribution margin center is also known as the Investment center
  - The investment center is concerned with making adequate investments.
- (62) Which of the following statements are true about prime cost?
- Prime cost includes all expenses
  - Work cost minus factory overhead is known as prime cost
  - Prime cost minus work cost is known as cost of production
  - None of the above.
- (63) The cost of capital is \_\_\_\_\_
- Cost of material
  - Cost of overhead
  - Cost of labor
  - Cost of the plant
- (64) What is not a role of budget?
- Quantitative expression of a plan of action
  - Coordinate and implement the plan
  - Compelling management planning
  - Reduce cost and beat the competition
- (65) Normal costs are generally \_\_\_\_\_ costs.
- Uncontrollable
  - Controllable
  - Discretionary
  - Avoidable
- (66) \_\_\_\_\_ is a location, person or item of equipment (or group of these) for which costs may be ascertained and used for the purpose of control.
- Revenue centre
  - Profit centre
  - Responsibility centre
  - Cost centre
- (67) Factory overhead cost includes:



a) Inventory cost

c) Indirect material cost

(68) Cost sheet is prepared:

a) Plant wise

c) Project wise

(69) Which of the following is true?

a) Total fixed cost fixed for a specific time range

c) Total fixed cost fixed for specific number of product manufacturing

(70) In just in time system

a) There is no delay

c) Both (a) and (b)

b) Machinery cost

d) Labour cost

b) Company wise

d) Product wise

b) Total fixed cost never changes

d) None of above

b) Conveyance times are balanced

d) There is unequal production at different places