BRAINWARE UNIVERSITY
Term End Examination 2020 - 21
Programme – Bachelor of Business Administration
Course Name – Management Accounting
Course Code - BBAC303
Semester / Year - Semester III

Time allotted : 75 Minutes Full Marks : 60

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group-A

(Multiple Choice Type Question) 1 x 60=60

1. *(Answer any Sixty)*

(i) The following is (are) the indirect labour cost(s)

a) Wages paid to storekeeper
b) Salary of works manager
c) Wages paid to gatekeeper
d) All of these

(ii) Which of the following do not give the returns during the same period during which they are paid for

a) Intangible assets
b) Fixed assets
c) Both (A) and (B)
d) None of these

(iii) Following is (are) called the element(s) of Cost

a) Material
b) Labor
c) Expenses
d) All of these

(iv) The following method(s) is (are) used to measure labour turnover

a) Separation method
b) Replacement method
c) Flux method
d) All of these

(v) Contribution represents pool of resources available for meeting all costs other than ________

a) Fixed Costs
b) Variable Costs

c) Labor Costs d) Material Costs

(vi) If total cost of 100 units is Rs 5000 and those of 101 units is Rs 5030 then increase of Rs 30 in total cost is

a) Marginal Cost b) Prime Cost

c) All Variable Overhead d) None of these

(vii) Marginal costing is also known as

a) Direct costing b) Variable costing

c) Direct costing and Variable costing d) None of these

(viii) Under High and Low Point method, the output at two different levels is compared with the amount of ___________ incurred at these two points.

a) Total fixed costs b) Total costs

c) Total Variable Costs d) None of these

(ix) In Analytical method of calculating marginal costing, it is determined on the basis of

a) Past Records b) Theoretical Data

c) Projected Data d) None of these

(x) When contribution is negative but less than fixed cost,

a) then fixed cost is the total loss b) Amount of loss is higher than fixed costs

c) Amount of loss is lower than fixed cost amount d) None of these

(xi) When contribution is positive but equal to fixed cost,

a) There is loss equal to fixed costs b) There is loss more than fixed costs

c) There will be loss less than fixed costs d) There will be neither profit not loss

(xii) Volume variance arises when

a) There is rise in overhead rate per hour
b) There is decline in overhead rate per hour
c) There is decrease or increase in actual output compared to the budgeted output
d) None of these

(xiii) The type of standard that is best suited for cost control objective is

a) Normal standard
b) Basic standard
c) Expected standard
d) Ideal standard

(xiv) Idle hours are not deducted in

a) Labour efficiency variance
b) Labour rate variance
c) Both Labour efficiency variance and Labour rate variance
d) None of these

(xv) Determine B.E.P in units and amount if Units produced if Rs 10,000, Fixed cost is Rs 40,000, Selling price is Rs 50 per unit and Variable cost us Rs 30 per unit.

a) Rs 40 per unit, Rs 2,00,000
b) Rs 50 per unit, Rs 10,00,000
c) Rs 20 per unit, Rs 1,00,000
d) None of these

(xvi) What will be the B.E.P if Variable cost ratio is 70% and Fixed cost is Rs 36,000

a) Rs 3,20,000
b) Rs 2,20,000
c) Rs 1,20,000
d) None of these

(xvii) 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

(xviii) Margin of safety is that sales which is above

a) CVP Point b) Cost Point

c) Profit Point d) BE Point

(xix) Determine sales in rupees for desired profit if fixed cost is Rs 10,000, Variable cost is Rs 30,000, Sales is Rs 50,000 and desired profit is RS 5,000.

a) Rs 73,500 b) Rs 75,000

c) Rs 5,000 d) Rs 37,500

(xx) Calculate sales in rupees for desired profit if fixed cost is Rs 10,000, selling price is Rs 20 per unit, Variable cost is Rs 15 per unit and desired profit is Rs 1 per unit.

a) Rs 20,000 b) Rs 50,000

c) Rs 70,000 d) Rs 10,000

(xxi) What will be sales in units if fixed cost is Rs 50,000 Contribution per unit is Rs 60 and desired profit per unit is Rs 10

a) 6,000 units b) Rs 1,000

c) 1,000 units d) Rs 6,000

(xxii) Given fixed costs is Rs 1,00,000 selling price per unit is Rs 10 and variable cost per unit is Rs 6. If fixed cost increase by 10% , B.E.P will

a) Decrease by 2,500 units b) No change

c) Increase by 2,500 units d) None of these

(xxiii) The profit at the level of existing sales is computed as

a) Sales - (Fixed cost + Variable cost) b) Sales + (Fixed cost + Variable cost)

c) Sales - Variable cost d) None of these

(xxiv) Profit at any level of sales in units is measured as

a) Sales (units) * Cost per unit - Fixed cost b) Sales (units) * Cost per unit + Fixed cost

c) Sales (units) * Cost per unit d) None of these

(xxv) Estimate amount of profit if Sales is 10,000 units Fixed cost is Rs 50,000, Variable cost per unit is Rs 12 and selling price per unit is Rs 20.

a) Rs 12,000
b) Rs 5,000
c) Rs 30,000
d) None of these

(xxvi) Plant utilization budget and Manufacturing overhead budgets are types of

a) Production budget
b) Sales budget
c) Cost budget
d) None of these

(xxvii) A budgeting process which demands each manager to justify his entire budget in detail from beginning is

a) Functional budget
b) Master budget
c) Zero base budgeting
d) None of these

(xxviii) ___________ contains the picture of total plans during the budget period and it comprises information relating to sales, profit, cost, production etc.

a) Master budget
b) Functional budget
c) Cost budget
d) None of these

(xxix) __________ is stated as a budget which is made to change as per the levels of activity attained.

a) Fixed budget
b) Flexible budget
c) Fixed budget & Flexible budget
d) None of these

(xxx) An estimated price, which is expected to be paid by customers for particular market offering is classified as

a) Target price
b) Target cost
c) Outsource price
d) Off shore price

(xxxi) An income, which a company aims to earn by selling each unit of market offering is classified as

a) Target operating income per unit
b) Target cost per unit
c) Total current full cost
d) Total cost per unit

(xxxii) Total cost incur by customer to use, acquire, maintain and dispose service or product is classified as

a) Budgeted life cycle
b) Targeted life cycle
c) Customer life cycle
d) Operating life cycle

(xxxiii) A technique, which accumulates and tracks costs of business function in value chain attributed to each market, offering from R&D to final customer support, is called

a) Product life cycle
b) Life cycle budgeting
c) Life cycle costing
d) Target costing

(xxxiv) When standard costs are used, the amount of detailed record keeping will normally

a) Reduce
b) Increase
c) Stay the same
d) None of these

(xxxv) The labour engaged in the making of a product is known as ________

a) Direct labour
b) Indirect labour
c) Temporary labour
d) None of these

(xxxvi) _________ requires constant revision according to the real circumstances.

a) Attainable Standard
b) Perfection Standard
c) Ideal Standard
d) None of these

(xxxvii) In budgetary control______ is used whereas in standard costing __________ is used.

a) Unit concept, Total concept
b) Total concept, Unit Concept
c) Marginal concept, Gross concept
d) Gross concept, Marginal concept

(xxxviii) Standard costs are better than historical costs because

a) Determination of standard costs is economical in terms of money as well as time

b) They facilitate delegation of responsibility

c) They help in timely action against extravagances

d) All of these

(xxxix) Standard costs are useful in

a) Establishing budgets

b) Supporting cost reduction measures

c) Simplifying cost procedures and expediting cost reports

d) All of these

(xl) The accountants concept of marginal costing differs from the Economists concept of marginal cost in the matter of exclusion of

a) Variable cost

b) Semi variable cost

c) Fixed cost

d) All of these

(xli) Sales ?100000 Variable cost ?60000 net profit ratio is 10% on sales, find out fixed cost

a) ?40,000

b) ?60,000

c) ?50,000

d) none of these

(xlii) The P/V ratio can be increased by

a) Reducing the variable cost

b) Increasing the selling price

c) Both

d) none of these

(xliii) BE Chart presents only cost volume profits. It ignores other considerations such as

a) Capital

b) Marketing aspects

c) Government Policies

d) All of these

(xliv) Which of the following is excess of sales over the BE sales

a) Actual sales | b) Total sales
c) MOS | d) Net sales

(xlv) The formula for calculating MOS is

a) PV Ratio / Profit | b) Profit / PV Ratio
c) Profit / Sales | d) Contribution / FC

(xlvi) Marginal costing is the most useful technique for the...

a) Shareholders | b) Management
c) Auditors | d) Creditors

(xlvii) The term period cost refers to...

a) Variable cost | b) Fixed cost marginal cost
c) Prime cost | d) None

(xlviii) The term contribution margin refers to...

a) Marginal income | b) Marginal cost
c) Gross profit | d) Net income

(xlix) ________ refers to a situation where the costs of operating two alternative plants are equal.

a) Simple BEP | b) Cost BEP
c) Contribution BEP | d) None

(l) If a firm is dealing in several products the_________is calculated

a) Composite BEP | b) BEP
c) Breakeven sales | d) Cash BEP

(li) The formula for Margin of Safety is one of the following...

a) PV ratio/profit | b) Profit / P/v ratio

c) Profit/sales
d) Contribution/fixed cost

(lii) Breakeven chart presents only cost volume profits. It ignores other considerations such as...

a) Capital
b) Marketing aspects
c) Government policy
d) All of these

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

a) fixed cost
b) mixed cost
c) conversion cost
d) variable cost

(liv) A cost that does not change, in total, with the change in activity is called:

a) mixed cost
b) fixed cost
c) prime cost
d) unchanged cost

(lv) Mixed cost is also known as:

a) double cost
b) semi-variable cost
c) fluctuating cost
d) full cost

(lvi) According to cost formula Y = Rs.20,000 + Rs.4X, total cost at an activity level of 15,000 units would be:

a) Rs.20,000
b) Rs.60,000
c) Rs.80,000
d) Rs.35,000

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

a) Advertising cost
b) Sales commission
c) Interest
d) Direct labor

(lviii) Conversion cost = ?

a) Direct labor cost + Manufacturing
b) Direct materials cost + Manufacturing

overhead cost | overhead cost

c) Direct materials cost + Admin. cost | d) Direct materials cost + Marketing cost

(lix) The cost of alternative 'A' is Rs.25,000 and the cost of alternative 'B' is Rs.20,000. In managerial accounting, the difference of Rs.5,000 in costs of two alternatives would be termed as:

a) additional cost | b) extra cost

c) differential cost | d) essential cost

(lx) Which of the following costs is treated as indirect labor?

a) Idle time | b) Overtime premium

c) Fringe benefits | d) All of the above