



BRAINWARE UNIVERSITY

Term End Examination 2020 - 21

Programme – Bachelor of Commerce (Honours) in Banking & Financial Accounting

Course Name – Management Accounting

Course Code - BCM503

Semester / Year - Semester V

Time allotted : 85 Minutes

Full Marks : 70

[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 70=70

1. (Answer any Seventy)

(i) Which of the following becomes a source of information for Management Accounting

- | | |
|--------------------------|------------------|
| a) Cost | b) Financial |
| c) Both Cost & Financial | d) None of these |

(ii) Which one of the below about Cost Reduction is not true

- | | |
|-----------------------------------|-----------------------|
| a) Temporary | b) Permanent |
| c) Uses new methods and processes | d) Continuous process |

(iii) Practice by seller, about offering same product at different prices, to different customers is known as

- | | |
|---------------------|-------------------------|
| a) Price incurrence | b) Price discrimination |
| c) Price targeting | d) Price engineering |

(iv) Management accounting assists the management

- | | |
|---------------------|----------------------------------|
| a) Only in Control | b) Only in Direction |
| c) Only in Planning | d) Planning, Direction & Control |

(v) Which of the following are tools of management accounting A) Decision accounting B) Standard costing C) Budgetary control D) Human Resources Accounting

- a) Decision accounting, Standard costing & Human Resources Accounting b) Decision accounting, Budgetary control & Human Resources Accounting
- c) Decision accounting, Standard costing & Budgetary control d) Decision accounting, Standard costing, Budgetary control & Human Resources Accounting

(vi) Cost Accounting restrict itself with _____ transactions

- a) Financial b) Spot
- c) Historical d) Administrative

(vii) The management accounting concepts, additional to the fundamental accounting concepts do not include the

- a) controllability concept b) interdependency concept
- c) reliability concept d) going concern concept

(viii) Which costs are charged to a product using the method of absorption costing

- a) total production costs b) direct labour costs
- c) materials costs plus direct labour costs d) production overheads plus direct labour costs

(ix) The profit of an undertaking is affected by

- a) Selling price of the products b) Volume of sales
- c) Variable cost per unit and total fixed cost d) All of these

(x) Management accountancy is a structure for

- a) Costing b) Accounting
- c) Decision Making d) Management

(xi) The term 'budgetary period' relates to:

- a) The subdivisions of the main budget b) A specific year for which the budget has been prepared

c) The period in which the budget is finalised

d) The period for which the budget is prepared

(xii) A flexible budget is

a) A budget that is adjusted to reflect different costs at different activity levels

b) A budget that will be changed at the end of every month in order to reflect the actual costs of a department

c) A budget that is constantly being changed

d) A budget that comprises variable costs only

(xiii) A company has sales of 2,600 units. There are 1,400 units of opening stock while the closing stock is planned to be 1,800 units. What production is needed to satisfy sales

a) 2,200 units

b) 2,437 units

c) 2,600 units

d) 3,000 units

(xiv) Which of the following will not appear in a cash budget

a) Wages

b) Depreciation of machinery

c) Machinery bought on hire purchase

d) Sales revenue

(xv) If actual output is lower than budgeted output which of the following costs would you expect to be lower than the original budget

a) Total fixed costs

b) Fixed costs per unit

c) Total variable costs

d) Variable costs per unit

(xvi) The master budget will comprise

a) The cash budget

b) The budgeted profit and loss account and the budgeted balance sheet

c) The cash budget, the budgeted profit and loss account and the budgeted balance sheet

d) All the production, selling and cost budgets for the organisation

(xvii) While preparing sales budget, which of the following factors are

considered

- a) Non operation Factors
- b) Environmental Factors
- c) Both Non operation Factors & Environmental Factors
- d) Others

(xviii) _____ provides an estimate of the capital amount that may be required for buying fixed assets needed for meeting production requirements.

- a) Production Budget
- b) Cash Budget
- c) Capital Expenditure Budget
- d) None of these

(xix) _____ 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

(xx) _____ is the first step of budgetary system and all other budgets depends on it.

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

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

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

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

- a) Fixed budget
- b) Flexible budget
- c) Both Fixed budget & Flexible budget
- d) Rolling Budget

(xxiii) Which of the following statements are true about budget, budgeting & budgetary control

- a) Budgeting is business estimates for
- b) Budget is the process of preparing

future periods
c) Budgetary control is the means to achieve performance on the basis of budget

business estimates
d) None of these

(xxiv) Budgetary control system acts as a friend, philosopher and guide to the...

- a) Management
- b) Share holders
- c) Creditors
- d) Employees

(xxv) Budgetary control facilitates easy introduction of the...

- a) Marginal costing
- b) Ratio analysis
- c) Standard costing
- d) Subjective matter

(xxvi) Budgetary control system helps the management to eliminate...

- a) Undercapitalization
- b) Overcapitalization
- c) Both Undercapitalization & Overcapitalization
- d) Subjective matter

(xxvii) 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

(xxviii) The success of budgetary control system depends upon the willing cooperation of...

- a) Shareholders
- b) Management
- c) Creditors
- d) All the functional areas of management

(xxix) Frequent revision of budgets will...

- a) Affects its reliability
- b) Increase the accuracy
- c) Both Affects its reliability & Increase the accuracy
- d) Subjective matter

(xxx) Budget period depends upon...

- a) The type of budget
- b) The nature of business
- c) The length of trade cycles
- d) All of these

(xxxi) A key factor is one which restricts...

- a) The volume of production
- b) The volume of sales
- c) The volume of purchase
- d) All of these

(xxxii) The budgets are classified on the basis of...

- a) Time
- b) Function
- c) Flexibility
- d) All

(xxxiii) If labour time is based on the maximum efficiency, the unit cost will be

- a) Higher
- b) Lower
- c) Equal
- d) None of these

(xxxiv) 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

(xxxv) _____ is responsible for setting up of materials price standard.

- a) Production department
- b) Engineering department
- c) Purchase department
- d) None of these

(xxxvi) While determining material quantity standards, a proper consideration should be assigned to

- a) Normal material wastage
- b) Abnormal material wastage
- c) Savings
- d) Both Normal material wastage & Abnormal material wastage

(xxxvii) _____ is based on past averages adjusted to anticipated future

changes.

- a) Ideal Standard
- b) Normal Standard
- c) Basic Standard
- d) Perfection Standard

(xxxviii) 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

(xxxix) Standard may not be necessarily useful for this purpose.

- a) Forecasting
- b) Coordinating
- c) Planning
- d) None of these

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

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

(xli) The corrective actions after the analysis of variances has to be taken by

- a) Cost accountant
- b) Management
- c) Both Cost accountant & Management
- d) All of these

(xlii) Sales margin variance due to sales quantities is measured as

- a) Standard profit - Revised standard profit
- b) Revised standard profit - Budgeted profit
- c) Standard profit + Revised standard profit
- d) Revised standard profit + Budgeted profit

(xliii) The capacity variance arises when

- a) There are more working hours than the budgeted working hours
- b) There are less working hours than the budgeted working hours
- c) Both There are more working hours than the budgeted working hours & There are
- d) None of these

less working hours than the budgeted working hours

(xlv) Standard costing makes the work of valuation of inventory easier, because inventory is valued at...

- a) Original cost
- b) Predetermined price
- c) Complicated
- d) None of these

(xlv) The standard costing technique is unsuitable for...

- a) Trading business
- b) Manufacturing sector
- c) Job order business
- d) Wholesaler

(xlvi) Revision of standards cannot be eliminated because of...

- a) Change in government policy
- b) Change in business condition
- c) Change in management
- d) Change in business

(xlvii) The variance analysis is used in...

- a) Marginal costing
- b) Budgetary control
- c) Standard costing
- d) Ratio analysis

(xlviii) .In ideal standard, there is a room for...

- a) Wastage
- b) Idle time
- c) Some inefficiency
- d) None of these

(xlix) The standards should be set for...

- a) Direct material
- b) Direct Labor
- c) Overheads
- d) All of these

(l) Standard for various overhead is based on...

- a) The past performance
- b) Budget output
- c) Forecast
- d) All of these

(li) Standard costs are...

- a) Continuous cost
- b) Normal cost
- c) Past cost
- d) Reasonably attainable cost

(lii) Under absorption of Overheads is not

- a) Difference between estimated and actual costs
- b) Actual labour hours may be less than actual
- c) Actual labour hours may be more than actual
- d) None of these

(liii) The process of standard costing

- a) Can be incorporated in accounting routine
- b) Helps in reaching variances from the accounting procedure
- c) Both Can be incorporated in accounting routine & Helps in reaching variances from the accounting procedure
- d) None of these

(liv) 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 overheads
- d) None of these

(lv) Which of the following statements are true A) Marginal costing is not an independent system of costing. B) In marginal costing all elements of cost are divided into fixed and variable components. C) In marginal costing fixed costs are treated as product cost. D) Marginal costing is not a technique of cost analysis.

- a) Marginal costing is not an independent system of costing & In marginal costing all elements of cost are divided into fixed and variable components.
- b) In marginal costing all elements of cost are divided into fixed and variable components & In marginal costing fixed costs are treated as product cost.
- c) Marginal costing is not an independent system of costing & Marginal costing is not
- d) In marginal costing all elements of cost are divided into fixed and variable

a technique of cost analysis.

components & Marginal costing is not a technique of cost analysis.

(lvi) 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 fixed costs
- d) None of these

(lvii) Which of the following statements related to Contribution Analysis are true

- a) If contribution is zero, there is loss equal to fixed costs
- b) If contribution is negative, loss is less than fixed costs
- c) If contribution is positive and more than fixed cost there will be profit.
- d) All of these

(lviii) Opportunities to achieve further growth within current businesses are:

- a) Intensive Opportunities
- b) Integrative Opportunities
- c) Diversification Opportunities
- d) None of these

(lix) Absorption costing is also known as

- a) Historical costing
- b) Total costing
- c) Both Historical costing & Total costing
- d) Half Costing

(lx) Managers utilizes marginal costing for

- a) Make or buy decision
- b) Utilization of additional capacity
- c) Determination of dumping price
- d) All of these

(lxi) Which of the following are advantages of marginal costing

- a) Makes the process of cost accounting more simple
- b) Helps in proper valuation of closing stock
- c) Useful for standard and budgetary control
- d) All of these

(lxii) The term gross margin refers to _____

- a) Total profit
- b) Contribution
- c) Profit before tax
- d) Profit before interest and tax

(lxiii) The profit at which total revenue is equal to total cost is called _____

- a) BEP
- b) Margin of safety
- c) Break even analysis
- d) None

(lxiv) Break even chart presents only cost volume profits. It ignores other considerations such as _____

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

(lxv) Expenses that do not vary with the volume of production are known as _____

- a) Fixed expenses
- b) Variable expenses
- c) Semi-variable expenses
- d) None

(lxvi) Margin of safety can be improved by _____

- a) Increasing production
- b) Increasing selling price
- c) Reducing the costs
- d) All of these

(lxvii) _____ 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

(lxviii) Which of the following managers is held accountable for only the revenue attributed to a unit

- a) Cost centre manager
- b) Revenue centre manager
- c) Sales manager
- d) Investment centre manager

(lxix) Which of the following statements are true about responsibility accounting

- a) Responsibility accounting results in inter-departmental conflicts
- b) In responsibility center more focus is paid on products, processes or jobs
- c) No focus is paid on controlling costs
- d) None of these

(lxx) It is easy to distinguish variances as controllable and uncontrollable. The statement is...

- a) True
- b) False
- c) Partially True
- d) Partially False