CBRT 20.10.2019
CMA

1.
The verification of the correctness of cost accounts and of the adherence to the cost accounting plan is termed as:
(a) management audit.
(b) internal audit.
(c) cost audit.
(d) cost control.

2.
If Project ‘X’ has a net present value (NPV) of ₹ 8,00,000 and Project ‘Y’ has a NPV of ₹ 12,00,000, what is the opportunity cost if Project ‘Y’ is selected?
(a) ₹ 8,00,000
(b) ₹ 12,00,000
(c) ₹ 20,00,000
(d) ₹ 10,00,000

3.
In how many years cost of small assets purchased shall be written off as per the accounting policy?
(a) 5 years
(b) In the period in which they were purchased
(c) 7 years
(d) Full life of the asset

4.
Which one of the following is NOT an objective of Responsibility Accounting?
(a) Breaking down of organizational goals into small goals
(b) Performance evaluation
(c) Prompt corrective action
(d) Transfer price management

5.
Who among the following CANNOT be appointed as a Cost Auditor?
(a) A cost accountant as defined under Section 2(28) of the Companies Act, 2013
(b) A cost accountant who holds a valid certificate of practice under sub-Section (1) of Section (6) of Cost and Works Accountants Act, 1959
(c) A firm of cost accountants
(d) Any graduate certified by the Ministry of Corporate Affairs

6.
As per the Institute of Cost Accountants of India, which one of the following is a quality of a good internal auditor?
(a) Loyalty towards the Management
(b) Risk averter
(c) Right attitude
(d) Loyalty towards the shareholders

7.
Which one of the following is NOT a type of cost audit?
(a) Cost audit to assist management
(b) Cost audit on behalf of trade association
(c) Cost audit on behalf of a customer
(d) Cost audit to assist an employee

8.
Which one of the following is NOT a function of a cost auditor?
(a) Examining inventory
(b) Examining stores issue procedure
(c) Physically verifying work-in-progress
(d) Preparing capital expenditure budget

9.
A person is NOT eligible for appointment as a cost auditor if he has business relationship with:
1. the company.
2. a subsidiary of the company.
3. a holding company of the company.

Select the correct answer using the code given below:
(a) 1 only
(b) 1 and 2 only
(c) 1, 2 and 3
(d) 2 and 3 only

10.
Which of the following class / classes of company / companies shall be required to appoint an internal auditor or a firm of internal auditors?
1. Every listed company with net worth exceeding ₹ 50 crore
2. Every listed company
3. Every unlisted company with paid up share capital of ₹ 10 crore

Select the correct answer using the code given below:
(a) 1
(b) 2 only
(c) 3 only
(d) 2 and 3

11.
Which of the following shall be absorbed in material cost?
(a) Finance costs incurred in connection with the acquisition of materials
(b) Costs of spares which are specific to an item of equipment
(c) Losses due to evaporation before the material is received
(d) Penalty levied by transport

12.
"Manufacturing Activity" includes any act, process or method employed in relation to Cost Accounting (Records) Rules; ***except***:

(a) harboring.
(b) docking.
(c) stripping.
(d) recording.

13.
The term "Product" under Cost Accounting (Records) Rules includes:

1. tangible goods.
2. intangible goods.
3. idea.

Select the correct answer using the code given below:

(a) 1 only
(b) 1 and 2 only
(c) 2 and 3 only
(d) 1, 2 and 3

14.
The cost records shall be maintained in accordance with the:

(a) Cost Accounting Principles and Cost Accounting Standards.
(b) Generally Accepted Accounting Principles.
(c) Indian Accounting Standards.
(d) International Financial Reporting Standards.

15.
Which one of the following is NOT included in the meaning of "Turnover" in relation to the Companies (Cost Records and Audit) Rules, 2014?

(a) Realization made from sales
(b) Realization made on account of service rendered
(c) Duties and taxes
(d) Turnover from job work

16.
The Form CRA–1 requires cost records to be maintained under specified headings that do NOT include:

(a) utilities.
(b) overheads.
(c) quality control expenses.
(d) managerial remuneration.

17.
Which one of the following is NOT a requirement of Cost Accounting (Records) Rules applicable to various industries in India?

(a) Records for by-products
(b) Computation of variances
(c) Statistical data
(d) Records for promotion

18.
The Cost Auditor should verify which one of the following areas of work-in-progress?
(a) Quantity shown in job-cards of uncompleted work
(b) Bin-card
(c) Stock level
(d) EOQ

19.
Quality assurance includes:
(a) establishing the quality standards.
(b) establishing the production standards.
(c) avoiding defects.
(d) avoiding duplication.

20.
Capital rationing refers to:
(a) borrowings at a concessional rate.
(b) designing an optimal capital structure.
(c) a situation where the firm is constrained not to take up all the investment opportunities.
(d) a rational distribution of divisible profits.

21.
Consider the following information:

Sales	:	₹ 25,000
Fixed cost	:	₹ 20,000
Variable cost	:	₹ 15,000

How much the sales must be increased for the company to break even?
(a) ₹ 25,000
(b) ₹ 40,000
(c) ₹ 50,000
(d) ₹ 60,000

22.
'Z' Ltd. makes a single product which it sells for ₹ 16 per unit. Fixed costs are ₹ 48,000 per month and the product has a contribution to sales ratio of 30%. In a month when actual sales were ₹ 2,24,000, 'Z' Ltd's margin of safety, in units was:
(a) 2000
(b) 4000
(c) 10000
(d) 14000

23.
If at breakeven point, fixed cost per unit amounts to ₹8, then what will be the amount of profits when actual sales are 1000 units in excess of break even sales and variable cost per unit amounts to ₹ 7?
(a) ₹ 8,000
(b) ₹ 7,000
(c) ₹ 15,000
(d) Cannot be determined

24.
What is the amount of profit when margin of safety is 40%, breakeven sales ₹ 1,20,000 and fixed cost ₹ 48,000?

(a) ₹ 48,000
(b) ₹ 19,200
(c) ₹ 32,000
(d) Cannot be determined

25.
How can the profit- volume ratio be improved?

1. Increasing the sales volume
2. Decreasing the variable cost per unit
3. Decreasing the total fixed cost
4. Increasing selling price per unit

Select the correct answer using the code given below:

(a) 1, 2 and 4
(b) 2 and 4 only
(c) 2, 3 and 4
(d) 1 and 3

26.
The profit volume ratio of 'X' Ltd. is 50% and the margin of safety is 40%. Which one of the following is the net profit if sales volume is ₹ 2,50,000?

(a) ₹ 1,25,000
(b) ₹ 1,00,000
(c) ₹ 75,000
(d) ₹ 50,000

27.
Profit volume ratio will fall if:

1. selling price per unit falls
2. variable cost per unit falls
3. fixed cost rises
4. variable cost per unit rises

Select the correct answer using the code given below:

(a) 1 only
(b) 1 and 2
(c) 1 and 4
(d) 3

28.
Consider the following statements:
1. Variable cost per unit is fixed
2. Fixed cost per unit is variable
3. Total fixed cost varies with the length of the period of production
4. Fixed cost remains unchanged for change in the volume of production

Which of the statements given above is / are correct?
(a) 4 only
(b) 1, 2, 3 and 4
(c) 3 and 4 only
(d) 1 and 2 only

29.
Material cost and factory cost are ₹ 2,42,000 and ₹ 4,10,000 respectively. If factory overheads are absorbed at 40% on direct wages, then the amount of factory overheads absorbed are:
(a) ₹ 80,000
(b) ₹ 98,000
(c) ₹ 72,000
(d) ₹ 48,000

30.
If BEP is ₹ 35,00,000 at 70% level of sales and the profit is ₹ 5,25,000 at 100% level of sales, what is the P/V ratio?
(a) 40%
(b) 45%
(c) 35%
(d) 30%

31.
Margin of safety is affected if:
1. P/V ratio changes
2. Fixed cost changes
3. Volume of sales changes

Select the correct answer using the code given below:
(a) 1 only
(b) 1 and 2 only
(c) 2 and 3 only
(d) 1, 2 and 3

32.
2200 units of a product are required to be sold to earn a profit of ₹ 1,36,000 in a monopoly market. The contribution is 2/3 of its variable cost and the fixed cost for the period is ₹ 84,000. Find the selling price from the options given below:
(a) ₹ 300
(b) ₹ 250
(c) ₹ 200
(d) ₹ 150

33.
Per unit material costs, labour costs and variable overheads are ₹ 75, ₹ 50, ₹ 25 respectively. The fixed overheads for 40000 units are budgeted at ₹ 12,00,000. If required rate of return is 25% on transfer price, then which one of the following is the value of transfer price per unit?

(a) ₹ 200
(b) ₹ 225
(c) ₹ 240
(d) ₹ 180

34.
A company has 500 units of obsolete items which are carried in material inventory at the original purchase price of ₹ 16,000. Their scrap value is only ₹ 4,000. If these items are re-worked at a cost of ₹ 5,000 and can be sold for ₹ 12,000, which one of the following is the value of the relevant cost of selling these items?

(a) ₹ 16,000
(b) ₹ 12,000
(c) ₹ 5,000
(d) ₹ 9,000

35.
A manufacturing firm has produced 10000 units of a standard product by incurring the following expenses:

Material costs	:	₹ 80,000
Labour costs	:	₹ 40,000
Production overhead	:	₹ 30,000
Office overhead	:	20% of factory cost

Estimated selling and distribution overhead is ₹ 4 per unit. If the firm has no inventory at the beginning of the period and expects to maintain 20% of output as closing inventory, at what price per unit the product should be sold to earn a profit of 20% on sales?

(a) ₹ 27.50
(b) ₹ 23.00
(c) ₹ 26.40
(d) ₹ 28.75

36.
Pricing of a product shall necessarily be guided by the philosophy that it is able to help the firm:

(a) recover its cost and generate a fair and reasonable return in the long run.
(b) recover its cost only.
(c) generate a fair return in the long run only.
(d) to be competitive.

37.
'X' Ltd. prices its product at full cost plus 20%. The variable cost per unit is ₹ 12 and total fixed cost amounts to ₹ 2,40,000. The demand levels at different selling prices are as follows:

Price (₹)	Demand (Unit)
17	100000
18	80000
19	60000

What should be the selling price of the product?
(a) ₹ 17
(b) ₹ 18
(c) ₹ 19
(d) ₹ 20

38.
When production facility is sufficient but demand of products is the limiting factor, which one of the following budgets should be prepared first?
(a) Production budget
(b) Purchase budget
(c) Sales budget
(d) Cash budget

39.
'B' Ltd. is currently preparing cash budget for the year 2019. An extract from its sales budget for the same year shows the following sales values:

	(₹ '000)
March	600
April	700
May	800
June	500

40% of its sales are expected to be for cash. Of its credit sales, 80% are expected to be realised in the next month and the balance in the second month. The value of sales receipts to be shown in cash budget for May 2019 is (in ₹ '000):
(a) 660
(b) 728
(c) 740
(d) 860

40.
A method of budgeting whereby all activities are revaluated each time a budget is set is called:
(a) appropriation budgeting.
(b) master budget.
(c) programme budgeting.
(d) zero base budgeting.

41.
Which one of the following is NOT a responsibility of a Budget Committee?
(a) To provide all historical data to the functional heads
(b) Preparation and development of Departmental Budget
(c) Providing central guidelines
(d) Approving the functional budgets after making the required changes

42.
Master budget is prepared:
(a) after preparation of all the functional budgets.
(b) after preparation of flexible budgets.
(c) before preparation of the cash budget.
(d) at the beginning of all other budgets.

43.
The budget cost for repairs and maintenance at 15000 units and 18000 units levels are ₹ 2,50,000 and ₹ 2,95,000 respectively. If 20000 units are to be produced, how much should be budgeted for repairs and maintenance?
(a) ₹ 3,15,000
(b) ₹ 3,10,000
(c) ₹ 3,25,000
(d) ₹ 3,35,000

44.
Zero-base budgeting has been developed on the premises that:
(a) the amount of current budgetary allocation should always be above the previous allocation.
(b) each manager justifies his budgetary requests.
(c) the controlling authority making the budgetary allocation enjoys the privilege of making a higher allocation than what the manager has asked for.
(d) resources are unlimited.

45.
If the current ratio is 2.5 and net working capital is ₹ 45,000 what is the value of current assets?
(a) ₹ 75,000
(b) ₹ 1,12,500
(c) ₹ 80,000
(d) ₹ 72,000

46.
'XYZ' Limited has current PBIT of ₹ 16,80,000 on the total assets of ₹ 84,00,000. The company has decided to increase assets by ₹ 20,00,000, which is expected to increase the operating profit before depreciation by ₹ 5,52,000. There will be a net increase in depreciation by ₹ 3,60,000. The resultant ROI will be:
(a) 20%
(b) 18%
(c) 21.46%
(d) 22%

47.
The current assets and working capital of a firm are ₹ 80,000 and ₹ 50,000 respectively. How much can the firm borrow on a short-term basis to maintain its current ratio of 1.50?

(a) ₹ 35,000
(b) ₹ 50,000
(c) ₹ 70,000
(d) ₹ 1,00,000

48.
Trend Percentage Analysis (TPA) helps comparing the performance of a company:

(a) with other companies of the same industry.
(b) with other industries.
(c) over a period of time for the same company.
(d) to estimate the future performance of the company only.

49.
As per Du Pont analysis:
$a/b = a/c \times c/b$
where,

(a) a = Net Profit, b = Sales and c = Total Assets
(b) a = Total Assets, b = Sales and c = Net Profit
(c) a = Sales, b = Net Profit and c = Total Assets
(d) a = Net Profit, b = Total Assets and c = Sales

50.
As per extended Du Pont analysis:
$ROE = NPM \times TATR \times x/y$
Where, ROE = Return on Equity
NPM = Net Profit Margin
TATR = Total Asset Turnover Ratio
Here, x/y represents:

(a) Debt / Equity
(b) Total Assets / Sales
(c) Total Assets / Equity
(d) Equity / Debt

51.
Budgeted annual sales of a firm is ₹ 80,00,000 and 25% of the sales are on cash basis. If average amount of debtors of the firm is ₹ 10,00,000, find the average collection period of the firm:

(a) 2.4 months
(b) 2 months
(c) 1 month
(d) 1.5 months

52.
A higher price-earnings ratio indicates:

(a) higher competition in the line of business.
(b) better productivity of the firm.
(c) improved capital structure of the firm.
(d) higher expected future income of the firm compared to its current income.

53.
If Degree of Financial Leverage (DFL) = 4/3, which one of the following will be the interest coverage ratio?

(a) 3
(b) 4
(c) 3/4
(d) 1.33

54.
The following data applies to a firm:

Interest charges	:	₹ 1,50,000
Loan repayment instalment	:	₹ 2,00,000
Depreciation	:	₹ 1,00,000
Profit after tax	:	₹ 4,50,000

What is the debt service coverage ratio of the firm?

(a) 3
(b) 4
(c) 1.71
(d) 2

55.
'ABC' Construction Company undertook a contract for ₹ 5,00,000 on 1st January, 2018. On 31st December, 2018 profit transferred to Costing Profit and Loss Account was ₹ 96,000. Cost of work uncertified was ₹ 1,20,000 and cash received (being 80% of work certified) was ₹ 2,50,000. What is the notional profit?

(a) ₹ 1,64,000
(b) ₹ 1,50,000
(c) ₹ 1,44,000
(d) ₹ 1,80,000

56.
Which one of the following is NOT an example of multiple or composite costing?

(a) Bicycle
(b) Toy manufacturing
(c) Automobile industry
(d) Textile industry

57.
Which one of the following items of cost is NOT excluded from cost records?

(a) Financial charges or losses
(b) Financial income or gains
(c) Implicit charges
(d) Profit appropriations

58.

Consider the following information:

Market demand per month	:	500 units
Setting-up cost per batch	:	₹ 120
Cost of manufacture per unit	:	₹ 20
Rate of interest	:	10% p.a.

Which one of the following is the Economic Batch Quantity (EBQ)?

(a) 600 units
(b) 848.53 units
(c) 268.33 units
(d) 1200 units

59.

Cost, which requires their occurrence in cash, is known as:

(a) explicit cost.
(b) opportunity cost.
(c) unavoidable cost.
(d) differential cost.

60.

Under net realisable value method of apportionment of joint costs, the sales value of joint products is reduced by which of the following?

1. Estimated profit margin
2. Selling and distribution expense
3. Post-split-off costs

Select the correct answer using the code given below:

(a) 1 only
(b) 2 and 3 only
(c) 1 and 3 only
(d) 1, 2 and 3

61.

In a production process, normal loss is 10% of input and abnormal gain amounting to 800 units. If final output of the process is 18800 units then the actual loss in process will be:

(a) 1200 units
(b) 1800 units
(c) 2000 units
(d) 1880 units

62.

'SR' Limited has agreed to supply 40000 units of an instrument next year on regular basis to 'RS' Limited. It is estimated that inventory holding cost per instrument per month is ₹ 0.20 and set-up cost per run of instrument manufacturing is ₹ 480. Assuming that 'SR' Limited is manufacturing this instrument solely for 'RS' Limited, what should be its optimum run-size?

(a) 4000 units
(b) 4200 units
(c) 13857 units
(d) 12400 units

63.

While calculating profits from an incomplete contract, 1/3rd of the notional profit is transferred to the year's Profit and Loss Account when the work completed is:

(a) less than 25%.
(b) 25% and above but less than 50%.
(c) 50% and above.
(d) closer to 100%.

64.

During a month, 10000 units were introduced into Process I. Units processed and transferred to Process II were 6000 units. 3400 units were incomplete at the end of the month. Normal loss is 10% of input. There was no opening work-in-progress. Which one of the following statements is correct?

(a) Normal loss 1000 units and abnormal loss 3000 units
(b) Normal loss 1000 units and abnormal gain 600 units
(c) Normal loss 600 units and abnormal gain 400 units
(d) Normal loss 1000 units and abnormal gain 400 units

65.

A firm's Profit Volume ratio is 50% and fixed cost is ₹ 10,00,000. To earn a profit of ₹ 10,00,000 the firm should sell goods worth:

(a) ₹ 40,00,000
(b) ₹ 20,00,000
(c) ₹ 30,00,000
(d) ₹ 50,00,000

66.

Margin of safety is determined by using:

(a) Profit / Profit Volume ratio.
(b) Contribution – Fixed cost.
(c) BEP Sales + Actual sales.
(d) Sales × Profit Volume ratio.

67.

The amount by which the aggregate costs are changed for the change of one unit of volume is termed as:

(a) Fixed cost.
(b) Nominal cost.
(c) Marginal cost.
(d) Total cost.

68.
Consider the following information:

Sales per unit	:	₹ 100
Variable cost	:	40%
Units sold	:	800
Profit	:	₹ 28,000

Which one of the following is the value of fixed cost?
(a) ₹ 80,000
(b) ₹ 2,80,000
(c) ₹ 32,000
(d) ₹ 20,000

69.
A firm produced and sold 10000 units in a month and suffered a loss of ₹ 10,000. In the next month, the firm produced and sold 20000 units and made a profit of ₹ 10,000. What is the contribution per unit if variable cost per unit is ₹ 5?
(a) ₹ 2
(b) ₹ 3
(c) ₹ 4
(d) ₹ 5

70.
Consider the following information:

Sales	:	₹ 50,000
Fixed cost	:	₹ 20,000
Break Even Point	:	₹ 40,000

Which one of the following is the Contribution / Sales ratio?
(a) 0.3
(b) 0.4
(c) 0.5
(d) 0.2

71.
A firm has monthly fixed cost of ₹ 30,000 and earns ₹ 40,000 profits in a month at a sale of ₹ 3,50,000. The firm’s break even sales and margin of safety respectively are:
(a) ₹ 2,00,000 and ₹ 1,50,000
(b) ₹ 2,50,000 and ₹ 1,00,000
(c) ₹ 1,50,000 and ₹ 2,00,000
(d) ₹ 1,50,000 and ₹ 2,50,000

72.
A firm incurs a loss of ₹ 20,000 on a monthly sale of ₹ 1,00,000. In the next month it plans to increase its sales by 50% to earn a profit of ₹ 10,000. What is the break-even sales?
(a) ₹ 1,40,000
(b) ₹ 1,33,333
(c) ₹ 1,20,000
(d) ₹ 1,10,000

73.
A firm has generated sales of ₹ 2,00,000 and ₹ 3,00,000 over the last two years, with a corresponding profit of ₹ 40,000 and ₹ 70,000. What is the annual fixed cost?
(a) ₹ 30,000
(b) ₹ 20,000
(c) ₹ 40,000
(d) ₹ 50,000

74.
Product X has a standard cost of ₹ 25, ₹ 6 of which relates to direct materials. Budgeted production for the month was 1600 units. During the month, 1500 units of X were produced and materials worth ₹ 9,000 were purchased. There was no opening stock of materials but closing stock, which was valued at standard cost, amounted to ₹ 1,000. What is the total variance for materials?
(a) ₹ 500 (F)
(b) ₹ 500 (A)
(c) ₹ 1000 (F)
(d) ₹ 1000 (A)

75.
A company budgets for fixed overheads of ₹ 24,000 and production of 4800 units. Actual production is 4200 units and the fixed overhead incurred is ₹ 20,000. What is the fixed volume variance?
(a) ₹ 3,000 (A)
(b) ₹ 3,000 (F)
(c) ₹ 1,000 (A)
(d) ₹ 2,000 (F)

76.
NPV and IRR techniques of capital budgeting can give contradictory results in the following situations:
1. Mutually exclusive projects having different scale of investment
2. When projects have conventional cash flows
3. Mutually exclusive projects having unequal lives
4. When projects are of independent nature

Which of the statements given above are correct?
(a) 2 and 4 only
(b) 1 and 3 only
(c) 1, 3 and 4
(d) 2, 3 and 4

77.
Standard cost of materials for an output of 4800 units is ₹ 1,20,000 and the actual output from the same quantities of the materials is 4550 units. What will be the material usage variance if material mix variance is ₹ 2,750 (A)?
(a) ₹ 3,500,(A)
(b) ₹ 6,250 (A)
(c) ₹ 9,000 (A)
(d) ₹ 9,000 (F)

78.
The standard quantity required to produce one ton of output is 60 units at a standard rate of ₹ 10 per unit. During a given period, the firm has produced 50 tons of output by consuming 2950 units at a total cost of ₹ 30,975. What is the material cost variance of the firm?
(a) ₹ 1,475 (A)
(b) ₹ 975 (F)
(c) ₹ 975 (A)
(d) ₹ 1,475 (F)

79.
SOAP in ERP stands for:
(a) Standard Option Access Protocol
(b) Standard Operating Access Protocol
(c) Simple Object Access Protocol
(d) Single Object Access Protocol

80.
The Cost Accounting Standard Board, in order to bring uniformity and consistency in the method of determining Research and Development Cost, has issued detailed guidelines through Cost Accounting Standard known as:
(a) CAS 15
(b) CAS 16
(c) CAS 11
(d) CAS 18

81.
Identify the document against which materials can be issued by the stores department?
(a) Stores requisition
(b) Material slip
(c) Stores slip
(d) Bin card

82.
A quantitative record of the all receipts, issues and balance of material after each receipt or issue is found in:
(a) Accounts ledger
(b) Bin card
(c) Re-order level
(d) Re-order quantity

83.
Cost of material consumed is always equal to:
(a) Opening stock of raw materials + Purchases – Closing stock of raw materials
(b) Opening stock of raw materials + Purchases returns – Closing stock of raw materials
(c) Opening stock of raw materials + Closing stock of raw materials – Returns
(d) Opening stock of raw materials – Closing stock of raw materials + Returns

84.
Danger level of inventory is obtained by calculating:
(a) average consumption × maximum re-order period for emergency purchases.
(b) average consumption × re-order level + re-order quantity.
(c) re-order level + re-order quantity + EOQ.
(d) EOQ + average consumption × number of safety days.

85.
Average stock level is always equal to:
(a) Minimum stock level + ½ re-order quantity
(b) Re-order quantity + ½ re-order level
(c) EOQ + maximum stock level/2
(d) EOQ + buffer stock + re-order level

86.
Carrying cost of material does NOT include:
(a) cost of storage space.
(b) cost of bins and racks.
(c) cost of obsolescence.
(d) cost of defective materials replacement.

87.
Consider the following information:
1. Minimum, average and maximum consumption per week = 400 kg, 600 kg and 750 kg
2. Minimum, average and maximum lead time = 3 weeks, 5 weeks and 7 weeks

Which one of the following is the re-order level?
(a) 5000 kg
(b) 6800 kg
(c) 5250 kg
(d) 6000 kg

88.
What is just in time purchasing?
(a) Purchase when required only
(b) Purchase before production
(c) Purchased just to store
(d) Purchase to display

89.
During a month, the opening stock of raw materials were ₹ 4,00,000. Purchases made were ₹ 7,50,000. Payment made for the same was ₹ 6,00,000 and purchases returns were ₹ 50,000. Closing stock is nil. What is the value of materials consumed?
(a) ₹ 11,00,000
(b) ₹ 6,00,000
(c) ₹ 5,50,000
(d) ₹ 1,50,000

90.
Why weighted average method of pricing material issues is considered best?

1. Cost comparison of different jobs can be easily made
2. Production is charged at the most recent price
3. It helps in smoothing out fluctuations in prices
4. Product is charged at the old price

Select the correct answer using the code given below:

(a) 1 and 4
(b) 1, 2 and 3
(c) 1 and 3 only
(d) 2 and 4

91.
Why is a material requisition raised?

(a) To intimate the supplier the quantity and quality of material required
(b) When stock of material has reached re-order level
(c) When material contained therein is required to be issued from stores department
(d) To request the purchase department for purchasing the material contained therein

92.
A perpetual inventory system may be defined as:

(a) checking of physical stock against the bin card information on continuous basis.
(b) checking of stock on the same date in each accounting period.
(c) maintenance of bin cards and store-ledger cards on continuous basis.
(d) ensuring that stock taking procedures conform to a previously agreed procedure.

93.
The value of the rupee received at the end of each year for three years discounted at 10% per annum will be:

(a) more than ₹ 3.00.
(b) ₹ 3.00.
(c) sum of the discounted value of ₹ 1.00 at the end of each year.
(d) ₹ 3.00 plus interest.

94.
In a make or buy decision the management is undecided between make and buy. When the monthly requirement of the component is 10000 units the firm should opt for:

(a) make if requirement is 12000 units.
(b) make if requirement is 8000 units.
(c) buy if requirement is 12000 units.
(d) buy for any level of requirement in units.

95.
Which one of the following statements regarding Decision Rule of MIRR is correct?
(a) If Modified Internal Rate of Return (MIRR) $\geq$ Required rate of Return: Accept the proposal
(b) If Modified Internal Rate of Return (MIRR) $\leq$ Required rate of Return: Accept the proposal
(c) If modified Internal rate of Return (MIRR) $<$ Required Rate of Return: Accept the proposal
(d) If Modified Internal Rate of Return (MIRR) $>$ Required Rate of Return: Reject the proposal

96.
Which one of the following costs does NOT involve any cash outlay and are computed and considered only for the purpose of decision-making?
(a) Imputed costs
(b) Out-of-pocket costs
(c) Sunk costs
(d) Avoidable costs

97.
P/V ratio is used as a criterion for deciding product mix when:
(a) there is scarcity of material.
(b) there is scarcity of labour.
(c) sales potential in terms of units are limited.
(d) sales potential in terms of value is limited.

98.
Which one of the following helps in calculating the ‘shut down point’?
(a) Standard costing
(b) Marginal costing
(c) Opportunity costing
(d) Replacement costing

99.
When increase in cost results because of increase the level of activity, the differential cost is known as:
(a) net relevant cost.
(b) decremental cost.
(c) incremental cost.
(d) conversion cost.

100.
Contribution per unit is used as a criterion for assessing profitability of products when:
(a) sales potential in terms of value is limited.
(b) material is in short supply.
(c) there is scarcity of labour.
(d) sales potential in terms of units are limited.

101.
In determining transfer price, which one of the following is NOT considered?
(a) Centralization of decision
(b) Goal congruence
(c) High level of decentralization
(d) Sub-unit autonomy

102.
According to CAS–24 which one of the following is NOT an item of other operating revenue?
(a) Sale of By-products
(b) Export incentives received from Government
(c) Profit on sale of property
(d) Sale of manufacturing scrap

103.
IRR is one of the sophisticated techniques of capital budgeting, because it:
(a) considers time value of money with a rate.
(b) ignores present value of money.
(c) is calculated at an assumed cost of capital.
(d) is calculated without an assumed cost of capital.

104.
Bailout Payback time of a capital project is reached, when its cumulative cash receipts plus it's salvage value at the end equal its:
(a) initial investment.
(b) rate of return expected.
(c) nominal return.
(d) discount rate.

105.
If the Internal Rate of Return (IRR) is more than the required rate of return, then the project is:
(a) rejected
(b) evaluated
(c) considered for payback period
(d) accepted

106.
A firm has to impose restrictions on the selection of capital projects so as to maximize the use of available resources. This is known as:
(a) capital rationing
(b) capital budgeting
(c) capital expenditure
(d) revenue expenditure

107.
While computing Net Cash Flow, for determining Net Present Value (NPV), the value of depreciation charged during the year is added back:
(a) after deducting taxes.
(b) before deducting taxes.
(c) after deducting salvage value.
(d) before adding scrap value

108.
According to CAS–7, which one of the following is NOT included in employee cost?
(a) Payment made to employees engaged by employer on contract basis
(b) Employees cost incurred in kind
(c) Compensation paid to employees for the past service on account of any dispute / Court order
(d) Employees cost incurred on retirement / separation benefits

109.
Standard overhead for actual output is called as:
(a) Standard overhead
(b) Budgeted overhead
(c) Recovered overhead
(d) Actual overhead

110.
The process of planning expenditure that will influence the operation of a firm over a number of years is called:
(a) investment.
(b) capital budgeting.
(c) dividend valuation.
(d) net present valuation.

111.
If expected sales (based on competitor's price) are ₹ 1,00,000; required rate of return on cost of sale is 25%; present feasible cost of sales is ₹ 90,000; what should be the cost reduction target for this level?
(a) ₹ 10,000
(b) ₹ 20,000
(c) ₹ 15,000
(d) ₹ 5,000

112.
Customer relationship management refers to:
(a) network of facilities and distribution options that performs the function of procurement of materials, transformation of these materials into intermediate and finished products and the distribution of these finished products to customer.
(b) fast analysis of shared multidimensional information system.
(c) computer based tool for mapping and analysing things that exist and events that happen on earth.
(d) methods and technologies used by companies to manage their relationship with clients.

113.
What is Data mining?
(a) Data stored for business analysis can most effectively be accessed by separating it from the data in the operational systems
(b) The process of identifying valid, potentially useful and ultimately comprehensible knowledge from data bases to make crucial business decisions
(c) The tools and systems that play a key role in the strategic planning process of the corporation
(d) The practice of interactive methodical exploration of an organizations data with emphasis on statistical analysis

114.
Which one of the following is NOT a hidden cost of implementation of ERP?
(a) Brain drain
(b) Data conversion
(c) Training of employees
(d) Core software license fee

115.
Which one of the following is a technological risk of ERP?
(a) Programme management and execution
(b) Business process re-engineering
(c) Stage transition
(d) Software functionality

116.
The slack in PERT is computed by comparing:
(a) earliest start time with latest start time for any activity.
(b) earliest start time with earliest finish time.
(c) latest start time with latest finish time.
(d) latest start time with expected time.

117.
In PERT/CPM the latest start time and latest finish time for each activity is computed using:
(a) forward pass.
(b) backward pass.
(c) critical path.
(d) probabilistic time.

118.
Which one of the following is NOT a feature of program evaluation and review technique (PERT)?
(a) Crashing a project
(b) Event oriented technique
(c) Non-repetitive nature
(d) Used probabilistic time estimation

119.
Which one of the following Cost Accounting Standard is related to "Pollution Control Costs"?

(a) CAS–3
(b) CAS–13
(c) CAS–14
(d) CAS–19

120.
Which one of the following is NOT a motivating factor for downsizing?

(a) Reducing working hours
(b) Reduce costs
(c) Right size resources relative to market demand
(d) Release the least-productive resources