



# **MULTIPLE CHOICE QUESTIONS AND ANSWERS (MCQs) INTERMEDIATE EXAMINATION**

**(Syllabus 2022)**

**WESTERN INDIA REGIONAL COUNCIL OF  
The Institute of Cost Accountants of India**  
*(Statutory Body under an Act of Parliament)*

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**Note:** In case of discrepancies in answers, views expressed by Directorate of Examination are full and final.

## *President's Message*



Warm greetings to all CMA students,

I am delighted to share some exciting news with you all that the Western India Regional Council (WIRC) of ICMAI is unveiling a comprehensive Multiple Choice Questions & Answers Bank.

As we all know, consistent preparation using various methods, including MCQs, is instrumental in our overall readiness for examinations. These objective questions play a crucial role in ensuring success in our academic pursuits.

I extend my heartfelt congratulations to CMA Chaitanya Mohrir, Chairman of WIRC – ICMAI, and CMA Mihir Vyas, Chairman of the Students, Members & Chapters' Coordination Committee, WIRC – ICMAI, for spearheading this commendable initiative. Their dedication and enthusiasm in implementing such a beneficial program for students deserve recognition.

I am confident that the Multiple Choice Questions and Answers bank will greatly aid in your exam preparation and pave the way for impressive scores in the upcoming examinations. This resource is equally valuable for the students of Intermediate and Final Course, offering concise and focused guidance for effective revision.

A special note of gratitude goes to CMA P. D. Modh, who served as the resource person for developing the MCQs. His expertise and efforts have contributed immensely to this invaluable resource.

I want to reassure all students that WIRC remains committed to its mission of serving students and will continue to provide support and resources to enhance your learning journey.

With best regards,

**CMA Ashwin G. Dalwadi**  
*President, ICMAI*

## FORWARD



It is said that if a person can answer the objective type questions in a professional examination he/she has an edge to score high in the examination. However, it is a double edged sword as objective questions are sometimes tougher as they cover the nitty gritty of the syllabus. It is epitome for a student to study comprehensively to score high in the multiple choice questions. The objective of this publication is to enable the students to help them in the process of understanding and preparing for the examination.

The Multiple Choice Question Answers papers are set in different styles i.e. true or false statements, multiple choice etc. question paper is having due weightage to objective type.

This book is an attempt by WIRC to provide questions of various types in varied subjects of our Institute's Intermediate Course.

I acknowledge the valuable support of CMA P.D. Modh for publishing this book. I have the great pleasure in associating with them in their attempt. I am confident that this monumental collective work will receive accord and appreciation from the students and teaching fraternity. I thank the Students' Coordination Committee for their efforts in materializing this publication for the benefit of the students.

I wish all success to the students and wish them all the best for the upcoming examination.

**CMA Chaitanya Laxmanrao Mohrir**

*Chairman,*

*Western India Regional Council*

*The Institute of Cost Accountants of India*

## *Students Committee Chairman's Message*



It gives me immense pleasure to state that the Western India Regional Council had released the publication of Multiple Choice Questions & Answers for Intermediate Students.

The publication is very useful as multiple type of questions are a mandatory part for the examination of the Intermediate Students and the scores are very much important for overall evaluation of the performance of the students.

I would like to thank CMA P.D. Modh, who had contributed for the publication which is useful for the preparation of the students.

I would also like to thank CMA Chaitanya Laxmanrao Mohrir, Chairman, WIRC-ICMAI, CMA Arindam Goswami, Vice-Chairman, WIRC- ICMAI and CMA Nanty Shah, Treasurer, WIRC-ICMAI and all the Council Members.

I would like to thank CMA Ashwin G Dalwadi, Hon'ble President, ICMAI for his wholehearted support.

I wish all the students all the best for the upcoming examination and hope that they take the best from the MCQs for their preparation for the examination.

Warm Regards,

**CMA Mihir Narayan Vyas**

*Hon Secretary & Chairman,*

*Students Coordination Committee*

*ICMAI - WIRC*

**MULTIPLE CHOICE QUESTIONS AND ANSWERS (MCQs)**  
**INTERMEDIATE EXAMINATION**  
**(SYLLABUS 2022)**

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# Paper 5 – Business Laws & Ethics

1. Which is not having sole many resolved to constitute of India?
  - (a) Justice
  - (b) Wisdom
  - (c) Equality
  - (d) Liberty
2. Article 15(1) provides the state not discriminate against any citizen on which if not ground of
  - (a) Religion
  - (b) Race
  - (c) Cast
  - (d) Designation
3. Which of the article provides that no religious instruction shall be provided in any educational institute wholly maintain out of the state funds
  - (a) Article 25
  - (b) Article 26
  - (c) Article 27
  - (d) Article 28
4. If consideration and object are unlawful in part section 24 is
  - (a) void agreement
  - (b) voidable contract
  - (c) not any of above two
5. Which of the following is not for disqualification of person?
  - (a) Alien enemy
  - (b) Convicts
  - (c) Insolvents
  - (d) None of the above
6. Claim for necessaries supplied to person incapable of contracting or on his account, this Quasi contract under section
  - (a) 68
  - (b) Section 70
  - (c) 69
  - (d) Section 71
7. A agrees to buy a certain horse. It turns out the horse was dead at the time of bargaining though neither party was aware of the fact agreement is

- (a) illegal
- (b) void
- (c) voidable
- (d) None of above

8. Novation is discharged by

- (a) Agreement
- (b) Performance
- (c) By lapse of time
- (d) By law

9. Insolvency is discharged by

- (a) Law
- (b) Agreement
- (c) Lapse of time
- (d) None of above

10. In Indemnity contract, there are

- (a) two parties
- (b) three parties
- (c) many parties
- (d) none of above

11. Match A with B

**A**

- (1) Novation
- (2) Ratification
- (3) Three parties
- (4) Sec.68

**B**

- (1) Agency contract
- (2) Contract of guarantee
- (3) Discharge of contract
- (4) Quasi contract

12. Section 150 concerns with

- (a) Bailor's duty
- (b) Bailor's rights
- (c) Bailee's right
- (d) Bailee's duty

13. When principal is insolvent this situation

- (a) Novation can be done
- (b) Termination of agency
- (c) Matter of indemnity
- (d) None of above



14. Which is executor contract
- (a) Sale
  - (b) Agreement of sell
  - (c) Both sales and agreement to sell
  - (d) None of above
15. Stipulated in which essential to main purpose of the contract is
- (a) Condition
  - (b) Warranty
  - (c) Agreement to sell
  - (d) None of above
16. Sales by disruption is
- (a) implied condition
  - (b) implied warrantee
  - (c) it is both
  - (d) None of above
17. Let the buyer beware is concern with
- (a) doctrine of caveat empire
  - (b) warranty
  - (c) implied condition
  - (d) none of above
18. Which is not right of unpaid seller
- (a) A lien
  - (b) right to stoppage in transits
  - (c) right resale
  - (d) None of above
19. Which is not essential feature of Negotiable instrument
- (a) there must minimum three parties
  - (b) must be in writing
  - (c) must be signed by maker or drawer
  - (d) must be promise or order to pay
20. Cheque is define under section of Negotiable instrument
- (a) Section 2
  - (b) Section 4
  - (c) Section 5
  - (d) Section 6

21. Limitation of promissory notes is
- (a) 6 months
  - (b) 9 months
  - (c) 3 years
  - (d) 12 months
22. Which is not the type of endorsement
- (a) Full
  - (b) Blank
  - (c) Partial
  - (d) Restrictive
23. Which is not qualified acceptance
- (a) Accepted payable when in funds
  - (b) A bill drawn for Rs.1000 accepted for Rs.900 only
  - (c) Accepted payable on receiving income tax returned
  - (d) None of above
24. Which is not the point for discharge liability of negotiable instrument
- (a) Negotiation
  - (b) Cancellation
  - (c) Release
  - (d) Payment
25. Noting under section of Negotiable Act
- (a) Sec.99
  - (b) Sec.100
  - (c) Sec.101
  - (d) Sec.102
26. Which is not a type of partner
- (a) sleeping partner
  - (b) secret partner
  - (c) working partner
  - (d) None of above
27. Minimum number of member is 2 and maximum no limit of members is
- (a) HUF
  - (b) LLP
  - (c) Association
  - (d) Partnership

28. Which cannot be a member of LLP
- (a) Body corporate
  - (b) Co-operative society
  - (c) LLP incorporated outside India
  - (d) A company incorporated outside India
29. How many designated partners should have
- (a) One
  - (b) Two
  - (c) Three
  - (d) No such limit
30. Which is not true conversion
- (a) Conversion from firm into LLP
  - (b) Conversion from private company into LLP
  - (c) Conversion from unlisted company into LLP
  - (d) Conversion from Co-operative society into LLP
31. Section 54 provides that no adult worker shall be allowed to work in a factory more than a day
- (a) 9 hours
  - (b) 10 hours
  - (c) 12 hours
  - (d) 16 hours
32. Which is not the scheme as per PF act is not provided
- (a) Employee's provident fund scheme
  - (b) Employee's pension scheme
  - (c) Employee's Deposit link insurance scheme
  - (d) Employees welfare scheme
33. The code on wages started
- (a) 1952
  - (b) 1967
  - (c) 2014
  - (d) 2019
34. Which is not covering in seven principles of public life
- (a) objectivity
  - (b) wisdom
  - (c) openness
  - (d) honesty

35. Which is not one of the component of emotional intelligence
- (a) Self awareness
  - (b) Self control
  - (c) Motivation
  - (d) Self wisdom
36. One company person is classified as
- (a) Private company
  - (b) Public company
  - (c) Can be both
  - (d) None of above
37. When Karta is died HUF will
- (a) continue
  - (b) dissolved
  - (c) optional
  - (d) None of above
38. Self-awareness is the components of
- (a) Emotional Intelligence
  - (b) Business ethics
  - (c) Moral
  - (d) None of above
39. Who is not the Key Managerial personal as per Section 2(51)
- (a) CEO
  - (b) Company Secretary
  - (c) CFO
  - (d) Consultant
40. Which are the section covering Internal Financial control for Financial Reporting
- (a) Sec.134, 143, 177
  - (b) Sec. 143, 148, 151
  - (c) Sec. 143, 148, 177
  - (d) Sec. 144, 148, 159
41. Which of the Section of Company Act provides that person shall not be eligible for appointment as a Director of a Company.
- (a) Sec.164
  - (b) Sec.168
  - (c) Sec.148
  - (d) Sec.165

42. Under Sec.100(4) extra ordinary meeting shall be conducted of the valid requisition of
- 45 days
  - 30 days
  - 21 days
  - 14 days
43. Match A with B
- | <b>A</b>              | <b>B</b>   |
|-----------------------|--|
| (1) First AGM         | (1) Within 6 months of close of the financial year     |
| (2) AGM               | (2) Within 45 days after receipts of valid requisition |
| (3) Extra Ordinary GM | (3) Within 9 months from the close of Financial year   |
44. Which is not the method of voting?
- voting by show of hands
  - voting through electronic means
  - voting by poll
  - voting by remaining absent
45. The period gap between the grant of option and vesting of option will be
- 1 month
  - 3 month
  - 6 month
  - 12 months
46. Which Section of the Company Act deals with the articles of company
- Sec. 5
  - Sec. 6
  - Sec. 7
  - Sec. 8
47. The public company having paid up share capital of ten crore or more shall have at least independent director
- 2 Nos
  - 1 No
  - 3 Nos
  - No any limit
48. Which is cover under value free ethics
- Business moral
  - Emotional intelligence
  - Live like brother does the business like strangers
  - Seven principles in public life

49. Every foreign LLP shall file with the registrar the statement of Accounts and solvency in
- (a) Form No.8
  - (b) Form No.5
  - (c) Form No.7
  - (d) Form No.10
50. Gratuity is calculated on the basis of the continuous service rendered by the employees for every completed years or part in excess of
- (a) Six months
  - (b) One months
  - (c) 3 months
  - (d) 9 months
51. The regional Director shall communicate the confirmation of shifting of registered office within
- (a) 30 days
  - (b) 45 days
  - (c) 60 days
  - (d) 90 days
52. No prospects will be valid if it is issued after the date on which copy thereof is delivered to the Registrar
- (a) 90 days
  - (b) 60 days
  - (c) 45 days
  - (d) 30 days
53. What should be the maximum time gap between two annual general meeting of a company
- (a) 15 months
  - (b) 6 months
  - (c) 12 months
  - (d) 18 months
54. A general meeting may be called after giving a shorter notice if consent is given by not less than members entitled to vote at such meeting
- (a) 95%
  - (b) 45%
  - (c) 5%
  - (d) 100%
55. Every employee shall be entitled to receive bonus from his employer in an accounting year if he has worked for not less than
- (a) 30 working days

- (b) 45 working days
- (c) 90 working days
- (d) 180 working days

56. Match A with B

**A**

- 1. Fraud
- 2. Cost Index number
- 3. Emotional Intelligence
- 4. MGt-9

**B**

- 1. Extract of the annual return of a company
- 2. Self-awareness
- 3. Concern with free consent
- 4. Minimum Wages

57. The sweat equity shares shall be locked from the date of allotment

- (a) 3 years
- (b) 1 year
- (c) 6 years
- (d) None of above

58. Seven principles of public life were set out by

- (a) Lord Nolan
- (b) Fedric Taylor
- (c) Peter Drucker
- (d) Mayo

59. Remission means acceptance of a lesser performance than what is actually the under the contract is

- (a) True
- (b) False
- (c) Both, true and false

60. An instrument of the Proxy shall be deposited with the registered office of the company before conduct of the meeting within

- (a) 48 hours
- (b) 24 hours
- (c) 36 hours
- (d) 1 hour

61. The employers and employee's contribution of ESI fund is

- (a) 3.25% and 0.75%
- (b) 3.00% and 1.00%
- (c) 3.00 and 0.75%
- (d) 3.50 and 1.25%

62. A LLP shall file the annual return with registrar within
- (a) 60 days
  - (b) 45 days
  - (c) 15 days
  - (d) 90 days
63. Occupier of every factory shall provide and maintain suitable rooms for the use of the children under the age of six years of women workers where the number of such women workers exceeds
- (a) 10
  - (b) 20
  - (c) 30
  - (d) 40
64. Application for Director identification number (DIN) is to be made to central Govt. in form
- (a) DIR 2
  - (b) DIR 4
  - (c) DIR 5
  - (d) DIR 1
65. When partnership firm is continued even after the expiry of fixed term is called
- (a) Temporary partnership
  - (b) Joint venture
  - (c) Partnership at will
  - (d) Partnership by estopale
66. A and B agree to divide the profit of a business in equal shares but the loss any, is to be borne by B. The partnership agreement is
- (a) void
  - (b) voidable
  - (c) lawful
  - (d) illegal
67. The maximum number of parties in a contract may be
- (a) infinite
  - (b) two
  - (c) three
  - (d) none of above
68. If gratuity is not paid within 30 days from the date, it becomes payable simple interest is payable on the expiry of the said period at the rate of
- (a) 10%
  - (b) 9%



- (c) 6%
  - (d) 4%
69. The maximum limit of bonus payable to an employee is fixed by way of % of salary or wages earned by the employee during the accounting year. % is
- (a) 6%
  - (b) 9%
  - (c) 12%
  - (d) 20%
70. A meeting of Board of Director must be held at least once in every
- (a) 3 months
  - (b) 2 months
  - (c) 6 months
  - (d) 12 months
71. Only designated parties are liable to obtain unique identification number called
- (a) DIN
  - (b) UDIN
  - (c) DPIN
  - (d) None of above
72. White wash of color wash should be carried out at least once in every period of
- (a) 14 months
  - (b) 24 months
  - (c) 12 months
  - (d) 18 months
73. In case of e-voting notice shall be sent as attachment in
- (a) PDF format
  - (b) Excel file
  - (c) Website
  - (d) None of above
74. A company shall send copy of each of the document such as memorandum etc. on request by him in
- (a) 7 days
  - (b) 14 days
  - (c) 21 days
  - (d) 30 days
75. Shifting of registered office with in same state required

- (a) Form No. INC 23
- (b) Form No. INC 22
- (c) Form No. INC 24
- (d) None

76. Perpetual succession is concern with

- (a) Existence from the time of incorporation to winding up
- (b) Business ethics
- (c) Emotional intelligence
- (d) None of above

77. Form No. INC-11 is concern with

- (a) Certificate of incorporation
- (b) Certificate of windup
- (c) Certificate of accepting change
- (d) None of above

78. Promise to pay Rs.1000, if it is rains today is

- (a) Contingency contract
- (b) Lawful contract
- (c) Quasi contract
- (d) Wagering contract

79. Consensus adidom

- (a) identity of minds
- (b) test of ethics
- (c) test of free consent
- (d) None of above

80. Section 108 of companies Act 2013

- (a) Voting through electronic means
- (b) Prospectus
- (c) Right issue
- (d) Appointment of Directors

81. Which is not the character of obifar diets in a judgment by Court?

- (a) Persuasive but not authenticative
- (b) Do not bind the judges
- (c) Bind the judges
- (d) Not critical

82. Which is not type of offer

- (a) counter offer
- (b) delayed offer
- (c) cross offer
- (d) open offer

83. It is an agreement which is binding and enforceable but due to lack of one or more of the essential of a void contract is called

- (a) void agreement
- (b) unlawful agreement
- (c) voidable contract
- (d) none of above

84. Which is not amount of coercion

- (a) Threatening to commit any act forbidden by Indian penal code
- (b) Unlawful detaining
- (c) Threat to file a suit

85. Which is not discharge by operation of law

- (a) Merger
- (b) Insolvency
- (c) Death
- (d) Remission

86. Which is exception of a contract of guarantee

- (a) contract is valid if the principal debtor is incompetent to contract
- (b) must have all essential of valid contract
- (c) Principal debtor is primary liable
- (d) Debt must be legally enforceable

87. Release of one cosuritey under section

- (a) Sec.138
- (b) Sec.137
- (c) Sec.136
- (d) Sec.135

88. Joint sitting of both the house in certain cases as per article Sec.

- (a) 108
- (b) 107
- (c) 106
- (d) 105

89. Alibi means

- (a) adhoc
- (b) uncertain
- (c) at another place
- (d) activeness

90. Act of God means

- (a) Vice versa
- (b) Ve to
- (c) Vis major
- (d) So moth

91. It is promise to pay debt, barred by limitation law

- (a) Agreement without consideration
- (b) Void agreement
- (c) Voidable agreement
- (d) None of above

92. It makes the form of promise to be performed in future this is the type of consideration

- (a) Excusatory
- (b) Execucated
- (c) both (a) & (b)
- (d) None of above

93. e.contract required

- (a) Basic elements of contract
- (b) Not required when both the party are agree
- (c) It cannot change in future

94. A ground for avoiding obligation emanating out of a contract due to circumstances that are out of control of either of the party is called

- (a) Force majeure
- (b) Quasi contract
- (c) Ve to
- (d) Hard luck

95. The agent is responsible to the principal for the act of sub-agent is

- (a) True
- (b) False
- (c) Both – True and False
- (d) Cannot say

96. When resale is not justified the unpaid seller has exercised the right

- (a) buyer acquired a good title as against original buyer
- (b) buyer will not get good title
- (c) none of above
- (d) when not justified, it is illegal.

97. If the buyer is any way disturbed from enjoying the good possession of good purchased because of seller's defective titles which type of implied warranty

- (a) Warranty of quite possession
- (b) Warranty as to quality
- (c) Warranty to disclose
- (d) Warranty of freedom

98. Which section provides the penalty for dishonored of a cheque of funds

- (a) 138
- (b) 108
- (c) 109
- (d) 130

99. Which document under negotiable act has limitation of 3 years

- (a) cheque
- (b) bill of exchange
- (c) Hundi
- (d) Promisory note

100. Under HUF, who is managing the business

- (a) Karta
- (b) Co-partner
- (c) Agent
- (d) None of above

**Answer of Paper 5 :**

1	(b)	2	(d)	3	(d)	4	(a)	5	(d)
6	(a)	7	(b)	8	(a)	9	(a)	10	(a)
11	1 – 3 2 – 1 3 – 2 4 – 4	12	(a)	13	(b)	14	(b)	15	(a)
16	(a)	17	(a)	18	(d)	19	(a)	20	(d)
21	(c)	22	(c)	23	(d)	24	(a)	25	(a)
26	(d)	27	(b)	28	(b)	29	(b)	30	(d)
31	(a)	32	(d)	33	(d)	34	(b)	35	(d)
36	(a)	37	(a)	38	(a)	39	(d)	40	(a)

41	(a)	42	(a)	43	1 – 3 2 – 1 3 – 2	44	(d)	45	(d)
46	(a)	47	(a)	48	(a)	49	(a)	50	(a)
51	(a)	52	(a)	53	(a)	54	(a)	55	(a)
56	1 – 3 2 – 4 3 – 2 4 – 1	57	(a)	58	(a)	59	(a)	60	(a)
61	(a)	62	(a)	63	(c)	64	(a)	65	(c)
66	(c)	67	(a)	68	(a)	69	(d)	70	(a)
71	(c)	72	(a)	73	(a)	74	(a)	75	(a)
76	(a)	77	(a)	78	(d)	79	(a)	80	(a)
81	(c)	82	(b)	83	(c)	84	(c)	85	(d)
86	(a)	87	(a)	88	(a)	89	(c)	90	(c)
91	(a)	92	(a)	93	(a)	94	(a)	95	(a)
96	(a)	97	(a)	98	(a)	99	(d)	100	(a)

**Whether the following statements are True or False**

1. Novation is discharge by agreement.
2. Merger is discharge operation by law.
3. Contract of insurance is contingency contract.
4. Transfer of rights by a person to another person is called assignment.
5. No consideration is required in succession.
6. For valid Tender must be conditional.
7. Surety is entitled to recover from principal debtors all payment property made.
8. Deposit of money in a bank does constitute bailment.
9. Agency created by conduct of parties is implied agency.
10. Right of unpaid seller against goods includes right of resale.
11. No one can pass a better title than he himself has.
12. Bank cannot refuse payment if cheque is undated.
13. When the words "A/c. Payee" are specified with in the crossing is called a special crossing.
14. In negotiation transfer is must.
15. Holder may receive the instrument without consideration.
16. Sec 30(2) right of minor share profit of the firm.
17. Co-ownership may or may not arise from an agreement.
18. Every limited liability partnership shall file an annual return with the registrar in Form 10.
19. Gratuity is calculated on the basis of continuous service for every completed year or part in excess

of 6 months at the rate of 15 days.

20. Contract employees will not considered as person employed for wages under PF Act.
21. ESI contribution rate share of employer is 3.25%.
22. Time limit for payment of wages under Sec.17 daily basis at the end of the shift.
23. A limited company is a company limited by shares or by guarantee.
24. A motion becomes a resolution only after the required majority of members have adopted it.
25. DIR 10 is form notice of resignation of a director to the registrar.
26. Contract of sale is executed contract.
27. Emotional Intelligence is developed by Danial Goleman.
28. Self-control is the one of the component of business ethics.
29. Voting by a voice is not a valid method of voting.
30. Subject to the approval of PF commissioner withdrawal from the provident fund may be allowed 75% of the balance.
31. Law gives certain rights because all human are born equal.
32. Sweet equity shares issue to employees.
33. Bill of exchange is unconditional order.
34. An application alongwith the fee to file with the Regional Director for sitting of the registered office within the state Form No.INC 23.
35. Lord Nohan provides the seven principles of public life.
36. Purchases goods from X. He has no intention to pay for it is called fraud.
37. Read harring prospects do not include complete particulars of the Quantum or price of securities.
38. Mata Ethics deal with the nature of material fact.
39. Cash withdrawal of ATM from a Bank is called Tacit contract.
40. No fine can be imposed on any employed person who is under ager of 15.
41. Private placement shall be not more than 200 persons in aggregate in a financial year as per companies Act 2013.
42. A party, who does not suffer any loss in case of breach of contract is entitled to nominal damages.
43. The Board of Directors of every listed public company shall constitute enquiring committee.
44. The quorum of a public company having the number of members more than 5000 is 20.
45. Management Accountant provides decision support for managers in each activity of value chain.
46. Article 15 provide that state shall not discriminate against any citizen on grow only religion.
47. Kinds of custom may be classified general custom local custom and convectional custom.
48. All agreement without consideration are void.
49. Substitution of new contract in place of existing contract is known as novation.
50. Rescission is discharged by law.

**Answer :**

(1)	True	(2)	True	(3)	True	(4)	True	(5)	True
(6)	False	(7)	True	(8)	False	(9)	True	(10)	True
(11)	True	(12)	False	(13)	False	(14)	False	(15)	True
(16)	True	(17)	True	(18)	False	(19)	True	(20)	False
(21)	True	(22)	True	(23)	True	(24)	True	(25)	False
(26)	True	(27)	True	(28)	False	(29)	True	(30)	True
(31)	True	(32)	True	(33)	True	(34)	True	(35)	True
(36)	True	(37)	True	(38)	False	(39)	True	(40)	True
(41)	True	(42)	True	(43)	False	(44)	False	(45)	True
(46)	True	(47)	True	(48)	False	(49)	True	(50)	False

**Fill in the Blanks**

1. Rescission means \_\_\_\_\_
2. Merger is discharged by \_\_\_\_\_
3. Contract of indemnity defined u/s \_\_\_\_\_
4. U/s 172 Act of provides that bailment of goods as security for payment of debt or performance of promise is called \_\_\_\_\_.
5. Contract of sales is \_\_\_\_\_ contract.
6. Agreement of sales is \_\_\_\_\_ contract.
7. A \_\_\_\_\_ is a stipulation which is essential to the main purpose of contract.
8. A \_\_\_\_\_ is a stipulation which is collateral to the main purpose of the contract.
9. There are \_\_\_\_\_ parties in promissory note.
10. There are \_\_\_\_\_ parties in cheque.
11. In case of promissory note limitation is \_\_\_\_\_ years.
12. Bill of exchange are not \_\_\_\_\_.
13. Maximum members of LLP is \_\_\_\_\_.
14. A person who has ultimate control over the affairs of the factory is called \_\_\_\_\_.
15. In small company paid up capital should not exceeds Rs. \_\_\_\_\_
16. In small company, turnover of company should not exceeds Rs. \_\_\_\_\_
17. Permanent disablement benefit is paid at rate of \_\_\_\_\_.
18. An instrument of the proxy shall be deposited with the registered office of the company before \_\_\_\_\_ hours.
19. The office of a director shall become vacant in case he absents himself from the meeting of the



Board of Directors held during the period \_\_\_\_\_ with or without seeking leave of absence of the board.

20. Certificate of incorporation Form No. \_\_\_\_\_
21. Social relations is a component of \_\_\_\_\_
22. Purchase of goods from X, he has no intention of paying for, it is a \_\_\_\_\_
23. Value chain as a strategic frame work for analysis of competitive advantage was promoted by \_\_\_\_\_.
24. No female child shall be allowed to work in any factory except between \_\_\_\_\_.
25. Consensus ad-idem means \_\_\_\_\_.
26. Committing any act forbidden by the Indian penal code is \_\_\_\_\_.
27. Promise to pay Rs.5000, if rains today is \_\_\_\_\_.
28. Extract of the annual return of company Form No. \_\_\_\_\_.
29. Welfare measures taken in a factory is called \_\_\_\_\_.
30. The sweet equity shares shall be locked for a period of \_\_\_\_ years from the date of allotment.
31. Hybrid between company and partnership is \_\_\_\_\_.
32. Shifting of registered office within same state Form No. \_\_\_\_\_.
33. Guarantee which extend to a series of transaction is called \_\_\_\_\_.
34. Issue of Global depository receipt Sec. \_\_\_\_ of company act.
35. Fencing of Machinery is \_\_\_\_\_.
36. Ethics announced by Institute of Cost Accountants is called \_\_\_\_\_ ethics.
37. A partner who is not a partner of partnership firm but he may liable for firm's debt as if he was a partner such \_\_\_\_\_ person is called.
38. Application for Director Identification Number (DIN) is to be made to Central Govt in Form \_\_\_\_\_.
39. Power of exempt any LLP or class of LLP for audit of accounts with \_\_\_\_\_.
40. Accountability is one of the principle of \_\_\_\_\_.
41. Form No. \_\_\_\_\_ certification of applicant for change of DIN particulars.
42. Form No. \_\_\_\_\_ for Secretarial Audit Report.
43. Every listed company shall have \_\_\_\_ independent directors.
44. According to Section \_\_\_\_\_ of companies act 213 states for the issue of Bonus shares.
45. Everything said by Judges during the course of the discussion of the case is \_\_\_\_\_.

46. Agreement not enforceable by law are \_\_\_\_\_.
47. Waiver is discharge by \_\_\_\_\_.
48. When the name of particular bank is specified between the crossed line is called \_\_\_\_\_.
49. Year of LLP Act is \_\_\_\_\_.
50. Total ESI contribution of both employee and employer is \_\_\_\_%.

**Answers :**

1	Cancelation	2	Law
3	U/s 124	4	Pledge
5	Executed	6	Executory
7	Condition	8	Warranty
9	Two	10	Three
11	Three	12	Crossed
13	No limit	14	Occupier
15	2 crores	16	20 crores
17	90%	18	48 hours
19	12 months	20	11
21	Emotional Intelligency	22	Fraud
23	Michal Porter	24	8.00 am to 7.00pm
25	Identity of minds	26	Coercon
27	Wagering contract	28	MGT-9
29	Craches	30	Three
31	LLP	32	INC-23
33	Continuous Guarantee	34	Sec.41
35	Safety measure	36	Professional
37	Partner by estoples	38	DI-2
39	Central Govt.	40	Public life
41	DIR.7	42	MR.3
43	1/3rd	44	63
45	Obiter dicta	46	Void
47	Agreement	48	Special crossing
49	2008	50	4

## Paper 6 – Financial Accounting

1. Out of following which is not capital item?
  - (a) Computer set purchased
  - (b) Freight charges incurred for purchase of machinery
  - (c) Compensation paid to employees who are retrenched
  - (d) Installed family planning center
  
2. Salary paid to Mohan is debited to Mohan A/c. This error is
  - (a) Principle error
  - (b) Compensation error
  - (c) Omission error
  - (d) No error at all
  
3. XYZ Co. failed to agree and the difference was put into suspense account later on discovered. Discount received Rs.2000 has been debited to discount allowed Rs.1000. Correct rectification entry is :
  - (a) 

Suspense A/c.	Dr. 3,000	
To discount received A/c.	2,000	
To discount allowed a/c.	1,000	
  - (b) 

Discount received A/c.	Dr. 2,000	
Discount allowed a/c.	Dr. 1,000	
To Suspense A/c.	3,000	
  - (c) No entry is required
  - (d) Any entry a or b
  
4. Calculate the operating profit

Net profit	Rs. 500,000	
Rent received	Rs. 50,000	
Gain on the sale of furniture	Rs. 25,000	
Interest paid on loan	Rs. 30,000	
Donation	Rs. 10,000	
(a)	Rs. 4,65,000	
(b)	Rs. 5,50,000	
(c)	Rs. 4,30,000	
(d)	Rs. 4,75,000	
  
5. Rs. 6,00,000 is total cost of 6,000 units considering expenses Rs.60,000, units lost 600 and consignee's non recurring expenses is Rs.6000. What will be the value of stock?
  - (a) Rs. 6,00,000
  - (b) Rs. 5,94,000

- (c) Rs. 5,60,000  
 (d) Rs. 6,60,000

6. From the following information of X Co. Ltd ascertain the value of unsold stock on consignment.

	Rs.
Goods sent (2000 ltr)	40,000
Consigner's expenses	5,000
Consignee's non-recurring expenses	6,000
Sold 1200 Ltr	80,000

Loss due to nature (300 Ltr)

- (a) Rs. 15,000  
 (b) Rs. 18,000  
 (c) Rs. 12,000  
 (d) Rs. 16,000

7. Opening stock, closing stock, sales return and sales are Rs.100000, Rs.200000, Rs.20,000 and Rs.2520000 respectively. If the gross profit 25% on cost, then gross profit will be

- (a) Rs. 5,00,000  
 (b) Rs. 4,80,000  
 (c) Rs. 4,00,000  
 (d) Rs. 4,50,000

8. Xms club providing following data. Calculate outstanding subscription for the year 23-24.

Subscription due during the year 22-23 Rs. 25,00,000

Subscription received during the year

Including previous subscription Rs. 1,00,000

- (a) Rs. 11,00,000  
 (b) Rs. 10,00,000  
 (c) Rs. 12,00,000  
 (d) Rs. 16,00,000

9. Match A with B

A	B
1. Income Exp. A/c.	1. Consignment
2. Average clause	2. Joint Venture
3. Joint Bank A/c.	3. Non-Profit organization
4. Dalecredre commission	4. Fire claim

10. Following information is given

	Rs.
Opening stock	5,00,000
Purchase	15,00,000
Sales	20,00,000
Sales return	2,00,000

Gross profit 25% on cost. Value of stock

- (a) Rs. 5,60,000
- (b) Rs. 5,00,000
- (c) Rs. 4,00,000
- (d) Rs. 6,00,000

11. Which not consider on governing the selection and application of accounting policies.

- (a) Prudence
- (b) Substance over form
- (c) Materiality
- (d) Accounting errors

12. Calculate current Assets from following information – Current Ratio 4; Net working capital 30,00,000

- (a) Rs. 10 L
- (b) Rs. 30 L
- (c) Rs. 20 L
- (d) Rs. 7.5 L

13. XYZ Co. have a provision for bad debts of Rs.16000 against book debts on 1st April 2023. During the year ended 31st March 2024 Rs.10000 proved inconvenience and it was desired to maintain the provision for bad debts @ 5% on debtors, which stood Rs.500000 before writing off bad debt. What will be amount of provision in P&L A/c.

- (a) Rs. 18,500
- (b) Rs. 15,000
- (c) Rs. 12,500
- (d) Rs. 30,500

14. Following information provided by Surat Club.

Subscription received during the current year	Rs. 10,00,000
Subscription received in advance	Rs. 4,00,000
Subscription was due previous year	Rs. 5,00,000
Subscription outstanding for this year	Rs. 3,00,000

Which amount to be consider for income expenditure account for current year?

- (a) Rs. 4 L
- (b) Rs. 5 L
- (c) Rs. 3 L
- (d) Rs. 6 L

15. Calculate purchase from following information.

Gross profit 20% on sales; Sales 18 L; Closing stock 3 L; Cash Sales 20% of total sales; Opening stock Rs.2 L.

- (a) Rs. 15.40 L
- (b) Rs. 14 L

(c) Rs. 18 L

(d) Rs. 16 L

16. Match A with B

A

B

- |                                  |   |
|----------------------------------|---|
| 1. Drawing                       | 1. Decrease the assets and decrease the liabilities |
| 2. Purchase the assets on cash.  | 2. Increase the assets and increase the liabilities |
| 3. Purchase the assets on credit | 3. Increase the assets and Decrease other assets    |
| 4. Payment of liability          | 4. Increase the assets and Capitals                 |

17. What will be journal entry in the books of drawer, when a bill of Rs.10000 was dishonored from the bank and noting charges paid by the bank was Rs.100.

- (a) Drawee A/c. Dr. 10100, to Bank A/c. 10,100  
(b) Bank A/c. Dr. 10100 to Drawee A/c. 10,100  
(c) No entry is required

18. What amount will be credited in income expenditure account for the year 22-23.

Subscription Received during the year 22-23	Rs. 10,00,000
Advance subscription received in the year 21-22	Rs. 2,00,000
Advance subscription received in the year 22-23	Rs. 3,00,000
Receivable subscription 22-23	Rs. 4,00,000
Receivable subscription 21-22	Rs. 3,00,000

- (a) Rs. 10 L  
(b) Rs. 12 L  
(c) Rs. 14 L  
(d) Rs. 11 L

19. Which pair of characters of LLP is correct.

- (a) Formed by law and registration with RoC  
(b) Minimum 2 and Maximum 100  
(c) No separate legal entity and nobody corporate  
(d) No succession and partners are the agent of the firm

20. X and Y are partners, sharing profit or loss in the ration of 3 : 2. Z is admitted as partner for 1/6 share of profit in the firm of which takes 2/3 from X and 1/3 of Y. Find the new profit sharing ratio.

- (a) 44 : 31 : 15  
(b) 31 : 44 : 15  
(c) 44 : 15 : 31  
(d) 31 : 40 : 19

21. A,B,C are partners of the firm in the ratio of 3 : 2 : 1. D admitted with 1/6th share in future profit. C would retains his original shares. Find out the new ratio.

- (a) 12 : 8 : 5 : 5
- (b) 12 : 8 : 5 : 8
- (c) 12 : 5 : 8 : 5
- (d) 8 : 5 : 12 : 5

22. From the information, Vimal Ltd received from its branch from Vadodara, calculate the invoice price of goods sent to branch.

Goods received from HQ Rs.200000; Goods in transit from HO Rs.1,00,000.

- (a) Rs. 3,00,000
- (b) Rs. 2,00,000
- (c) Rs. 1,00,000
- (d) Rs. 4,00,000

23. In the above (22), calculate profit when goods are invoiced to branch at cost plus 25%.

- (a) Rs. 60,000
- (b) Rs. 75,000
- (c) Rs. 50,000
- (d) Rs. 40,000

24. Which one is correct as per AS-1 (Fundamental Accounting assumptions)

- (a) Going concern, consistency and accruals
- (b) Money measurement, going concern and prudence
- (c) Accounting period, going concern and prudence
- (d) not at all

25. Which is not covered under AS-10.

- (a) Does not exclude accounting for real assets development
- (b) Does not require adoption of components approach
- (c) No specific guidelines provided for gain de-recognition
- (d) Deals with fixed assets that are owned jointly with others.

26. Qualifying assets is an assets that necessarily takes a substantial period of time to get ready for its intended use or sales is

- (a) True
- (b) False
- (c) Both true and false
- (d) Cannot say

27. Which is not included in borrowing cost?

- (a) Inquiry cost for borrowing from various agency
- (b) Interest and commitment charges

- (c) Amortization of discount
  - (d) Finance charges in respect of assets acquired
28. Indian AS 12 is based on Balance sheet approach and AS 22 is based on Income statement approach is
- (a) True
  - (b) False
  - (c) Both True and False
  - (d) Cannot say
29. Which is not qualifying assets
- (a) Routinely manufactured produce in large quantities
  - (b) Power generated plant
  - (c) Investment properties
  - (d) Manufacturing plant
30. Admissible additional expenses can be calculated as under
- (a)  $\text{Additional expense} \times (\text{Net profit} + \text{Insured standing charges}) / (\text{Net profit} + \text{All standard charges})$
  - (b) Net profit + Insured standing charges
  - (c) Net profit + All standing charges
  - (d) None of above
31. Which is not correct
- (a) Directly allocable indirect Expn. Debited to departmental
  - (b) Directly allocable indirect income credited to departmental P&L A/c.
  - (c) Indirect income that cannot be directly allocated in excluded not charged to department P&L A/c.
32. Which is not valuation method for inter department transfer
- (a) at cost
  - (b) at normal selling price
  - (c) at cost plus profit
  - (d) at % of sales of department
33. Which is not the component of departmental final accounts
- (a) Departmental Trading A/c.
  - (b) Department P&L A/c
  - (c) General P&L A/c.
  - (d) Consolidated P&L A/c.
34. In which type of lease expenses borne by Leasor?
- (a) Operating lease



- (b) Financial lease
  - (c) Both
  - (d) None
35. Which Sec. of LLP is applicable for annual return?
- (a) Sec. 35
  - (b) Sec. 34
  - (c) Sec. 33
  - (d) Sec. 30
36. Which of the following account is normally prepared at the time of dissolution of the time?
- (a) Memorandum realization accounts
  - (b) Valuation Accounts
  - (c) Settlement Accounts
  - (d) Realization A/c.
37. When sales Rs.300000, Purchase Rs.200000, Opening stock Rs.100000, Gross profit 20% on cost, Closing stock will be?
- (a) Rs. 50,000
  - (b) Rs. 20,000
  - (c) Rs. 36,000
  - (d) Rs. 60,000
38. Goods are transferred from Dept A to Dept B at a price so as to a profit 25% on cost. If the value of closing stock of Dept B is Rs.250000, than the amount of stock reserve will be
- (a) Rs. 50,000
  - (b) Rs. 60,000
  - (c) Rs. 40,000
  - (d) Rs. 62,500
39. Goods worth Rs.60,000 sent by head office but branch have received till the closing date goods worth Rs.30,000 only. Give journal entry in the books of HO
- (a) Goods in transit – 30,000  
To Head office A/c. – 30,000
  - (b) Branch A/c. Dr. – 30,000  
To Goods in transit – 30,000
  - (c) No Entry
  - (d) Goods in transit – 30,000  
To Branch A/c. – 30,000
40. Which entry will pass in the books of branch to rectify. Head office expenses Rs.5,000 allocated to the branch but not recorded in the branch books

- (a) No entry
- (b) Expense A/c Dr.      5,000  
    To HO Account      5,000
- (c) HO accounts Dr.      5,000  
    To Expenses A/c.      5,000
- (d) Branch A/c. Dr.      5,000  
    To HO Accounts      5,000

41. Health Club has 1,000 members. Annual fees for each member Rs.1,000, 40% members have not paid fees an 20% members paid fees in advance. What will be cash received in this year?
- (a) Rs.8 L
  - (b) Rs.6
  - (c) Rs.10 L
  - (d) Rs.12 L
42. New partners pays privately for premium for goodwill to old partners. Which entry will pass?
- (a) No entry
  - (b) Bank A/c. Dr  
    To old partner's capital
  - (c) New partner A/c. Dr.  
    To Old partner's A/c. Cr.
  - (d) Bank A/c. Dr.  
    To New partner's a/c.
43. Ram and Laxman are partners of firm having capital Rs.300000 and Rs.200000 respectively. Having equal P&L sharing ratio. The Average profit is R.150000 and rate of normal profit is 20%. Krishna will be admitted as a partner for  $\frac{1}{4}$  share will bring 100000 as capital. Compute the value of goodwill of the firm on capitalization method.
- (a) Rs. 7,50,000
  - (b) Rs. 2,50,000
  - (c) Rs. 5,00,000
  - (d) Rs. 10,00,000
44. Which is not the method for piecemeal distribution?
- (a) Maximum loss method
  - (b) Minimum loss method
  - (c) Highest relative capital method
  - (d) Lowest relative capital method
45. Sales Rs.10 L, GP is 20%, stock turnover ratio 5, opening stock Rs.2000 less than closing stock. What will be closing stock?

- (a) Rs. 1,70,000
  - (b) Rs. 1,50,000
  - (c) Rs. 1,90,000
  - (d) Rs. 1,00,000
46. Goods costing Rs.3,00,000 sent out to consignee at cost + 20%. Invoice value of the goods will be
- (a) Rs. 3,60,000
  - (b) Rs. 3,40,000
  - (c) Rs. 3,00,000
  - (d) Rs. 4,00,000
47. Advances given to Govt. Authority is shown as
- (a) Current assets
  - (b) Fixed assets
  - (c) Liability
  - (d) Capital
48. X, Y, Z are partners sharing the result in the ratio of 5 : 3 : 2. Y is retired. His share is taken by X and Z in the ratio of 2 : 1. Which will be new ratio?
- (a) 7 : 3
  - (b) 1 : 1
  - (c) 2 : 1
  - (d) 3 : 1
49. When the concept of conversation is applied to the Balance sheet result in
- (a) Overstatement of Capital
  - (b) Understatement of Capital
  - (c) Overstatement of Assets
  - (d) Understatement of Assets
50. Electricity expenses of the proprietor paid from the business A/c.
- (a) Reduce the capital of proprietor
  - (b) Increase the profit or loss
  - (c) No effect on business
  - (d) Decrease the profit or loss
51. Which one is correct?
- (a) Assets + Liabilities = Owner's equity
  - (b) Assets – Liabilities = Owner' equity
  - (c) Owner's equity + Assets = Liability
  - (d) None of the above

52. A heavy revenue expenditure which helps to generate revenue over more than one accounting year is termed as
- (a) Preliminary expenses
  - (b) Revenue expenditure
  - (c) Prepaid expenditure
  - (d) Deferred revenue expenditure
53. Cash sales at exhibition hall are
- (a) Recorded journal proper
  - (b) Recorded in cash book
  - (c) Recorded in sales book
  - (d) Not recorded
54. Goods worth Rs.18,800 are destroyed by fire and the insurance company admits the claim Rs.15,000 the purchase account will be
- (a) debited by Rs.18,800
  - (b) debited by Rs.3,800
  - (c) credited by Rs.18,800
  - (d) credited by Rs.3,800
55. Which of the following will result in disagreement if Trial Balance?
- (a) Sales return treated as purchase
  - (b) Purchase return treated sales
  - (c) X A/c. wrongly credited instead of Y
  - (d) under costing cashbook by Rs. 500
56. Error of commission means
- (a) That errors are compensating each other
  - (b) That any entry is tally missed
  - (c) There is wrongly entry in the books of accounts
  - (d) That the transaction is recorded twice
57. Arvind Ltd purchase a plant on 1/4/2020 for Rs.10 L. Provided depreciation @ 20% on WDV during the year ended 31/03/2022. What would be the carrying amount of plant on 31/03/2022, if the company provides impairment loss on plant for Rs.100000?
- (a) Rs. 5,40,000
  - (b) Rs. 6,40,000
  - (c) Rs. 7,40,000
  - (d) Insufficient Information
58. Unexpired license fee is a
- (a) Balance Sheet item
  - (b) Income

- (c) Expense
- (d) Owner's capital

59. Opening balance	Rs.
Proprietor's A/c.	5,00,000
Net Loss for the year	1,00,000
Closing balance	2,00,000
Additional Capital brought in	3,00,000
Drawing for the year	???

- (a) Rs. 5,00,000
- (b) Rs. 4,00,000
- (c) Rs. 6,00,000
- (d) Rs. 7,00,000

60. Jayprakash provide following details – year ended 2023	Rs.
Stock as on 01/04/2022	1,00,000
Purchase	5,00,000
Mfg. expenses	1,00,000
Admn, marketing and finance expenses	1,00,000
Sales	8,00,000

During the year damaged goods costing Rs.28000 were sold for Rs.15000 bearing the above transaction, the gross profit @ 20% on sales. Compute the net profit for the year ended 31st March 2022.

- (a) Rs. 50,000
- (b) Rs. 1,00,000
- (c) Rs. 1,50,000
- (d) Nil

61. From the following information, determine amounts to be transferred to P&L A/c.

	Rs.
(i) Sundry debtors on 31/03/2023	50,000
(ii) Provision for bad debts on 31/03/2023	10,000
(iii) Written off during the year	5,000
(iv) Recovery of bad debts earlier written off	4,000
(v) Provision for bad and doubtful debt is maintained @ 5%	

- (a) Rs. 2,500
- (b) Rs. 2,000
- (c) Rs. 500
- (d) Rs. 3,000

62. Salaries due for the month of March will appear
- (a) On the receipt side of the cash book
  - (b) On the payment side of the cash book
  - (c) As a contra entry
  - (d) Nowhere in cash book
63. Life membership fees received by a non-profit organization is treated as
- (a) Revenue receipt
  - (b) Capital receipt
  - (c) Deferred revenue receipt
  - (d) Both revenue and capital receipt
64. P&L A/c. is indicated in the case of single entry system by
- (a) Difference between closing and opening capital
  - (b) Difference in cash balance
  - (c) Difference in bank balance
  - (d) Difference in trial balance
65. In the absence of an agreement among the partners loan given by a partner to the firm will be at an interest rate of
- (a) 5%
  - (b) 6%
  - (c) 8%
  - (d) 10%
66. In partnership where a new partner brings his share of goodwill in cash than amount of such goodwill be credited to partner's capital as per following ratio
- (a) Old profit sharing ratio
  - (b) Sacrifice ratio
  - (c) Gain ratio
  - (d) None of the above
67. Under the hire purchase system, the buyer become the owner of goods
- (a) immediately after the delivery of goods
  - (b) immediately after the down payment
  - (c) immediately after the final installment paid
  - (d) immediately after the payment of last installment
68. In hire purchase system cash price plus interest is known as
- (a) Capital value of assets
  - (b) Book value of assets

- (c) Hire purchase price of assets
  - (d) Higher purchase charges
69. On the date of acceptance of Rs.40,000, X expressed his inability to meet the bill and offered Rs.15,000 cash and accepted a new bill for the balance amount plus @ 15% per annum for two months. This amount of new bill is
- (a) Rs. 25,000
  - (b) Rs. 25,625
  - (c) Rs. 26,000
  - (d) Rs. 40,000
70. Proforma invoice prepared to show profit 20% Rs.3,00,000, Sales by consignee Rs.2,30,000, consignee sold the goods 15% above the cost. What will be amount of stock reserve?
- (a) Rs. 10,000
  - (b) Rs.5,000
  - (c) Rs.12,000
  - (d) Rs.15,000
71. Goods sent to consignee costing Rs.4,50,000. Consignor's expenses Rs.30,000, 1/5th of the goods were broken in transit and it was treated as normal loss – 4/5th of remaining goods were sold by consignee. Calculate the value of consument stock?
- (a) Rs.78800
  - (b) Rs.70000
  - (c) Rs.80400
  - (d) Rs.60500
72. Goods costing Rs.6,30,000 were sent out to consignee at a profit of 20% on invoice price. Consignee sold 2/3rd goods for Rs.6,00,000. Consignee was entitled to an ordinary commission of 3% on sales at invoice price and over-riding commission of 20% any surplus realization. Calculate the consignee's commission.
- (a) Rs. 30,750
  - (b) Rs. 28,550
  - (c) Rs. 32,750
  - (d) Rs. 31,750
73. When goods are purchased for the joint venture. The account to be debited
- (a) joint venture account
  - (b) purchase account
  - (c) venture's capital account
  - (d) not any one above
74. Joint venture account is a
- (a) Nominal account

- (b) Real account
  - (c) Artificial personal account
  - (d) Representative personal account
75. For the year ending 31st Dec'2021 as the sales, purchase, opening stock and closing stock eas Rs.5,00,000, Rs.3,80,000, Rs.65,000 and Rs.62,000 respectively. Some goods were destroyed by fire (without realization of any value). If the trader earned gross profit @ 20% on sales for the year. Calculate the value of goods destroyed in fire
- (a) Rs. 18,000
  - (b) Rs. 24,000
  - (c) Rs. 12,000
  - (d) Rs. 15,000
76. A factory building was constructed at a cost of Rs.15L. A sum of Rs.75000 were incurred for the construction of the temporary hut for storing building material. What will be treatment?
- (a) Rs.15.75 L capital
  - (b) Rs.15 L capital Rs.0.75 Revenue
  - (c) Rs.15 L capital ignore Rs.0.75 L
  - (d) None of above
77. X, Y and Z are partners. X becomes insolvent on 15/04/2022. The capital account Balance of partner Y is on the debit side. Partner Y is solvent. Should partner Y bear the loss arising on account of the insolvency of partner X?
- (a) Yes
  - (b) No
  - (c) Both Y and Z equally
  - (d) Cannot say
78. Goods are transferred from department A to department B at a price 50% above cost. If closing stock of department B is Rs. 27,000, compute the amount of stock reserve.
- (a) Rs. 9,000
  - (b) Rs. 12,000
  - (c) Rs. 4,500
  - (d) Rs. 6,000
79. Changes of Depreciation method from WDV to SLM and vice-versa is a
- (a) Example of changes in accounting policy
  - (b) Changes of Accounting estimation
  - (c) Example of changes of Law
  - (d) It is internal matter
80. For grant for accounting purpose, capital approach, a grant is treated as
- (a) Part of shareholder's fund



- (b) Grant is treated as income over one or more period.
  - (c) None of above
81. Scope of AS II not deals with
- (a) accounting for transaction in foreign currency
  - (b) translating financial statement of foreign operations to reporting currency
  - (c) foreign currency transaction of forward exchange contracts
  - (d) any domestic and foreign currency transactions
82. Scope of AS 10 does not include
- (a) Property like factory premises
  - (b) Bearer plant
  - (c) Biological assets
  - (d) Building
83. Which is not the accounting for department branches
- (a) Debtors method
  - (b) Stock debtors method
  - (c) Final Accounts method (cost basis)
  - (d) Cash basis method
84. Which of the following accounts is mainly prepared at the time of the dissolution of the firm?
- (a) Revaluation a/c.
  - (b) Goodwill a/c.
  - (c) Realization a/c.
  - (d) Memorandum revaluation a/c.
85. Which is not the method of piecemeal distribution of partnership?
- (a) Maximum loss method
  - (b) Revaluation of method
  - (c) Surplus capital method
86. When writing off the raised goodwill entry will be
- (a) All partner's capital a/c. dr.  
To goodwill a/c.
  - (b) Goodwill A/c. dr.  
To all partner's a/c.
  - (c) No entry
87. Prepaid expenses is shown in
- (a) As a current assets

(b) As a current liabilities

(c) In P&L A/c.

88. If average inventory is Rs.2,50,000 and closing inventory is Rs.20,000 less than opening inventory than the value of closing inventory is

(a) Rs. 2,40,000

(b) Rs. 2,50,000

(c) Rs. 2,60,000

(d) Rs. 2,80,000

89. During the year 2022-23, X Co. Ltd received a grant from the Govt of India amounting Rs.35 Lacs towards the purchase of piece of land for Rs.140 lacs. What will be entry on receipts of grant as per AS-12.

(a) Bank A/c. Dr.                      Rs. 35L  
    To Capital reserve                Rs. 35L

(b) Bank A/c. Dr.                      Rs. 35L  
    To Capital A/c.                    Rs. 35L

(c) Bank A/c.                          Rs. 35L  
    To Govt. Grant a/c.              Rs. 35L

(d) No entry

90. Compute depreciation as per AS-10

Cost of Machine                      Rs. 1,30,000

Residual value                        ---

Useful k\life                            10 years

SL method for Depreciation

After 8 years, the machine revalued to Rs.80000

(a) Rs. 54,000

(b) Rs. 26,000

(c) Rs. 40,000

(d) Rs. 30,000

91. Foreign currency risk management policy is requirement to disclosure as per AS 11.

(a) yes

(b) No

(c) optional

92. Which is formula for stock reserve in HP accounts

(a)  $HP \text{ price} - \text{cost price} / HP \text{ price} \times \text{Amount of installment due}$

(b)  $HP \text{ price} / \text{Cost price} \times \text{Amount of installment due}$

(c)  $\text{Cost price} / HP \text{ Price} \times \text{Amount of installment die}$

(d)  $\text{Cost price} \times \text{Amount of installment due}$

93. Why is the capital of the owner shown on the liability side of the balance sheet?

- (a) Due to separate entity concept
- (b) Due to prudence concept
- (c) Due to conservative concept

94. Match A with B

**A**

- 1. AS 2
- 2. AS 10
- 3. AS 19

**B**

- 1. Used land
- 2. Biological Assets
- 3. Building under construction

95. Match A with B

**A**

- 1. Recording Transaction
- 2. Prudence
- 3. cash flow
- 4. Cost or sales price

**B**

- 1. Accounting assumption
  - 2. Accounting statement
  - 3. Accounting cycle
  - 4. Accounting policy
- Whichever lower

96. Which character is not true for contingent liability

- (a) It is recorded in books
- (b) it is estimated amount
- (c) uncertainty for liability
- (d) It is future liability

97. When there a purchase bill on credit is missing and now record or adjustment is given which effect is true

- (a) It add in creditors
- (b) it increase profit
- (c) it decrease the profit
- (d) it reduce the liability

98. Joint venture bank a/c. is like

- (a) cash account
- (b) P&L A/c.
- (c) Partners account
- (d) none of above

99. When Trial Balance is not tallies it means

- (a) suspense account is created
- (b) forget and go ahead for final accounts

- (c) when error will be detected, next time its effect will be given
- (d) it does not effect on P&L A/c.

100. Which institute develop AS

- (a) Chartered Account ant of India
- (b) MCA
- (c) SEBT
- (d) ROC

**Answer :**

1	(c)	2	(a)	3	(a)	4	(a)	5	(a)
6	(a)	7	(a)	8	(a)	9	1 - 3 2 - 4 3 - 2 4 - 1	10	(a)
11	(d)	12	(a)	13	(a)	14	(a)	15	(a)
16	1 - 4 2 - 3 3 - 2 4 - 1	17	(a)	18	(a)	19	(a)	20	(a)
21	(a)	22	(a)	23	(a)	24	(a)	25	(a)
26	(a)	27	(a)	28	(a)	29	(a)	30	(a)
31	(c)	32	(d)	33	(d)	34	(a)	35	(a)
36	(a)	37	(a)	38	(a)	39	(c)	40	)b)
41	(a)	42	(a)	43	(b)	44	(b)	45	(a)
46	(a)	47	(a)	48	(a)	49	(d)	50	(a)
51	(c)	52	(d)	53	(d)	54	(c)	55	(d)
56	(b)	57	(a)	58	(a)	59	(a)	60	(a)
61	(a)	62	(d)	63	(b)	64	(a)	65	(b)
66	(b)	67	(d)	68	(c)	69	(b)	70	(a)
71	(a)	72	(a)	73	(a)	74	(a)	75	(a)
76	(a)	77	(b)	78	(a)	79	(a)	80	(a)
81	(c)	82	(c)	83	(d)	84	(d)	85	(b)
86	(a)	87	(a)	88	(a)	89	(a)	90	(c)
91	(a)	92	(a)	93	(a)	94	1 - 3 2 - 2 3 - 1	95	1 - 3 2 - 1 3 - 2 4 - 4
96	(a)	97	(a)	98	(a)	99	(a)	100	(a)

### Whether the following statements are True or False

1. Provisions are made for doubtful debt is concern with prudence concept.
2. Capital of owner shown on the liability side of the balance sheet due to separate entity concept.
3. Drawing decrease the assets and decrease the liability.
4. X draws a Bill on Y. Y accept the same. Y can endorse the bill to Z.
5. A, B, C started joint venture. A brought rs.10000, B Rs.20000, C Rs.30000 and opened joint bank account. Rs.10000 will be credited in joint bank a/c. on the name of A.
6. Dale creder commission calculated only on credit sale.
7. In nonprofit organization income-expenditure account is similarly to P&L A/c.
8. It is true receipts and payment is like a cash book.
9. When trial balance tallied, it does not means accounts are correct.
10. AS-19 not applicable for lease agreement to used land.
11. Domestic branch can be either depend or independent but foreign branch always independent.
12. Qualifying assets will never include biological assets.
13. Accounting for government grant as per AS-12
14. Financial statement should disclose all the items and facts which are sufficient enough to influence the decision of reader.
15. Selling price under the higher purchase is less than selling price under cash basis.
16. In branch Accounts in debtors system opening balance of assets are debited to branch accounts.
17. As per AS 19 in operating lease risk is not transferred to lease.
18. Capital expenditure tends to increase the earning capacity or reduce the operating expenses of an entity.
19. entire amount of Revenue expenditure is match against the revenue to determine the operating profit.
20. Example of Revenue receipt is recovery from customer earlier written off as bad debt.
21. Capital losses are sale of assets.
22. Cash discount is never recorded in the books of accounts.
23. The partners of joint venture accounts called temporary partners.
24. Revenue are matched with expenses in accounts with prudence principle.
25. AS-10 is applicable to goodwill.
26. Receipts and payment accounts prepared by accepting accrual base principle.
27. The software development expenses for a company engaging software business is capital expenses.
28. Depreciation is process of valuation.
29. Retiring a bill under rebate means payment of the bill before due date.
30. If an employee of the business files a legal suit on the business, it is considered in the books as legal expenses.
31. Assets lifecycle method is not a method of depreciation.
32. Realization account is opened at the time of dissolution of firm.

33. Cost principle is a qualitative character of Financial statement.
34. Sales return book recorded on the basis of credit notes issue.
35. Reserve for discount on creditors has a credit balance
36. Reducing balance method for depreciation has a uniform charge for depreciation and repairs and maintenance.
37. Reserve for discount on creditors has a debit balance.
38. Movable property may be subject matter of consignment.
39. In higher purchase system, cash price + interest is known a hire purchase price.
40. Depreciation is calculated from the date of put to use.
41. Debit balance in the cash book is equivalent to credit balance as per passbook.
42. Going concern concept is not followed by joint venture concern.
43. In Financial Lease generally not cancellable and cover full economic life.
44. Consignment Account is nominal account.
45. Average clause is applicable in case of under insurance.
46. Stock reserve will only when balance sent goods at cost + profit at invoice price.
47. Consignment business is not temporary but joint venture is temporary.
48. When method of depreciation change does not mean accounting policy is changed.
49. Abnormal loss in consignment is charged to P&L A/c.
50. It is not compulsory to record all the business transaction in the books of accounts.

**Answer :**

(1)	True	(2)	True	(3)	True	(4)	False	(5)	False
(6)	False	(7)	True	(8)	True	(9)	True	(10)	True
(11)	True	(12)	True	(13)	True	(14)	True	(15)	False
(16)	True	(17)	True	(18)	True	(19)	True	(20)	True
(21)	True	(22)	False	(23)	False	(24)	False	(25)	False
(26)	False	(27)	True	(28)	False	(29)	True	(30)	False
(31)	True	(32)	True	(33)	False	(34)	True	(35)	False
(36)	True	(37)	True	(38)	True	(39)	True	(40)	True
(41)	True	(42)	True	(43)	True	(44)	True	(45)	True
(46)	True	(47)	True	(48)	True	(49)	True	(50)	False

**Fill in the Blanks**

1. AS 19 is related to \_\_\_\_\_
2. Assets AS 10 is \_\_\_\_\_
3. Maximum loss method related to \_\_\_\_\_
4. Joint Bank Account is prepared in \_\_\_\_\_ account.
5. Anticipated profit cannot book but anticipated loss need to consider is \_\_\_\_\_ principle.
6. Receipts & Payment Accounts looks like \_\_\_\_\_ of profit making organization.

7. In LLP maximum members \_\_\_\_\_.
8. Goodwill is \_\_\_\_\_ assets
9. \_\_\_\_\_ discount is not recorded in books.
10. Excess of Hire purchase price over the cash price is known as \_\_\_\_\_
11. Consignment account is of \_\_\_\_\_ class of Accounts
12. IND-AS are \_\_\_\_\_
13. Goods sold to Ramesh on credit is debited to \_\_\_\_\_.
14. Opening capital Rs.100000, closing capital Rs.200000, Drawing Rs.40000, further capital Rs.60000, gross profit is Rs.\_\_\_\_\_.
15. Average stock is Rs.60000, opening stock is Rs.6000 less than closing stock, so closing stock is \_\_\_\_\_.
16. When Assets sold out, Assets Account will be \_\_\_\_\_.
17. When Trial Balance is not tallied \_\_\_\_\_ is opened.
18. Bills payable honoured during the year will be debited to \_\_\_\_\_.
19. Amount spent on unsuccessful promotional policy is \_\_\_\_\_
20. Reserve for discount on Creditors has a \_\_\_\_\_ balance.
21. Provision for unpaid salary is \_\_\_\_\_ principle.
22. X and Y are entered in the business of buy and sale of houses for the period of one year and sharing of profit equal this agreement \_\_\_\_\_.
23. Both cash and credit transaction are recorded on the basis of \_\_\_\_\_.
24. Discount given in the sales invoice itself is \_\_\_\_\_.
25. The business is treated as distinct and separate from its owners on the basis of \_\_\_\_\_.
26. Memorandum joint venture account is prepared to find out due from \_\_\_\_\_.
27. Wages paid for installation of Machinery is \_\_\_\_\_.
28. An amount spent in connection with obtaining a license for starting the factory is \_\_\_\_\_.
29. Encourage full insurance and discourage under insurance \_\_\_\_\_.
30. Income and expenditure Accounting is prepared by adopting \_\_\_\_\_ principle of accounting.
31. Accounting period is \_\_\_\_\_
32. Additional capital introduced by proprietor / partner is called \_\_\_\_\_
33. Accounting equation = \_\_\_\_\_
34. At least two debits and at least one credit or at least one debit and two or more credit items are involved is called \_\_\_\_\_.
35. These entries are passed at the time of finalization of accounts for honoring the different generally accepted accounting principles is called \_\_\_\_\_.
36. The ledger which contains the accounts other than those contained in the personal ledger is called \_\_\_\_\_.

37. Writing of intangible assets gradual over its estimated useful life is called \_\_\_\_\_.
38. The purchase of laptop for office use wrongly debited in purchase account. It is the error of \_\_\_\_\_.
39. Original cost of machine is Rs.150000 residual value Rs.10,000, if depreciation is change @ 10% per annum under WDV method, than depreciation for 3rd year will be Rs. \_\_\_\_\_.
40. The Bank Account is \_\_\_\_\_ account.
41. These bill are drawn without consideration called \_\_\_\_\_.
42. The relationship of a consignor and consignee is that of a \_\_\_\_\_ and \_\_\_\_\_.
43. Income and expenditure account is \_\_\_\_\_ account.
44. Joint life insurance policy is a common life insurance policy which covers the life of all the partners of the firm and premium which is born by \_\_\_\_\_.
45. As per Sec. \_\_\_ of limited liability act 2008 every limit liability firm shall the file the annual return.
46. \_\_\_\_\_ lease, lease expenses like maintenance, repair and taxes are borne by lessor.
47. In foreign branch \_\_\_\_\_ method is considered applicable while exchange rate is fluctuating.
48. On application of average clause, net claim will be computed Net claim x Policy value / \_\_\_\_\_.
49. Standard turnover correspondence with the \_\_\_\_\_ period.
50. \_\_\_\_\_ commission is followed by the consignment to the consignee to encourage the consignee for putting hard work in introducing new product in market.

**Answers :**

1	Leases	2	Depreciation
3	Piecemeal distribution	4	Joint venture
5	Prudence	6	Cash book
7	100	8	Intangible
9	Trade discount	10	Interest
11	Nominal account	12	Principle base accounting standard
13	Ramesh account	14	Rs.80000
15	Rs.63000	16	Debited
17	Suspense a/c.	18	Bills payable accounts
19	Capital expenditure	20	Debit
21	Matching	22	Joint venture
23	Accrual concept	24	Trade discount
25	Business entity concept	26	Co. ventures
27	Capital expenditure	28	Capital expenditure
29	Average clause	30	Accrual
31	Concept	32	Capital receipt
33	Assets = Liability + Equity	34	Compound Journal Entry



35	Adjustment entries	36	Impersonal ledger
37	Amortization	38	Principle
39	Rs.12150	40	Personal
41	Accommodation Bill	42	Owner and agent
43	Nominal	44	Firm
45	Sec.35	46	Operating lease
47	Temporal	48	Value of stock lost in date of accident
49	Indemnity	50	Overriding

## Paper 8 – Cost Accounting

1. When sales of 10000 units, loss per unit is Rs.5 and Sales 50000 units, profit per unit is Rs.5. What will be BEP (Sales price per unit is Rs.10).
- (a) Rs.166666
  - (b) Rs.125000
  - (c) Rs.150000
  - (d) Rs.133333

2. What cost per unit of part be entered in stores ledger

	<b>Rs.</b>
100 units	1000
Less : 20% discount	200
	800
Add : 18% GST	360
	1160
Add : Packing cost	40
	1200

GST Credit is available.

- (a) Rs.8.40
  - (b) Rs.12.00
  - (c) Rs.10.00
  - (d) Rs.8.00
3. Calculate the number of days for days for which the average inventory held.

	<b>Rs.</b>
Opening stock	1,00,000
Purchase	3,00,000
Closing stock	2,00,000

- (a) 275 days
  - (b) 175 days
  - (c) 125 days
  - (d) 260 days
4. Company wants to frame the purchase policy. Which is most economical.  
Annual demand 12000 units; order cost Rs.2000 per order; carrying cost 10%; Purchase price monthly Rs.20, Quarterly Rs.18, Six month Rs.16 and yearly Rs.15.
- (a) Monthly
  - (b) Quarterly
  - (c) Six monthly
  - (d) Yearly

5. From following information, calculate various ratio (from 5 to 7)

Budgeted production – 1000 units; Actual production 800 units; Actual working hours 4200.  
Calculate efficiency ratio.

- (a) 95%
- (b) 125%
- (c) 105%
- (d) 85%

6. Calculate Activity Ratio.

- (a) 80%
- (b) 125%
- (c) 100%
- (d) 85%

7. Calculate capacity ratio

- (a) 84%
- (b) 120%
- (c) 100%
- (d) 105%

8. What is amount of under absorption.

Estimated cost Rs. 5,00,000; Estimated hours 1,00,000; Actual cost Rs. 5,00,000; Actual hours 80,000.

- (a) Zero
- (b) Rs. 1,00,000
- (c) Rs. 2,00,000
- (d) Over absorption of Rs. 1,00,000

9. What will be entry in cost ledger (non-integral system) Finished goods transfer (Production) Rs. 5,00,000.

- (a) WIP control A/c.dr  
    To Finished Goods control A/c. cr.
- (b) Finished goods control A/c. dr.  
    To WIP control A/c. cr.
- (c) No entry is required
- (d) Sales control A/c. dr.  
    To Production control A/c. cr.

10. In which set of Accounts Reconciliation is not required.

- (a) Financial accounts
- (b) Cost accounts

- (c) Integral Accounts
- (d) any of the accounts.

11. Match A with B

**A**

- 1. Equivalent production
- 2. Escalation clause
- 3. Angle of incidence
- 4. Hotel costing

**B**

- 1. Operating costing
- 2. Process costing
- 3. Contract costing
- 4. Marginal costing

12. Under flexible costing system production 1000 units. Factory OH cost per unit Rs.10 (40% fixed). What will be cost per unit, when production will be 2000 units.

- (a) Rs.8
- (b) Rs.6
- (c) Rs.10
- (d) Rs.12

13. Under flexible system data provided as under.

Factory OH	Cost per unit
Production 2000 units	Rs. 20

When produce 4000 units, cost per unit is Rs.15. What fixed % of OH at 2000 units of production.

- (a) 40%
- (b) 50%
- (c) 100%
- (d) 20%

14. Cash budget is a type of

- (a) Functional budget
- (b) Flexible budget
- (c) Fixed budget
- (d) Zero Base budget

15. Based on information given, what is maximum level.

Normal usage (per week) 15 units  
Maximum usage (per week) 20 units  
Minimum usage (per week) 15 units  
Reorder quantity 200 units  
Reorder period 4 to 6 weeks

- (a) 280
- (b) 200

- (c) 320
- (d) 400

16. X Co. Ltd provides following information for the month of Oct'2022.

Purchase		Issue	
05/10/2022	300 units Rs.6	06/10/2022	200 units
08/10/2022	500 units Rs.7	11/04/2022	400 units
12/10/2022	600 units Rs.8	18/04/2022	500 units

Calculate using LIFO method of pricing issue. Value of material consumed during the period.

- (a) Rs.8000
  - (b) Rs.6000
  - (c) Rs.9000
  - (d) Rs.11000
17. Out of Halsy an Rowen plan of wage payment which method will be more benefited to a worker who saves less than 50% of standard time?
- (a) Halsy
  - (b) Rowen
  - (c) both equal
  - (d) cannot answer
18. The following information is given:  
Standard time = 2 hours for one unit  
Actual time takes 40 hours for 25 units  
Standard wage rate per hour Rs.10  
Calculate earning of the worker under Taylors differential price rate system.
- (a) Rs.480
  - (b) Rs.240
  - (c) Rs.400
  - (d) Rs.960
19. Using above information, earning as per Menick Differential price rate?
- (a) Rs.480
  - (b) Rs.980
  - (c) Rs.900
  - (d) Rs.600
20. Using information given in (18) as per Halsy premium plan?
- (a) Rs.450
  - (b) Rs.550

(c) Rs. 400

(d) Rs. 500

21. Using information given in (18) under Rowen Plan?

(a) Rs. 440

(b) Rs. 660

(c) Rs. 480

(d) Rs. 450

22. Data of product manufacturing are given :

	X	Y	Z
Direct Labour	Rs. 10,000	Rs. 20,000	Rs. 30,000

Factory OH is Rs.1,20,000; Allocate OH on the direct labour cost absorption base to product Z.

(a) Rs. 60,000

(b) Rs. 30,000

(c) Rs. 20,000

(d) Rs. 40,000

23. Calculate direct expenses as per CAS 10 from the following information.

Royalty paid on production	Rs. 2,00,000
Royalty paid on sales	Rs. 3,00,000
Design charges	Rs. 1,00,000
Software development charges	Rs. 1,00,000
Halted to production Apportioned GM Salary	Rs. 3,00,000

(a) Rs. 7,00,000

(b) Rs. 10,00,000

(c) Rs. 6,00,000

(d) Rs. 9,00,000

24. The cost per unit of a product manufacture is Rs.200. (40% variable), when production is 5000 units. If production increases 100%, what will be cost per unit?

(a) Rs. 140

(b) Rs. 200

(c) Rs. 160

(d) Rs. 240

25. Based on following information, calculate EBQ (Economic Batch Quantity)

Annual demand	50,000 units
Setup per batch	Rs. 100
Annual rate of interest	10%
Cost of production per unit	Rs. 20

- (a) 2236 units
- (b) 3222 units
- (c) 3600 units
- (d) 4000 units

26. The formula applies for transfer profit to P&L A/c in the case when contract complete between 50% and 90%.

- (a)  $\frac{1}{3} \times \text{Notional profit} \times \text{Cash Received} / \text{work certified}$
- (b)  $\frac{2}{3} \times \text{Notional profit} \times \text{Cash Received} / \text{Contract price}$
- (c)  $\text{Estimated profit} \times \text{Work certified} / \text{Contract price}$
- (d)  $\text{Notional profit} \times \text{work certified} / \text{contract price}$

27. Match A with B

**A**

- 1. CAS – 10
- 2. CAS – 12
- 3. CAS – 16
- 4. CAS – 24

**B**

- 1. Repairs & Maintenance
- 2. Depreciation and Amortization
- 3. Treatment of Revenue in cost
- 4. Direct expenses

28. Match A with B

**A**

- 1. Flux method
- 2. Halsy premium
- 3. Ranking method
- 4. Absorption method

**B**

- 1. Machine hour rate
- 2. Labour Turnover
- 3. Labour incentive
- 4. Job evaluation

29. Which is not absorption method?

- (a) Direct material
- (b) Direct wages
- (c) Machine hour
- (d) No of employees

30. Which is not the techniques?

- (a) Process costing
- (b) Standard costing
- (c) Marginal costing
- (d) Budgetary control

31. Which is not the method of costing?

- (a) Operating costing
- (b) Standard costing

- (c) Process costing
- (d) Contract costing

32. Profit as per cost accounting is Rs.500000. Based on following information, calculate profit as per cost accounting (item of diff).

	Costing	Accounts
Stock	4,00,000	3,00,000
Factory OH	5,00,000	6,00,000
Marketing OH	2,00,000	3,00,000
Investor Deb	---	2,00,000
Investor recd.	---	4,00,000
Admn OH	5,00,000	7,00,000

- (a) Rs. 4,00,000
- (b) Rs. 6,00,000
- (c) Rs. 3,00,000
- (d) Rs. 5,00,000

33. Under non-integral system, pass the entry of following transaction.

Material issue for production.

- (a) WIP control A/c Dr, To stores ledger control A/c cr.
- (b) WIP control A/c. Dr. To general ledger control A/c. cr.
- (c) Profit & Loss control A/c. Dr, To stores ledger control A/c. cr.
- (d) No entry

34. Under integral system pass the entry of production Rs.10,00,000.

- (a) Finished goods control A/c. Dr., To WIP control A/c. cr.
- (b) Finished goods control A/c. Dr., To GLC control A/c. cr.
- (c) Profit & Loss Control A/c. Dr., To WIP control A/c. cr.
- (d) No entry

35. Profit Rs.5000 (10% of sales); P/v ratio 25%, what will be Margin of safety, when sales will be double?

- (a) Rs. 70,000
- (b) Rs. 30,000
- (c) Rs. 40,000
- (d) Rs. 50,000

36. Margin of safety is 20%, when sales are 200000. When BEP is 20% increase. How much margin of safety decrease in %.

- (a) 80%
- (b) 50%



- (c) 100%
- (d) 25%
37. Material price variance is the portion of
- Material usage variance
  - Material yield variance
  - Material Mix variance
  - Material Cost variance
38. X Co. develop the process costing system when input is 10,000 Kgs., Rs.1,00,000 normal wastage, 10% scrap can be sold at Rs.4 per Kg. where actual production 5000 Kgs. What will be cost per Kg.
- Rs. 10.67
  - Rs. 18.20
  - Rs. 20.0
  - Rs. 11.11
39. Which is not the objective of Cost Accounting Standard?
- Find the fraud
  - To bring uniformity
  - Compliance under cost Audit
  - Determined the cost as reasonable accuracy
40. General Ledger control Account is not in the following accounting system.
- Integral system
  - Non Integral system
  - in both the system
41. Under / Over recovery overhead under non integral system transferred to
- Overhead accounts
  - General Ledger Control A/c.
  - Costing P & L A/c.
42. If profit under both the set of accounts (i.e. finance and cost) is same, Reconciliation is not required is
- True
  - False
  - Both true and false
  - Can't say
43. A company has been asked to quote for a Job works 20% net profit on sales. The estimated cost as under :
- |                 |                        |
|-----------------|------------------------|
| Direct Material | Rs.100 (per Kg. Rs.10) |
|-----------------|------------------------|

Direct Labour Rs.100 (per hour Rs.10)

Variable OH are recovered Rs.2 per labour hour

- (a) Rs. 264
- (b) Rs. 275
- (c) Rs. 220
- (d) Rs. 300

44. Material Purchased Rs. 6,00,000 (60% credit), What will entry in integral accounts?

- (a) Material Purchase A/c. Dr. Rs. 6,00,000  
To Creditors A/c. Cr. 3,60,000  
To Creditors A/c. Cr. 2,40,000
- (b) Material control A/c. Dr. Rs.6,00,000  
To GLL A/c. Cr. 6,00,000
- (c) Stores Ledger Control A/c. Dr. Rs.6,00,000  
To Creditors A/c. Cr. 3,60,000  
To Bank A/c. Cr. 2,40,000

45. Out of the following, which entry is not passed in Financial Accounting books

- (a) Production
- (b) Sales
- (c) Received from debtors
- (d) Payment made to creditors

46. When production overhead recovered Rs.600000, which of the following accounts are effected for Non-integral accounts?

- (a) WIP control & General Ledger Control
- (b) WIP control & Production OH control
- (c) Production OH control & GLC A/c.
- (d) WIP & Costing P&L A/c.

47. In a Hospital cost of carrying our health check in last five months as under (using high & low method)

Month	No.of patients	Rs.
January	600	12,000
February	700	14,000
March	800	15,000
April	400	8,000
May	500	9,000

Cost of check in 750 patients in June.

- (a) Rs. 13125

- (b) Rs. 12,275
- (c) Rs. 6,150
- (d) Rs. 12,925

48.  $\frac{1}{2}$  (No. of separation + No. of Replacement) / Average No. of workers

Above formula is useful to find out labour turnover rate is called

- (a) Flux method
- (b) Separation method
- (c) Replacement method
- (d) None of above

49. Which of the following is individual incentive scheme?

- (a) Profit sharing
- (b) Halsy premium
- (c) Group Bonus

50. Which is not the process of Overhead?

- (a) Apportionment
- (b) Reappointment
- (c) Absorption
- (d) Reconciliation

51. Which is not production overhead?

- (a) Salary of Machine Operator
- (b) Salary of general manager
- (c) Power
- (d) Tools & consumables

52. Depreciation charged to costing books is Rs.18000 and financial books Rs.15000. What will be financial profit when costing profit Rs.10000.

- (a) Rs. 10,000
- (b) Rs. 13,000
- (c) Rs. 7,000
- (d) None of above

53. The budgeted annual sales is Rs.100 lacs, 40% is cash sales, if the average amount of debtors is Rs.5 lac, the average collection period of credit sales

- (a) 1 month
- (b) 2 months
- (c)  $\frac{1}{2}$  months
- (d) None of above

54. Overtime paid to workers due to breakdown of machine will charged to

- (a) Factory OH
- (b) Indirect wages
- (c) Directly charged to production
- (d) Charged to P&L A/c.

55. Following information is provided

	X	Y
Max. unit sales	1000	2000
Material cost (Rs.10 per Kg)	40	30
Direct wages (Rs.10 per hours)	30	20

Max. Material available 8000 Kg and available hours also 8000 hours. Which is limiting factor?

- (a) Material
- (b) Labour
- (c) Both material & labour
- (d) None of above

56. Following data are extracted from flexible budget.

	4000 units	6000 units
Material	10,000	15,000
Labour	12,000	18,000
Factory OH	4,000	5,000
Admn OH	6,000	8,000
Marketing OH	8,000	10,000

What will be total fixed cost?

- (a) Rs. 2,000
- (b) Rs. 4,000
- (c) Rs. 6,000
- (d) Rs. 8,000

57. Match the industry & suitable costing system.

A	B
1. Cement	1. Operating
2. TV	2. Multiple
3. Hospital	3. Contract
4. Construction	4. Process

58. Which is suitable for FSN?

- (a) Fast, slow ad non moving

- (b) First, second and None
- (c) Fast, slow and negative
- (d) None of above

59. VED Is stands for

- (a) Very, easy and double
- (b) Vital, essential and desirable
- (c) Vital, easy and desirable
- (d) Vital, essential and destructible

60. In which incentive scheme 50% benefit passed to employee?

- (a) Halsy
- (b) Rowen
- (c) Merrick
- (d) Taylors Differential

61. Purchase during the month of April 2023 as under

1st week	1,000 units Rs.10 each
2nd week	12,500 units Rs.14 each
3rd week	7,500 units Rs.16 each
4th week	15,000 units Rs.17 each

Sells in 1st week of May 27500 units. Calculate value of the closing stock at the end of the 1st week of May 2023 under LIFO.

- (a) Rs. 2,95,000
- (b) Rs. 2,50,000
- (c) Rs. 2,35,000
- (d) Rs. 2,05,000

62. Which is the base for absorption of Admn OH?

- (a) Machine hour rate
- (b) Direct labour cost
- (c) Sales value
- (d) As a % of prime cost

63. The standard overhead rate for a department is Rs.2 per hour and overhead as under.

Activity (hour)	Overhead
5,000	Rs. 15,000
10,000	Rs. 20,000
15,000	Rs. 25,000

Calculate the standard activity level at which the standard overhead rate has been worked out.

- (a) 10,000 hrs.
- (b) 1,000 hrs.
- (c) 5,000 hrs.
- (d) 12,000 hrs.

64. Cost of the machine imported in \$100,000 (Rs.80 \$). 20% custom duty, Rs. 2,00,000 transportation charges, transportation scrape value after life of 5 years is Rs.28 lacs. What will be depreciation per hour when machine run 4,000 hours a year.

- (a) Rs. 350
- (b) Rs. 700
- (c) Rs. 1000
- (d) Rs. 500

65. At the level of 50,000 units of output, factory OH was Rs.5,00,000 out of which 25% is fixed. Find the amount of factory OH at 75,000 units of output.

- (a) Rs. 6,87,500
- (b) Rs. 7,50,000
- (c) Rs. 6,00,000
- (d) Rs. 8,00,000

66. Which pair is correct?

**CAS**

- 1. 10 Research
- 2. 12 repairs
- 3. 19 joint cost
- 4. 10 direct cost

- (a) 1
- (b) 2
- (c) 3
- (d) 4

**CAS**

- 18 Research
- 19 joint cost
- 10 repairs
- 16 Pollution control cost

67. Direct material cost is Rs.5000, direct material and Rs.4000 direct labour OH charged 50% of direct labour. If profit is included @ 20% of the charged to customer, calculate the sales price.

- (a) Rs. 13,750
- (b) Rs. 13,200
- (c) Rs. 12,000
- (d) Rs. 15,000

68. Match A with B

**A**

- 1. Where the nature of product is complex

**B**

- 1. Output costing

- |                         |                     |
|-------------------------|---------------------|
| 2. Single product       | 2. Batch costing    |
| 3. Group of Product     | 3. Job costing      |
| 4. Cost of specific job | 4. Multiple costing |

69. The rate of labour turnover on separation method is 5%. During the period 40 employees separated. What is No. of average No. of employees?

- (a) 800
- (b) 80
- (c) 40
- (d) 100

70. Overhead rate applicable to whole company is called

- (a) Blanket overhead rate
- (b) Group overhead rate
- (c) Company overhead rate
- (d) None of above

71. Which expenses always have different amount under two set of accounts i.e. Financial Accounts & Cost Accounts.

- (a) Factory Overhead
- (b) Interest on Debenture
- (c) Donation
- (d) Bad Debt

72. Process account one is given

	Units	Rs.		Units	Rs.
Material	6500	1,00,000	Normal	250	1000
Wages		100000	Loss		
Direct expn		100000	Transfer	6,000	
Factory OH		75000	to process 2		
			Abnormal Loss	250	

Based on above information, value of abnormal loss is

- (a) Rs. 15,000
- (b) Rs. 25,000
- (c) Rs. 10,000
- (d) Rs. 5,000

73. Before changes commission of manager, which is 5% of ticket charges cost Rs.1,50,000, expected profit 20% of ticket. What will be ticket charges per km when to took travel 10,000 km.

- (a) Rs. 20
- (b) Rs. 30

(c) Rs. 15

(d) Rs. 25

74. X company operate standard costing system.

Material Standard Costing Actual Costing

	Kg.	Price Rs.	Cost	Rs.	Price	Cost
A	200	10	2,000	350	15	5,250
B	300	16	4,800	250	10	2,500
	500		6,800	600		7,750
Less	100			100		
	400			500		

Based on above, answer 74 to 77

Material Cost Variance ?

(a) Rs.750 F

(b) Rs.750 A

(c) Rs.950 F

(d) Rs.950 A

75. Material Mix Variance?

(a) Rs. 660 F

(b) Rs. 660 A

(c) Rs. 1,000 F

(d) Rs. 1,000 A

76. Material yield Variance?

(a) Rs. 340 F

(b) Rs. 340 A

(c) Rs. 1,000 F

(d) Rs. 1,000 A

77. Material Price Variance?

(a) Rs. 250 A

(b) Rs. 250 F

(c) Rs. 1000 F

(d) Rs. 1000 A

78. Following data available for company

Labour Category	Standard Costing			Actual Costing		
	Hrs	Rate Rs.	Cost	Hrs.	Rate	Cost
Skill	1000	10	10000	3000	12	36000



Unskilled	2000	5	10000	3000	4	12000
Semi-skilled	3000	4	12000	3000	3	9000
	6000		32000	9000		57000
Less	2000			4000		
Output	4000			5000		

Based on above information, calculate 78 to 82

Labour Cost Variance?

- (a) Rs.17000 A
- (b) Rs.17000 F
- (c) Rs.25000 F
- (d) Rs.25000 A

79. Labour Rate Variance?

- (a) Nil
- (b) Rs.1000 A
- (c) Rs.1000 F
- (d) Rs.5000 A

80. Labour Efficiency Variance?

- (a) Rs.17000 A
- (b) Rs.17000 F
- (c) Nil
- (d) Rs.1000 A

81. Labour Mix Variance?

- (a) Rs.9000 A
- (b) Rs.9000 F
- (c) Nil
- (d) Rs.25000 A

82. Labour yield variance?

- (a) Rs.8000 A
- (b) Rs.8000 F
- (c) Nil
- (d) Rs.9000 F

83. Data available from Xcontact. : Year -1; Value of work certified – 300000; Cost of work to date – 250000; cost of work not certified – 20000; cash received – 200000.

How much amount to be transferred to P&L A/c. Contract price is Rs.1500000.

- (a) Rs.15555

- (b) Rs. 30555
- (c) Rs. 12555
- (d) Rs. 33555

84. Following information available for two plants.

	Plant X	Plant Y
Sales	Rs.100 L	Rs.200 L
Variable cost	40%	50%
Fixed cost	20L	30L
Plant capacity utilized	100%	40%

What would be the profitability on working at 75% of merger plant?

- (a) Rs.182.5 L
- (b) Rs.175.5 L
- (c) Rs.187.5 L
- (d) Rs.192.5 L

85. Mahendra Ltd. sales Rs.80 per unit (Variable cost 60%), fixed cost Rs.18 Lac. How much % of sales to be increase to offset an increase of Rs.4 per unit in variable cost?

- (a) 10%
- (b) 14.28%
- (c) 20%
- (d) 29.56%

86. Following data available.

Company	X	Y
Sales	Rs. 5,00,000	Rs. 6,00,000
Contribution	Rs. 1,00,000	Rs. 1,80,000
Profit	Rs. 70,000	Rs. 1,20,000

Which company will earn more when heavy demand?

- (a) X
- (b) Y
- (c) Both are equal
- (d) Cannot say

87. Which statement is not correct?

- (a) Labour rate variance + Labour efficiency variance = Labour cost variance
- (b) Labour yield variance = Labour Rate Variance + Labour mix variance
- (c) Material yield variance = Material Mix variance + Material yield variance
- (d) Material cost variance = Material price variance + Material usage variance

88. Following data is available to find P/v ratio :

Margin of safety Rs.6,00,000; Profit – 60,000

- (a) 10%
- (b) 50%
- (c) 25%
- (d) 20%

89. Calculate the cost of indifference point

	System M	System N
Variable cost	Rs.40 per unit	Rs.20 per unit
Fixed Cost	Rs.2 L	Rs.5 L

- (a) 15000 units
- (b) 30000 units
- (c) 10000 units
- (d) 25000 units

90. Variable cost is 75% of sales value. BEP is 75% of capacity of plant. What will be the plant capacity when fixed cost is Rs.300000.

- (a) Rs.16 L
- (b) Rs.12 L
- (c) Rs.20 L
- (d) Rs.10 L

91. Company Z has two products.

	M	N
Sales price per unit	Rs.10	Rs.16
Variable cost / unit	Rs.5	Rs.13
Budgeted sales units	2000	5000

Fixed cost of the company Rs.10000.

- (a) Rs. 33,333
- (b) Rs. 40,000
- (c) Rs. 25,000
- (d) Rs. 50,000

92. Which statement is not correct for imputed cost?

- (a) It is recorded in books of accounts regularly
- (b) Cash outlay is not involve
- (c) It useful to take prudent decisions
- (d) It similar to opportunity cost.

93. Which is not responsibility center?
- (a) Cost center
  - (b) Profit center
  - (c) Investment center
  - (d) Service center
94. In case of continuous increase cost material which method of issue show higher cost compared to other method?
- (a) FIFO
  - (b) LIFO
  - (c) Average
  - (d) Weighted average
95. Standard time allowed X, if 50% saving time at same time rate which method gives higher remuneration?
- (a) Halsy
  - (b) Rowen
  - (c) Both equal
  - (d) Cannot say
96. Which cost accounting standard applicable for employee cost?
- (a) CAS 7
  - (b) CAS 4
  - (c) CAS 3
  - (d) CAS 2
97. Which is not the method of classification of semi variable cost into variable and fixed?
- (a) Graphical method
  - (b) Simultaneous equation
  - (c) High and low method
  - (d) Forecasting method
98. Which is not the objective of cost accounting standard?
- (a) Reduction in cost
  - (b) To bring uniform and consistence of principles
  - (c) To educate the users about the utility and need for compliance of CAS
  - (d) To equip the professional with better guidelines on cost accounting principles.
99. Annual demand 12000 units, order cost Rs.1000 per order, carrying cost per annum Rs.10. What will be EOQ?
- (a) 1550 units
  - (b) 1250 units

- (c) 1000 units
- (d) 1450 units

100. Using Taylors differential piece rate system, find the earning of Mohan based on following information. Standard time per piece 12 minutes, Normal rate per hour (8 hrs) – Rs.20, Modhan produce 37 units.

- (a) Rs.118.40
- (b) Rs.98
- (c) Rs.140
- (d) Rs.125

**Answers :**

1	(a)	2	(a)	3	(a)	4	(d)	5	(a)
6	(a)	7	(a)	8	(b)	9	(b)	10	(c)
11	1-2; 2-3; 3-4; 4-1.	12	(a)	13	(b)	14	(a)	15	(a)
16	(a)	17	(b)	18	(a)	19	(a)	20	(a)
21	(a)	22	(a)	23	(a)	24	(a)	25	(a)
26	(b)	27	1-4 2-1 3-2 4-3	28	1-2 2-3 3-4 4-1	29	(d)	30	(a)
31	(b)	32	(a)	33	(a)	34	(a)	35	(a)
36	(a)	37	(d)	38	(a)	39	(a)	40	(a)
41	(c)	42	(a)	43	(b)	44	(c)	45	(a)
46	(b)	47	(a)	48	(a)	49	(b)	50	(d)
51	(a)	52	(b)	53	(a)	54	(d)	55	(a)
56	(d)	57	1-4 2-2 3-1 4-3	58	(a)	59	(b)	60	(a)
61	(d)	62	(c)	63	(a)	64	(a)	65	(a)
66	(b)	67	(a)	68	1-4 2-1 3-2 4-3	69	(a)	70	(a)
71	(a)	72	(a)	73	(a)	74	(a)	75	(a)
76	(a)	77	(a)	78	(a)	79	(a)	80	(a)
81	(a)	82	(a)	83	(a)	84	(a)	85	(b)
86	(b)	87	(b)	88	(a)	89	(a)	90	(a)
91	(b)	92	(a)	93	(d)	94	(b)	95	(c)
96	(a)	97	(d)	98	(a)	99	(a)	100	(a)

### Whether the following statements are True or False

1. High and low point method for segregation of variable and fixed cost.
2. Every long term contract escalation clause is compulsory.
3. When input quantity is different for standard and actual to calculate material mix variance revised standard quantity is required.
4. CAS 10 is for direct expenses.
5. Sales qty 4000 Kg and next year increase 5000 kg without changes in sales price and cost means BEP will not increase.
6. Rs.100000 production transferred from WIP to finished goods. There will not be entry recorded in financial accounts.
7. Integral Accounting system reconcile statement is not required.
8. Without knowing BEP, margin of safety cannot be computed.
9. Indirect wages among the production center apportioned on the basis of direct wages.
10. Management Accounting both quantitative and qualitative while cost accounting is quantitative.
11. Sunk cost may be termed as irrecoverable cost.
12. Investment center looks into return on the funds invested in the group's operation during the time.
13. Tonne – Kilometer unit is an example of composite cost unit.
14. Cost allocation means concerned department product should have caused the cost to be incurred and exact amount of cost should be computable.
15. CAS 7 define prime cost = Direct material, Direct labour and direct expenses
16. Cost of sales and cost of goods sold is same.
17. Variable cost per unit is fixed.
18. Linear equation method used the straight line equation of  $y = mx + C$  is the level of output and C is the fixed cost.
19. Direct material is Rs.100, Direct wages is Rs.500, absorption of overhead 100% of direct wages. If 20% is the profit on sales price, so sales price will be Rs.1320.
20. When order cost is low it is desirable to place single order irrespective of carrying cost.
21. Reorder level = Minimum level + Consumption during lead time.
22. Just in time is a production strategy that strives to improve a business return on investment by reducing in process inventory and associated carrying cost.
23. Base stock method where a minimum quantity of stock under method is always held at a fixed price is reserve in the stock to meet state of emerging.
24. Spoilage means when production does not come up to the standard specification or quality it has to be rejected outright.
25. Method study is generally conducted for the jobs which involve complex operations as well as costing operations.
26. Abnormal idle time for longer time and out of control mostly charged to costing P&L A/c.

27. As per CAS 10 in case of research and development cost the amount traceable to the cost object for development and improvement of process for the existing product shall be included in the direct expenses.
28. As per CAS 11, Administrative overhead as cost of all activities relating to general management and administrative of entity.
29. As per CAS 12 receivable collection cost is selling and distribution overheads.
30. A job is a customer order or task of relatively short duration. Job costing is a form of specific order costing where costs are attributed to individual job.
31. The optimum quantity of batch which should be produced at a point of time determined after achieving a tradeoff between set up cost and carrying cost this batch size is termed as EBQ.
32. Value of abnormal loss = Total cost incurred in the process / Input units.
33. Selling price method is one of the method for allocation of joint cost.
34. Where no opening and closing profit under marginal costing system and absorption costing system is equal.
35. In case of opening stock and closing stock is same, profit under both the system marginal costing and absorption costing is equal.
36.  $P/v \text{ Ratio} = \text{Change of sales} / \text{Change of profit}$
37. When there are more than one product BEP cannot be computed.
38. Zero base budgeting is a method of budgeting where all activities are revaluated each time budget is formulated.
39. Budget manual describes the objectives and procedure involved in the budgeting process.
40. Standard costing with the overall profitability and financial position of the concern.
41. Cash budget is functional budget.
42. ABC analysis is useful for valuation of inventory.
43. Standard costing can be adopted in a business without any particular policy.
44. Rolling budget is continuously update budget.
45. The main function of management accounting is planning, controlling and decision making,
46. A factor which limits activities of an under taking is a principal budget factor.
47. ABC analysis is based on unit price of material.
48. Differential costing and marginal costing is same.
49. FIFO and Average method are used for calculation of equivalent production.
50. Angle of incidence is profitable rate.

**Answers :**

(1)	True	(2)	False	(3)	True	(4)	True	(5)	True
(6)	True	(7)	True	(8)	False	(9)	True	(10)	True
(11)	True	(12)	True	(13)	True	(14)	True	(15)	False
(16)	False	(17)	True	(18)	True	(19)	False	(20)	False

(21)	True	(22)	True	(23)	True	(24)	True	(25)	True
(26)	True	(27)	True	(28)	True	(29)	False	(30)	True
(31)	True	(32)	False	(33)	True	(34)	True	(35)	True
(36)	False	(37)	False	(38)	True	(39)	True	(40)	False
(41)	True	(42)	False	(43)	True	(44)	True	(45)	True
(46)	True	(47)	False	(48)	False	(49)	True	(50)	True

**Fill in the blanks.**

- When items of cost cannot be directly charged to or accurately identifiable with any cost centers, they are prorated or distributed among the cost center is known as \_\_\_\_\_.
- Sum total of direct material, direct labour and direct expenses is \_\_\_\_\_.
- Cost incurred for an accounting period that within certain output or turnover limits tends to be unaffected by the fluctuation in the level of activity is \_\_\_\_\_ cost.
- High and low method is useful for segregation of \_\_\_\_\_ cost.
- \_\_\_\_\_ is a request made in writing to selected supplier to deliver goods of required quality, quantity and prices.
- Economic order quantity formula is \_\_\_\_\_.
- Normal rate of consumption X maximum reorder period for emergency purchase = \_\_\_\_\_.
- The spares or material absence of which cannot be tolerated for more than few hours or a day and the cost of lost production is high is \_\_\_\_\_ category material.
- Whenever material cost include transportation cost, determination of cost of transportation shall be governed by CAS \_\_\_\_\_ on determination of average cost of transportation.
- \_\_\_\_\_ which is arisen in course of manufacturing process and practically no measurable sale or utility value.
- Formula for Rowen incentive scheme is \_\_\_\_\_.
- Under merrik differential piece rate system up \_\_\_\_\_% of production normal rate of payment.
- Under Gantt task Bonus plan, production at standard bonus of \_\_\_\_\_% (normally) of time rate.
- Efficiency = Actual production / \_\_\_\_\_ x 100.
- Formula for separation method of labour turnover = No. of separation / \_\_\_\_\_ x 100
- Classification of overhead like Admn. Marketing etc. is \_\_\_\_\_.
- Classification of overhead like fixed, variable, semi-variable is \_\_\_\_\_.
- Cost of searching new or improved products, new application of material or method is \_\_\_\_\_.
- Cost of process which begin with the implementation of the decision to use scientific or technical knowledge to produce a new or improved product is \_\_\_\_\_.
- Ability to pay is one of the principle of \_\_\_\_\_ of overhead cost.
- \_\_\_\_\_ capacity is determine after allowances to unavoidable interruption like time lost for repairs.
- CAS \_\_\_\_\_ apply for classification of cost.
- CAS 8 stands for \_\_\_\_\_.



24. \_\_\_\_\_ system reconciliation between financial and cost accounting is not required.
25. In Integrated accounting system \_\_\_\_\_ is not recorded.
26. In \_\_\_\_\_ costing duration of production cycle is usually short except large order.
27. Formula of EBQ is \_\_\_\_\_
28. If degree of work completed is above 25% but less than 50% of total work formula apply for transfer of profit to P&L A/c. is \_\_\_\_\_.
29. If the contract is almost complete or more than 90% complete formula for transfer to P&L a/c is \_\_\_\_\_.
30. Output of same value produced incidentally while manufacturing main product is called \_\_\_\_\_.
31. \_\_\_\_\_ costing system is suitable for Hotel.
32. Profit on sales price is 25% means profit on cost is \_\_\_\_\_%.
33. If opening stock is less than closing stock, profit is \_\_\_\_\_ under absorption costing compared to marginal costing system.
34. Material price variance is the portion of material \_\_\_\_\_ variance.
35. \_\_\_\_\_ costing system is suitable for TV Product.
36. Cost of bottle in pharma industry is considered \_\_\_\_\_ packing.
37. Abnormal idle time transferred to \_\_\_\_\_.
38. Sunk cost is \_\_\_\_\_.
39. Explicit cost immediately \_\_\_\_\_.
40. In financial accounting, financial statement are prepare \_\_\_\_\_ of the year.
41. Prime cost + factory overhead = \_\_\_\_\_.
42. It is a written demand by production department to stores deptt is called \_\_\_\_\_.
43. Under Taylor differential system worker will penalized rate, when he produced less than \_\_\_\_\_%.
44. Recovered overhead Rs.40 L and actual overhead Rs.36 L, so it is \_\_\_\_\_.
45. Work in process in inventory is valued at \_\_\_\_\_.
46. Sales budget is \_\_\_\_\_.
47. Fixed overhead is \_\_\_\_\_ cost.
48. When contribution and fixed cost equal is called \_\_\_\_\_.
49. Abnormal idle time transfer to \_\_\_\_\_.
50. Two methods are used for calculation of equivalent production are \_\_\_\_\_ and \_\_\_\_\_.

**Answers :**

1	Cost Apportionment	2	Prime Cost
3	Fixed cost	4	Semi variable cost
5	Purchase Order	6	$\sqrt{2AO / C}$
7	Danger level	8	Essential

9	CAS – 5	10	Waste
11	Total earning = $TxRx TS/TA \times T \times R$	12	83%
13	20%	14	Standard production
15	Average No. of workers during the period	16	By function
17	By behavior or nature	18	R Research cost
19	Development cost	20	Apportionment
21	Practical capacity	22	CAS-1
23	Cost of utilities	24	Integrated Accounting System
25	General ledger control account	26	Job Costing
27	$EBQ = \sqrt{2AS / C}$	28	$1/3 \text{ Notional profit} \times \text{Cash received} / \text{Work completed}$
29	Estimated profit x Total Cost to date / Estimated total cost	30	By product
31	Operating Costing	32	33.33%
33		34	Material Cost variance
35	Multiple costing	36	Primary packing
37	P&L A/c.	38	Irrelevant cost
39	Cash payment	40	End of the year
41	Factory cost	42	Requisition Note
43	100%	44	Overlabeled
45	Cost	46	Functional Budget
47	Period	48	BEP
49	P&L A/c.	50	FIFO and Average method

# Paper 11 – Finance Management

- If person invest Rs.2,00,000 in our investment which pays 12% rate of interest. What will the future value of amount at the end of 10 years?
  - Rs. 6,21,200
  - Rs. 5,00,000
  - Rs. 6,42,200
  - Rs. 8,10,500
- Formula of CAGR is
  - $CAGR = [(EV / BV)^n - 1] \times 100$
  - $CAGR = [(PV / BV)^n - 1] \times 100$
  - $CAGR = [(FV / BV)^n - 1] \times 100$
  - $CAGR = [(FV / PV)^n - 1] \times 100$
- An investor expect a perpetual sum of Rs.10000 annually from investment. What present value of the perpetually if interest rate is 10%?
  - Rs.1,00,000
  - Rs.10,000
  - Rs.50,000
  - Rs.2,00,000
- What is not match?

Systematic Risk	Unsystematic Risk
(a) Market Risk	Integrate risk
(b) Purchase power risk	Financial risk
(c) Interest rate risk	Business risk
- Which is more risky based on CV?

	Security A	Security B
Expected return	0.09	0.05
Standard deviation	0.06	0.03

  - A
  - B
  - A and B equal
- Which is not true?
  - Beta value is less than 1 less risky than market portfolio
  - Equal to 1 risky as the market portfolio
  - More than 1 less risk than market portfolio

(d) More than 1 more risk than market portfolio

7. Calculate the expected rate of return on security on following data

Beta 1.1; Risk free rate 5%; Expected market return 10%

(a) 10.5%

(b) 12%

(c) 9%

(d) 8%

8. Which of the following is not finance function?

(a) Finance decision

(b) Investment decision

(c) Dividend decision

(d) Weak

(9) Which of the following is not a tool of financial analysis?

(a) Working capital estimation

(b) Comparative statement

(c) Common Size Statement

(d) Ratio Analysis

10. Following presentation of company X is the analysis of

	2022	2023	
Sales	100%	100%	
Cost of sales	75%	65%	
Gross contribution		25%	35%
Net Profit	7%	11%	

(a) Common Size statement

(b) Comparative Statement

(c) CAGR Statement

(d) Trend Analysis

11. Following present is what type of analysis

	Year	2022 (%)	2023 (%)
	Base year		
Sales	100	116%	137%
Cost of sales	100	123%	116%
Net Profit	100	109%	124%

(a) Common size statement

(b) Trend analysis

(c) Comparative statement

(d) Ratio analysis

12. Which is correct formula for propriety ratio?

(a) Share holder's fund / Total tangible assets

(b) Share holder's fund / Total assets

(c) Common share holder's equity / Fixed cost bearing funds

(d) Resurvey Profit / Total Assets

13. Calculate capital gearing ratio

6% bond payable Rs.6,00,000; 10% pref. share equity Rs.4,00,000; Equity share Capital Rs.12,00,000.

(a) 6 : 5

(b) 1 : 2

(c) 2 : 1

(d) 3 : 1

14. Which is correct formula of Debt service coverage ratio?

(a)  $DSCR = (PAT + Depreciation + Interest\ on\ loan) / (Interest\ on\ loan + Loan)$

(b)  $DSCR = (PAT + Depreciation) / Loan\ Amount$

(c)  $DSCR = (PAT + Interest\ on\ loan) / Total\ amount\ of\ loan$

(d) None of above

15. Dividend yield ratio equal

(a) Dividend per share / Market price per share x 100

(b) Dividend per share / Earning per equity share

(c) Dividend per share / Book value per share

(d) None of above

16. From the following information calculate Altman's Z score.

Working Capital – 0; Total Assets 20%; Retain earning to total assets – 10%; EBIT to total assets – 10%; Sales to total assets – 3 times; Market value of equity to total book value of Depreciation 200%.

(a) 4.91

(b) 4.25

(c) 6.0

(d) 3.91

17. Calculate changes in working capital

Year	2022 Rs.	2023 Rs.
Current Assets	6,00,000	7,00,000
Current liabilities	4,00,000	5,00,000

- (a) + Rs.1 L
- (b) + Rs.2 L
- (c) No change
- (d) + Rs.3 L

18. Sales Rs.10 L; GP 40%; Opening stock rs.2 L less than closing stock. What will be closing stock, when stock turnover ratio based on cost of sales is 5.

- (a) Rs.2,40,000
- (b) Rs.2,20,000
- (c) Rs.1,00,000
- (d) Rs.2,00,000

19. When working capital is Rs.5,00,000. Fixed assets turnover ratio is 5, fixed assets is 80% of capital employed. What will be sales?

- (a) Rs.20 L
- (b) Rs.100 L
- (c) Rs.25 L
- (d) Rs.80 L

20. When Net worth is Rs.6L; Working capital which is 20% of fixed assets. What will be working capital?

- (a) Rs.1 L
- (b) Rs.5 L
- (c) Rs.1.2 L
- (d) Rs.1.6 L

21. Match A with B

- | <b>A</b> | <b>B</b>           |
|----------|--------------------|
| (1) PV   | 1. Zero NPV        |
| (2) NPV  | 2. NCF x PVF       |
| (3) IRR  | 3. Cash flow – Tax |
| (4) NCF  | 4. PV – Inv        |

22. PI is 5, NPV +4000. What will be investment?

- (a) Rs.1000
- (b) Rs.5000
- (c) Rs.4000
- (d) Rs.6000

23. Match the pair base on DCF group.

- (a) NPV            ARR
- (b) Payback      IRR

- (c) IRR            NPV
- (d) ARR            Payback

24. Match A with B

**A**

- (1) Profitability Ratio
- (2) Activity Ratio
- (3) Solvency Ratio
- (4) Structure Ratio

**B**

- (1) Debt equity
- (2) Liquidity
- (3) Stock Turnover
- (4) Operating

25. Project A and B. Which project is accepted?

NPV A – 6L; B – 7 L

- (a) None
- (b) B
- (c) A
- (d) Any one

26. Data given as under :

Sales Rs.60L; Variable Cost Rs.30 L; Operating Leverage 2. What will be BEP?

- (a) Rs.15 L
- (b) Rs.30 L
- (c) Rs.7.5 L
- (d) Rs.22.5 L

27. When working capital is 6 L; Current ratio 3 : 1. What will be current liability?

- (a) Rs.3 L
- (b) Rs.9 L
- (c) Rs.6 L
- (d) Rs.12 L

28. Two project Ganga and Jamna. Payback period – Ganga 3.6 years; Jamna 6.3 Years. Which project is rejected?

- (a) Ganga
- (b) Jamna
- (c) Ganga and Jamna both
- (d) None

29. Which method is not discounted cash flow (DCF) method?

- (a) Payback
- (b) NPV
- (c) PI
- (d) IRR

30. When operating Ratio is 80%; Sales is 500L; Operating exp. Rs.25 L. What will be cost of sales?

- (a) Rs.375 L
- (b) Rs.425 L
- (c) Rs.475 L
- (d) Rs.400 L

31. Match A with B

**A**

- (1) Operating Cycle
- (2) NOI
- (3) PV
- (4) Beta

**B**

- (1) CAPM
- (2) Time Value
- (3) Working Capital
- (4) Capital Structure

32. Increase the working capital limit is

- (a) Finance Decision
- (b) Investment Decision
- (c) Dividend decision

33. From following information answer 33 to 35.

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Equity Share	5,00,000	Fixed Assets	10,00,000
Pref. Shares	2,00,000	Stock	2,00,000
General Reserve	3,00,000	Debtors	6,00,000
Secured Loan	5,00,000	Cash	2,00,000
Creditors	5,00,000		
	-----		-----
	20,00,000		20,00,000

What is propriety Ratio?

- (a) 1 : 2
- (b) 2 : 1
- (c) 1 : 1
- (d) 3 : 1

34. What is Debt equity ratio?

- (a) 1 : 2
- (b) 2 : 1
- (c) 1 : 1
- (d) 3 : 1

35. What is Capital Gearing Ratio?



- (a) 7 : 8
- (b) 8 : 7
- (c) 3 : 6
- (d) 6 : 3

36. Propriety Ratio 0.75; Working Capital Rs.2,00,000; Reserve Rs.2,00,000.

What will be share Capital?

- (a) Rs.6 L
- (b) Rs.4 L
- (c) Rs.8 L
- (d) Rs.2 L

37. Sales per annum – 1,00,000 units; Variable Cost – Rs.90 per unit; Fixed Cost – Rs.15 L; P/v Ratio – 25%; What will be operating leverage?

- (a) 2
- (b) 1
- (c) 3
- (d) 4

38. Which of the following is a solvency ratio?

- (a) Liquidity Ratio
- (b) Operating Ratio
- (c) Capital Gearing Ratio
- (d) Net Profit Ratio

39. What is Profitability Ratio?

- (a) Return on Capital Employed
- (b) Current Ratio
- (c) Fixed Assets Turnover Ratio
- (d) Liquidity Ratio

40. Capital is 50% of Reserve; Fixed Assets is 80% of Net worth; Working capital is Rs.10 L. What will be Capital?

- (a) Rs.16.67
- (b) Rs.33.33
- (c) Rs.50 L
- (d) Rs.20 L

41. PAT of the project is Rs.50 Lac, initial investment is Rs.500 L. What will be ARR?

- (a) 5%
- (b) 20%
- (c) 10%
- (d) 2%

42. Investment is 20L, project run for 5 years, cash flow every year Rs.6L, Annuity after 5 years is 6.35. What will be NPV?
- (a) 18.1 L
  - (b) 12.0 L
  - (c) 38.5 L
  - (d) 17.6 L
43. Annual demand is 1000 units, order cost Rs.100 per order, carrying cost p.a. Rs.5 per unit. How many orders required to place to meet the annual demand based on EOQ model/
- (a) 5
  - (b) 10
  - (c) 6
  - (d) 4
44. Which is the following profitability ratio?
- (1) Return on capital employed
  - (2) Liquidity ratio
  - (3) Operating ratio
  - (4) P/E ratio
- (a) 1 & 2
  - (b) 2 & 3
  - (c) 3 & 4
  - (d) 1 & 3
45. Which of the following non discounted cash flow method?
- (1) Payback; (2) ARR; (3) NPV; (4) IRR
- (a) 1 & 2
  - (b) 2 & 3
  - (c) 3 & 4
  - (d) 1 & 4
46. Machine purchase at Rs.10 L, Net cash flow first five years is Rs.2L, Rs.3L, Rs.4L, Rs.5L & Rs.6L. PVF 1st year 0.9, 5th year 0.5, Scrap value at the end of 5th year Rs.5 L. What will be NPV?
- (a) Rs.3.0 L
  - (b) Rs.5.5 L
  - (c) Rs.10 L
  - (d) Rs.8.5 L
47. Accept Reject M/c earlier is accepted for which method concern?
- (a) Pay back
  - (b) IRR

(c) NPV

(d) ARR

48. Which are correct statements?

(1)  $PI = PV / \text{Investment}$

(2)  $PV = \text{Investment} = IRR$

(3)  $PV - \text{Investment} = NCF$

(4)  $PV = NCF \times PVF$

(a) 1 & 2

(b) 2 & 3

(c) 3 & 4

(d) 1 & 4

49. EOQ is 5,000 units, Annual demand is 60000 units, carrying cost 10%, cost per unit Rs.2, Order cost Rs.1000 per order. If you place whole lot in a single order will it be economical?

(a) Yes

(b) No

(c) Makes no difference

50. Which pair of long term source?

(1) Venture capital

(2) Term Loan

(3) Financial Lease

(4) Commercial paper

(a) 1 & 2

(b) 1 & 4

(c) 2 & 4

(d) 3 & 4

51. Which is not covered under cost classification?

(a) High cost and low cost

(b) Specific cost and composite cost

(c) Explicit and implicit cost

(d) Average cost and marginal cost

52. Net cash proceeds = Face value of the debt – floating cost – discount is

(a) True

(b) False

(c) True and false

(d) Not sure

53. Change in sales is 27% and change in EPS 30%. What will be degree of combined leverage?

- (a) 1.11 times
- (b) 0.9 times
- (c) 0.5 times
- (d) 1 time

54. Earning available is Rs.20000 and 5000 equity shares market price Rs.20. What will be cost of equity?

- (a) 20%
- (b) 25%
- (c) 10%
- (d) 40%

55. Calculate WACC from following information.

	Book value Rs.in Lacs
Equity share capital	500
10% pref. shares	100
Retained earning	200
10% debenture	100
10% Term loan	100
	1000

Specific cost 10%, cost of retain 20%, Tax rate 50%.

- (a) 11%
- (b) 10%
- (c) 9%
- (d) 8%

56. In the information given in above 55, instead of Book value market value is given.

	Market value Rs.in lacs
Share capital	600
10% Pref. shares	100
Retained earning	100
10% debenture	100
10% term loan	

Other all details as per above 55.

- (a) 10%
- (b) 11%
- (c) 9%
- (d) 8%

57. Delhi works Ltd has two projects – Ganga & Jamna. Based on following information rank given, find out correct pair.

Method	Ganga	Jamna
NPV	Rs.500 L	Rs.600 L
Pay back	3.1 years	1.3 years
IRR	18%	16%
ARR	16%	18%

- (a) Ganga and Jamna (NPV)
- (b) Ganga and Jamna (Payback)
- (c) Ganga and Jamna (IRR)
- (d) Ganga and Jamna (ARR)

58. For calculate conversion period of various type of inventory, which one is not correct?

- (a)  $RMCP = (\text{Raw material inventory} / \text{Raw material consumption}) / 360$
- (b)  $WIPCP = (\text{WIP Investments} / \text{Cost of production}) / 360$
- (c)  $FGCP = (\text{Finished goods inventory} / \text{Cost of production}) / 360$
- (d)  $DCP = (\text{Receivables} / \text{Sales}) / 360$

59. EOQ is ordered (1000 units), Purchase price per unit Rs.10, Order cost Rs.100 per order, carrying cost 20%. When total Annual demand 10000 is ordered purchase price is Rs.8. What is economical?

- (a) both are equal
- (b) as per EOQ
- (c) as per total lot
- (d) cannot say

60. X Co has estimated cash payment is Rs.500000 for a one month period. Fixed cost per transaction is Rs.100, interest charges 12% on marketable security p.a.. Calculate optimum transaction size as per Boumal Model?

- (a) Rs. 1,00,000
- (b) Rs. 2,00,000
- (c) Rs. 50,000
- (d) Rs. 1,50,000

61. Current ratio 2 : 1, Net working capital Rs.10 L, Stock is 50% of Liquid Assets. What amount of Liquid Assets?

- (a) Rs.13.33 L
- (b) Rs.10 L
- (c) Rs.15 L
- (d) Rs.6.67 L

62. Calculate the maximum permissible bank finance as per the first method by the Tondon committee.

	Rs. in Lacs
Finished goods	200
Debtors	100
Other current assets	50
Creditors	120
Other current liabilities	30

- (a) Rs.200 L
- (b) Rs.350 L
- (c) Rs.250 L
- (d) Rs.300 L

63. Which is not technique of data mining?

- (a) AI
- (b) Neural networks
- (c) Decision tree
- (d) K-Nearest neighbor

64. E-commerce – anticipating client preference items based on previous purchases and search history is the example of

- (a) predictive analysis
- (b) diagnostic analysis
- (c) perspective analysis
- (d) descriptive analysis

65. Which is not the type of Data Distribution?

- (a) Dashboard
- (b) Discrete distribution
- (c) Geometric distribution
- (d) Poison distribution

66. What is not the objective of digitization?

- (a) Improve classification and indexing for documentation
- (b) Require less physical storage space
- (c) Higher intrigation with business information system
- (d) Legal provision of compliance

67. Which is not the type of data?

- (a) Quality data
- (b) Graphical data
- (c) Numerical data
- (d) Descriptive data

68. Which is not the functions of data processing?
- (a) correct the information
  - (b) classification
  - (c) analysis
  - (d) aggregation
69. Which is not the type of dividend?
- (a) cash dividend
  - (b) scrip dividend
  - (c) liquidating dividend
  - (d) future dividend
70. Optimum transaction size model is developed by
- (a) Miller
  - (b) Drucker
  - (c) Baymol
  - (d) Keyabnce
71. Opening stock – 1,00,000; Closing stock – 2,00,000; GP 25% on cost; Sales 5,00,000, What will be purchase?
- (a) Rs.5 L
  - (b) Rs.6 L
  - (c) Rs.4 L
  - (d) Rs.3 L
72. Creditors velocity 2 months, Purchase Rs.2 L. How much creditors?
- (a) Rs. 33,333
  - (b) Rs. 66,667
  - (c) Rs. 1,00,000
  - (d) Rs. 2,50,000
73. Market price of share is Rs.20, earning per share is Rs.2. What will be PE Ratio?
- (a) 10 times
  - (b) 20 times
  - (c) 40 times
  - (d) 5 times
74. Find out sales based on following information.
- Financial leverage 3; Interest Rs.2000; Operating leverage 2; Variable cost of sales 40%; income tax 50%.
- (a) Rs.10000

- (b) Rs. 6,000
- (c) Rs. 8,000
- (d) Rs. 15,000

75. Formula for combined leverage

- (a) %  $\Delta$  in EPS / % in sales
- (b) %  $\Delta$  in Operating Revenue / % in output
- (c) %  $\Delta$  in Sales / %  $\Delta$  in EPS
- (d) None of above

76. Calculate EPS when EBIT Rs.40,000, Tax 20%, 10% debentures 50,000, 10% pref. Shares 20,000, Equity shares 1,000.

- (a) Rs.34
- (b) Rs.24
- (c) Rs.14
- (d) Rs.20

77. Which is not the character of book building.

- (a) Price discovering mechanism
- (b) Issue price is not determine in advance
- (c) Refers to collection of bids from investors
- (d) It is subsequent public contribution.

78. EBIT – EPS indifference point can be mathematically calculated as under is  $[(EBIT - I) (\pi - t) / n1]$   
 $= [(EBIT - I) (1 - t) / N2]$

- (a) correct
- (b) not correct
- (c) both correct and incorrect
- (d) cannot say

79. Annual activity 30000 units; cost structure as under :

Cost per unit

Raw Material	Rs.10
Wages	Rs.5
Mfg. OH	Rs.3

Calculate WIP, when production cycle is one month degree of completion of material and conversion cost is 50%.

- (a) Rs.22,500
- (b) Rs.15,000
- (c) Rs.10,000
- (d) Rs.20,000



80. Details of four projects are given. Limited investment is Rs.10 L, Find the feasible combination of project based NPV value.

Project	Investment	NPV
A	Rs. 3,00,000	2,85,000
B	Rs. 2,00,000	2,75,000
C	Rs. 6,00,000	3,20,000
D	Rs. 4,00,000	2,50,000

- (a) C & A
- (b) C & D
- (c) C & B
- (d) B & D

81.  $(\% \text{ change in EPS} / \% \text{ change in sales})$  is a formula for Degree of combined leverage is

- (a) correct
- (b) not correct
- (c) correct or not correct
- (d) cannot say

82. Degree of operating leverage always higher than degree of financial leverage is

- (a) True
- (b) Not true
- (c) both true and false
- (d) none of above

83. Match direct & indirect instrument

**Direct**

- (a) Cash Reserve Ratio
- (b) Statutory liquidity ration
- (c) Cash receipt ratio
- (d) Refinance facility

**Indirect**

- Market stabilization scheme
- Refinance facility
- Refinance facility
- Statutory liquidity

84. Which is not the character of primary market.

- (a) Security are acquired from issuing company
- (b) Does not land any liquidity to the securities
- (c) Helps in creating new capital
- (d) Helps in maintaining of existing capital

85. Which is not the character of Deep discount bond

- (a) This bond can be traded in market
- (b) Form of Zero interest bond

- (c) Debt instrument denominated in a country other than home currency.
- (d) Periodically redemption facility

86. Green shoe option is the option for stabilization of the post listing price of securities in a public issue by allotting excess share is

- (a) True
- (b) False
- (c) Both true & false
- (d) None of above

87. Which is not credit rating agency

- (a) SIDBI
- (b) Crisil
- (c) ICRA
- (d) CARE

88. Which is not the character of money market

- (a) Listing in the stock exchange
- (b) Short term nature
- (c) Close to money
- (d) In general high liquidity

89. The RBI offers 91 days bills to raise rs.1000 cr. The following bids have been received

Bidder	Bid Rate	Amount of Bid
A	98.95	Rs.1200 Cr.
B	98.93	Rs.900 Cr.
C	98.92	Rs.800 Cr.

Based on yield auction which bidder will be winning.

- (a) A
- (b) B
- (c) C
- (d) All

90. Which is not the type of crowdie funding

- (a) Equity crowd funding
- (b) Peer to peer lending crowdie funding
- (c) Social landing donation
- (d) Subsidy of Government

91. Zero working capital means

- (a)  $ZWC = Inventories + Receivables - Payables$

- (b)  $ZWC = \text{Inventory} + \text{Payables} - \text{Receivables}$
- (c)  $ZEC = \text{Receivables} + \text{Payables} - \text{Inventory}$
- (d) None of above

92. Opportunity cost in credit management

- (a)  $\text{Total Cost of Credit sales} = (\text{Collection period} / 365) \times (\text{Required rate of return} / 100)$
- (b)  $\text{Total Credit Sales} = (\text{Collection period} / 365) \times (\text{Bad debt} / 100)$
- (c) a & b both are correct
- (d) None is correct

93. What will be Inventory Turnover Ratio : Opening stock -Rs.200000; Closing stock - Rs. 4,00,000; Material consumed – Rs.6,00,000.

- (a) 2
- (b) 3
- (c) 4
- (d) 6

94. Calculate value of the firm based on the following data of X Ltd.

Expected net operating income Rs.90,00,000; 10% debt – Rs.60,00,000; Equity capitalization rate – 14%.

- (a) Rs.660 L
- (b) Rs.600 L
- (c) Rs.40 L
- (d) Rs.60 L

95. X Ltd provide following data. Calculate weighted average cost of capital (Ko)

Expected net operating income – Rs.9000000; Equity capitalization rate – 12.5%.

- (a) 14%
- (b) 12.5%
- (c) 16%
- (d) 10%

96. Net income is Rs.600000, Interest Rs.180000 (10% of Rs.18 L Deb.), 50% tax capitalization, 15% of equity. What will be value of the firm?

- (a) Rs.14 L
- (b) Rs.18 L
- (c) Rs.32 L
- (d) Rs.28 L

97. Earning per share is Rs.10; Internal rate of return of 15% and capitalization rate of risk class is 12.5%. Using walter model, what will be the price of the share at zero payout ratio.

- (a) Rs.96

- (b) Rs.48
- (c) Rs.64
- (d) Rs.10

98. What is formula of degree of financial leverage?

- (a) % change in EBIT / % change in sales
- (b) % change in EPS / % change in EBIT
- (c) % change in EPS / % change in sales
- (d) % change in sales / % change in EPS

99. Which is not correct

- (a) Degree of operating leverage measure the sensitivity of a company's operating income with the change in sales.
- (b) Degree of Financial leverage indicates change that takes place in the taxable income as a result of change in the operating income
- (c) DCL indicates leverage benefits and risk which are in fixed quantity
- (d) If fixed expenses increase, there will drastic changes in Degree of financial leverage.

100. Under NOI approach capitalization of earning is Rs.20 L, tax 50% value of debt Rs.18 L. What will be value of the firm?

- (a) Rs.29 L
- (b) Rs.20 L
- (c) Rs.11 L
- (d) Rs.9 L

**Answer :**

1	(a)	2	(a)	3	(a)	4	(a)	5	(a)
6	(c)	7	(a)	8	(d)	9	(a)	10	(a)
11	(b)	12	(a)	13	(a)	14	(a)	15	(a)
16	(a)	17	(a)	18	(b)	19	(b)	20	(a)
21	1 → 2 2 → 4 3 → 1 4 → 3	22	(a)	23	(c)	24	1 → 4 2 → 3 3 → 2 4 → 1	25	(a)
26	(a)	27	(b)	28	(b)	29	(a)	30	(a)
31	1 → 3 2 → 4 3 → 2 4 → 1	32	(b)	33	(a)	34	(a)	35	(a)
36	(a)	37	(a)	38	(a)	39	(a)	40	(a)
41	(a)	42	(a)	43	(a)	44	(d)	45	(a)
46	(b)	47	(a)	48	(a)	49	(b)	50	(a)
51	(a)	52	(a)	53	(a)	54	(a)	55	(a)

56	(a)	57	(c)	58	(d)	59	(b)	60	(a)
61	(a)	62	(a)	63	(a)	64	(a)	65	(a)
66	(d)	67	(a)	68	(a)	69	(d)	70	(c)
71	(a)	72	(a)	73	(a)	74	(a)	75	(a)
76	(a)	77	(d)	78	(a)	79	(a)	80	(a)
81	(a)	82	(b)	83	(a)	84	(d)	85	(c)
86	(a)	87	(a)	88	(a)	89	(a)	90	(d)
91	(a)	92	(a)	93	(a)	94	(a)	95	(b)
96	©	97	(a)	98	(a)	99	(d)	100	(a)

### Whether following statements are True or False

1. The operating leverage exist only when there are fixed cost.
2. If DOL is 8 and DFL is 2, means DCL is 4.
3. Capital structure decisions are financial decisions.
4. The general formula for the future value of single flow  $FV = PV (1 + r)^n$ .
5. Ex-ante return refers to future events.
6. Market risk is un-systematic risk.
7. Total return in % can be express as  $\text{Total Return \%} = (\text{Dividend} + \text{Capital gain}) / \text{Initial investment}$ .
8. The sensitivity of a security to market movement is called Beta.
9. William sharp and John Linter developed capital assets pricing model.
10. Bank rate is the rate which RBI is ready to buy or rediscount bills of exchange or other comm. Papers.
11. Non Schedule banks are also subject to the statutory cash reserve requirement but they are not required to keep with RBI.
12. Assets Finance company is non-Banking financial company.
13. Right issue a method of rising funds in primary market.
14. Mercantal Bankers are participants in primary market.
15. Under secondary market, securities purchased and sold by the investors without any involvement of the companies.
16. OCD means debentures that included the option to get converted into equity.
17. Rolling settlement is the settlement cycle of the stock exchange all the trades outstanding at the end of the day have to be settled.
18. Insider trading is illegal.
19. Treasury bills are short term instruments issued by the RBI on behalf of Government to tide over short term liquidity short fall.
20. NP ratio is a solvency ratio.
21. Formula for stock turnover ratio is  $\text{Cost of Goods sold} / \text{Closing stock}$ .

22. Return on capital employed is 10% when capital employed increase and PAT is same means return on capital employed will increase.
23. PE Ratio = Market price per equity share / earning per share.
24. One of the ratio of Z score is working capital / Total Assets.
25. Beneish M score found that companies are incentivized to manipulate profit if they have high sales growth.
26. According to Ind AS-7, cash flow are classified into three main categories from (1) Operating activities (2) investing activities (3) Financing activities.
27. Funds flow statement based on accounting and not on cash basis of accounting.
28. Factoring is always used a tool for short term financing whereas forfeiting at a fixed rate of interest.
29. Shares under lying the GDR do not carrying voting rights.
30. Crow funding is a collaborative funding model that one can collect small contribution from many individual.
31. Dividend growth approach of Govdan Model =  $K_e = (D_i / P) + g$ .
32. If NPV is negative also project can be accepted.
33. NPV normally indicates in %.
34. Project only can accept when NPV > Zero.
35.  $EOQ = \sqrt{2AO / C}$ .
36. Optimum transaction size formula  $\sqrt{2AF / O}$ .
37. NI approach is relate to capital structure theory.
38. Under NI approach  $K_o = EBIT / V$ .
39. Under Net operating approach  $V = NoI / K_o$ .
40. Under MM approach value of unlevered Firm =  $EBIT \times (1 - t) / K_o$ .
41. When working capital is 50% of current assets, so current liabilities is also 50% of working capital.
42. Value of the firm using NoI approach is valued of unlevered firm =  $EBIT \times (1 - t) / K_e$ .
43. Because a company's dividends are sometime not paid regularly, a company may choose to pay dividend in the form of stock.
44. An exponential growth in availability of computing power and software packages lead to growth of data science.
45. Ordinal scale is being use for classifying and put in order.
46. Financial statement and management information leads to business analysis at strategic level.
47. Data classification based on confidential data sensitive data and public data.
48. First step of data cleaning and validation is removal of duplicate and irrelevant information.
49. Bubble chart is one of the methods of presentation.
50. One of the applications of data mining is to detecting money laundering and other financial crimes.

## Answer

1	True	2	False	3	True	4	True	5	True
6	False	7	True	8	True	9	True	10	True
11	True	12	True	13	True	14	True	15	True
16	True	17	True	18	True	19	True	20	False
21	False	22	False	23	True	24	True	25	True
26	True	27	True	28	True	29	True	30	True
31	True	32	False	33	False	34	True	35	True
36	True	37	True	38	True	39	True	40	True
41	False	42	True	43	True	44	True	45	True
46	True	47	True	48	True	49	True	50	True

## Fill in the Blanks

1.  $DFL = EBIT / \underline{\hspace{2cm}}$
2.  $DCL \text{ equal } \Delta \% \underline{\hspace{2cm}} / \Delta \% \underline{\hspace{2cm}}$
3. Zero NPV =  $\underline{\hspace{2cm}}$
4. Accept Reject rules for payback method  $\underline{\hspace{2cm}}$ .
5.  $PI = PV / \underline{\hspace{2cm}}$
6.  $\underline{\hspace{2cm}}$  committee has suggested maximum permission bank finance.
7. Formula for optimum cash flow  $\underline{\hspace{2cm}}$ .
8. Formula for EOQ  $\underline{\hspace{2cm}}$
9. 7 turnover ratio means inventory hold for  $\underline{\hspace{2cm}}$  days.
10. Capital employed means fixed assets +  $\underline{\hspace{2cm}}$
11. Debt service coverage ratio =  $\underline{\hspace{2cm}}$
12. Formula for Walter model for dividend  $\underline{\hspace{2cm}}$
13. Value of Firm =  $\underline{\hspace{2cm}}$
14. Market value of the firm = Market value of equity shares +  $\underline{\hspace{2cm}}$ .
15. Scope of the financial decisions, investment decision, financing decision and  $\underline{\hspace{2cm}}$ .
16. Multiple flow is  $\underline{\hspace{2cm}}$  technique.
17. Annuity is  $\underline{\hspace{2cm}}$  technique.
18. Full form of CAGR is  $\underline{\hspace{2cm}}$
19. Erosion in the value of money due to the effect of inflation is  $\underline{\hspace{2cm}}$  risk.
20. Total return in % = Dividend + Capital gain /  $\underline{\hspace{2cm}}$

21. Co. efficient of valuation (CV) = \_\_\_\_\_
22. Formula for capital pricing model for required rate of return is \_\_\_\_\_
23. Statutory liquidity ratio (SLR) is \_\_\_\_\_ instrument.
24. Angle fund is subcategory of \_\_\_\_\_ fund.
25. Merchant Banker is participant in \_\_\_\_\_ market.
26. Deep discount bond is a form of \_\_\_\_\_ interest bond.
27. FPO means \_\_\_\_\_
28. Call notice money is an amount borrowed or lent on demand for a very \_\_\_\_ period.
29. Current ratio is to measure \_\_\_\_\_.
30. Inventory Turnover ratio = Cost of goods sold / \_\_\_\_\_
31. Funds flow statement reveals \_\_\_\_\_ and \_\_\_\_\_.
32. Cash flow from \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_.
33. Commercial paper is an \_\_\_\_\_ promissory note issued by a firm to raise fund for short period.
34. Angle financing is a category of \_\_\_\_\_
35. Equity crowd funding refers to fund \_\_\_\_\_
36. Buying or selling dealing of a listed securities of listed company by director, member of management or employee, who has material inside information not available to general public is called \_\_\_\_\_.
37. Common size statement is a tool for \_\_\_\_\_
38. Debt equity ratio = Total debt / \_\_\_\_\_
39. Dividend yield ratio = Dividend for share / \_\_\_\_\_.
40. Net worth = Share capital + \_\_\_\_\_
41. Statement of cash flow included in \_\_\_\_\_
42. Venture Capital is a form of equity especially designed for funding \_\_\_\_\_ and \_\_\_\_\_.
43. Implicit cost known as \_\_\_\_\_.
44. There are approach NI and \_\_\_\_\_ and \_\_\_\_\_.
45. NPV is \_\_\_\_\_ method.
46. Average Rate of return = Average net income / \_\_\_\_\_.
47. Zero working capital is Inventory + receivable - \_\_\_\_\_.
48. Dash board is a technique of \_\_\_\_\_.
49. Data and insights available to decision makers facilities \_\_\_\_\_ analysis.
50. Nural network is a technique of \_\_\_\_\_



**Answer :**

1	EBT	2	EPS / Sales
3	IRR	4	Earlier is accepted
5	Investment	6	Tondon
7	$\sqrt{2AF} / O$	8	$\sqrt{2AO} / C$
9	52 days	10	Working capital
11	(PAT + Depreciation + Interest on Loan) / (Interest on Loan + Repayment during the year)	12	$P = (D + r/k [E - D]) / K$
13	Value of equity + Debt	14	Market value of debt
15	Dividend decision	16	Compounding technique
17	Discounting technique	18	Compound Annual Growth Rate
19	Purchase power risk	20	Initial investment
21	Standard deviation / expected value	22	$E(Rs) = Rf + (Bs \times (Rs - Rm))$
23	Direct	24	Venture
25	Primary market	26	Zero
27	Follow on public offer	28	Short
29	Liquidity	30	Average inventory
31	Sources and application	32	Operating activities, Investing activities and Financing activities
33	Unsecured	34	AIF
35	Raising for a business	36	Insider Trading
37	Financial analysis	38	Shareholder's fund
39	Market price per share	40	Reserve
41	Ind AS 7	42	High risk and high return
43	Opportunity cost	44	NOI and MM
45	Discounted cash flow method	46	Average investment
47	Payable	48	Data presentation
49	Decision	50	Data mining

# Paper 12 – Management Accounting

1. Sales Value Rs.10 L, Variable cost of goods sold is Rs.6 L, selling overheads Rs.2 L, (40% fixed), What will be P/v Ratio?

- (a) 28%
- (b) 40%
- (c) 20%
- (d) 25%

2.

Year	2022	2023
Sales	5,00,000	7,00,000
Profit	2,00,000	3,00,000

What will be P/v Ratio?

- (a) 50%
- (b) 20%
- (c) 25%
- (d) 10%

3. Following particulars are available regarding two plants

	Plant X	Plant Y
Sales	Rs.600 L	Rs.240 L
Variable Cost	Rs.440 L	Rs.180 L
Fixed Cost	Rs.80 L	Rs.40 L
Plant Capacity	100%	60%

What would be the profitability on working on 75% of the merger plant?

- (a) Rs.75 L
- (b) Rs.100 L
- (c) Rs.125 L
- (d) Rs.175 L

4. Madura Ltd sales Rs.80 per unit. (Variable cost 60%) Fixed cost Rs.18 L. How much % of sales to be increase to offset an increase of Rs.4 per unit in variable cost?

- (a) 10%
- (b) 14.28%
- (c) 20%
- (d) 29.56%

5. When variable cost is Rs.32 and P/v Ratio 40%, when 10% sales price is increased to maintained same profit, how much % of sales allowed to be decreased, when fixed cost remained same?

- (a) 20%

- (b) 10%
- (c) 40%
- (d) 50%

6. When Margin of safety is 40%, BEP is Rs.1,00,000, what will be margin of safety in % when sales will be double?

- (a) 70%
- (b) 20%
- (c) 40%
- (d) 60%

7. Sales Rs.2,50,000, variable cost Rs.1,50,000, Fixed cost Rs.75000. What will be BEP when 20% increase in sales price?

- (a) Rs.1,00,000
- (b) Rs.1,50,000
- (c) Rs.2,00,000
- (d) Rs.2,50,000

8. Following data available.

Company	A	B
Sales	Rs.5,00,000	Rs.6,00,000
Contribution	Rs.1,00,000	Rs.1,80,000
Profit	Rs.80,000	Rs.1,50,000

Which company will earn more profit, when heavy demand?

- (a) A
- (b) B
- (c) Both are equal
- (d) Cannot say

9. Company Oman produce three products – X, Y, Z. Labour is a limiting factor. Data available as under :

Product	X	Y	Z
Contribution per hour	Rs.40	Rs.30	Rs.50
Required per hour unit	0.5	1	1
Max. can be sale	30,000	40,000	25,000

Total labour hours available in factory 80,000

How much units to be produce of Z?

- (a) 30,000
- (b) 50,000
- (c) 25,000
- (d) 20,000

10. ABC Company operates standard costing. Data given as under :

Material	Standard			Actual		
	Qty	Price	Cost	Qty	Price	Cost
X	500	30	15000	400	40	16000
Y	400	40	16000	500	30	15000
			31000			31000

Which is correct variance?

- | Mat. Usage   | Mat. Price |
|--------------|------------|
| (a) 1000 (A) | 1000 (F)   |
| (b) 1000 (F) | 1000 (A)   |
| (c) 3000 (F) | 3000 (A)   |
| (d) 3000 (A) | 3000 (F)   |

11. ABC operating standard costing.

Material	Standard			Actual		
	Qty	Price	Cost	Qty	Price	Cost
A	6000	1	6000	4000	1	4000
B	4000	1	4000	6000	1	6000
	10000		10000	10000		10000
Less Output :	2000		4000	8000		6000

Material Cost variance will be

- (a) Zero
- (b) Rs.10,000 (F)
- (c) Rs.1000 (A)
- (d) Rs.2500 (A)

12. When capacity variance will be favourable.

- (a) Budgeted hours more than standard hours.
- (b) Budgeted hours less than Standard hours
- (c) Budgeted hours more than actual hours
- (d) Budgeted hours less than actual hours.

13. When overhead efficiency variance will be favourable?

- (a) Budgeted hours < Standard hours
- (b) Budgeted hours > Standard hours
- (c) Standard hours > Actual hours
- (d) Standard hours < Actual hours

14. In absorption costing profit will be higher than variable costing

- (a) Units produce < Unit sold

- (b) Units produce > Unit sold
- (c) Units produce = Unit sold
- (d) None of above

15. Per unit cost for 2000 units are as under.

Admn OH	Cost per unit Rs.
(60% fixed)	5
Sales OH	
(70% variable)	10

What will be per unit cost for sales OH for 3000 units.

- (a) Rs.6
- (b) Rs.4
- (c) Rs.9
- (d) Rs.15

16. Following data available from flexible budget.

	2000 units	3000 units
Factory OH	Rs. 3,000	Rs. 4,000

What will be factory OH for 5000 units?

- (a) Rs.5000
- (b) Rs.6000
- (c) Rs.7500
- (d) Rs.4000

17. Following data available.

	Rs.	Qty
Budgeted sales	24000	1200
Actual sales	27500	1250
Actual cost	22500	1250
Standard Cost	19200	1200

What will be profit variance.

- (a) Rs,2700 (F)
- (b) Rs.2000 (F)
- (c) Rs.2700 (A)
- (d) Rs.2000 (A)

18. Based on following data, answer from 19 to 21.

	Budgeted	Actual
Hours	1000	1200

Fixed OH	1,00,000	1,25,000
Production	1,000	1,400

What will be expenditure variance

- (a) Rs.25000 (A)
- (b) Rs.25000 (F)
- (c) Rs.30000 (F)
- (d) Rs.30000 (A)

19. What will be OH volume variance?

- (a) Rs.40000 (F)
- (b) Rs.40000 (A)
- (c) Rs.20000 (A)
- (d) Rs.20000 (F)

20. What will be efficiency variance?

- (a) Rs.20000 (F)
- (b) Rs.20000 (A)
- (c) Rs.10000 (F)
- (d) Rs.10000 (A)

21. What will be Capacity Variance?

- (a) Rs.20000 (F)
- (b) Rs.20000 (A)
- (c) Rs.10000 (F)
- (d) Rs.10000 (A)

(22) Budgeted production for the month of April – 1000 units

Usage per unit – 5 Kgs of Materials

Opening stock of Material is – 5000 Kgs

If, expected closing stock equal 2 months consumption, what will be purchase for the month of April?

- (a) 5000 Kgs
- (b) 10000 Kgs
- (c) 15000 Kgs
- (d) 20000 Kgs

23. Sales price per unit Rs.50, its produce and sold 10000 units and suffered a loss of Rs.20 per unit. If the volume increased to 20000, profit per unit Rs.10 per unit what will be BEP.

- a) Rs. 7,50,000
- b) Rs. 6,00,000
- c) Rs. 4,00,000
- (d) Rs. 3,00,000

24. Sales increase from Rs.50000 to Rs.100000 and profit increase by Rs.10000. What will be P/v Ratio?
- (a) 20%
- (b) 10%
- (c) 50%
- (d) 40%
25. Cost of production per unit is Rs.500 (50% variable), when production is 5000 units. IF production increases by 50%, what will be cost of production per unit?
- (a) Rs.416.66
- (b) Rs.500
- (c) Rs.516.66
- (d) Rs.600
26. Variable cost per unit Rs.15, fixed cost Rs.500000 for 100000 units, required rate of return is 10% on transfer price. What will be transfer price per unit.
- (a) Rs. 22.22
- (b) Rs. 22.00
- (c) Rs. 18.00
- (d) Rs. 20.00

27. X Ltd. operating standard costing system. You will calculate variance of following data (from 27 to 29)

Mat	Kg	Standard		Actual		
		Price Rs.	Cost Rs.	Kg	Price Rs.	Cost Rs.
A	1000	2	2000	1200	3	3600
B	2000	3	6000	1600	2	3200
C	3000	2	6000	3200	2	6400
	6000		14000	6000		13200
Less	1000			800		
Yield	5000			5200		

What will be Material cost variance?

- (a) Rs.1360 (F)
- (b) Rs.1360 (A)
- (c) Rs.800 (A)
- (d) Rs.800 (F)
28. What will be Mix variance?
- (a) Rs.400 (F)
- (b) Rs.400 (A)
- (c) Nil
- (d) Rs.800 (F)

29. What will be yield variance?

- (a) Rs.560 (A)
- (b) Rs.560 (F)
- (c) Rs.260 (A)
- (d) Rs.260 (F)

30. What will be Material price variance?

- (a) Nil
- (b) Rs.800 (F)
- (c) Rs.400 (A)
- (d) Rs.400 (F)

31. Which statement is not correct/

- (a) Material cost variance = Material Price + Material Usage
- (b) Fixed Overhead cost variance = Expenses variance + Volume variance
- (c) Volume Variance = Capacity variance + Efficiency variance
- (d) Labour yield variance = Labour Rate variance + Labour mix variance

32. Sales value variance and volume variance is always equal. This statement is

- (a) True
- (b) False
- (c) True & False
- (d) None

33. Calculate sales variance based on following information (for 33 to 36)

Mat	Standard			Actual		
	Qty	Price Rs.	Value Rs.	Qty	Price Rs.	Value Rs.
X	1000	10	10000	1200	12	14400
Y	2000	20	40000	1800	20	36000
Total	3000		50000	3000		50400

What will be sales value variance?

- (a) Rs.400 (F)
- (b) Rs.400 (A)
- (c) Rs.1000 (F)
- (d) Rs.1000 (A)

34. What will be Sales volume?

- (a) Rs.2000 (F)
- (b) Rs.2000 (A)
- (c) Rs.4000 (F)
- (d) Rs.4000 (A)



35. Sales data are given as under

Product	Qty	Budget		Actual	
		Price	Qty	Price	
X		2000	10	3000	15
Y		2000	20	4800	15
Z		2000	30	1200	25
		6000		9000	

Calculate Sales Mix Variance.

- (a) Rs.18000 (F)
  - (b) Rs.18000 (A)
  - (c) Rs.30000 (F)
  - (d) Rs.30000 (A)
36. Based on above (35), calculate sales quantity variance.
- (a) Rs.60000 (F)
  - (b) Rs.60000 (A)
  - (c) Rs.42000 (F)
  - (d) Rs.42000 (A)
37. Existing RI is Rs.20000, when operating profit is Rs.50000, expected return on investment is 10%. Now company wants double RI, what should be profit?
- (a) Rs.100000
  - (b) Rs.70000
  - (c) Rs.30000
  - (d) Rs.40000
38. Variable cost per unit is Rs.5, Fixed cost Rs.500000, Budgeted production 100000 units. Fixed Assets Rs.500000, working capital Rs.500000, expected return on Investment is 20%, what will be transfer price?
- (a) Rs.12
  - (b) Rs.10
  - (c) Rs.8
  - (d) Rs.11
39. Equity share capital Rs.100 L. Reserve & Surplus Rs.200 L, 10% Debenture Rs.500 L. EBIT Rs.150 L, Cost of equity 20%, Tax 20%. What will be EVA?
- (a) Rs.20 L
  - (b) Rs.40 L
  - (c) Rs.10 L
  - (d) Rs.50 L

40. Following data is available to find P/v Ratio.

Margin of safety Rs.5,00,000; Profit 50,000

- (a) 10%
- (b) 20%
- (c) 5%
- (d) Cannot find out

41. Calculate cost indifference point

	System A	System B
Variable Cost	Rs.20 per unit	Rs.10 per unit
Fixed Cost	Rs.50000	Rs.200000

- (a) 15000 units
- (b) 20000 units
- (c) 5000 units
- (d) 10000 units

42. Variable cost is 80% of sales value, BEP is 80% of capacity of plant. What will be plant capacity, when fixed cost is Rs.200000.

- (a) Rs.12.50L
- (b) Rs.10 L
- (c) Rs.4 L
- (d) Rs.6 L

43. BEP is Rs.40L and margin of safety is 20%. What will be sales/

- (a) Rs.50 L
- (b) Rs.75 L
- (c) Rs.25 L
- (d) Rs.100 L

44. Based on information given, calculate (44 to 46) control ratio.

Actual hours	2000
Budgeted hours	5000
Standard hours	4000

Capacity Ratio?

- (a) 40%
- (b) 60%
- (c) 20%
- (d) 80%

45. Efficiency Ratio?

- (a) 50%
- (b) 60%

(c) 40%

(d) 20%

46. Activity Ratio?

(a) 80%

(b) 60%

(c) 20%

(d) 40%

47. Match A with B

**A**

1. EVA
2. Margin of Safety
3. Opportunity Cost
4. ABM

**B**

1. Marginal Costing
2. Transfer Price
3. Value added activity
4. Tool for performance measurement

48. Match A with B

**A**

1. Volume Variance
2. Quantity Variance
3. Usage variance
4. Efficiency variance

**B**

1. Overhead
2. Material
3. Sales
4. Labour

49. Match A with B

**A**

1. ABC
2. Responsibility Accounting
3. Absorption Costing
4. Free Cash Flow

**B**

1. Full cost
2. Cost Driver
3. Profit Center
4. Tool for Measurement performance

50. Match A with B

**A**

1. Management Accounting
2. Learning Curve
3. Strategic Cost Management
4. Flexible budget

**B**

1. Besides every business decision
2. Applicable only for Direct labour
3. Consider external informatin
4. Segregation of variable and fixed OH

51. ROI is 20%, when investment is Rs.200000; expected return on Investment is 5%. What will be RI?

(a) Rs.40000

(b) Rs.30000

(c) Rs.50000

(d) Rs.20000

52. Formula for Due point ROE is

- (a) Net Profit / Total Assets
- (b) Net Profit / Net worth
- (c) Net Assets / Shareholder equity
- (d) Net Income / Shareholder equity

53. Find out missing figure

	Division A
RI	Rs.50,000
Expected Return	10%
Profit	100000
Investment	?

- (a) Rs.5 L
- (b) Rs.10 L
- (c) Rs.2 L
- (d) Rs.7.5 L

54. Learning curve applicable only

- (a) Overhead
- (b) Indirect Labour
- (c) Direct Labour
- (d) Sales

55. Which is not perspective of Balance Scorecard?

- (a) Internal business process
- (b) Financial
- (c) Customer
- (d) Supplier

56. Which project is most risky?

Project	ev
X	0.95
Y	0.90
Z	0.60
T	0.50

- (a) X
- (b) Y
- (c) Z
- (d) T

57. Formula for e.v. is
- (a) Std. deviation of Return / Expected Return
  - (b) Std deviation of Return / Net Assets
  - (c) Net Assets / Expected Return
  - (d) Expected Return / Std deviation of Return
58. Selection criteria of project under decision theory is
- (a)  $\bar{b}$  of Return
  - (b) Expected Return
  - (c) Expected Value
  - (d) None of above

59. Find out best alternative on Expected Value

Alternative	Demand		
	Low	Medium	High
A	1000	2000	3000
B	500	600	700
C	1000	1500	2000

Possibility of low 0.2; medium 0.4; high 0.5

Which project is selected

- (a) A
  - (b) B
  - (c) C
  - (d) None
60. Criteria for selection of project under certainty which is not criteria
- (a) Minimum (Maximum)
  - (b) Lapace
  - (c) Savage
  - (d) Expected Value
61. Management Accounting concern both Qualitative and Quantities is
- (a) True
  - (b) False
  - (c) Both True and False
  - (d) No question of true or false
62. Which pair is correct?
- | Activity          | Driver          |
|-------------------|-----------------|
| (a) Engineering   | No. of setup    |
| (b) Purchase Dept | No. of Delivery |

- (c) Machine Dept      Machine hours
- (d) Inspection Dept    Value of Rejection

63. Pull rate can be find out

- (a) Overhead / Driver
- (b) Overhead / Hours
- (c) Overhead / absorption base
- (d) None of above

64. Angle of incidence is an angle formed at the interaction point of total sales line and total cost line in a formal breakeven chart is

- (a) True
- (b) False
- (c) Both True and False
- (d) None

65. If this angle of incidence is larger the growth of profit is lower is

- (a) True
- (b) False
- (c) Both True and False
- (d) None

66. When opening stock is more than closing stock, which method profit is shown higher than other method?

- (a) Variable costing
- (b) Absorption costing
- (c) Equal in both the method
- (d) Cannot say

67. When opening stock and closing stock is same, which method shows higher profit than other method?

- (a) Variable
- (b) Absorption
- (c) Equal in both
- (d) Cannot say

68. Division A and B are the operate of company X

Cost of Division A; Units can produce 1000; Variable cost Rs.20 per unit; Fixed cost Rs.100000; 20% profit on investment of Rs.100000; 200 units are required by Division B; Manager of A division offer at Rs.50 but Manager of B refuse and demands at Rs.40 per unit otherwise forget. What will be your advice to accept this price or not considering ROI basis.

- (a) yes
- (b) no

- (c) cannot say
- (d) further data are required

69. Which of the following function is not cover under management accounting?

- (a) its forward looking
- (b) statutory requirement
- (c) performance measurement
- (d) decision making

70. Sales forecasting for three month as under :

April – Rs.20,000; May – Rs.30,000; June – Rs.40,000.

It is practice to purchase one month before. Cost of sales is 90%. What amount of purchase in the month of May?

- (a) Rs.36,000
- (b) Rs.27,000
- (c) Rs.30,000
- (d) Rs.40,000

71. In the information provide in above (70), what will be collection in the month of June, when credit term is one month and 80% customers pay regularly and remaining in next month.

- (a) Rs.28,000
- (b) Rs.30,000
- (c) Rs.24,000
- (d) Rs.32,000

72. Answer from (72) to (75)

Budgeted production and sales – 2000 units

Sales price per unit	Rs.100
Direct material 12 Kg.	20
Direct labour cost 4 hrs.	20
Fixed Overhead	Rs.100000
Actual Production and sales	2500
Sales	Rs.300000
Direct material 4500 Kgs	54000
Direct labour 9000 hrs	54000
Fixed Overhead	130000
Material Price Variance	Material Cost Variance

- (a) Rs.9000 (A)                      Rs. 4000 (A)
- (b) Rs.9000 (A)                      Rs. 4000 (F)
- (c) Rs.9000 (F)                      Rs. 4000 (A)
- (d) Rs.9000 (F)                      Rs. 4000 (F)

73. Direct labour variance

	Labour Rate	Labour Cost
(a)	Rs.9000 (A)	Rs. 4000 (A)
(b)	Rs.9000 (F)	Rs. 4000 (F)
(c)	Rs.9000 (A)	Rs. 4000 (F)
(d)	Rs.9000 (F)	Rs. 4000 (A)

74. Sales variances

	Sales Price	Sales Volume
(a)	Rs.50000 (F)	Rs.50000 (F)
(b)	Rs.50000 (A)	Rs.50000 (A)
(c)	Rs.50000 (F)	Rs.50000 (A)
(d)	Rs.50000 (A)	Rs.50000 (F)

75. Fixed OH variance

	Expenditure	Total OH variance
(a)	Rs.30000 (F)	Rs.5000 (F)
(b)	Rs.30000 (A)	Rs.5000 (A)
(c)	Rs.15000 (F)	Rs.5000 (F)
(d)	Rs.15000 (A)	Rs.5000 (A)

76. Three Products

	X	Y	Z
Max. Sales (units)	5000	5000	5000
Materials Cost (Rs.10 per Kg)	40	30	50
Labour (Rs.10 per hour)	50	40	30

Max. Material Available 100000 Kgs.

Max. Labour hours available 50000 hours

Which is limiting factor?

- (a) Material
- (b) Labour
- (c) Both Material and Labour
- (d) None

77. Transfer price application is an attempt to measure

- (a) Divisional performance
- (b) Company's profitability
- (c) Review the production decision
- (d) Improve the capacity



78. There are two products.

	X	Y
Sales price per unit	Rs.10	Rs.15
Variable cost	Rs.5	Rs.12
Contribution per unit	Rs.5	Rs.2.5
Budgeted sales (units)	1000	2000

Fixed cost of company Rs.5000. What will be multi product BEP?

- (a) Rs. 20000
- (b) Rs. 10000
- (c) Rs. 40000
- (d) Rs. 25000

79. Product

	A	B	C
Selling price per unit	Rs.10	Rs.20	Rs.30
Contribution per unit	Rs.5	Rs.6	Rs.8
Sales	2000	3000	4000

What will be weighted average P/v Ratio?

- (a) 30%
- (b) 20%
- (c) 10%
- (d) 5%

80. Fixed Cost Rs.260000; other data as under

Product	P/v ratio	Mix
A	20%	40%
B	40%	20%
C	25%	40%

What will be BEP?

- (a) Rs.10 L
- (b) Rs.5 L
- (c) Rs.6 L
- (d) Rs.12 L

81. Qualitative factors as factors that are relevant to a decision but are not expressed numerically is

- (a) True
- (b) False
- (c) Both True and False
- (d) None

82. Which of the following is not a qualitative factor?
- (a) giving 5% discount on offer price
  - (b) availability of cash
  - (c) effect on employee moral
  - (d) long term profitability
83. Normally company produced and sells 6000 Kgs. 500 Kgs already in stock, purchased in last month at Rs.2 per kg. Now replacement cost of this material is marked Rs.2.50, current inventory could be sold at Rs.2.20 per kg. Calculate relevant cost of material.
- (a) Rs.9000
  - (b) Rs.10000
  - (c) Rs.12000
  - (d) Rs.15000
84. First unit take 100 minutes, 80% learning curve effect for 4 units, total time will be 256 minutes is
- (a) True
  - (b) False
  - (c) Both True and False
  - (d) Cannot say
85. ABM is simply using the information. Derived from ABC analysis for cost management is
- (a) True
  - (b) False
  - (c) Both True and False
  - (d) None
86. Which is not the techniques of performance measurement?
- (a) BEP
  - (b) RI
  - (c) ROI
  - (d) Free cash flow
87. Which is not financial indicator of performance?
- (a) Maintain image
  - (b) Reduce debt
  - (c) Increase sales price
  - (d) Increase market share year to year
88. Profit center is a responsibility center to which cost and revenue are attribute but not capital.
- (a) True
  - (b) False

- (c) Both true and false
- (d) None

89. The transfer affects the profit of the two division individually but has no effect on the profit of the organization as a whole.

- (a) True
- (b) False
- (c) Both True and False
- (d) Cannot say

90. Which is correct

- (a) Sales value = Sales price + sales volume
- (b) Sales volume = Sales mix + sales price
- (c) Sales mix = Sales price + sales quantity
- (d) Sales quantity = Sales mix + Sales volume

91. For transfer price, various cost base method which one is not

- (a) variable cost
- (b) standard cost
- (c) cost of sales
- (d) market price

92. Decision package is concern with

- (a) Zero Base Budget
- (b) ABB
- (c) Performance Budget
- (d) Rolling Budget

93. Purchase budget is

- (a) Flexible budget
- (b) Function budget
- (c) Fixed budget
- (d) Activity base budget

94. Calculate the Efficiency Ratio

Budgeted production 80 units; Actual production 100 units; Standard time per unit 2 hours; Actual hours worked 200.

- (a) 100%
- (b) 120%
- (c) 80%
- (d) 110%

95. What will be calendar variance?

Budgeted days 20; Actual days 22; Fixed overhead Rs.100000.

- (a) Rs.10000 (F)
- (b) Rs.10000 (A)
- (c) Rs.50000 (F)
- (d) Rs.50000 (A)

96. A customer wants 4 identical units. Estimated cost for the 1st unit is estimated. Material cost Rs.2000 per unit, Direct labour 20 hours 1000 per unit, 90% learning curve. What is price to be quote when company wants Rs.1200 targeted contribution?

- (a) Rs.4010
- (b) Rs.5000
- (c) Rs.4200
- (d) Rs.6000

97. Capacity ratio is 90% and activity ratio is 99%. Than efficiency ratio will be

- (a) 110%
- (b) 90%
- (c) 100%
- (d) 115%

98. Which statement is correct

- (a) Profit = contribution
- (b) Contribution = Fixed Cost = BEP
- (c) Fixed Cost + Contribution = Profit
- (d) Contribution – Variable cost = Profit

99. Company operates standard costing.

Production	Budget		Actual	
	Units	Value	Units	Value
X	300	3000	400	4000
Y	700	7000	800	10000
	1000	10000	1200	14000

What will be Quantity variance?

- (a) Rs.2000 (A)
- (b) Rs.2000 (F)
- (c) Rs.4000 (A)
- (d) Rs.4000 (F)

100. What will calendar variance when budgeted production 20000, actual 22000; fixed overheads Rs.30000, actual 31000; No. of Days 25, actual 27.

- (a) Rs.2400 (F)
- (b) Rs.2400 (A)
- (c) Rs.2000 (F)
- (d) Rs.2000 (A)

**Answer :**

1	(a)	2	(a)	3	(a)	4	(b)	5	(a)
6	(a)	7	(b)	8	(b)	9	(a)	10	(a)
11	(d)	12	(d)	13	(c)	14	(a)	15	(c)
16	(b)	17	(a)	18	(a)	19	(a)	20	(a)
21	(a)	22	(b)	23	(a)	24	(a)	25	(a)
26	(a)	27	(a)	28	(a)	29	(b)	30	(d)
31	(d)	32	(b)	33	(a)	34	(b)	35	(b)
36	(a)	37	(b)	38	(a)	39	(a)	40	(a)
41	(a)	42	(a)	43	(a)	44	(a)	45	(a)
46	(a)	47	1 – 4 2 – 1 3 – 2 4 - 3	48	1 – 1 2 – 3 3 – 2 4 – 4	49	1 – 2 2 – 3 3 – 1 4 – 4	50	1 – 1 2 – 2 3 – 3 4 – 4
51	(b)	52	(d)	53	(a)	54	(c)	55	(d)
56	(a)	57	(a)	58	(d)	59	(a)	60	(d)
61	(a)	62	(c)	63	(a)	64	(a)	65	(b)
66	(a)	67	(c)	68	(a)	69	(b)	70	(a)
71	(a)	72	(a)	73	(a)	74	(a)	75	(b)
76	(b)	77	(a)	78	(a)	79	(a)	80	(a)
81	(a)	82	(a)	83	(d)	84	(a)	85	(a)
86	(a)	87	(a)	88	(a)	89	(a)	90	(a)
91	(d)	92	(a)	93	(b)	94	(a)	95	(a)
96	(a)	97	(a)	98	(b)	99	(a)	100	(a)

**Whether following statements are True or False**

1. Many Management Accountants are deployed throughout the company and work on cross functional teams.
2. The COO reports to the CFO.
3. A management Accountant who refuse an expensive gift from software is shows integrity.
4. Managers use ABC in ABM to make decision on pricing and product mix.
5. When most of the cost, direct cost and indirect cost is very small, ABC is not much useful.
6. If the cost saving exceeds the lost revenue from dropping product line then the dropping will increase operating profit.
7. When making decisions manager should consider sunk cost.
8. In investment center managers are responsible for revenue, cost and investment required to each profit.

9. Setting the standard time, historical data can be used.
10. EVA is one of performance measuring tools.
11. Firms can be use the average balance of total assets rather than beginning of ending balance of assets for calculating ROI.
12. When investment will be double, RI will be half.
13. When Margin of safety increase, BEP also increase.
14. One of the methods to find out BEP is graphical presentation.
15. EVA is one of the methods for performance measurement.
16. PV Ratio can also be calculated on change in profit / change in sales.
17. When sales value increase, BEP increase
18. When variable cost change, but no change in fixed cost, so no change in BEP.
19. MVA is the difference of market price and investment.
20. In modern Business world management Accounting focuses on value creation.
21. In ABC human resources at factory level.
22. In ABC engineering set up at unit level.
23. In ABC training of employees is batch level.
24. P/v ratio can be find out Change in variable cost / Change in Fixed Cost.
25. Differential cost is the change in the total cost variable and fixed due to the change of the activity.
26. Opportunity cost to be included in the analysis when presenting information for decision making.
27. Dual Rate is one of the transfer price systems.
28. Standard costing is considered as techniques and not method.
29. Material yield variance is the portion of Material usage variance.
30. Overhead efficiency variance is portion of overhead volume variance.
31. Overhead capacity variance is the portion of overhead efficiency variance.
32. Sales margin value variance is the difference between the actual value of sales margin and budgeted value of sales margin.
33. ZBB and ABB is same.
34. CV is the basis for Risk measurement of project.
35. Higher the CV higher the risk of the project.
36. Three methods of Assigning probable values are classical method, relative frequency and subjective method.
37. Expected value of perfect information can be found out  $EVPI = EV \text{ of alternative with perfect information} - EV \text{ of best alternative without perfect information}$ .
38. Three main functions of management accounting are planning, controlling and decision making.
39. A factor which limits the activities of an undertaking is a principal budget factor.

40. Rolling budget is continuously update budget.
41. A fixed budget is prepared for single level of activity.
42. Arrange a bank draft is suitable action when short term cash deficit.
43. Sell more shares in the company is suitable action when cash budget shows short term deficit.
44. When calculating material, purchase budget the quantity to be purchased equals material usage + material closing inventory – material opening inventory.
- (45. When standard input and actual input is different for material quantity revised standard is required.
46. Opportunity cost plus variable cost divided by No. of units transferred is transfer price.
47. Margin of safety expressed in %.
48. When expected return on investment increased and profit is not increase but RI will increase.
49. When business conditions constantly changes, flexible budget is more meaningful.
50. Compare to Marginal costing system in absorption costing system profit is always higher.

### Answer

1	True	2	False	3	True	4	True	5	True
6	True	7	False	8	True	9	True	10	True
11	True	12	False	13	False	14	True	15	True
16	True	17	False	18	False	19	True	20	True
21	True	22	True	23	False	24	False	25	True
26	True	27	True	28	True	29	True	30	True
31	False	32	True	33	False	34	True	35	True
36	True	37	True	38	True	39	True	40	True
41	True	42	True	43	False	44	True	45	True
46	True	47	True	48	False	49	True	50	False

### Fill the Blank

1.  $CV = \frac{\text{Change in profit}}{\text{Change in sales}}$  of Return
2. \_\_\_\_\_ EV is desirable for selection in project.
3. \_\_\_\_\_ of tool to measure performance.
4. Margin of safety = Sales - \_\_\_\_\_
5. P/v Ratio = Change in profit / \_\_\_\_\_
6. Overhead efficiency variance + Over capacity variance \_\_\_\_\_
7. Material price variance is the portion of \_\_\_\_\_ variance.
8. Use of Management Internal and \_\_\_\_\_
9. Three main functions of Management Accounting – Planning, Controlling and \_\_\_\_\_.
10. One of the method of Transfer price is \_\_\_\_\_
11. One of the limiting factor can be \_\_\_\_\_.
12. Suitable driver for purchase dept activity is \_\_\_\_\_

13. Pull rate can be find out overhead / \_\_\_\_\_
14. Sales value variance = Sales price variance + \_\_\_\_\_
15. Activity Ratio = \_\_\_\_\_
16. Efficiency Ratio = \_\_\_\_\_
17. Capacity Ratio = \_\_\_\_\_
18. \_\_\_\_\_ is a starting point of budget.
19. Cash budget is \_\_\_\_\_
20. For flexible budget, segregation of variable cost and \_\_\_\_\_ required.
21. \_\_\_\_\_ center is concern with responsibility accounting.
22. One of \_\_\_\_\_ perspective of Balance Score Card.
23. RI = Actual profit - expected return of \_\_\_\_\_.
24. Dual price is the method of \_\_\_\_\_.
25. Learning curve is not applied to \_\_\_\_\_.
26. Material Mix Variance is the portion of \_\_\_\_\_
27. Labour yield variance is the portion of \_\_\_\_\_
28. Angle of incidence shown \_\_\_\_\_
29. Guidelines given in for budget preparation is \_\_\_\_\_
30. Path in concern in \_\_\_\_\_
31. Higher the CV means \_\_\_\_\_ risk.
32. Sales volume increase no effect on \_\_\_\_\_
33. Weighted P/v ratio is required BEP of \_\_\_\_\_
34. Mix variance of Material can be compute revised std quantity \_\_\_\_\_ x Std. price.
35. When inventory valuation fixed overhead considered in \_\_\_\_\_ method.
36. Free cash flow is one of the method of \_\_\_\_\_
37. EVA = NO PAT - \_\_\_\_\_
38. Activity not full necessary for performance of the process is called \_\_\_\_\_
39. Calculate desired sales for given profit is \_\_\_\_\_
40. Angle of incidence is concern in \_\_\_\_\_
41. Transfer price can be calculated opportunity cost + \_\_\_\_\_ / units to be transferred.
42. Usage variance is the part of \_\_\_\_\_
43. Standard hours can be find out budgeted hours Req. for production x \_\_\_\_\_
44. Decision package are prepared in \_\_\_\_\_ budget.
45. ZBB is start with \_\_\_\_\_
46. ROE in dupoint is Net income / \_\_\_\_\_



47. MCV = Market value - \_\_\_\_\_
48. The Harwitz criteria is considered in \_\_\_\_\_
49. Full form of EV is \_\_\_\_\_
50. Sunk cost is \_\_\_\_\_

**Answer :**

(1)	Expected Return	(2)	Higher
(3)	ROI / RI / EVA	(4)	BEP
(5)	Change in Sales	(6)	Volume Variance
(7)	Material Cost Variance	(8)	External
(9)	Decision Making	(10)	Standard Cost
(11)	Material / Labour / Price	(12)	Purchase order
(13)	Driver	(14)	Sales Volume Variance
(15)	Std. hour for actual output / Budgeted hours x 100	(16)	Std. hours for actual output / Actual Hours worked x 100
(17)	Actual hrs worked / budgeted hrs x 100	(18)	Sales / Principal factor
(19)	Functional	(20)	Fixed OH
(21)	Cost / Profit / Investment	(22)	Finance / Customer
(23)	Investment	(24)	Transfer Price
(25)	Material Cost	(26)	Material usage variance
(27)	Labour efficiency variance	(28)	Profit graph
(29)	Budget committee	(30)	Decision free
(31)	Higher	(32)	BEP
(33)	Multiple Product	(34)	Actual Quantity
(35)	Absorption method	(36)	Performance Measurement
(37)	Weighted Average	(38)	Non Value added
(39)	Profit + Fixed Cost	(40)	Profit graph
(41)	Variable Cost	(42)	Material Cost Variance
(43)	Actual Production	(44)	ZBB
(45)	Scratch	(46)	Shareholder's equity
(47)	Investment by Investor	(48)	Decision free
(49)	Expected value	(50)	Irrelevant cost