Multiple Choice Questions

T.Y.B.Com
Cost and Works Accounting Paper III(3454)
Chapter-I
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What is the term ‘Marginal Costing’ also known as?

A] Variable Costing
B] Process Costing
C] Uniform Costing
Q.2. Marginal costing is a ____________ and not the method of costing.

A] Process

B] Technique

C] System
Q.3. ______ Costing considers all those manufacturing costs which vary directly with the volume of output as product costs.
A] Standard  
B] Uniform  
C] Marginal
Marginal cost necessitates _______ of costs into fixed and variable.

A] Combination

B] Classification

C] Codification
Marginal costing is a technique of recording as well as reporting

A] Costs
B] Variance
C] Loss
In marginal Costing Stocks of finished goods and work-in-progress are valued at their ______ cost only.

A] Variable
B] Fixed
C] Historical
Profit volume analysis is facilitated by the use of _______ and profit volume graphs.

A] Margin of safety

B] break-even charts

C] Contribution
The cost that varies on the basis of volume of output are known as ______ costs.
A] Semi-Variable
B] Fixed
C] Variable
Variable cost is defined as a cost which in aggregate tends to vary in____ proportion to changes in the volume of output or turnover.

A] Direct
B] Average
C] Reverse
costs are classified into direct variable cost and indirect variable costs.
A] Fixed
B] Variable
C] Semi-variable
The cost which remains fixed in total irrespective of changes in the volume of output is known as _____Cost.

A] Variable
B] Semi-variable
C] Fixed
_____ costs are uncontrollable in nature.

A] Fixed
B] Semi-variable
C] Variable
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_____ costs are controllable in nature.
A] Semi-variable
B] Variable
C] Fixed
Variable costs are ______ charged to production.

A] directly
B] indirectly
C] on average
Total cost - variable cost = _____ cost.

A] Fixed
B] Semi-Variable
C] Variable
cost possess the characteristics of both fixed and variable costs.
A] Marginal
B] Semi variable
C] Standard
A _______ is a graphical approach to the study of relationship of cost, revenue and profit.
A] Profit volume ratio
B] Margin of safety
C] Break even chart
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Break even chart is a graphical demonstration of ____ used to study the relationship of cost-revenue and profit.
A] Break-even Analysis
B] Cost-profit analysis
C] Incremental value analysis
A low _____ indicates that with the decrease in sales below the break-even point, profits will decrease substantially.

A] Profit volume ratio
B] Margin of safety
C] Break even point
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Break-even point represents the level of activity at which sales revenue is ____ total cost.

A] more than  

B] equal to  

C] less than
The excess of normal sales over sales at break even point is termed as ______.

A] contribution
B] profit volume ratio
C] margin of safety.
_____ is an important indicator of the strength or weakness of a business enterprise.

A] Break even point
B] Break even analysis
C] Margin of safety
A ____ margin of safety indicates the soundness of business.

A] high
B] average
C] low
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_______ is the difference between sales value and the marginal cost of sales.
A] Margin of safety
B] Profit volume ratio
C] Contribution
Contribution represents the difference between ____ and variable cost of sales.

A] purchases  
B] sales  
C] production
The ratio that expresses the relationship of contribution to sales volume is known as_____.
A] sales cost
B] break even point
C] profit volume ratio
Office staff salary is an example of _____ cost.
A]variable
B]semi-variable
C] fixed
as a planning tool, analysis the inherent relationship between prices, cost structure, volume and profit.

A] Break even analysis
B] Cost volume profit analysis
C] Margin of safety
A key factor is defined as that factor which limits the desired volume of ______ .

A] sales
B] production
C] research
Key factor is also known as ______ factor.
A] prominent
B] limiting
C] basic
Reference:

Text book on Cost and Works Accounting Paper III
Authors: Dr. Suhas Mahajan, Dr. Mahesh Kulkarni
Nirali Prakashan
Thank you…..