

VPM's
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Subject Name	Finance & Cost Accounting		
Roll No.		Marks	60 Marks
Total No. of Questions	60	Duration	2 Hours
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1. If a publicly traded company is trying to maximize its perceived value to decision makers external to the corporation, the company is most likely to report too small a value for which of the following on its balance sheet?

- A. Assets
- B. Liabilities
- C. Retained earnings
- D. Contributed Capital

2. _____ Ratios help investor to estimate the attractiveness of a potential or existing investment and get an idea of its valuation.

- A. Market Test Ratio
- B. Activity Ratio
- C. Solvency Ratio
- D. Liquidity Ratio

3. Which of the following statements is incorrect in terms of Definition of Accounting as issued by the Institute of Certified Public Accounts :-

- A. Accounting involves recording, classifying and summarizing financial transactions.
- B. Accounting is a Science as well as an Art.
- C. Accounting deals with both Monetary and Non -monetary transactions.
- D. The results of analysis and interpretation of Accounting are communicated to management and to other interested parties.

4. Match the correct pairs:-

i) Financial Accounting	a) information about cost , revenue profits etc. for decision making
ii) Cost Accounting	b) detailed study of cost ascertainment, cost reduction and cost control
iii) Management Accounting	c) Study of social cost and social benefits

iv) Social Responsibility Accounting	d) Historical Accounting or Postmortem Accounting
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- A. i) – d) , ii)- b) , iii) – a), iv) – c)
- B. i) – a) , ii)- d) , iii) – b), iv) – c)
- C. i) – c) , ii)- d) , iii) – a), iv) – b)
- D. i) – a) , ii)- b) , iii) – d), iv) – c)

5. A business generates sales of Rs. 4, 00,000 (including Rs. 50,000 as credit sales) and expenses amount to Rs.2, 40,000 (including Rs.1,25, 000 still payable) during an accounting period. Compute the profit of the business as per Cash for the accounting period.

- A. 2,35,000/-
- B. 1,60,000/-
- C. 2,75,000/-
- D. None of Above

6. The Cost of a dust bin in office is treated as a revenue expense and charged to P/L account instead of depreciating it over its useful life. Which accounting concept is used?

- A. Consistency
- B. Business Entity
- C. Disclosure
- D. Materiality

7. Which of the following equation is an incorrect depiction of the Dual Aspect of accounting principle?

- A. Capital = Assets – Liabilities
- B. Liabilities = Assets + Capital
- C. Assets = Liabilities + Capital
- D. Liabilities = Assets- Capital

8. Ravi started a catering business with cash of Rs 5,00,000/- He made drawings of Rs 10,000 for his daughters tuition fees and 1,000/- for his house electricity expenses. The profit at the end of the year was Rs 50,000/-. The balance of Ravi's capital account will be:-

- A. 5,39,000/- Cr
- B. 5,39,000/- Dr

- C. 4,39,000/- Cr
D. 4,84,000/-Dr
- 9. Journal Entry for sales made to Rohan on credit**
- A. Mohan A/c Dr
 To Sales A/c
B. Sales A/c Dr
 To Mohan A/c
C. Cash A/c Dr
 To Mohan A/c
D. Mohan A/c ... Dr
 To Trading A/c
- 10. Which of the following equation correctly denotes 'Change in Inventory' with reference to the Income Statement?**
- A. Opening Stock+ Closing Stock
B. Opening Stock- Closing Stock
C. Avg. Opening Stock – Avg. Closing Stock
D. None of Above
- 11. What financial statement lists assets from long term to current?**
- A. Income Statement
B. Cash flow Statement
C. Balance Sheet
D. Statement of Retained Earnings
- 12. Which is not a cash activity listed on the cash flow statement?**
- A. Operating Activities
B. Investing Activities
C. Purchasing Activities
D. Financing Activities
- 13. Earnings per share shows investors the _____ earned per outstanding share of stock**
- A. Operating Income
B. Income Before Taxes
C. Net income
D. Income Before taxes and Interest.
- 14. _____ are income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the enterprise and, therefore, are not expected to recur frequently or regularly.**
- A. Exceptional Items
B. Extraordinary Items
C. Contingent Liabilities
D. A & B
- 15. Valuation of closing stock in Balance Sheet is done by which of the following principle?**
- A. At cost
B. At Market Value
C. At cost or Market Value whichever is lower
D. At cost or Market Value whichever is Higher
- 16. State which of them are true?**
- i) When ratios of previous years are compared with previous years, they are called trend ratios.
ii) Trend percentages and trend ratios are used in static analysis.
iii) Reliability of financial analysis depends upon the reliability of financial data.
- A. i) & ii)
B. i) & iii)
C. ii) & iii)
D. i) , ii) & iii)
- 17. Determine stock turnover ratio if, Opening stock is Rs 31,000, Closing stock is Rs 29,000, Sales is Rs 3,20,000 and Gross profit ratio is 25% on sales.**
- A. 31 times
B. 11 times
C. 8 times
D. 32 times
- 18. Debt-equity ratio is a sub-part of**
- A. Short-term solvency ratio
B. Long-term solvency ratio
C. Debtors turnover ratio
D. None of the above
- 19. The ideal level of current ratio is**
- A. 4:2
B. 2:1
C. Both a and b
D. None of the above
- 20. Determine Working capital turnover ratio if, Current assets is Rs 1,50,000, current liabilities is Rs 1,00,000 and Revenue is Rs 3,00,000.**
- A. 5 times
B. 6 times
C. 3 times
D. 1.5 times
- 21. Determine Operating ratio, if operating expenses is Rs 60,000, Sales is Rs 9,40,000, Sales Return is Rs 40,000 and Cost of net goods sold is Rs 6,60,000.**
- A. 20%
B. 15%
C. 25%
D. 11%
- 22. Comparison of the market price of the share with the earnings per share gives us which ratio?**
- A. Price/Earnings ratio

- B. Dividend yield
C. Divide cover
D. Interest cover
- 23. In a manual bookkeeping system, transactions are first recorded in a _____.**
A. Cash book
B. Journal
C. Ledger
D. None of them
- 24. An internal document that is prepared to prove that the total of all the debit balances is equal to the total of all the credit balances is a _____.**
A. Trial balance
B. Balance sheet
C. Income statement
D. None of them
- 25. Which of the following do not represent Personal Accounts**
A. Mr. Anup's A/c
B. Indian Railways A/c
C. Sundry Creditors A/c
D. Goodwill A/c
- 26. When cash is received, the company's Cash account should be**
A. Debit
B. Credit
C. Double
D. Journal
- 27. The Trial Balance will be not agree on account of the following error:-**
A. Posting of wrong amount both debit and credit side to the account.
B. Errors of omission to record any transaction.
C. Wrong posting of entries i.e. a debit entry of Rs. 500 for purchase of furniture wrongly posted as Rs. 50 in the account.
D. Errors made in posting a transaction on the correct side of wrong account
- 28. Asset , the normal status would be ,**
A. Debit
B. Credit
C. Double entry in General journal
D. Not in Ledger book
- 29. costs are partly fixed and partly variable in relation to Output**
A. Variable
B. Fixed
C. Semi - variable
D. Marginal
- 30. An opportunity cost is**
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A. The advantage foregone
- B. Additional income
C. Cost incurred in post
D. Cost for replacement
- 31. Total variable cost change With change in output**
A. Constantly
B. Not proportionately
C. Proportionately
D. B & C
- 32. Fixed cost per unit With increase in output**
A. Increases
B. Not -increase
C. Reduces
D. Not decrease
- 33. Cost incurred in part have no effect on future decision making is called.....**
A. Period cost
B. Opportunity cost
C. Sunk cost
D. Marginal cost
- 34. Tonne kilometer is the cost unit of**
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A. Auto mobile
B. Quarries
C. Transport service
D. Electricity
- 35. Prime cost comprises the following combination of costs**
A. Direct materials and factory overhead
B. Direct labour and factory overhead
C. Direct material direct labour and direct expense
D. None of these
- 36. Marginal costing in concerned with**
A. Fixed costs
B. Variable cost
C. Semi - fixed cost
D. All of Above
- 37. Aggregate of prime cost and factory overhead is**
A. Work on cost
B. Works cost
C. Cost of production
D. Cost of Sales
- 38. Directors remuneration is treated as**
A. Factory overhead
B. Selling and distribution over head
C. Administration over head
D. Works Cost
- 39. The difference between standard and actual is called**
A. Deviation
B. Difference in cost
C. Variance

- D. Standard Deviation
40. May be a location, a person, or an item of equipment or group of there
- A. Cost Centre
B. Cost unit
C. Profit Centre
D. A & B
41. Calculate the prime cost from the following information:
Direct material consumed: Rs. 90,000
Direct labour: Rs. 60,000
Direct expenses: Rs. 20,000
Manufacturing overheads: Rs. 30,000
- A. Rs. 1,80,000
B. Rs. 2,00,000
C. Rs. 1,70,000
D. Rs. 2,10,000
42. Total cost of a product: Rs. 10,000
Profit: 25% on Selling Price
Profit is:
- A. Rs. 2,500
B. Rs. 3,000
C. Rs. 3,333
D. Rs. 2,000
43. A company makes a single product and incurs fixed costs of Rs. 30,000 per annum. Variable cost per unit is Rs. 5 and each unit sells for Rs. 15. Annual sales demand is 7,000 units. The breakeven point
- A. 2,000 units
B. 3,000 units
C. 4,000 units
D. 6,000 units
44. The P/v ratio of a company is 50% and margin of safety is 40%. If present sales is Rs. 30,00,000 then Break Even Point in Rs. will be
- A. Rs. 9,00,000
B. Rs. 18,00,000
C. Rs. 5,00,000
D. None of the above
45. _____ is responsible for setting up of materials price standard.
- A. Production department
B. Engineering department
C. Purchase department
D. None of the above
46. Standard costing is the preparation of standard costs and their comparison with _____ and the analysis of _____.
- A. Marginal costs, Variances
B. Variances, Marginal costs
- C. Actual costs, Variances
D. Variances, Actual costs
47. According to _____, standard costing is defined as "the preparation and use of standard costs, their comparison with actual cost and the analysis of variances to their causes and points of incidence".
- A. James
B. ICWA London
C. ICWAI
D. Batty
48. The labour rate variance can be calculated by the following equation:
- A. Budgeted labour costs - actual labour costs
B. (Standard hours - actual hours) x actual wage rate
C. (Standard wage rate - actual wage rate) x actual hours worked
D. (Standard wage rate - actual wage rate) x standard hours worked
49. If the actual output is more than the budgeted output, volume variance is
- A. Favorable
B. Non-favorable
C. No impact
D. None of the above
50. The formula to estimate Labour Mix variance is
- A. Total standard labour cost of actual output - Total actual cost of actual output
B. (Standard rate per hour - Actual rate per hour) * Actual Hours
C. (Revised standard time - Actual time) * Standard rate
D. Abnormal idle hours * Standard hourly rate
51. Given standard time per unit is 80 hours, standard time per hour @ Rs 1 per hour, actual time per unit is 90 hours and actual rate per hour @ Rs 1.10 per hour. Determine labour cost variance & labour rate variance.
- A. Rs 11, Rs 22 both unfavorable
B. Rs 19, Rs 9 both favorable
C. Rs 19, Rs 9 both unfavorable
D. Rs 11, Rs 22 both favorable
52. This variance arises due to the difference between actual number of days and the budgeted days.
- A. Capacity Variance
B. Calendar Variance
C. Efficiency Variance
D. Both A & B
53. "Advance Taken from subsidiary companies" appears under which head in the balance Sheet?

- A. Secured Loans
 - B. Unsecured Loans
 - C. Loans and Advances
 - D. Current Assets
- 54. Which of the following is representative of Vertical analysis?**
- A. Vertical analysis in the income statement causes all accounts to be related as a percentage of net income.
 - B. Percentages used in vertical analysis make identifying trends difficult.
 - C. Vertical analysis in the balance sheet causes all accounts to be related as a percentage of total assets.
 - D. Percentages can be used in the balance sheet without being associated with the numbers they represent.
- 55. Price per share is INR 30 and an earnings per share is INR 3.5 then price for earnings ratio would be**
- A. 8.57 times
 - B. 8.57%
 - C. 0.11 times
 - D. 11%
- 56. Which of the Below is not a part of profitability Ratio**
- A. Analyzing on sales and gross profit
 - B. Analyzing on the control of expenses -net profit
 - C. Analyzing the Market Value of the share
 - D. Assessing the return on assets and return on equity
- 57. If total cost of 100 units is Rs 5000 and those of 101 units is Rs 5030 then increase of Rs 30 in total cost is**
- A. Marginal cost
 - B. Prime cost
 - C. All variable overheads
 - D. None of the above
- 58. When contribution is positive but equal to fixed cost,**
- A. There is loss equal to fixed costs
 - B. There is loss more than fixed costs
 - C. There will be loss less than fixed costs
 - D. There will be neither profit nor loss
- 59. The Debt Equity Ratio of ABC Ltd is 4:1. The Shareholders funds are Rs 1,00,000/- The company's Debt is**
- A. 1,00,000/-
 - B. 25,000/-
 - C. 20,000/-
 - D. 4,00,000/-
- 60. _____ Ratio helps organization in Long Term Funds Management, and _____ ratio helps in Short Term Funds Management.**
- A. Liquidity , Solvency
 - B. Solvency, Liquidity
 - C. Solvency , Activity
 - D. Market Ratio, Current Ratio