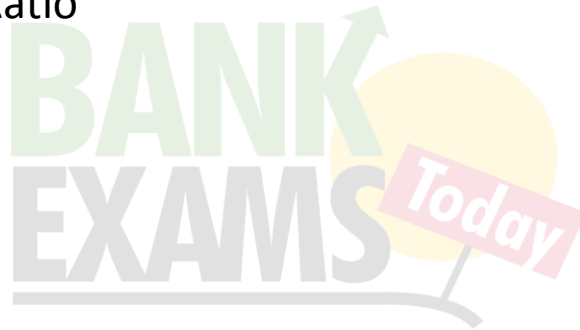


SEBI Grade A 2020 Live Quiz

EXAMVIS Today
Cost Accounting

Ques 1. The ratio that gives the relationship between contribution & sales value:

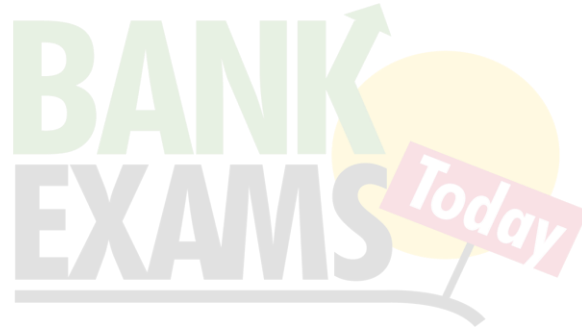
- a) Break Even Ratio
- b) Profit Volume Ratio
- c) Margin of Safety Ratio
- d) None of these



Answer: (B) Profit Volume Ratio

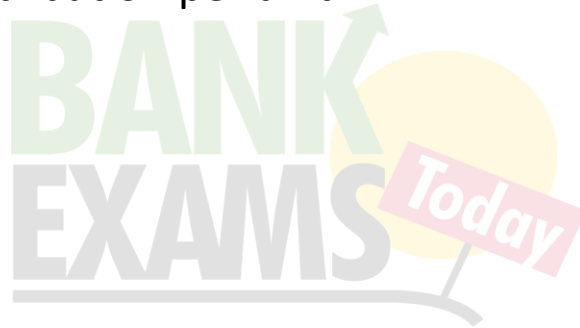
Concept: Marginal Costing

Explanation: Profit Volume Ratio = Contribution/Sales.



Ques 2. The correct formula for Break even Point (in units):

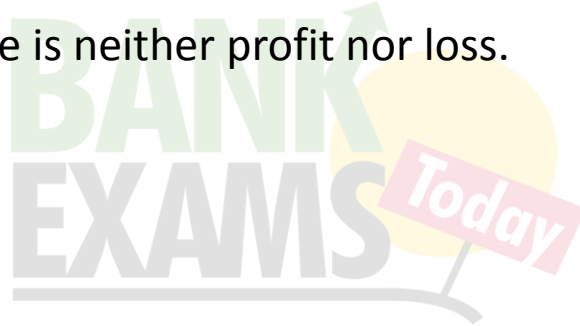
- a) Fixed Cost/Variable Cost
- b) Contribution/Fixed Cost
- c) Fixed Cost/Contribution per unit
- d) Variable Cost/Contribution per unit



Answer: (C) Fixed Cost/Contribution per unit

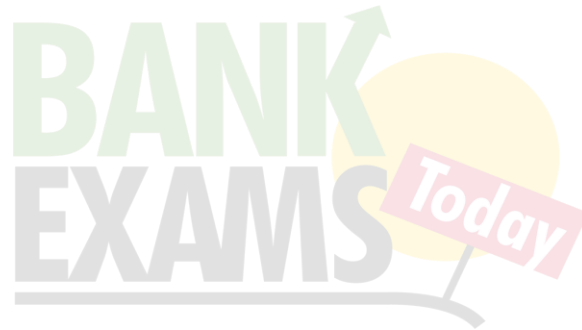
Concept: Marginal Costing

Explanation: Formula for BE point (in units) is Fixed Cost/Contribution per unit. It is a point where there is neither profit nor loss.



Ques 3. If projected sales are 10,000 units & Breakeven sales is 2000 units, Margin of safety will be _____ units.

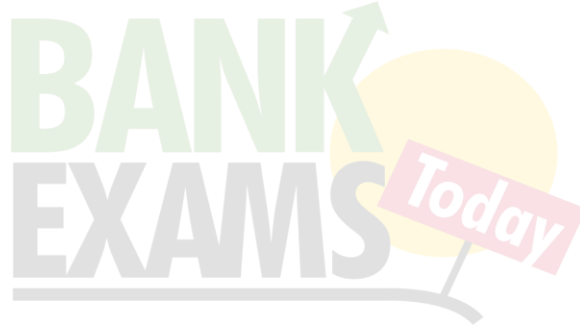
- a) 12,000
- b) 8,000
- c) 5,000
- d) 2,000



Answer: (B) 8,000 units

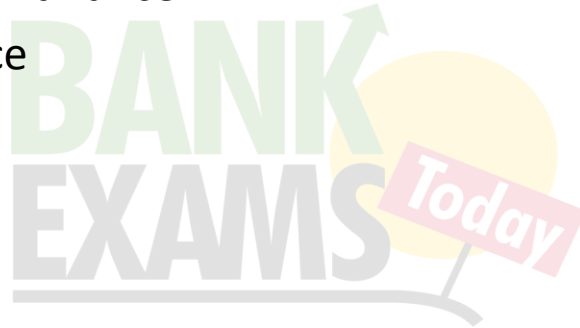
Concept: Marginal Costing

Explanation: Margin of Safety = Projected Sales – Break even Sales = 10,000 – 2,000 = 8,000.



Ques 4. Variance which arises due to changes in actual sales quantity from budgeted quantity is called _____.

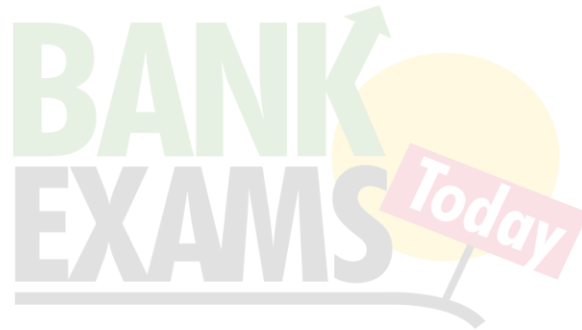
- a) Sales Volume variance
- b) Sales Margin volume variance
- c) Sales Margin Price variance
- d) Sales price variance



Answer: (A) Sales Volume variance

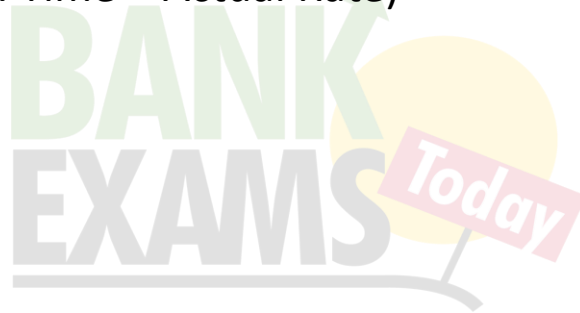
Concept: Standard Costing

Explanation: Sales Volume Variance = Budgeted Price x (Actual Qty – Budgeted Qty)



Ques 5. Labour Rate Variance =

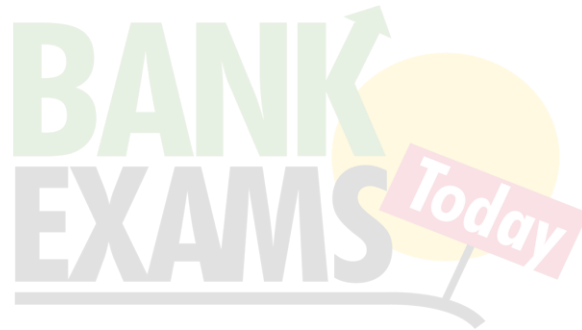
- a) Actual Time x (Std. Rate – Actual Rate)
- b) Actual Time x (Actual Rate – Actual Time)
- c) Actual Rate x (Std. Time – Actual Time)
- d) Actual Time x (Std. Time – Actual Rate)



Answer: (A) Actual Time x (Std. Rate – Actual Rate)

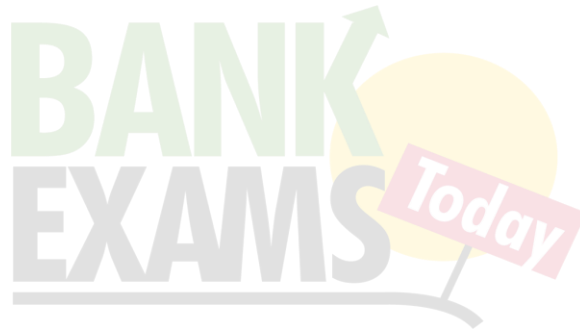
Concept: Standard Costing

Explanation: Formula for LRV = Actual Time x (SR – AR)



Ques 6. If the completion of contract is less than 25%, _____ profit should be transferred to Profit & Loss account

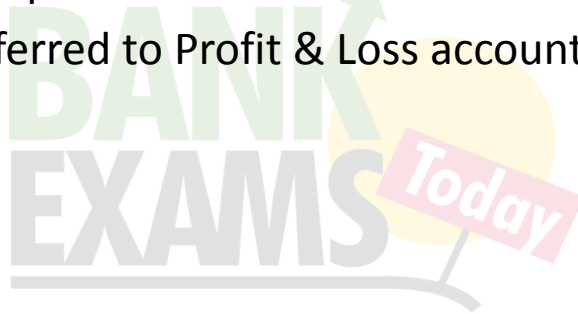
- a) $1/3^{\text{rd}}$
- b) $2/3^{\text{rd}}$
- c) $1/4^{\text{th}}$
- d) No profit



Answer: (D) No

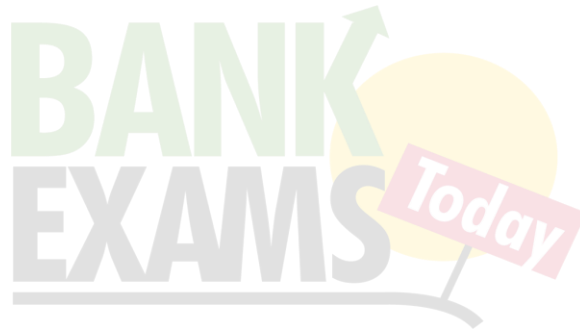
Concept: Contract Costing

Explanation: In case of incomplete contracts with less than 25% completion rate, no profit shall be transferred to Profit & Loss account.



Ques 7. In contract costing, _____ provides a safeguard against risk of loss due to poor work.

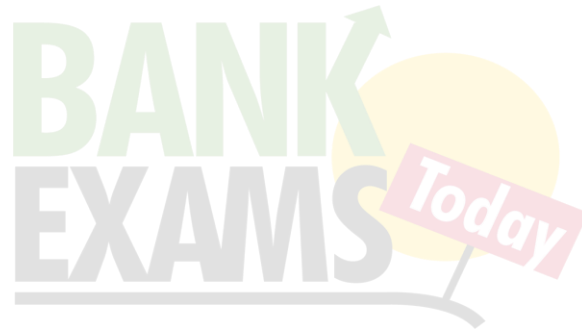
- a) Retention Money
- b) Progress Money
- c) Commission
- d) None of these



Answer: (A) Retention Money

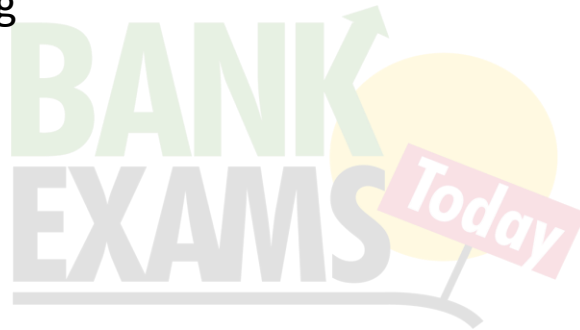
Concept: Contract Costing

Explanation: Retention Money = Value of Work Certified – Payment made



Ques 8. The process of charging both – fixed & variable costs to the processes/products is called _____.

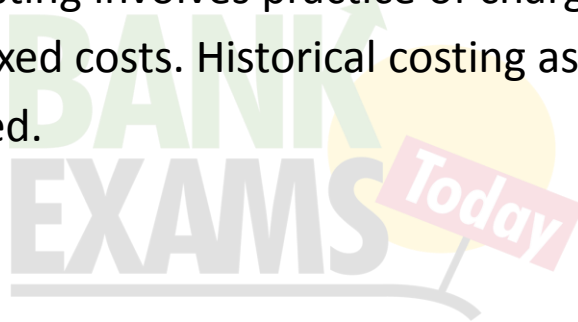
- a) Direct Costing
- b) Marginal Costing
- c) Absorption Costing
- d) Historical Costing



Answer: (C) Absorption Costing

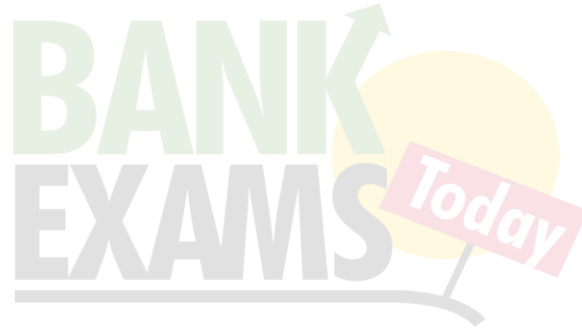
Concept: Techniques of Costing

Explanation: Absorption Costing involves practice of charging all costs. Marginal Costing excludes fixed costs. Historical costing ascertains costs only after they have been incurred.



Ques 9. Identify the wrongly matched cost method:

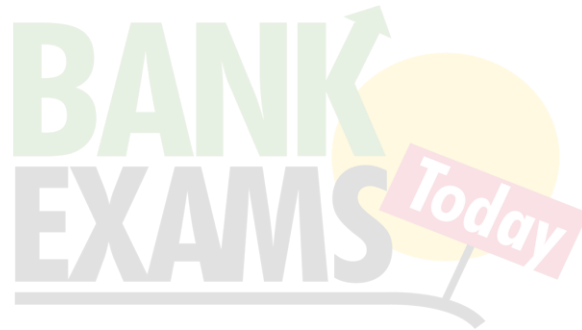
- a) Sugar Industry – Process Costing
- b) Cold Drinks – Unit Costing
- c) Advertising – Job Costing
- d) Real Estate – Operating Costing



Answer: (D) Real Estate – Operating Costing

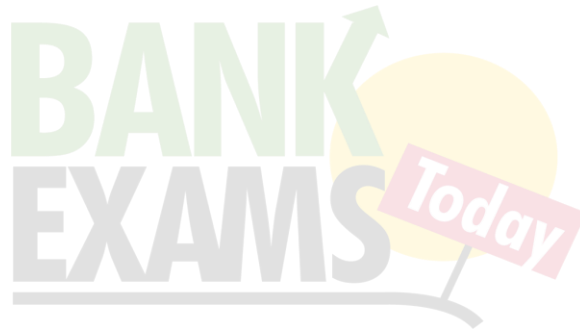
Concept: Cost Methods

Explanation: Contract Costing is more suitable for Real Estate industry.



Ques 10. The costs that do not play any role in the decision making in the current period are called _____

- a) Period Costs
- b) Marginal Costs
- c) Opportunity Costs
- d) Sunk Costs



Answer: (D) Sunk Costs

Concept: Introduction to Cost & Management Accounting

Explanation: Sunk Costs are historical cost. (incurred in the past). They do not play a role in current decision making.

