

CHAPTER - 1 : COST CONTROL ACCOUNTS

MULTIPLE CHOICE QUESTIONS

1. Materials Requisition Note
 - (a) authorises and records the issue of materials for use
 - (b) records the return of unused materials
 - (c) records the transfer of materials from one store to another
 - (d) a classified record of materials, issues, returns and transfers
2. Materials Transfer Note
 - (a) authorises and records the issue of materials for use
 - (b) records the return of unused materials
 - (c) records the shifting of materials from one store to another
 - (d) a classified record of materials, issues, returns and transfers
3. A document which is a classified record of material issues, returns and transfers
 - (a) Materials Requisition Note
 - (b) Materials Return Note
 - (c) Materials Transfer Note
 - (d) Materials Issue Analysis Sheet
4. This is essential to make the cost ledger 'self-balancing'.
 - (a) General Ledger Adjustment Account
 - (b) Stores Ledger Control Account
 - (c) Work-in-Progress Ledger
 - (d) Finished Goods Control Account
5. This is debited with all purchases of materials for the stores and credited with all issues of materials
 - (a) General Ledger Adjustment Account
 - (b) Stores Ledger Control Account
 - (c) Work-in-Progress Ledger
 - (d) Finished Goods Control Account
6. In this, cost of materials, wages and overheads of each job undertaken is posted.
 - (a) General Ledger Adjustment Account
 - (b) Stores Ledger Control Account
 - (c) Work-in-Progress Ledger
 - (d) Finished Goods Control Account
7. This represents the total value of finished goods in stock.
 - (a) General Ledger Adjustment Account
 - (b) Stores Ledger Control Account
 - (c) Work-in-Progress Ledger
 - (d) Finished Goods Control Account
8. Material amounting to ` 58,300 is *purchased on credit*.
The entry in Cost Ledger under non-integrated System is

(a) Purchases A/c	Dr.	58,300	
To Sundry Creditors			58,300
(b) Stores Ledger Control A/c	Dr.	58,300	
To General Ledger Adjustment A/c			58,300
(c) Purchases A/c	Dr.	58,300	
To Cost Ledger Control A/c			58,300
(d) Work-in-Progress Control A/c	Dr.	58,300	
To General Ledger Adjustment A/c			58,300
9. *Salaries and wages* amounting to ` 62,100 gross and earned by the employees, and deductions of ` 5,400 as provident fund. ` 2,400 as ESIC and ` 4,300 as Income Tax are made from the gross amount.
The entry in Cost Ledger under non-integrated System is

(a) Salaries and Wages Control A/c	Dr.	62,100	
To General Ledger Adjustment A/c			62,100
(b) Salaries and Wages Control A/c	Dr.	50,000	
To General Ledger Adjustment A/c			50,000
(c) Salaries and Wages Control A/c	Dr.	62,100	
To Cost Ledger Adjustment A/c			62,100

18. Journal entry for *issuing materials to production* in non-integrated accounts is
- (a) Stores Ledger Control Account Dr.
Cost Ledger Control Account Cr.
 - (b) Cost Ledger Control Account Dr.
Stores Ledger Control Account Cr.
 - (c) Work-in-Progress Control Account Dr.
Stores Ledger Control Account Cr.
 - (d) No entry is required
19. Journal entry for *payment of wages* in non-integrated accounts is
- (a) Wages Control Account Dr.
Cash Account Cr.
 - (b) Wages Control Account Dr.
Cost Ledger Control Account Cr.
 - (c) Wages Account Dr.
Cash Account Cr.
20. *Payment to creditors* for supplies made. Journal entry in non-integrated accounts will be
- (a) Sundry Creditors Account Dr.
Cash A/c Cr.
 - (b) Sundry Creditors Account Dr.
Cost Ledger Control Account Cr.
 - (c) Sundry Creditors Account Dr.
Costing Profit and Loss Account Cr.
 - (d) No entry is required
21. In a period ` 50,000 was incurred on *indirect labour*. In a Cost Ledger, the double entry will be:
- (a) Wages Control Account Dr.
Overhead Control Account Cr.
 - (b) WIP Control Account Dr.
Wages Control Account Cr.
 - (c) Overhead Control Account Dr.
Wages Control Account Cr.
 - (d) Wages Control Account Dr.
WIP Control Account Cr.
22. At the end of a financial period, accounting entries for *under absorbed overheads* would be
- (a) WIP Control Account Dr.
Overhead Control Account Cr.
 - (b) Profit and Loss Account Dr.
WIP Control Account Cr.
 - (c) Profit and Loss Account Dr.
Overhead Control Account Cr.
 - (d) Overhead Control Account Dr.
Profit and Loss Account Cr.
23. The double entry for *factory cost of production* in a cost ledger is
- (a) Cost of Sales Account Dr.
Finished Goods Control Account Cr.
 - (b) Finished Goods Control Account Dr.
WIP Control Account Cr.
 - (c) Costing Profit and Loss Account Dr.
Finished Goods Control Account Cr.
 - (d) WIP Control Account Dr.
Finished Goods Control Account Cr.
24. What is an interlocking bookkeeping system?
- (a) A single, combined system containing both cost accounting and financial accounting records
 - (b) A system combining cost accounting and management accounting
 - (c) A system with high secured access
 - (d) A system where separate accounts are kept for cost accounting and for financial accounting

ANSWERS

1. (a)	13. (c)
2. (c)	14. (a)
3. (d)	15. (b)
4. (a)	16. (a)
5. (b)	17. (c)
6. (c)	18. (c)
7. (d)	19. (b)
8. (b)	20. (d)
9. (a)	21. (c)
10. (c)	22. (c)
11. (c)	23. (b)
12. (b)	24. (d)

CHAPTER - 2 : CONTRACT COSTING

MULTIPLE CHOICE QUESTIONS

A. Conceptual

1. Contract costing is a basic method of
 - (a) Historical costing
 - (b) Specific order costing
 - (c) Process costing
 - (d) Standard costing
2. Contract costing is a variant of _____ Costing.
 - (a) Job
 - (b) Process
 - (c) Unit
 - (d) Batch
3. Contract costing usually applicable in
 - (a) Constructional Works
 - (b) Textile Mills
 - (c) Cement Industries
 - (d) Chemical Industries
4. _____ is the person for whom the Contract job is undertaken.
 - (a) Contractor
 - (b) Contractee
 - (c) Sub-contractor
 - (d) Job-worker
5. Which one of the following is not a contract cost ?
 - (a) Direct wages
 - (b) Depreciation of plant
 - (c) Sub-contractors' fees
 - (d) Architects' certificates
6. The degree of completion of work is determined by comparing the work certified with
 - (a) Contract price
 - (b) Work in progress
 - (c) Cash received on contract
 - (d) Retention money
7. In contract costing credit is taken only for a part of the profit on
 - (a) Completed contract
 - (b) Incomplete contract
 - (c) Work uncertified
 - (d) Work Certified
8. In contract costing payment of cash to the contractor is made on the basis of
 - (a) Uncertified work
 - (b) Certified work
 - (c) Work in progress
 - (d) Retention Money
9. The cost of any sub-contracted work is
 - (a) A direct expense of a contract and is debited to the contract account
 - (b) An indirect expense of a contract and is debited to the contract account
 - (c) A direct expense of a contract and is debited to the client account
 - (d) An indirect expense of a contract and is debited to the client account
10. Progress payments received by the contractor from the client are
 - (a) Debited to the contract account
 - (b) Credited to the contract account
 - (c) Debited to the client account
 - (d) Credited to the client account
11. Retention Money is equal to
 - (a) Work certified Less Work uncertified
 - (b) Contract price Less Work certified
 - (c) Work certified Less Payment received by contractor
 - (d) None of the above
12. Material supplied by the Contractee
 - (a) is debited to the Contract Account
 - (b) is ignored in the Contract Account
 - (c) is credited to the Contract Account
 - (d) is debited to the Contractee's Account
13. Cost of material lost or destroyed
 - (a) is credited to the Contract Account
 - (b) is debited to the Contract Account
 - (c) is debited to the Costing Profit and Loss Account
 - (d) is credited to the Costing Profit and Loss Account

14. Work Certified is valued at
 (a) Cost price (b) Market price
 (c) Cost or market price whichever is less (d) Estimated price
15. Value of Work Certified Less Profit =
 (a) Work-in-progress (b) Cost of Work Certified
 (c) Retention Money (d) Cost of uncertified work
16. The Total Value of Work Completed during an accounting year is equal to
 (a) Work Certified + Progress Payment Received
 (b) Work Certified + Work Uncertified
 (c) Work Certified + Retention Money
 (d) None of the above
17. Notional Profit is equal to
 (a) Work certified Less Cost of work certified
 (b) Work certified Less Cost of work completed
 (c) Payment received Less Work certified
 (d) None of the above
18. Work-in-progress at year end is equal to
 (a) only closing stock of materials (b) only work certified
 (c) only work uncertified (d) the total of all the above
19. Work certified is less than 25% of the contract price. The transfer to P & L A/c will be
 (a) 1/3 rd of Notional profits (b) NIL
 (c) 2/3 rd of Notional profits (d) 100% of Notional profits
20. Work certified is between 25% and 50% of the contract price. The transfer to P & L A/c will be
 (a) 1/3 rd of Notional profits, reduced in the ratio of cash received to work certified
 (b) NIL
 (c) 2/3 rd of Notional profits, reduced in the ratio of cash received to work certified
 (d) 100% of Notional profits
21. Work certified is between 50% and 90% of the contract price. The transfer to P & L A/c will be
 (a) 1/3 rd of Notional profits, reduced in the ratio of cash received to work certified
 (b) NIL
 (c) 2/3 rd of Notional profits, reduced in the ratio of cash received to work certified
 (d) 100% of Notional profits
22. The entire contract is complete. The transfer to P & L A/c will be
 (a) 1/3 rd of Notional profits (b) NIL
 (c) 2/3 rd of Notional profits (d) Entire profit
23. If a contract is 40% complete, credit taken to the profit and loss account is
 (a) 40% of the notional profit
 (b) 1/3 rd of Notional profits, reduced in the ratio of cash received to work certified
 (c) NIL
 (d) 2/3 rd of Notional profits, reduced in the ratio of cash received to work certified

ANSWERS

1. (b)	5. (d)	9. (a)	13. (a)	17. (a)	21. (c)
2. (a)	6. (a)	10. (d)	14. (a)	18. (d)	22. (d)
3. (a)	7. (b)	11. (c)	15. (b)	19. (b)	23. (b)
4. (b)	8. (b)	12. (b)	16. (b)	20. (a)	

CHAPTER - 3 : PROCESS COSTING

MULTIPLE CHOICE QUESTIONS

I. PROCESS COSTING - MAIN PRODUCT

A. Conceptual

1. Process costing is applied when
 - (a) small number of different products are manufactured
 - (b) large number of different products are manufactured
 - (c) large number of identical products are manufactured
 - (d) small numbers of customised made-to-order products are manufactured
2. Which of the following does not use process costing ?
 - (a) Oil refining
 - (b) Distilleries
 - (c) Sugar
 - (d) Air-craft manufacturing
3. Which cost accumulation procedure is most applicable in continuous mass-production manufacturing environments?
 - (a) Standard
 - (b) Actual
 - (c) Process
 - (d) Job order
4. Which of the following statements is false?
 - (a) In process costing, cost is accumulated according to processes or departments
 - (b) In job costing, the basis of cost accumulation is job order or batch size
 - (c) In process costing, cost is accumulated on time basis
 - (d) In job costing, cost is computed at the end of the cost period
5. Process Cost is based on the concept of
 - (a) Average Cost
 - (b) Marginal Cost
 - (c) Standard Cost
 - (d) Differential Cost
6. Normal Loss is equal to
 - (a) Normal Output - Actual Output
 - (b) Actual Output - Normal Output
 - (c) Input x % of Normal Loss
 - (d) None of the above
7. Normal Output is equal to
 - (a) Input - Abnormal Loss
 - (b) Input - Normal Loss
 - (c) Input - Abnormal Gains
 - (d) None of the above
8. Unit Cost is equal to
 - (a) Normal Cost ÷ Normal Output
 - (b) Total Cost ÷ Normal Output
 - (c) Normal Cost ÷ Total Output
 - (d) Total Cost ÷ Total Output
9. Abnormal Loss is equal to
 - (a) Input - Actual Output
 - (b) Actual Output - Normal Output
 - (c) Normal Output - Actual Output
 - (d) Actual Output - Input
10. Abnormal Gains are equal to
 - (a) Actual Output - Normal Output
 - (b) Normal Output - Actual Output
 - (c) Actual Output - Input
 - (d) Input - Actual Output
11. Process cost is very much applicable in
 - (a) Construction Industry
 - (b) Pharmaceutical Industry
 - (c) Airline Company
 - (d) None of these
12. In process costing, each producing department is a
 - (a) Cost unit
 - (b) Cost centre
 - (c) Investment centre
 - (d) Sales centre
13. Which of the given units can never become part of first department of Cost of Production Report?
 - (a) Units received from preceding department
 - (b) Units transferred to subsequent department
 - (c) Lost units
 - (d) Units still in process

14. When production is below standard specification or quality and cannot be rectified by incurring additional cost, it is called
- (a) Defective (b) Spoilage
(c) Waste (d) Scrap
15. What will be the impact of normal loss on the overall per unit cost ?
- (a) Per unit cost will increase (b) Per unit cost will decrease
(c) Per unit cost remain unchanged (d) Normal loss has no relation to unit cost

ANSWERS

1. (c)	8. (a)	15. (a)	
2. (d)	9. (c)		
3. (c)	10. (a)		
4. (d)	11. (b)		
5. (a)	12. (b)		
6. (c)	13. (a)		
7. (b)	14. (b)		

CHAPTER - 4 : INTRODUCTION TO MARGINAL COSTING

MULTIPLE CHOICE QUESTIONS

A. Conceptual

1. What distinguishes absorption costing from marginal costing?
 - (a) Product costs include both prime cost and production overhead
 - (b) Product costs include both production and non-production costs
 - (c) Stock valuation includes a share of all production costs
 - (d) Stock valuation includes a share of all costs
2. The Marginal Cost Statement
 - (a) shows the gross profit
 - (b) is sent to the shareholders
 - (c) shows classification of costs as direct and indirect
 - (d) can be used to predict future profits at different levels of activity
3. CVP analysis requires costs to be categorized as

(a) fixed or variable	(b) direct or indirect
(c) product or period	(d) standard or actual
4. Contribution equals :

(a) Sales minus cost of sales	(b) Sales minus cost of production
(c) Sales minus variable costs	(d) Sales minus fixed costs
5. Contribution is equal to

(a) Fixed cost + profit	(b) Sales - variable cost
(c) Fixed cost - loss	(d) All the above
6. Which of the following costs is not deducted from sales revenue in computation of contribution?

(a) Direct materials	(b) Direct labour
(c) Fixed factory overheads	(d) Variable selling overheads
7. The selling price per unit less the variable cost per unit is the :

(a) Fixed cost per unit	(b) Gross profit per unit
(c) Operating profit per unit	(d) Contribution per unit
8. If contribution margin increases by ` 2 per unit, then operating profits will

(a) also increase by ` 2 per unit	(b) increase by less than ` 2 per unit
(c) decrease by ` 2 per unit	(d) cannot say
9. P/V ratio is equal to

(a) Profit/volume	(b) Contribution/sales
(c) Profit/contribution	(d) Profit/sales
10. Profit - volume ratio is improved by reducing

(a) Variable cost	(b) Fixed cost
(c) Both of them	(d) None of them
11. At the break-even point, which equation will be true.

(a) Variable cost - fixed cost = contribution	(b) Sales = variable cost + fixed cost
(c) Sales - fixed cost = contribution	(d) Sales - contribution = variable cost
12. The break even points in units is equal to

(a) Fixed cost/PV ratio	(b) Fixed cost x sales/total contribution
(c) Fixed cost/contribution per unit	(d) Fixed cost/total contribution
13. When fixed cost increases, the break even point

(a) Increases	(b) Decreases
(c) No effect	(d) Can't say
14. When variable cost decreases, then break even point

(a) Increases	(b) Decreases
(c) No effect	(d) Can't say

15. When selling price decreases, then break even point
 (a) Increases (b) Decreases
 (c) No effect (d) Can't say
16. When sales increases then break even point
 (a) Increases (b) Decreases
 (c) Remains constant (d) None of these
17. Which of the following can improve break-even point?
 (a) Increase in variable cost (b) Increase in fixed cost
 (c) Increase in sale price (d) Increase in sales volume
 (e) Increase in production volume
18. Which of the following describes the margin of safety?
 (a) actual contribution margin achieved compared with that required to break-even
 (b) actual sales compared with sales required to break-even
 (c) actual versus budgeted net profit margin
 (d) actual versus budgeted sales
19. Margin of safety is expressed as
 (a) Profit / P/V ratio (b) $(\text{Actual sales} - \text{sales at BEP}) / \text{Actual sales}$
 (c) Actual sales - Sales at BEP (d) All of the above
20. Under which of the following cases the margin of safety decreases?
 (a) Reduction in fixed cost
 (b) Increase in variable cost
 (c) Increase in the level of production or selling price or both
 (d) Change in the sales mix in order to increase the contribution
 (e) Substitute the existing unprofitable product with the profitable ones
21. In the break-even chart, the margin of safety point lies
 (a) To the left of break even point (b) To the right of break even point
 (c) On break even point (d) Can't say
22. Fixed cost is equal to
 (a) Break-even sales x Margin of safety (b) Sales x Margin of safety
 (c) Sales x Profit-volume ratio (d) Profit-volume ratio x Break even sales
23. Which of the following factors is to be multiplied with contribution margin ratio to calculate profit?
 (a) Unit contribution margin (b) Margin of safety
 (c) Variable costs per unit (d) Unit sales price
 (e) Change in sales volume
24. In cost-volume-profit analysis, profit is equal to
 (a) Sales Revenue x P/V ratio - Fixed Cost (b) Sales units x contribution per unit - fixed costs
 (c) Total contribution - Fixed cost (d) All the above
25. The sales volume in value required to earn the target profit, the formula is
 (a) Target profit / Contribution per unit
 (b) $(\text{Fixed cost} + \text{Target profit}) \times \text{P/V ratio}$
 (c) $(\text{Fixed cost} + \text{Target profit}) / \text{Contribution on per unit}$
 (d) $(\text{Fixed cost} + \text{Target profit}) / \text{PV ratio}$
26. There is a reduction in the selling price. This will, other factors remaining same -
 (a) increase contribution margin (b) reduce fixed costs
 (c) increase variable costs (d) reduce operating income
27. There is an increase in advertising expenses. This will, other factors remaining same -
 (a) reduce operating income (b) reduce contribution
 (c) decrease selling price (d) increase variable costs
28. Cost-volume-profit analysis is used PRIMARILY by management :
 (a) as a planning tool (b) for control purposes
 (c) to prepare external financial statements (d) for correct financial results

ANSWERS

1. (c)	8. (a)	15. (a)	22. (d)
2. (d)	9. (b)	16. (c)	23. (b)
3. (a)	10. (a)	17. (c)	24. (d)
4. (c)	11. (b)	18. (b)	25. (d)
5. (d)	12. (c)	19. (d)	26. (d)
6. (c)	13. (a)	20. (b)	27. (a)
7. (d)	14. (b)	21. (c)	28. (a)

CHAPTER - 5 : INTRODUCTION TO STANDARD COSTING

MULTIPLE CHOICE QUESTIONS

A. Conceptual

1. The objective of standard costing is to
 - (a) Determine profitability of a product
 - (b) Determine break-even production level
 - (c) Control costs
 - (d) Allocate costs with more accuracy
2. A standard cost system may be used in
 - (a) job order costing, but not process costing
 - (b) process costing, but not job order costing
 - (c) either job order costing or process costing
 - (d) neither job order costing nor process costing
3. An estimate of what cost should be is known as
 - (a) Actual cost
 - (b) Ideal cost
 - (c) Standard cost
 - (d) Forecast cost
4. A standard cost is
 - (a) the total amount that appears on the budget for product costs
 - (b) a pre-determined cost which is calculated from management's standards of efficient operation
 - (c) the total number of units x the cost expected
 - (d) any amount that appears on a budget
5. Which of the following best describes a basic standard?
 - (a) A standard set at an ideal level, which makes no allowance for normal losses, waste and machine downtime
 - (b) A standard which assumes an efficient level of operation, but which includes allowances for factors such as normal loss, waste and machine downtime
 - (c) A standard which is kept unchanged over a long period of time
 - (d) A standard which is based on current price levels
6. A standard which assumes efficient level of operations, but which includes allowance for factors such as waste and machine downtime is known as an
 - (a) Ideal standard
 - (b) Normal standard
 - (c) Attainable standard
 - (d) Neither (a) nor (b) nor (c)
7. What standard is based on the assumption of most favourable conditions possible ?
 - (a) Ideal Standard
 - (b) Normal Standard
 - (c) Expected Standard
 - (d) Attainable Standard
8. The standard cost card contains quantities and costs for
 - (a) direct material only
 - (b) direct labour only
 - (c) direct material and direct labour only
 - (d) direct material, direct labour, and overhead
9. Which one of the following does NOT accurately describe one of the ways in which standards are developed?
 - (a) Standard material quantities may be determined by engineering studies
 - (b) Supplier price lists may be used to determine standard prices of materials
 - (c) Time and motion studies are sometimes used to determine labour efficiency standards
 - (d) Employee time cards are often used to determine standard labour wage rates
10. What term can be defined as a means of assessing the difference between a predetermined amount and the actual amount?
 - (a) Variance analysis
 - (b) Differential costing
 - (c) Incremental costing
 - (d) Marginal Costing
11. A total cost variance is best defined as the difference between
 - (a) total standard cost for the last year and total standard cost in the current year
 - (b) total standard cost for the last year and total actual cost in the current year
 - (c) the standard cost value of output budgeted in a period and the total actual cost incurred
 - (d) the standard cost value of output achieved in a period and the total actual cost incurred

12. If standard cost is lower than the actual cost, the difference is known as
 (a) Favourable (b) Adverse
 (c) Positive (d) Negative
13. A favourable variance occurs when
 (a) actual costs are less than marginal costs (b) standard costs are less than actual costs
 (c) actual costs are less than the selling price (d) actual costs are less than standard costs
14. The "standard quantity allowed" is computed by multiplying the :
 (a) actual input in units by the standard output allowed
 (b) actual output in units by the standard input allowed
 (c) actual output in units by the standard output allowed
 (d) standard output in units by the standard input allowed
15. The difference between the actual price and the standard price, multiplied by the actual quantity of materials purchased is the
 (a) materials cost variance (b) materials usage variance
 (c) materials price variance (d) materials efficiency variance
16. The difference between the actual quantity and the standard quantity, multiplied by the standard price is the
 (a) materials efficiency variance (b) materials volume variance
 (c) materials price variance (d) materials usage variance
17. Which of the following is correct with regard to using the standard quantity to compute materials variances?
 Standard quantity is used -
 (a) Materials Price Variance: Yes; Materials Usage Variance: No
 (b) Materials Price Variance: Yes; Materials Usage Variance: Yes
 (c) Materials Price Variance: No; Materials Usage Variance: No
 (d) Materials Price Variance: No; Materials Usage Variance: Yes
18. Which of the following is correct with regard to using the standard unit price to compute materials variances?
 Standard unit price used:
 (a) Materials Price Variance: Yes; Materials Usage Variance: No
 (b) Materials Price Variance: Yes; Materials Usage Variance: Yes
 (c) Materials Price Variance: No; Materials Usage Variance: No
 (d) Materials Price Variance: No; Materials Usage Variance: Yes
19. The term "standard hours allowed" measures
 (a) budgeted output at actual hours (b) budgeted output at standard hours
 (c) actual output at standard hours (d) actual output at actual hours
20. The labour rate variance is computed as :
 (a) (Actual labour hours worked – Standard labour hours allowed) x Actual labour rate
 (b) (Actual labour hours worked – Standard labour hours allowed) x Standard labour rate
 (c) (Actual labour rate – Standard labour rate) x Standard hours allowed
 (d) (Actual labour rate – Standard labour rate) x Actual hours worked
21. If the actual number of labour hours worked is less than the standard labour hours allowed for equivalent units produced, this indicates :
 (a) An unfavourable labour rate variance
 (b) A favourable total labour variance
 (c) An unfavourable labour efficiency variance
 (d) A favourable labour efficiency variance
22. Which of the following is correct with regard to the standard labour hours being used to compute labour variances ?
 Standard labour hours used :
 (a) Labour Rate Variance: Yes; Labour Efficiency Variance: No
 (b) Labour Rate Variance: Yes; Labour Efficiency Variance: Yes
 (c) Labour Rate Variance: No; Labour Efficiency Variance: No
 (d) Labour Rate Variance: No; Labour Efficiency Variance: Yes

23. Which of the following is correct with regard to using the standard labour rate to compute labour variances?
Standard labour rate used:
- (a) Labour Rate Variance: Yes; Labour Efficiency Variance: No
 - (b) Labour Rate Variance: Yes; Labour Efficiency Variance: Yes
 - (c) Labour Rate Variance: No; Labour Efficiency Variance: No
 - (d) Labour Rate Variance: No; Labour Efficiency Variance: Yes
24. What is the primary benefit of a standard costing system?
- (a) It records costs at what should have been incurred
 - (b) It allows for a comparison of differences between actual and standard costs
 - (c) It is easy to implement
 - (d) It is inexpensive and easy to use
25. The standard which can be attained under the most favourable conditions possible
- (a) Ideal Standard
 - (b) Expected Standard
 - (c) Current Standard
 - (d) Normal Standard
26. A standard which is established for use unaltered for an indefinite period is called
- (a) Current standard
 - (b) Ideal standard
 - (c) Basic standard
 - (d) Expected standards
27. Which of the following is not a type of standard, conceptually speaking ?
- (a) Ideal standards
 - (b) Negative standards
 - (c) Expected standards
 - (d) Current standards

ANSWERS

1. (a)	9. (d)	17. (d)	25. (a)	
2. (c)	10. (a)	18. (b)	26. (c)	
3. (b)	11. (d)	19. (c)	27. (b)	
4. (d)	12. (b)	20. (d)		
5. (d)	13. (d)	21. (d)		
6. (c)	14. (b)	22. (d)		
7. (a)	15. (c)	23. (b)		
8. (d)	16. (d)	24. (b)		