



Accounting Practice MCQs Competitive Exams Set 7

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(4) At break-even point of 400 units sold the variable costs were Rs. 400 and the fixed costs were Rs.200. What will be the 401 units sold contributing to profit before income tax?

- (a) Rs. 0.00
- (b) Rs. 0.50
- (c) Rs. 1.00
- (d) Rs. 1.50
- (e) None of these

Answer. (b)

(5) In considering a special order situation that will enable a company to make use of currently idle capacity, which of the following cost will be irrelevant:

- (a) Materials
- (b) Depreciation
- (c) Direct labour
- (d) Variable factory overhead
- (e) None of these

Answer. (b)

(6) A fixed cost:

- (a) May change in total when such change is not related to changes in production
- (b) Will not change in total because it is not related to changes in production
- (c) Is constant per unit for each unit of change in production
- (d) May change in total, depending on production with the relevant range
- (e) None of these

Answer. (b)

(7) Completion of a job is result in:

- (a) DR finished goods CR WIP
- (b) DR Cost of goods CR finished goods
- (c) DR WIP CR FOH control
- (d) DR FOH control CR FOH applied
- (e) None of these

Answer. (a)

(8) Operating cost is often named as:

- (a) Manufacturing cost plus commercial expenses
- (b) Prime cost plus factory overheads
- (c) Direct material plus direct labour
- (d) Selling plus administrative expenses
- (e) None of these

Answer. (d)

(9) Expenses such as rent and depreciation of a building are shared by several departments these are:

- (a) Indirect expenses
- (b) Direct expenses
- (c) Joint expenses
- (d) All of the above
- (e) None of these

Answer. (a)

(10) If under applied FOH is closed to cost of goods sold, the journal entry is:

- (a) DR Cost of goods sold CR FOH control
- (b) DR FOH control CR Cost of goods sold
- (c) DR FOH control CR Profit % loss account
- (d) None of these

Answer. (a)

(11) Re-order quantity 3600 units Maximum consumption 900 units per week
Minimum consumption300 units per week Re-order period5 weeks Based on

this data Re-order level is:

- (a) 4500 units
- (b) 3900 units
- (c) 1200 units
- (d) 400 units
- (e) None of these

Answer. (a)

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