

## Multiple Choice Questions

- 1) Material Requisition Note
  - a) Authorises and records the issue of material of use
  - b) Records the return of unused material
  - c) Records the transfer of materials from one store to another
  - d) A classified record of materials, issues, returns and transfers
  
- 2) Material Transfer Note
  - a) Authorises and records the issue of material of use
  - b) Records the return of unused material
  - c) Records the transfer of materials from one store to another
  - d) A classified record of materials, issues, returns and transfers
  
- 3) A document which is material classified record of material issues, returns and transfers
  - a) Material Requisition Note
  - b) Material Return Note
  - c) Material Transfer Note
  - d) Material Issue Analysis Sheet
  
- 4) This represents the total value of finished goods in stocks.
  - a) General Ledger Adjustment Account
  - b) Stores Ledger Control Account
  - c) Work-In-Progress Ledger
  - d) Finished Goods Control Account
  
- 5) Journal entry for over-absorbed administrative overhead amount in non- integrated accounts is
  - a) Costing profit and loss account.....Dr  
Cost Ledger Control Account.....Cr
  - b) Overhead Adjustment or Suspense Account.....Dr  
Administration Overhead Control Account.....Cr
  - c) Administration Overhead Account.....Dr  
Overhead Adjustment or Suspense Account...Cr
  - d) No Entry

- 6) The product strategy in which companies first determine the price at which they can sell the new product and then design a product that can be produced at a low enough cost to provide adequate operating income is inferred as
- a) Cost-plus pricing
  - b) Target costing
  - c) Benchmark costing
  - d) Full costing
- 7) The four tasks that follow take place in the concept known as target costing
- a) Value Engineering
  - b) Establish a target selling price
  - c) Establish a target cost
  - d) Establish a target profit
- 8) Which of the following denotes the target cost?
- a) Market price – Desired profit margin
  - b) Standard selling price – Standard profit margin
  - c) Desired selling price – Target profit margin
  - d) Desired selling price – Desired profit margin
  - e) Market price – Return of investment (ROI)
- 9) Comparing the way a “best-in-class” company performs a specific activity (such as distribution) is called
- a) Competitive Benchmarking
  - b) Internal Benchmarking
  - c) Analogous Benchmarking
  - d) Operational Benchmarking
- 10) Cost allocation bases in activity-based costing should be
- a) Cost drivers
  - b) Cost pools
  - c) Activity centres
  - d) Resources

### **Fill in the blanks**

1. \_\_\_\_\_ cost accounting system is also known as inter-locking system.
2. Non-integrated cost accounting system follows the principles of \_\_\_\_\_ entry.
3. \_\_\_\_\_ Ledger Control account is debited to purchase of materials.
4. Wages Control Account is debited with \_\_\_\_\_ Wages.
5. Administrative Overhead recovered is debited to \_\_\_\_\_ Control Account.
6. Traditional costing allocates overheads on the basis of \_\_\_\_\_.
7. Promotional costs are incurred at the \_\_\_\_\_ phase of the product life cycle.
8. Standard cost is an example of a \_\_\_\_\_ benchmark.
9. \_\_\_\_\_ benchmarking involves considering high level aspects such as core competencies, developing new product etc.
10. Plant security is a/an \_\_\_\_\_ level activity.

### **State whether True or False**

1. Stock Ledger contains an account of each individual item of raw material.  
\_\_\_\_\_
2. When raw materials are transferred out of the store room to the factory, their cost is transferred out of raw materials inventory and into work in progress inventory. \_\_\_\_\_
3. When an item is sold, finished goods control is credited and cost of goods sold is debited. \_\_\_\_\_
4. Finished goods control is debited when the product is sold. \_\_\_\_\_
5. Finished Goods Control is charged for the cost of jobs completed during the period. \_\_\_\_\_
6. The use of direct labour hours or direct machine hours to trace costs of product occurs with the use of absorption costing but not with the use of ABC. \_\_\_\_\_
7. Building depreciation is generally considered an organisational or facility cost.

8. Activity-based costing is appropriate for a company that has high overhead costs that are not proportional to unit volumes of individual product. \_\_\_\_\_
9. Direct labour hours are not a cost pool that is regularly used in the activity-based costing method. \_\_\_\_\_
10. Traditionally, overhead is allocated based on direct labour cost or direct labour hours. \_\_\_\_\_