

Multiple Choice Questions on Marginal Costing

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1. The technique of marginal costing is based on classification of cost into -----
 - A. Period and Product Cost
 - B. Fixed and Variable Cost
 - C. Variable and Semi-variable Cost
 - D. None of these

2. In marginal costing stock of finished goods is valued at -----
 - A. Same as absorption costing
 - B. Higher than the value under absorption costing
 - C. Lower than the value under absorption costing
 - D. None of these

3. Under which of the following costing techniques fixed and variable costs are treated as product cost:
 - A. Marginal Costing
 - B. Absorption Costing
 - C. Standard Costing
 - D. None of these

4. Period cost is associated with
 - A. Fixed Cost
 - B. Variable Cost

C. Prime Cost

D. None of these

5. If there is opening stock (and no closing stock) then profit under absorption costing will be:

A. Higher than the marginal costing

B. Lower than the marginal costing

C. Equal to marginal costing

D. None of these

6. If there is closing stock (and no opening stock) then profit under marginal costing will be:

A. Higher than the absorption costing

B. Lower than the absorption costing

C. Equal to absorption costing

D. None of these

7. If there is no opening or closing stock then profit under absorption and marginal costing will be

A. Same

B. Different

C. Can't be calculated

D. None of these

8. If the quantity of closing stock is higher than the quantity of opening stock (assuming that both opening and closing stocks are valued at uniform price) profit under marginal costing will be:

A. Higher than the absorption costing

B. Lower than the absorption costing

C. Equal to absorption costing

D. None of these

9. If the quantity of opening stock is higher than the quantity of closing stock (assuming that both opening and closing stocks are valued at uniform price) profit under absorption costing will be:

- A. Higher than the marginal costing
- B. Lower than the marginal costing
- C. Equal to marginal costing
- D. None of these

10. If the value of opening and closing stock are Rs.5,000 and Rs.12,000 respectively under marginal costing and the same are valued at Rs. 6,000 and Rs.14,000 respectively under absorption costing, then profit under absorption costing will be

- A. Rs.1000 higher than marginal Costing
- B. Rs. 1000 lower than marginal costing
- C. Rs. 7,000 higher than marginal costing
- D. Rs. 8,000 higher than marginal costing