

ACA - ICAEW Chartered Accountant Qualification Practice Test Questions and Answers

1. A cost driver in ABC is:

- A) The total overhead cost of an activity
- B) The factor that causes the cost of an activity to change
- C) The manager responsible for a cost centre
- D) The budgeted overhead absorption rate

2. A rights issue involves:

- A) Issuing new shares to the public at market price
- B) Offering existing shareholders the right to buy new shares at a discount
- C) Repurchasing shares from existing shareholders
- D) Issuing bonus shares from retained earnings

3. Kaizen costing focuses on:

- A) Setting standard costs at the design stage
- B) Continuous incremental cost reduction during the production phase
- C) Eliminating non-value-added activities through business process redesign
- D) Setting a target cost based on market price

4. A direct cost is one that:

- A) Varies directly with output
- B) Can be specifically traced to a cost object
- C) Is incurred by the production department
- D) Is a variable overhead

Answers: 1-B 2-B 3-B 4-B

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