

## B. COM SEMESTER V

### COST ACCOUNTING - I

#### MULTIPLE CHOICE QUESTIONS

1. According to CIMA, England, “the technique and process of ascertaining cost” is called
  - a. Costing
  - b. Cost Accounting
  - c. Cost Accountancy
  - d. Cost
2. Which among the following costs are not useful for managerial decision making?
  - a. Sunk Cost
  - b. Marginal Cost
  - c. Standard Cost
  - d. None of the above
3. The main function of cost accounting is \_\_\_\_\_ reporting
  - a. Internal
  - b. External
  - c. Government
  - d. Bank
4. The information provided by financial statements is \_\_\_\_\_ in nature.
  - a. Standard
  - b. Historical
  - c. Marginal
  - d. Uniform
5. The principle of matching costs with revenues is known as \_\_\_\_\_ principle.
  - a. Cost
  - b. Matching
  - c. Consistency
  - d. Revenue
6. In cost accounting, stock is valued at \_\_\_\_\_
  - a. Market price
  - b. Cost price
  - c. Selling price
  - d. Standard price
7. The installation of a \_\_\_\_\_ system will create confidence in the minds of public about the fairness of the prices charged.
  - a. Costing
  - b. Financial accounting
  - c. Management accounting
  - d. Information
8. The exact cause of increase or decrease in profit or loss is disclosed by
  - a. Management accounting system
  - b. Financial accounting system
  - c. Cost accounting system
  - d. Management information system
9. Data required for the fixation of selling price is provided by
  - a. Management accounting system
  - b. Financial counting system
  - c. Cost accounting system
  - d. All of these
10. Cost accounting has developed due to the \_\_\_\_\_ of financial accounting
  - a. Advantages
  - b. Limitations
  - c. Merits
  - d. Expansion
11. The main objective of cost accounting is
  - a. Recording of cost
  - b. Fixation of selling price
  - c. Cost control
  - d. Maximise profit
12. \_\_\_\_\_ is the application of costing and cost accounting principles, methods and techniques to the art, science and practice of cost control and the ascertainment of profitability.
  - a. Cost accounting
  - b. Cost accountancy
  - c. Cost Control
  - d. Cost Ascertainment

13. Cost accountancy is considered an art because it \_\_\_\_\_
- Has systematic body of knowledge
  - requires necessary ability and skills
  - involves continuous efforts of cost accountant
  - None of the above
14. Which of the following statements are not true regarding cost accounting?
- Information obtained is used by management for decision making
  - Stock is valued at cost
  - Deals partly with facts & partly with estimates
  - Accounts are mandatory according to Companies Act and IT Act
15. "The amount of expenditure (actual or notional) incurred or attributable to a given thing" is
- Expense
  - Revenue expenditure
  - Cost
  - Value
16. Cost accountancy is considered a science because \_\_\_\_\_
- It has a systematic body of knowledge
  - It requires necessary ability and skills
  - Involves continuous efforts of a cost accountant
  - None of the above
17. \_\_\_\_\_ is a "measurement in monetary terms of the amount of resources used for some purpose".
- Cost
  - Revenue expenditure
  - Expense
  - Value
18. Cost accounting mainly helps the management in
- Earning profit
  - Providing information to management
  - Fixing prices of the products
  - All of the above
19. \_\_\_\_\_ is that portion of expired cost resulting from a productive usage of an asset.
- Cost
  - Expense
  - Loss
  - None of these
20. Expired cost is recorded in \_\_\_\_\_
- Balance Sheet
  - Profit & Loss A/c
  - Cash flow statement
  - None of the above
21. Unexpired cost is recorded in \_\_\_\_\_
- Balance Sheet
  - Profit & Loss A/c
  - Cash flow statement
  - None of the above
22. \_\_\_\_\_ is that portion of expired cost resulting from the decline in the service potential of an asset that generated no benefit to the firm.
- Cost
  - Expense
  - Loss
  - None of the above
23. \_\_\_\_\_ is a location, person or item of equipment (or group of these) for which costs may be ascertained and used for the purpose of control.
- Cost centre
  - Revenue centre
  - Profit centre
  - Responsibility centre
24. \_\_\_\_\_ is the segment of activity of a business which is responsible for both revenue and expenses.
- Cost centre
  - Revenue centre
  - Profit centre
  - Responsibility centre

25. \_\_\_\_\_ is a small segment of activity or responsibility for which cost are accumulated.
- Cost centre
  - Revenue centre
  - Profit centre
  - Responsibility centre
26. \_\_\_\_\_ cost centre consists of a group of persons like foremen, storekeeper, etc.
- Personal
  - Production
  - Process
  - Impersonal
27. \_\_\_\_\_ cost centre consists of allocation or an item of equipment or a group of these.
- Operation
  - Personal
  - Production
  - Impersonal
28. \_\_\_\_\_ cost centre consists of persons or machines carrying out similar operations.
- Operation
  - Personal
  - Production
  - Impersonal
29. \_\_\_\_\_ consists of a process or a continuous sequence of operations.
- Service cost centre
  - Operation cost centre
  - Process cost centre
  - Production cost centre
30. Which cost centre undertakes production of a product i.e. conversion of raw materials into finished products?
- Service cost centre
  - Operation cost centre
  - Process cost centre
  - Production cost centre
31. Centres like maintenance department and power supply department which provide services to other departments of an organisation is called \_\_\_\_\_
- Operation cost centre
  - Impersonal cost centre
  - Process cost centre
  - Service cost centre
32. Segment of activity of a business which is responsible for both revenue and cost is
- Responsibility centre
  - Revenue centre
  - Profit centre
  - Cost centre
33. Which is not true about a profit centre?
- Segment responsible for both revenue and cost
  - Created to delegate responsibility and measure their performance
  - Each profit centre has a profit target
  - It is not autonomous
34. Segment or unit of an organisation having accountability to a higher authority for performance of function assigned and costs incurred is \_\_\_\_\_
- Responsibility centre
  - Revenue centre
  - Profit centre
  - Cost centre
35. A responsibility centre in which inputs are measured in monetary terms and outputs not recorded is called \_\_\_\_\_
- Expense Centre
  - Profit centre
  - Investment centre
  - None of the above
36. Responsibility centre in which performance is measured on the basis of return on investment:
- Expense Centre
  - Profit centre
  - Investment centre
  - None of the above
37. A responsibility centre where performance is judged on the basis of costs incurred is called
- Expense Centre
  - Profit centre
  - Investment centre
  - None of the above

38. According to CIMA, England, “a unit of product, service or time in relation to which cost may be ascertained or expressed” is called
- Cost centre
  - Cost
  - Cost unit
  - None of the above
39. Costs incurred in the past and has no effect on future decision making is called \_\_\_\_\_
- Opportunity cost
  - Imputed cost
  - Conversion cost
  - Sunk Cost
40. Costs which do not involve any cash outlay is called \_\_\_\_\_
- Out of stock cost
  - Conversion cost
  - Imputed cost
  - Discretionary cost
41. “The value of a benefit sacrificed in favour of an alternative course of action” is
- Sunk cost
  - Opportunity cost
  - Imputed cost
  - Notional cost
42. If an owned building is used for a business project, the likely rent of the building receivable if let out is an example of \_\_\_\_\_
- Sunk cost
  - Imputed cost
  - Opportunity cost
  - Notional cost
43. Cost incurred due to shortage of stock is known as \_\_\_\_\_
- Imputed cost
  - Urgent cost
  - Abnormal cost
  - Out of stock cost
44. Depreciation on machinery is an example of
- Imputed cost
  - Opportunity cost
  - Shut down cost
  - Discretionary cost
45. Cost incurred even after shutting down of plant or temporary stoppage of production is
- Shut down cost
  - Imputed cost
  - Opportunity cost
  - Discretionary cost
46. Costs to be incurred to avoid the hampering of production is called \_\_\_\_\_
- Out of stock cost
  - Shut down cost
  - Discretionary cost
  - Urgent cost
47. Cost that arises from top management policies and controlled by the management is called
- Expired cost
  - Discretionary cost
  - Standard cost
  - Marginal cost
48. Costs which can be shifted or postponed to a future period without affecting the efficiency of current production is called \_\_\_\_\_
- Carrying cost
  - Postponable cost
  - Research cost
  - Out of Pocket cost
49. Cost of money locked up in inventory, inventory obsolescence, etc. are examples of \_\_\_\_\_
- Normal Cost
  - Carrying cost
  - Unavoidable cost
  - Marginal cost
50. Costs incurred for the maintenance of inventory is called
- Carrying cost
  - Ordering cost
  - Period cost
  - Explicit cost
51. Cost incurred for production of a new product or improved method of production is
- Replacement cost
  - Development cost
  - Differential cost
  - None of the above
52. Cost which is related to current period as an expense is known as \_\_\_\_\_
- Implicit cost
  - Marginal cost
  - Carrying cost
  - None of the above

53. Cost to be incurred at present or in future to replace an asset or material is
- Development cost
  - Research cost
  - Expired cost
  - Replacement cost
54. Change in costs due to change in the level of activity is called \_\_\_\_\_
- Marginal cost
  - Differential cost
  - Abnormal cost
  - Uncontrollable cost
55. Incremental cost and decremental cost are classifications of \_\_\_\_\_
- Marginal cost
  - Abnormal cost
  - Uncontrollable cost
  - Differential cost
56. When cost increases due to change in level of activity, such increase is known as
- Unavoidable cost
  - Uncontrollable cost
  - Incremental cost
  - None of the above
57. Any cost ascertained after being incurred and has no use in cost control decisions are called
- Predetermined cost
  - Historical cost
  - Unavoidable cost
  - None of the above
58. The additional cost incurred to produce one additional unit is called \_\_\_\_\_
- Incremental cost
  - Development cost
  - Marginal cost
  - Cost of production
59. Which among the following is the cost of searching for a new product or improved products or improved methods of production?
- Normal cost
  - Research cost
  - Product cost
  - Opportunity cost
60. Which of the following is correct about normal cost?
- Irregular and unexpected cost
  - Charged to Costing P & L a/c
  - Part of Cost of Production
  - All of the above
61. Which among the following is correct about abnormal cost?
- Expected at a given level of output
  - Charged to Costing P&L a/c
  - Part of Cost of Production
  - None of the above
62. Which among the following costs are charged to Costing P&L a/c?
- Estimated cost
  - Controllable costs
  - Normal cost
  - Abnormal Cost
63. Normal costs are generally \_\_\_\_\_ costs.
- Controllable
  - Uncontrollable
  - Discretionary
  - Avoidable
64. Predetermined cost based on technical estimate for materials, labour and overhead for a selected period of time and for a prescribed set of working conditions is known as
- Standard cost
  - Budgeted cost
  - Normal cost
  - Avoidable cost
65. An estimate of expenditure for different phases of business operations for a period of time in future is called \_\_\_\_\_
- Budgeted cost
  - Variable cost
  - Estimated cost
  - Development cost
66. Items of cost like wages, rent, etc. which involves cash payment to outsiders are
- Normal cost
  - Product cost
  - Out of pocket cost
  - None of the above
67. Costs required for production and will not be incurred if there is no production are
- Product cost
  - Direct cost
  - Period cost
  - Committed cost

68. Which among the following is not a part of product cost?
- Direct Materials
  - Direct Labour
  - Selling OH
  - Factory OH
69. Items of cost like wages, rent, etc. which involves cash payment to outsiders are called
- Explicit cost
  - Period Cost
  - Product cost
  - None of the above
70. Certain costs, also known as Economic costs, which do not involve immediate cash payments are called \_\_\_\_\_
- Explicit cost
  - Indirect cost
  - Avoidable cost
  - Implicit cost
71. Cost which can be directly identified with and allocated to cost units or centre
- Indirect costs
  - Direct costs
  - Product cost
  - None of the above
72. Overheads or on cost is the total of
- All direct expenses
  - All indirect expenses
  - Direct Expenses + Factory OH
  - None of the above
73. Prime cost is the total of
- All direct expenses
  - All indirect expenses
  - Direct Expenses + Factory OH
  - None of the above
74. Hypothetical costs which do not involve any cash outlay and used solely for the purpose of decision making are called
- Indirect costs
  - Notional costs
  - Explicit costs
  - None of the above
75. Rent on own building is an example of \_\_\_\_\_
- Imputed cost
  - Explicit cost
  - Standard cost
  - Abnormal cost
76. The process of charging such costs which are directly identifiable with some products or departments to such cost centres is called
- Cost absorption
  - Cost allocation
  - Cost Apportionment
  - None of the above
77. Distribution of costs which are not directly identifiable with any cost centre, amongst various cost centres on predetermined basis is called
- Cost absorption
  - Cost allocation
  - Cost Apportionment
  - None of the above
78. 'Regulation by executive action of the costs of operating an undertaking, particularly where such action is guided by Cost Accounting' is known as
- Cost ascertainment
  - Cost planning
  - Cost control
  - Cost audit
79. Conversion cost is calculated as
- Sum of all direct materials
  - Sum of all indirect materials
  - Total cost of production – Direct materials
  - Prime cost + Factory OH
80. For exercising control over cost, the best system is \_\_\_\_\_ costing.
- Standard
  - Historical
  - Marginal
  - Estimated
81. \_\_\_\_\_ system is best suited for undertaking job works.
- Process costing
  - Job costing
  - Contract costing
  - Batch costing

82. \_\_\_\_\_ system of costing is suitable for toy making.
- Batch costing
  - Job costing
  - Operating costing
  - Process costing
83. The sum of direct wages, direct expenses and overhead costs of converting raw materials into finished products is called
- Prime cost
  - Works cost
  - Direct cost
  - Conversion cost
84. An example of personal cost centre
- Machinery
  - Store yard
  - Maintenance department
  - Foreman
85. Cost centres are created for
- Segregating costs into fixed and variable
  - Control and fixing responsibility
  - Making decisions
  - Ascertaining profit
86. Conversion cost excludes
- Direct material
  - Direct labour cost
  - Direct expenses
  - All of the above
87. Variable costs increase in total due to
- Increase in sales
  - Increase in volume of production
  - Increase in profit
  - All of the above
88. Common cost of facilities or services employed in the output of two or more simultaneously produced or otherwise closely related operations, commodities or services.
- Uniform cost
  - Common cost
  - Joint cost
  - Product cost
89. Costs which are collectively incurred for a number of cost centres and are required to be suitably apportioned for determining cost of individual cost centres is
- Uniform cost
  - Common cost
  - Joint cost
  - Product cost
90. Mention the item of expense which is excluded from cost accounts.
- Raw materials
  - Office supplies
  - Salaries
  - Income Tax
91. Cost incurred by undertakings which do not manufacture any product but services is
- Operation cost
  - Operating cost
  - Joint cost
  - Sunk cost
92. In cement industry, the method of costing adopted is
- Process costing
  - Job costing
  - Contract costing
  - Operating costing
93. Direct material is a \_\_\_\_\_
- Fixed cost
  - Variable cost
  - Semi-variable cost
  - None of the above
94. A Bill of Material serves the purpose of \_\_\_\_\_
- Purchase order
  - Material requisition
  - Purchase requisition
  - Goods received note
95. Thread in garments is an example of \_\_\_\_\_
- Direct materials
  - Prime cost
  - Variable cost
  - Indirect materials
96. Primary packing materials are examples of \_\_\_\_\_
- Direct materials
  - Indirect materials
  - Selling OH
  - Factory OH

97. Purchase requisition for regular stock materials is prepared by \_\_\_\_\_
- Costing department
  - Production department
  - Storekeeper
  - Purchase department
98. The purpose of inventory control is to \_\_\_\_\_
- control flow of raw materials
  - maintain optimum level of inventory
  - control material price
  - None of these
99. A Bill of Materials is \_\_\_\_\_
- An invoice of materials purchased
  - A voucher of materials received by supplier
  - A document that shows all the materials required for a job
  - None of these
100. Under decentralized purchasing, which department is responsible for making purchases?
- Purchase department
  - Department requiring materials
  - Stores department
  - None of these
101. An example of normal loss of materials is
- Loss due to accidents
  - Pilferage
  - Loss due to breaking the bulk
  - Loss due to careless handling
102. Continuous stock taking is a part of \_\_\_\_\_
- Annual stock taking
  - Perpetual inventory
  - ABC analysis
  - VED analysis
103. Bin card is maintained by \_\_\_\_\_
- Accounts department
  - Costing department
  - Stores department
  - Purchase department
104. Economic order quantity is a tool for controlling \_\_\_\_\_
- Inventory
  - Price
  - Machinery
  - Cost
105. \_\_\_\_\_ is the time between placement of an order and obtaining delivery.
- Purchase time
  - Lead time
  - Reordering time
  - Emergency delivery time
106. The rate of change in the material usage is called \_\_\_\_\_
- Input output ratio
  - Inventory turnover ratio
  - EOQ
  - Inventory control
107. \_\_\_\_\_ technique is a selective control of materials
- ABC
  - Inventory turnover ratio
  - Input output ratio
  - EOQ
108. Fragments of materials that are left from certain type of manufacture are called
- Scrap
  - Waste
  - Defectives
  - Spoilage
109. Portion of basic raw material lost in processing having no recovery value (eg. ash) is
- Scrap
  - Waste
  - Defectives
  - Spoilage
110. Which among the following will be the suitable method of treatment of realizable value scrap if it is of little value?
- Credited to Costing P&L
  - Credited to job/ process
  - Deducted from cost of materials consumed
  - Deducted from factory Over head

111. \_\_\_\_\_ is the purchase of materials at such a time that delivery immediately precedes demand or use.
- Reorder level
  - JIT
  - FIFO
  - EOQ
112. Materials damaged in manufacturing operations in such a way that they cannot be rectified and bought back to normal specifications is called \_\_\_\_\_
- Scrap
  - Waste
  - Defectives
  - Spoilage
113. Portion of production which can be rectified at some extra cost of re-operation is called
- Scrap
  - Waste
  - Defectives
  - Spoilage
114. Which of the following methods is used to control spare parts?
- FNSD analysis
  - VED analysis
  - ABC analysis
  - JIT
115. Proportional Parts Value Analysis method is another name for \_\_\_\_\_
- ABC analysis
  - VED analysis
  - FNSD analysis
  - JIT
116. State which among the following is true about Stores Ledger.
- Records quantity only
  - Maintained by storekeeper
  - Posting made before transaction takes place
  - Transactions are summarized and posted periodically
117. Calculate EOQ from the details: Annual usage – Rs. 120000, Cost of placing one order – Rs. 60, Annual carrying cost – 10% of inventory value
- 6000
  - 10000
  - 12000
  - None of the above
118. Level at which normal issue of materials are stopped and materials are issued only for important jobs is known \_\_\_\_\_
- Minimum level
  - Re-order level
  - Maximum level
  - Danger level
119. State the formulae for calculation for minimum level.
- Re-order level + Re-order quantity
  - Re-order level – (Normal consumption x Normal re-order period)
  - Normal consumption x Maximum re-order period
  - Re-order level – (Normal consumption + Normal Re-order period)
120. Maximum usage – 130 units/ day & Re-order period – 25 to 30 days. Calculate re-order level.
- 3900 units
  - 1150 units
  - 7400 units
  - None of the above
121. Normal usage – 100 units/ day , Minimum usage – 60 units/ day, Maximum usage – 130 units/ day, EOQ – 5000 units & Re-order period – 25 to 30 days. Calculate minimum level.
- 3900 units
  - 1150 units
  - 7400 units
  - None of the above
122. Calculate maximum stock level from the details: EOQ – 300 units, Usage rate - 25 to 75 units/ week & Re-order period – 4 to 6 weeks.
- 650 units
  - 450 units
  - 1100 units
  - None of these

123. According to ABC analysis, materials grouped as A constitutes
- 5 -10 % qty & 60-70 % value
  - 15-20% qty & 15-25% value
  - 65-70 % qty & 5 – 10 % value
  - None of these
124. Inventory system in which stock taking is made at the end of the accounting year is
- Perpetual inventory system
  - Periodic inventory system
  - JIT
  - Continuous stock Taking
125. When prices fluctuate widely, the method that will smooth out the effect of fluctuations is
- Simple average
  - Weighted average
  - FIFO
  - LIFO
126. Materials issued are priced at the latest price in –
- FIFO
  - LIFO
  - Standard price
  - Weighted average
127. The value of closing stock approximates to the market value under
- FIFO
  - LIFO
  - NIFO
  - HIFO
128. Materials issue are priced by dividing the total cost of material in stock by the total quantity of materials is called \_\_\_\_\_ method
- Simple average price
  - Weighted average price
  - Specific price
  - Standard price
129. Direct labour means
- Labour completing the work manually
  - Labour recruited directly and not through contractors
  - Permanent labour in the production department
  - Labour which can be conveniently allocated to a particular cost unit
130. Fringe benefits are
- Related to labour productivity
  - indirect forms of employee compensation
  - contract labour costs
  - monetary benefits
131. The difference between attendance time and work time is known as \_\_\_\_\_
- Idle time
  - Overtime
  - Standard time
  - Time taken
132. Which of the following is a direct worker?
- Foreman
  - Sweeper
  - Machine operator
  - Watchman
133. A document used for time keeping
- Job card
  - Time card
  - Daily time sheet
  - All of these
134. Job wise analysis of time of direct workers
- Time booking
  - Time keeping
  - Labour turnover
  - Idle time
135. Which among the following is an example of normal idle time?
- Time lost due to shortage of materials
  - Time lost due to power failure
  - Time lost due to waiting for instructions
  - Time taken for machine set up
136. Idle Time is
- Time spent by workers to take lunch
  - Time spent by workers on their jobs
  - Time spent by workers in the factory
  - The difference between time paid for and time spent on job

137. Labour cost per unit can be reduced by
- Offering low rates of wages
  - Reducing the labour force
  - Higher input output ratios
  - All of the above
138. Cost of abnormal idle time is transferred to \_\_\_\_\_
- Costing P&L a/c
  - Cost of production
  - Factory OH
  - None of the above
139. Labour turnover is measured by
- Replacement method
  - Separation method
  - Flux method
  - All of the above
140. A satisfactory system of wage payment should
- Deprive the employer of a fair margin of profit
  - Guarantee a minimum living wage
  - Provide non financial incentives
  - None of the above
141. Time wage system
- Benefits the less efficient workers
  - Increase cost of production
  - Satisfies trade unions
  - Pays bonus
142. Wage sheet is prepared by
- Payroll department
  - Personnel department
  - Time keeping department
  - Costing department
143. When time saved is more than 50% of time allowed, Halsey plan allows
- More wages than Rowan plan
  - Equal wages as compared to Rowan plan
  - Less wages than Rowan plan
  - None of the above
144. Labour turnover represents
- The strength of labour in a firm
  - The change in the labour force
  - The efficiency of the labour force
  - The cost of the labour incurred
145. In which of the following plans, time wages are not guaranteed?
- Halsey
  - Rowan
  - Taylor
  - Gantt
146. Standard time for a job is 8 hours and actual time taken is 6 hours. What is the total wages payable under Halsey plan if wage rate is Rs. 10 per hour?
- Rs. 90
  - Rs. 80
  - Rs. 70
  - Rs. 60
147. An example of a chargeable expense
- Royalty
  - Wages
  - Salaries
  - Rent
148. Cost of training of new workers in the place of those left from the organization is \_\_\_\_\_ of labour turnover.
- Preventive cost
  - Replacement cost
  - Labour cost
  - Monetary cost
149. Incentive wage plans are devised
- To produce more
  - To determine normal wages
  - To reward workers in proportion to the work done
  - None of these
150. Time rate and piece rate are combined in
- Halsey plan
  - Emerson's plan
  - Gantt system
  - Taylor's system
151. \_\_\_\_\_ system of wage payment is suitable when quality is of prime importance
- Time wage
  - Piece rate
  - Differential piece rate
  - None of the above

152. In Taylor's differential piece rate system, \_\_\_\_ piece rates are set for each job.
- Two
  - Three
  - Four
  - One
153. According to Merrick's multiple piece rate system, the piece rate applicable to a worker with an efficiency of 100 % or above is \_\_\_\_\_ of normal piece rate
- 100%
  - 110%
  - 120%
  - 150%
154. General overheads is apportioned to departments on the basis of \_\_\_\_
- Direct wages
  - Number of employees
  - Floor area
  - Direct materials
155. Primary packing is part of
- Prime cost
  - Factory OH
  - Selling OH
  - Distribution OH
156. Floor area may be used as a basis for apportionment of
- Rent and rates
  - Building insurance
  - Lighting
  - All of these
157. Charging of whole items of overhead cost to cost centres is called
- Apportionment
  - Absorption
  - Allocation
  - Classification
158. Bad debts is an example of
- Factory OH
  - Administration OH
  - Selling OH
  - Distribution OH
159. Cost of fringe benefits to factory workers is charged to
- Direct labour
  - Factory OH
  - Work in progress
  - Administration OH
160. Departmentalisation of overhead is
- Secondary distribution
  - Primary distribution
  - Absorption
  - Allocation
161. Committed costs refers to
- Costs which remain fixed in total
  - Costs which vary in total but remain constant per unit
  - Fixed costs which will continue to incur after stoppage of production
  - None of these
162. Calculate overhead rate using prime cost method – Factory OH – Rs. 80,000, Direct materials – Rs. 1, 20,000 & Direct wages – Rs.80,000.
- 66.67%
  - 100%
  - 40%
  - 60%
163. Absorption means
- Charging of overhead to cost centres
  - Charging of overhead to cost units
  - Charging of overhead to cost centres or units
  - None of the above
164. How do you treat opening stock of WIP in a cost sheet?
- Added to Administrative OH
  - Added to Factory OH
  - Deducted from Administrative OH
  - Deducted from Factory OH
165. A statement prepared to provide detailed cost of a cost centre or cost unit is
- Cost account
  - Cost sheet
  - Reconciliation statement
  - Profit & loss a/c

166. Period costs are
- Fixed cost
  - Variable cost
  - Overhead cost
  - Prime cost
167. Which among the following is excluded from cost accounts?
- Interest on own capital
  - Depreciation on fully depreciated asset still in use
  - Rent on own building
  - Income tax
168. Separate books are maintained for costing and financial accounting purposes under \_\_\_\_\_
- Integrated system of accounting
  - Non-Integrated system of accounting
  - Financial accounting
  - None of these
169. \_\_\_\_\_ of opening stock in cost accounts is added to costing profit to find out financial profit.
- Under valuation
  - Over valuation
  - Cost
  - Selling price
170. Over valuation of \_\_\_\_\_ in cost accounts is deducted to costing profit to find out financial profit.
- Closing stock
  - Opening stock
  - Factory OH
  - Office OH
171. \_\_\_\_\_ of factory overhead in cost accounts is added to financial profit to arrive at costing profit
- Under valuation
  - Over valuation
  - Cost
  - Selling price
172. Notional charges in cost accounts
- Increase financial accounts profit
  - Decrease financial accounts profit
  - Decrease costing profit
  - Increase costing profit
173. The reconciliation of cost and financial profit can be done by preparing
- Profit and loss account
  - Trial balance
  - Reconciliation statement
  - Balance sheet
174. The need for reconciling cost and financial accounts arise
- To comply with statutory obligations
  - To ensure the reliability of cost accounts
  - To facilitate audit work
  - To fix standards
175. Depreciation on fully depreciated assets still in use is a \_\_\_\_\_
- Purely financial charge
  - Purely financial income
  - Notional charge
  - None of these
176. The system of preparing same set of books of accounts to record both costing and financial transactions is known as \_\_\_\_\_ system of accounting.
- Non-Integrated
  - Integrated
  - Reconciliation
  - Cost
177. Rent receivable is \_\_\_\_\_
- Purely financial charge
  - Purely financial income
  - Notional charge
  - None of these
178. Transfer fees received is \_\_\_\_\_
- Purely financial charge
  - Notional charge
  - Purely costing income
  - Purely financial income
179. Cost of production is \_\_\_\_\_
- Factory cost + Office OH
  - Office OH + Selling OH
  - Works cost + Opening WIP
  - Office OH – Closing WIP

180. Blanket overhead rate is calculated as
- Actual amount of overhead/ Actual base
  - Budgeted amount of overhead/ Budget base
  - Total overheads for factory/ Total number of units of base for factory
  - None of these
181. Standard time allowed for job is 20 hours and the rate/ hour is Rs.1 and actual hours worked is 15 hours. Calculate earnings under Halsey plan.
- Rs. 15
  - Rs. 20
  - Rs. 17.50
  - Rs. 18.75
182. Standard time allowed for job is 20 hours and the rate/ hour is Rs.1 and actual hours worked is 15 hours. Calculate earnings under Rowan plan.
- Rs. 17.50
  - Rs. 18.75
  - Rs. 15
  - Rs. 20
183. Joint cost is suitable for
- Infrastructure industry
  - Ornament industry
  - Oil industry
  - Fertilizer industry
184. Batch costing is suitable for
- Sugar industry
  - Chemical industry
  - Pharma industry
  - Oil industry
185. Which among the following is not a time booking method?
- Attendance sheet
  - Job ticket
  - Time & job card
  - Daily time sheet
186. \_\_\_\_\_ aims to determine the effective time required to complete the work.
- Work study
  - Job evaluation
  - Work measurement
  - Method study
187. Methods like point ranking, method ranking method, etc. that help determine the relative value of jobs in a scientific manner are examples of \_\_\_\_\_
- Work study
  - Job evaluation
  - Work measurement
  - Method study
188. According to CIMA, England, \_\_\_\_\_ is “a document which provides for the assembly of the detailed cost of a cost centre or cost unit.”
- Cost sheet
  - Reconciliation statement
  - Costing Profit & Loss a/c
  - None of these
189. Calculate materials issue price using Simple Average Price method if details of stock are as follows: 500 units @ Rs. 20/ unit, 200 units @ Rs. 21/ unit & 700 units @ Rs. 22/ unit.
- Rs. 20
  - Rs. 21
  - Rs. 22
  - Rs. 21.14
190. Calculate materials issue price using Weighted Average Price method if details of stock are as follows: 500 units @ Rs. 20/ unit, 200 units @ Rs. 21/ unit & 700 units @ Rs. 22/ unit.
- Rs. 20
  - Rs. 21
  - Rs. 22
  - Rs. 21.14
191. Time Booking is done by \_\_\_\_\_ department.
- Time keeping
  - Production
  - Personnel
  - None of these
192. Which method of costing is suitable in case of mass production industries manufacturing standardized products, wherein raw materials pass through a number of processes in a particular sequence?
- Contract costing
  - Service costing
  - Process costing
  - Batch costing

193. Which technique of costing distinguishes costs into fixed and variable?
- a. Standard
  - b. Uniform
  - c. Absorption
  - d. Marginal
194. The method adopted by builders and civil engineering contractors for jobs involving huge capital expenditure and long time for completion is called \_\_\_\_\_ costing.
- a. Process
  - b. Contract
  - c. Operating
  - d. Composite
195. Which method of reapportionment of overheads apportions costs of service departments only to production departments?
- a. Direct Redistribution
  - b. Step Ladder
  - c. Simultaneous Equation
  - d. Repeated Distribution
196. Which is a Reciprocal Services method of reapportionment of overheads in case service departments are mutually dependent?
- a. Direct Redistribution
  - b. Step Ladder
  - c. Simultaneous Equation
  - d. None of these
197. Total cost plus profit is
- a. Sales
  - b. Cost of sales
  - c. Cost of production
  - d. Works cost
198. Inventory turnover ratio show the relationship between the cost of goods sold and
- a. Sales
  - b. Profit
  - c. Average inventory
  - d. Prime cost
199. Use of same costing principles and practices by several undertakings for cost ascertainment and control is called \_\_\_\_\_ costing.
- a. Uniform
  - b. Composite
  - c. Single
  - d. Standard
200. Which industry is suitable for using operating costing method?
- a. Textile
  - b. Sugar
  - c. Toy
  - d. Transport

## Answer Key

1 - a	41 - b	81 - b	121 - b	161 - c
2 - a	42 - c	82 - a	122 - a	162 - c
3 - a	43 - d	83 - d	123 - b	163 - c
4 - b	44 - c	84 - d	124 - b	164 - b
5 - a	45 - a	85 - b	125 - b	165 - b
6 - b	46 - d	86 - a	126 - b	166 - a
7 - a	47 - b	87 - b	127 - a	167 - d
8 - c	48 - b	88 - c	128 - b	168 - b
9 - c	49 - b	89 - b	129 - d	169 - b
10 - b	50 - a	90 - d	130 - b	170 - a
11 - c	51 - a	91 - b	131 - a	171 - a
12 - b	52 - d	92 - a	132 - c	172 - c
13 - b	53 - d	93 - b	133 - b	173 - c
14 - d	54 - b	94 - b	134 - a	174 - b
15 - c	55 - d	95 - d	135 - d	175 - c
16 - a	56 - c	96 - a	136 - d	176 - b
17 - a	57 - b	97 - c	137 - c	177 - b
18 - b	58 - c	98 - b	138 - a	178 - d
19 - b	59 - b	99 - c	139 - d	179 - a
20 - b	60 - c	100 - b	140 - b	180 - c
21 - a	61 - b	101 - c	141 - a	181 - c
22 - c	62 - d	102 - b	142 - a	182 - b
23 - a	63 - b	103 - c	143 - a	183 - c
24 - c	64 - a	104 - a	144 - b	184 - c
25 - a	65 - a	105 - b	145 - c	185 - a
26 - a	66 - c	106 - b	146 - c	186 - c
27 - d	67 - a	107 - a	147 - a	187 - b
28 - a	68 - c	108 - a	148 - b	188 - a
29 - c	69 - a	109 - b	149 - c	189 - b
30 - d	70 - d	110 - a	150 - c	190 - d
31 - d	71 - b	111 - b	151 - a	191 - b
32 - c	72 - b	112 - d	152 - a	192 - c
33 - c	73 - a	113 - c	153 - c	193 - d
34 - a	74 - b	114 - b	154 - a	194 - b
35 - a	75 - a	115 - a	155 - a	195 - a
36 - c	76 - b	116 - d	156 - a	196 - c
37 - a	77 - c	117 - c	157 - c	197 - a
38 - c	78 - c	118 - d	158 - c	198 - c
39 - d	79 - c	119 - b	159 - b	199 - a
40 - c	80 - a	120 - a	160 - b	200 - d