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 _____
   a. Has systematic body of knowledge
   b. requires necessary ability and skills
   c. involves continuous efforts of cost accountant
   d. None of the above

14. Which of the following statements are not true regarding cost accounting?
   a. Information obtained is used by management for decision making
   b. Stock is valued at cost
   c. Deals partly with facts & partly with estimates
   d. 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
   a. Expense
   b. Revenue expenditure
   c. Cost
   d. Value

16. Cost accountancy is considered a science because _____
   a. It has a systematic body of knowledge
   b. It requires necessary ability and skills
   c. Involves continuous efforts of a cost accountant
   d. None of the above

17. ______ is a “measurement in monetary terms of the amount of resources used for some purpose”.
   a. Cost
   b. Revenue expenditure
   c. Expense
   d. Value

18. Cost accounting mainly helps the management in
   a. Earning profit
   b. Providing information to management
   c. Fixing prices of the products
   d. All of the above

19. ______ is that portion of expired cost resulting from a productive usage of an asset.
   a. Cost
   b. Expense
   c. Loss
   d. None of these

20. Expired cost is recorded in _____
   a. Balance Sheet
   b. Profit & Loss A/c
   c. Cash flow statement
   d. None of the above

21. Unexpired cost is recorded in _____
   a. Balance Sheet
   b. Profit & Loss A/c
   c. Cash flow statement
   d. 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.
   a. Cost
   b. Expense
   c. Loss
   d. 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.
   a. Cost centre
   b. Revenue centre
   c. Profit centre
   d. Responsibility centre

24. ______ is the segment of activity of a business which is responsible for both revenue and expenses.
   a. Cost centre
   b. Revenue centre
   c. Profit centre
   d. Responsibility centre
25. _____ is a small segment of activity or responsibility for which cost are accumulated.
   a. Cost centre  
   b. Revenue centre  
   c. Profit centre  
   d. Responsibility centre

26. _____ cost centre consists of a group of persons like foremen, storekeeper, etc.
   a. Personal  
   b. Production  
   c. Process  
   d. Impersonal

27. _____ cost centre consists of allocation or an item of equipment or a group of these.
   a. Operation  
   b. Personal  
   c. Production  
   d. Impersonal

28. _____ cost centre consists of persons or machines carrying out similar operations.
   a. Operation  
   b. Personal  
   c. Production  
   d. Impersonal

29. _____ consists of a process or a continuous sequence of operations.
   a. Service cost centre  
   b. Operation cost centre  
   c. Process cost centre  
   d. Production cost centre

30. Which cost centre undertakes production of a product i.e. conversion of raw materials into finished products?
   a. Service cost centre  
   b. Operation cost centre  
   c. Process cost centre  
   d. Production cost centre

31. Centres like maintenance department and power supply department which provide services to other departments of an organisation is called ______
   a. Operation cost centre  
   b. Impersonal cost centre  
   c. Process cost centre  
   d. Service cost centre

32. Segment of activity of a business which is responsible for both revenue and cost is
   a. Responsibility centre  
   b. Revenue centre  
   c. Profit centre  
   d. Cost centre

33. Which is not true about a profit centre?
   a. Segment responsible for both revenue and cost  
   b. Created to delegate responsibility and measure their performance  
   c. Each profit centre has a profit target  
   d. 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 ______
   a. Responsibility centre  
   b. Revenue centre  
   c. Profit centre  
   d. Cost centre

35. A responsibility centre in which inputs are measured in monetary terms and outputs not recorded is called ______
   a. Expense Centre  
   b. Profit centre  
   c. Investment centre  
   d. None of the above

36. Responsibility centre in which performance is measured on the basis of return on investment:
   a. Expense Centre  
   b. Profit centre  
   c. Investment centre  
   d. None of the above

37. A responsibility centre where performance is judged on the basis of costs incurred is called
   a. Expense Centre  
   b. Profit centre  
   c. Investment centre  
   d. 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
   a. Cost centre  c. Cost unit
   b. Cost  d. None of the above
39. Costs incurred in the past and has no effect on future decision making is called ______
   a. Opportunity cost  c. Conversion cost
   b. Imputed cost  d. Sunk Cost
40. Costs which do not involve any cash outlay is called ______
   a. Out of stock cost  c. Imputed cost
   b. Conversion cost  d. Discretionary cost
41. “The value of a benefit sacrificed in favour of an alternative course of action” is
   a. Sunk cost  c. Imputed cost
   b. Opportunity cost  d. 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 ______
   a. Sunk cost  c. Opportunity cost
   b. Imputed cost  d. Notional cost
43. Cost incurred due to shortage of stock is known as ______
   a. Imputed cost  c. Abnormal cost
   b. Urgent cost  d. Out of stock cost
44. Depreciation on machinery is an example of
   a. Imputed cost  c. Shut down cost
   b. Opportunity cost  d. Discretionary cost
45. Cost incurred even after shutting down of plant or temporary stoppage of production is
   a. Shut down cost  c. Opportunity cost
   b. Imputed cost  d. Discretionary cost
46. Costs to be incurred to avoid the hampering of production is called ______
   a. Out of stock cost  c. Discretionary cost
   b. Shut down cost  d. Urgent cost
47. Cost that arises from top management policies and controlled by the management is called
   a. Expired cost  c. Standard cost
   b. Discretionary cost  d. Marginal cost
48. Costs which can be shifted or postponed to a future period without affecting the efficiency of current production is called ______
   a. Carrying cost  c. Research cost
   b. Postponable cost  d. Out of Pocket cost
49. Cost of money locked up in inventory, inventory obsolescence, etc. are examples of ______
   a. Normal Cost  c. Unavoidable cost
   b. Carrying cost  d. Marginal cost
50. Costs incurred for the maintenance of inventory is called
   a. Carrying cost  c. Period cost
   b. Ordering cost  d. Explicit cost
51. Cost incurred for production of a new product or improved method of production is
   a. Replacement cost  c. Differential cost
   b. Development cost  d. None of the above
52. Cost which is related to current period as an expense is known as ______
   a. Implicit cost  c. Carrying cost
   b. Marginal cost  d. None of the above
53. Cost to be incurred at present or in future to replace an asset or material is
   a. Development cost   c. Expired cost
   b. Research cost     d. Replacement cost

54. Change in costs due to change in the level of activity is called _____
   a. Marginal cost     c. Abnormal cost
   b. Differential cost d. Uncontrollable cost

55. Incremental cost and decremental cost are classifications of _____
   a. Marginal cost     c. Uncontrollable cost
   b. Abnormal cost    d. Differential cost

56. When cost increases due to change in level of activity, such increase in known as
   a. Unavoidable cost c. Incremental cost
   b. Uncontrollable cost d. None of the above

57. Any cost ascertained after being incurred and has no use in cost control decisions are called
   a. Predetermined cost c. Unavoidable cost
   b. Historical cost    d. None of the above

58. He additional cost incurred to produce one additional unit is called _____
   a. Incremental cost     c. Marginal cost
   b. Development cost    d. 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?
   a. Normal cost     c. Product cost
   b. Research cost   d. Opportunity cost

60. Which of the following is correct about normal cost?
   a. Irregular and unexpected cost c. Part of Cost of Production
   b. Charged to Costing P & L a/c d. All of the above

61. Which among the following is correct about abnormal cost?
   a. Expected at a given level of output c. Part of Cost of Production
   b. Charged to Costing P&L a/c    d. None of the above

62. Which among the following costs are charged to Costing P&L a/c?
   a. Estimated cost c. Normal cost
   b. Controllable costs d. Abnormal Cost

63. Normal costs are generally ______ costs.
   a. Controllable   c. Discretionary
   b. Uncontrollable d. 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
   a. Standard cost   c. Normal cost
   b. Budgeted cost   d. Avoidable cost

65. An estimate of expenditure for different phases of business operations for a period of time in future is called _____
   a. Budgeted cost   c. Estimated cost
   b. Variable cost   d. Development cost

66. Items of cost like wages, rent, etc. which involves cash payment to outsiders are
   a. Normal cost      c. Out of pocket cost
   b. Product cost     d. None of the above

67. Costs required for production and will not be incurred if there is no production are
   a. Product cost     c. Period cost
   b. Direct cost      d. Committed cost
68. Which among the following is not a part of product cost?
   a. Direct Materials
   b. Direct Labour
   c. Selling OH
   d. Factory OH

69. Items of cost like wages, rent, etc. which involves cash payment to outsiders are called
   a. Explicit cost
   b. Period Cost
   c. Product cost
   d. None of the above

70. Certain costs, also known as Economic costs, which do not involve immediate cash payments are called
   a. Explicit cost
   b. Indirect cost
   c. Avoidable cost
   d. Implicit cost

71. Cost which can be directly identified with and allocated to cost units or centre
   a. Indirect costs
   b. Direct costs
   c. Product cost
   d. None of the above

72. Overheads or on cost is the total of
   a. All direct expenses
   b. All indirect expenses
   c. Direct Expenses + Factory OH
   d. None of the above

73. Prime cost is the total of
   a. All direct expenses
   b. All indirect expenses
   c. Direct Expenses + Factory OH
   d. 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
   a. Indirect costs
   b. Notional costs
   c. Explicit costs
   d. None of the above

75. Rent on own building is an example of
   a. Imputed cost
   b. Explicit cost
   c. Standard cost
   d. Abnormal cost

76. The process of charging such costs which are directly identifiable with some products or departments to such cost centres is called
   a. Cost absorption
   b. Cost allocation
   c. Cost Apportionment
   d. 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
   a. Cost absorption
   b. Cost allocation
   c. Cost Apportionment
   d. 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
   a. Cost ascertainment
   b. Cost planning
   c. Cost control
   d. Cost audit

79. Conversion cost is calculated as
   a. Sum of all direct materials
   b. Sum of all indirect materials
   c. Total cost of production – Direct materials
   d. Prime cost + Factory OH

80. For exercising control over cost, the best system is
   a. Standard
   b. Historical
   c. Marginal
   d. Estimated

81. ______ system is best suited for undertaking job works.
   a. Process costing
   b. Job costing
   c. Contract costing
   d. Batch costing
82. _____ system of costing is suitable for toy making.
   a. Batch costing
   b. Job costing
   c. Operating costing
   d. Process costing

83. The sum of direct wages, direct expenses and overhead costs of converting raw materials in to finished products is called
   a. Prime cost
   b. Works cost
   c. Direct cost
   d. Conversion cost

84. An example of personal cost centre
   a. Machinery
   b. Store yard
   c. Maintenance department
   d. Foreman

85. Cost centres are created for
   a. Segregating costs into fixed and variable
   b. Control and fixing responsibility
   c. Making decisions
   d. Ascertaining profit

86. Conversion cost excludes
   a. Direct material
   b. Direct labour cost
   c. Direct expenses
   d. All of the above

87. Variable costs increase in total due to
   a. Increase in sales
   b. Increase in volume of production
   c. Increase in profit
   d. 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.
   a. Uniform cost
   b. Common cost
   c. Joint cost
   d. Product cost

89. Costs which are collectively incurred for a number of cost centres and are required to be suitably apportioned for determining for individual cost centres is
   a. Uniform cost
   b. Common cost
   c. Joint cost
   d. Product cost

90. Mention the item of expense which is excluded from cost accounts.
   a. Raw materials
   b. Office supplies
   c. Salaries
   d. Income Tax

91. Cost incurred by undertakings which do not manufacture any product but services is
   a. Operation cost
   b. Operating cost
   c. Joint cost
   d. Sunk cost

92. In cement industry, the method of costing adopted is
   a. Process costing
   b. Job costing
   c. Contract costing
   d. Operating costing

93. Direct material is a _____
   a. Fixed cost
   b. Variable cost
   c. Semi-variable cost
   d. None of the above

94. A Bill of Material serves the purpose of _____
   a. Purchase order
   b. Material requisition
   c. Purchase requisition
   d. Goods received note

95. Thread in garments is an example of _____
   a. Direct materials
   b. Prime cost
   c. Variable cost
   d. Indirect materials

96. Primary packing materials are examples of _____
   a. Direct materials
   b. Indirect materials
   c. Selling OH
   d. Factory OH
97. Purchase requisition for regular stock materials is prepared by ______
   a. Costing department           c. Storekeeper
   b. Production department        d. Purchase department

98. The purpose of inventory control is to ______
   a. control flow of raw materials   c. control material price
   b. maintain optimum level of inventory  d. None of these

99. A Bill of Materials is ______
   a. An invoice of materials purchased
   b. A voucher of materials received by supplier
   c. A document that shows all the materials required for a job
   d. None of these

100. Under decentralized purchasing, which department is responsible for making purchases?
    a. Purchase department
    b. Department requiring materials
    c. Stores department
    d. None of these

101. An example of normal loss of materials is
     a. Loss due to accidents
     b. Pilferage
     c. Loss due to breaking the bulk
     d. Loss due to careless handling

102. Continuous stock taking is a part of _____
     a. Annual stock taking
     b. Perpetual inventory
     c. ABC analysis
     d. VED analysis

103. Bin card is maintained by _____
     a. Accounts department
     b. Costing department
     c. Stores department
     d. Purchase department

104. Economic order quantity is a tool for controlling ______
     a. Inventory
     b. Price
     c. Machinery
     d. Cost

105. ______ is the time between placement of an order and obtaining delivery.
     a. Purchase time
     b. Lead time
     c. Reordering time
     d. Emergency delivery time

106. The rate of change in the material usage is called ______
     a. Input output ratio
     b. Inventory turnover ratio
     c. EOQ
     d. Inventory control

107. ______ technique is a selective control of materials
     a. ABC
     b. Inventory turnover ratio
     c. Input output ratio
     d. EOQ

108. Fragments of materials that are left from certain type of manufacture are called
     a. Scrap
     b. Waste
     c. Defectives
     d. Spoilage

109. Portion of basic raw material lost in processing having no recovery value (eg. ash) is
     a. Scrap
     b. Waste
     c. Defectives
     d. Spoilage

110. Which among the following will be the suitable method of treatment of realizable value scrap
     if it is of little value?
     a. Credited to Costing P&L
     b. Credited to job/ process
     c. Deducted from cost of materials consumed
     d. Deducted from factory Over head
111. _____ is the purchase of materials at such a time that delivery immediately precedes demand or use.
   a. Reorder level   c. FIFO
   b. JIT   d. EOQ

112. Materials damaged in manufacturing operations in such a way that they cannot be rectified and bought back to normal specifications is called _____
   a. Scrap   c. Defectives
   b. Waste   d. Spoilage

113. Portion of production which can be rectified at some extra cost of re-operation is called _____
   a. Scrap   c. Defectives
   b. Waste   d. Spoilage

114. Which of the following methods is used to control spare parts?
   a. FNSD analysis   c. ABC analysis
   b. VED analysis   d. JIT

115. Proportional Parts Value Analysis method is another name for _____
   a. ABC analysis   c. FNSD analysis
   b. VED analysis   d. JIT

116. State which among the following is true about Stores Ledger.
   a. Records quantity only
   b. Maintained by storekeeper
   c. Posting made before transaction takes place
   d. 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
   a. 6000   c. 12000
   b. 10000   d. None of the above

118. Level at which normal issue of materials are stopped and materials are issued only for important jobs is known _____
   a. Minimum level   c. Maximum level
   b. Re-order level   d. Danger level

119. State the formulae for calculation for minimum level.
   a. Re-order level + Re-order quantity
   b. Re-order level – (Normal consumption x Normal re-order period)
   c. Normal consumption x Maximum re-order period
   d. 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.
   a. 3900 units   c. 7400 units
   b. 1150 units   d. 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.
   a. 3900 units   c. 7400 units
   b. 1150 units   d. 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.
   a. 650 units   c. 1100 units
   b. 450 units   d. None of these
123. According to ABC analysis, materials grouped as A constitutes
   a. 5-10 % qty & 60-70 % value
   b. 15-20% qty & 15-25% value
   c. 65-70 % qty & 5 – 10 % value
   d. None of these

124. Inventory system in which stock taking is made at the end of the accounting year is
   a. Perpetual inventory system
   b. Periodic inventory system
   c. JIT
   d. Continuous stock Taking

125. When prices fluctuate widely, the method that will smooth out the effect of fluctuations is
   a. Simple average
   b. Weighted average
   c. FIFO
   d. LIFO

126. Materials issued are priced at the latest price in –
   a. FIFO
   b. LIFO
   c. Standard price
   d. Weighted average

127. The value of closing stock approximates to the market value under
   a. FIFO
   b. LIFO
   c. NIFO
   d. HIFO

128. Materials issue are priced by dividing the total cost of material in stock by the total quantity
    of materials is called _____ method
   a. Simple average price
   b. Weighted average price
   c. Specific price
   d. Standard price

129. Direct labour means
   a. Labour completing the work manually
   b. Labour recruited directly and not through contractors
   c. Permanent labour in the production department
   d. Labour which can be conveniently allocated to a particular cost unit

130. Fringe benefits are
   a. Related to labour productivity
   b. indirect forms of employee compensation
   c. contract labour costs
   d. monetary benefits

131. The difference between attendance time and work time is known as ______
   a. Idle time
   b. Overtime
   c. Standard time
   d. Time taken

132. Which of the following is a direct worker?
   a. Foreman
   b. Sweeper
   c. Machine operator
   d. Watchman

133. A document used for time keeping
   a. Job card
   b. Time card
   c. Daily time sheet
   d. All of these

134. Job wise analysis of time of direct workers
   a. Time booking
   b. Time keeping
   c. Labour turnover
   d. Idle time

135. Which among the following is an example of normal idle time?
   a. Time lost due to shortage of materials
   b. Time lost due to power failure
   c. Time lost due to waiting for instructions
   d. Time taken for machine set up

136. Idle Time is
   a. Time spent by workers to take lunch
   b. Time spent by workers on their jobs
   c. Time spent by workers in the factory
   d. The difference between time paid for and time spent on job
137. Labour cost per unit can be reduced by
   a. Offering low rates of wages
   b. Reducing the labour force
   c. Higher input output ratios
   d. All of the above

138. Cost of abnormal idle time is transferred to _____
   a. Costing P&L a/c
   b. Cost of production
   c. Factory OH
   d. None of the above

139. Labour turnover is measured by
   a. Replacement method
   b. Separation method
   c. Flux method
   d. All of the above

140. A satisfactory system of wage payment should
   a. Deprive the employer of a fair margin of profit
   b. Guarantee a minimum living wage
   c. Provide non financial incentives
   d. None of the above

141. Time wage system
   a. Benefits the less efficient workers
   b. Increase cost of production
   c. Satisfies trade unions
   d. Pays bonus

142. Wage sheet is prepared by
   a. Payroll department
   b. Personnel department
   c. Time keeping department
   d. Costing department

143. When time saved is more than 50% of time allowed, Halsey plan allows
   a. More wages than Rowan plan
   b. Equal wages as compared to Rowan plan
   c. Less wages than Rowan plan
   d. None of the above

144. Labour turnover represents
   a. The strength of labour in a firm
   b. The change in the labour force
   c. The efficiency of the labour force
   d. The cost of the labour incurred

145. In which of the following plans, time wages are not guaranteed?
   a. Halsey
   b. Rowan
   c. Taylor
   d. 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?
   a. Rs. 90
   b. Rs. 80
   c. Rs. 70
   d. Rs. 60

147. An example of a chargeable expense
   a. Royalty
   b. Wages
   c. Salaries
   d. Rent

148. Cost of training of new workers in the place of those left from the organization is ____ of labour turnover.
   a. Preventive cost
   b. Replacement cost
   c. Labour cost
   d. Monetary cost

149. Incentive wage plans are devised
   a. To produce more
   b. To determine normal wages
   c. To reward workers in proportion to the work done
   d. None of these

150. Time rate and piece rate are combined in
   a. Halsey plan
   b. Emerson’s plan
   c. Gantt system
   d. Taylor’s system

151. _____ system of wage payment is suitable when quality is of prime importance
   a. Time wage
   b. Piece rate
   c. Differential piece rate
   d. None of the above
152. In Taylor’s differential piece rate system, ____ piece rates are set for each job.
   a. Two  
   b. Three  
   c. Four  
   d. 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
   a. 100%  
   b. 110%  
   c. 120%  
   d. 150%

154. General overheads is apportioned to departments on the basis of ____
   a. Direct wages  
   b. Number of employees  
   c. Floor area  
   d. Direct materials

155. Primary packing is part of
   a. Prime cost  
   b. Factory OH  
   c. Selling OH  
   d. Distribution OH

156. Floor area may be used as a basis for apportionment of
   a. Rent and rates  
   b. Building insurance  
   c. Lighting  
   d. All of these

157. Charging of whole items of overhead cost to cost centres is called
   a. Apportionment  
   b. Absorption  
   c. Allocation  
   d. Classification

158. Bad debts is an example of
   a. Factory OH  
   b. Administration OH  
   c. Selling OH  
   d. Distribution OH

159. Cost of fringe benefits to factory workers is charged to
   a. Direct labour  
   b. Factory OH  
   c. Work in progress  
   d. Administration OH

160. Departmentalisation of overhead is
   a. Secondary distribution  
   b. Primary distribution  
   c. Absorption  
   d. Allocation

161. Committed costs refers to
   a. Costs which remain fixed in total  
   b. Costs which vary in total but remain constant per unit  
   c. Fixed costs which will continue to incur after stoppage of production  
   d. 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.
   a. 66.67%  
   b. 100%  
   c. 40%  
   d. 60%

163. Absorption means
   a. Charging of overhead to cost centres  
   b. Charging if overhead to cost units  
   c. Charging of overhead to cost centres or units  
   d. None of the above

164. How do you treat opening stock of WIP in a cost sheet?
   a. Added to Administrative OH  
   b. Added to Factory OH  
   c. Deducted from Administrative OH  
   d. Deducted from Factory OH

165. A statement prepared to provide detailed cost of a cost centre or cost unit is
   a. Cost account  
   b. Cost sheet  
   c. Reconciliation statement  
   d. Profit & loss a/c
166. Period costs are
   a. Fixed cost       c. Overhead cost
   b. Variable cost    d. Prime cost

167. Which among the following is excluded from cost accounts?
   a. Interest on own capital
   b. Depreciation on fully depreciated asset still in use
   c. Rent on own building
   d. Income tax

168. Separate books are maintained for costing and financial accounting purposes under _____
   a. Integrated system of accounting
   b. Non-Integrated system of accounting
   c. Financial accounting
   d. None of these

169. ______ of opening stock in cost accounts is added to costing profit to find out financial profit.
   a. Under valuation
   b. Over valuation
   c. Cost
   d. Selling price

170. Over valuation of ______ in cost accounts is deducted to costing profit to find out financial profit.
   a. Closing stock
   b. Opening stock
   c. Factory OH
   d. Office OH

171. ______ of factory overhead in cost accounts is added to financial profit to arrive at costing profit
   a. Under valuation
   b. Over valuation
   c. Cost
   d. Selling price

172. Notional charges in cost accounts
   a. Increase financial accounts profit
   b. Decrease financial accounts profit
   c. Decrease costing profit
   d. Increase costing profit

173. The reconciliation of cost and financial profit can be done by preparing
   a. Profit and loss account
   b. Trial balance
   c. Reconciliation statement
   d. Balance sheet

174. The need for reconciling cost and financial accounts arise
   a. To comply with statutory obligations
   b. To ensure the reliability of cost accounts
   c. To facilitate audit work
   d. To fix standards

175. Depreciation on fully depreciated assets still in use is a ______
   a. Purely financial charge
   b. Purely financial income
   c. Notional charge
   d. 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
   a. Non-Integrated
   b. Integrated
   c. Reconciliation
   d. Cost

177. Rent receivable is ______
   a. Purely financial charge
   b. Purely financial income
   c. Notional charge
   d. None of these

178. Transfer fees received is ______
   a. Purely financial charge
   b. Notional charge
   c. Purely costing income
   d. Purely financial income

179. Cost of production is ______
   a. Factory cost + Office OH
   b. Office OH + Selling OH
   c. Works cost + Opening WIP
   d. Office OH – Closing WIP
180. Blanket overhead rate is calculated as
   a. Actual amount of overhead/ Actual base
   b. Budgeted amount of overhead/ Budget base
   c. Total overheads for factory/ Total number of units of base for factory
   d. 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.
   a. Rs. 15
   b. Rs. 20
   c. Rs. 17.50
   d. 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.
   a. Rs. 17.50
   b. Rs. 15
   c. Rs. 18.75
   d. Rs. 20

183. Joint cost is suitable for
   a. Infrastructure industry
   b. Ornament industry
   c. Oil industry
   d. Fertilizer industry

184. Batch costing is suitable for
   a. Sugar industry
   b. Chemical industry
   c. Pharma industry
   d. Oil industry

185. Which among the following is not a time booking method?
   a. Attendance sheet
   b. Job ticket
   c. Time & job card
   d. Daily time sheet

186. ______ aims to determine the effective time required to complete the work.
   a. Work study
   b. Job evaluation
   c. Work measurement
   d. 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 ______
   a. Work study
   b. Job evaluation
   c. Work measurement
   d. 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.”
   a. Cost sheet
   b. Reconciliation statement
   c. Costing Profit & Loss a/c
   d. 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.
   a. Rs. 20
   b. Rs. 21
   c. Rs. 22
   d. 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.
   a. Rs. 20
   b. Rs. 21
   c. Rs. 22
   d. Rs. 21.14

191. Time Booking is done by _____ department.
   a. Time keeping
   b. Production
   c. Personnel
   d. 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?
   a. Contract costing
   b. Service costing
   c. Process costing
   d. 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
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