

CBCS
COMMERCE
SECOND SEMESTER
BCOM/2/EC/06:COST ACCOUNTING

I. Choose the correct answer

Unit - 1

1. The main objective of cost accounting is:
 - (a) Ascertainment of cost
 - (b) Control of cost
 - (c) Determination of selling price
 - (d) All of the above

2. The expected return or benefit foregone in rejecting one course of action for the other is known as
 - (a) sunk cost
 - (b) opportunity cost
 - (c) conversion cost
 - (d) differential cost

3. Costs which are ascertained after they have been incurred are called
 - (a) imputed costs
 - (b) sunk costs
 - (c) historical costs
 - (d) marginal costs

4. A cost centre is
 - (a) a production or service location, function, activity or item of equipment whose costs may be attributed to cost units
 - (b) a centre for which an individual budget is drawn-up
 - (c) a centre where cost is classified on the basis of variability
 - (d) an amount of expenditure attributable to an activity

5. These accounts are obligatory to be prepared according to the legal requirements of Companies Act and Income Tax Act.
 - (a) Cost Accounting
 - (b) Financial Accounting
 - (c) Management Accounting
 - (d) All of the above

6. The cost unit for a cement industry is
 - (a) Kilogram
 - (b) Dozen

- (c) Tonne
 - (d) Square foot
7. Hypothetical costs which are specially computed outside the accounting system for the purpose of decision making are called
- (a) Replacement Cost
 - (b) Imputed Cost
 - (c) Marginal Cost
 - (d) Future Cost
8. Direct material + Directlabour + direct expenses =
- (a) Prime Cost
 - (b) Works Cost
 - (c) Cost of Production
 - (d) Total Cost
9. Costing is a technique of ascertaining: -
- (a) Cost
 - (b) Profit
 - (c) Loss
 - (d) Standard
10. The cost can be controlled by:
- (a) Standard Costing
 - (b) Budgetary Control
 - (c) Proper presentation
 - (d) All of these
11. It is a device for the purpose of breaking up cost into smaller sub-divisions:-
- (a) Cost Unit
 - (b) Cost Control
 - (c) Cost center
 - (d) Prime cost
12. Elements of cost are:-
- (a) Direct materials
 - (b) Direct labors
 - (c) Overheads
 - (d) All of thesew
13. These types of costs are partly fixed & partly variable is relation to output:-
- (a) Fixed Cost
 - (b) Variable Cost

- (c) Semi-variable Cost
 - (d) Works Cost
14. Cost accounting has been developed because of limitation in:-
- (a) Financial a/c
 - (b) Management a/c
 - (c) Prime Cost
 - (d) None of these
15. The cost which is to be incurred even when a business unit is closed is a ____ cost.
- (a) Imputed
 - (b) Historical
 - (c) Opportunity
 - (d) Shutdown
16. Indirect material used in production is classified as: -
- (a) Office overhead
 - (b) Selling overhead
 - (c) Distribution overhead
 - (d) Factory overhead
17. The cost per unit that increases or decreases when the volume of output decreases or increases is known as
- (a) semi-variable cost
 - (b) fixed cost
 - (c) variable cost
 - (d) marginal cost
18. Cost accounting has developed due to the _____ of financial accounting
- (a) Advantages
 - (b) Limitations
 - (c) Merits
 - (d) Expansion
19. The method of costing most suitable for medicine manufacturing industry is:
- (a) Unit Costing
 - (b) Process Costing
 - (c) Batch Costing
 - (d) Contract Costing
20. 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
21. The main objective of cost accounting is
- (a) Recording of cost
 - (b) Fixation of selling price
 - (c) Cost control
 - (d) Maximize profit
22. 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
23. Costs incurred for the maintenance of inventory is called
- (a) Carrying cost
 - (b) Ordering cost
 - (c) Period cost
 - (d) Explicit cost
24. Absorption costing charges:
- (a) Only fixed cost
 - (b) Only variable cost
 - (c) Both variable and fixed
 - (d) Some part of fixed cost
25. An important feature of a cost centre is that:
- (a) it uses only monetary information
 - (b) it has a clearly defined boundaries
 - (c) it must be one specific location only
 - (d) none of the above
26. Prime cost may be correctly defined as
- (a) the sum of direct materials and direct labour cost with all other costs excluded
 - (b) the total of all cost item
 - (c) the total cost incurred in producing a finished unit
 - (d) none of the above
27. The term “cost” refers to
- (a) an asset that has given benefit and is now expired.
 - (b) the value of the sacrifice made to acquire goods or services
 - (c) the present value of future benefits
 - (d) none of the above

28. Costing is a technique of
- (a) ascertaining profit
 - (b) ascertaining variable cost
 - (c) ascertaining cost
 - (d) none of the above
29. Cost Accounting is a separate
- (a) branch of accounting
 - (b) method of accounting
 - (c) system of accounting
 - (d) none of the above
30. Cost Accounting serves the information needs of
- (a) shareholders
 - (b) creditors
 - (c) management
 - (d) none of the above
31. Costs which remains constant at all level of production is a
- (a) variable cost
 - (b) fixed cost
 - (c) sunk cost
 - (d) none of the above
32. An opportunity cost is
- (a) the advantage forgone
 - (b) the disadvantage forgone
 - (c) the estimated cost
 - (d) none of the above
33. Three elements of cost are:
- (a) Direct Material, Direct Labour, Direct Expenses
 - (b) Manufacturing Overheads, Office Expenses, Selling Overheads
 - (c) Labour, Material, Other Expense
 - (d) Material, Labour, Overheads
34. Cost of production is equal to:
- (a) Prime cost plus works costs
 - (b) Total cost minus Prime cost
 - (c) Works cost plus Administrative cost
 - (d) Prime cost plus Administrative cost
35. Works cost include
- (a) Direct Material + Direct Labour + Chargeable Expenses
 - (b) Direct Material + Direct Labour + Office Overheads

- (c) Direct Material + Direct Labour + Direct Expenses + Works Expenses
 - (d) None of the above
36. Which of the following is not Selling and Distribution Expenses:
- (a) Cost of samples
 - (b) Carriage outward
 - (c) Bad debts
 - (d) Primary packing material
37. Profit is:
- (a) Sales minus factory cost
 - (b) Sales minus cost of production
 - (c) Sales minus cost of sales
 - (d) Sales minus cost of goods sold
38. Which of the following is not included in cost?
- (a) Consumable stores
 - (b) Dividend
 - (c) Indirect labour
 - (d) Distribution overheads
39. Value of material consumed is:
- (a) Opening stock of material + Closing stock of material
 - (b) Opening stock of material + Purchases of material – Closing stock of material
 - (c) Average of opening and closing stock of material
 - (d) Purchase of material – Closing stock of material
40. Specify the expenses excluded from costs:
- (a) Direct or chargeable expenses
 - (b) Expenses of raising capital
 - (c) Selling overheads
 - (d) Indirect labour
- Unit - 2**
41. In this technique of selective control, materials are analysed according to their value so that costly and more valuable materials are given greater attention and care
- (a) Economic order quantity
 - (b) ABC technique
 - (c) Material budgets
 - (d) Minimum level
42. . This is a level at which normal issues of materials are stopped and urgent action is taken for procurement of materials

- (a) Minimum level
 - (b) Maximum level
 - (c) Re-order level
 - (d) Danger level
43. The purchasing system where there is a separate purchasing department entrusted with the task of making all purchases is called
- (a) Centralised purchasing system
 - (b) Decentralised purchasing system
 - (c) Just in Time (JIT) Purchases
 - (d) Store-Keeping
44. A container in which material is kept is known as
- (a) Stores ledger
 - (b) Material return note
 - (c) Bin card
 - (d) None of the above
45. The method of recording stores balances after each receipt and issue to facilitate regular checking is known as
- (a) Periodic Inventory System
 - (b) Perpetual Inventory System
 - (c) Store-keeping
 - (d) None of the above
46. A material loss during production or storage due to evaporation or shrinkage is called:
- (a) Scrap
 - (b) Waste
 - (c) Spoilage
 - (d) Material loss
47. The use of FIFO method in material issue control is more suitable when
- (a) prices are constant for a long time
 - (b) prices are constantly fluctuating
 - (c) prices are falling
 - (d) prices are rising
48. The use of LIFO method in material issue control is more suitable when
- (a) prices are constant for a long time
 - (b) prices are constantly fluctuating
 - (c) prices are falling
 - (d) prices are rising

49. Annual usage, ₹ 1,20,000.00, cost of placing ₹ 60.00 & annual carrying cost is 10% of the inventory value. The EOQ will be:-
- (a) ₹ 12,000.00
 - (b) ₹ 10,000.00
 - (c) ₹ 8,000.00
 - (d) ₹ 6,000.00
50. Purchase requisitions is generally prepared in:
- (a) Duplicate
 - (b) Triplicate
 - (c) Original
 - (d) None of these
51. A record of both quantities & values maintained by the costing department is called:
- (a) Bin card
 - (b) Stores ledger
 - (c) Stores records
 - (d) Purchase order
52. Under which method materials received first are issued first?
- (a) LIFO
 - (b) FIFO
 - (c) HIFO
 - (d) None of these
53. If maximum consumption is 300 units per day; minimum consumption is 200 units per day; and re-order period is 8 to 10 days, then what will be the re-order level?
- (a) 3,000 units
 - (b) 4,000 units
 - (c) 1,500 units
 - (d) 2,400 units
54. Indirect material scrap is adjusted along with: -
- (a) Prime Cost
 - (b) Factory Cost
 - (c) Labor Cost
 - (d) Cost of goods sold
55. A written request to a supplier for specified goods at an agreed price is called: -
- (a) Purchase order
 - (b) Purchase requisition
 - (c) Receiving report
 - (d) Making Payment

56. Direct material is a _____ -
- (a) Manufacturing Cost
 - (b) Administrative Cost
 - (c) Selling Cost
 - (d) Distribution Cost
57. 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
58. The number of Goods Received Note required to be prepared is:
- (a) Six
 - (b) Five
 - (c) Four
 - (d) Three
59. Economic order quantity is a tool for controlling _____
- (a) Inventory
 - (b) Price
 - (c) Machinery
 - (d) Cost
60. The purchase requisition is generally prepared in:
- (a) Duplicate
 - (b) Triplicate
 - (c) Quadruplicate
 - (d) Five copies
61. Bin card is maintained by _____
- (a) Accounts department
 - (b) Costing department
 - (c) Stores department
 - (d) Purchase department
62. _____ is the time between placement of an order and obtaining delivery.
- (a) Purchase time
 - (b) Lead time
 - (c) Reordering time
 - (d) Emergency delivery time

63. _____ technique is a selective control of materials
- (a) ABC
 - (b) Inventory turnover ratio
 - (c) Input output ratio
 - (d) EOQ
64. Which document is prepared to transfer material from one job to the other job?
- (a) Material Transfer Note
 - (b) Material Return Note
 - (c) Shop Credit Note
 - (d) Bill of materials
65. A technique of inventory control where materials are analyzed according to their values so that costly and more valuable materials are given greater attention and care.
- (a) Economic Order Quantity
 - (b) ABC technique
 - (c) Stock Level
 - (d) Perpetual inventory system
66. The level above which stock should not normally be allowed to rise.
- (a) Minimum Level
 - (b) Danger level
 - (c) Re-order Level
 - (d) Maximum Level
67. Materials which have no demand at present and may be required in future.
- (a) Dormant Materials
 - (b) Obsolete materials
 - (c) Slow Moving materials
 - (d) Material in progress
68. A formal request by the Head of Department or an authorised officer to the purchase manager to the purchase manager to purchase specified materials.
- (a) Material Transfer Note
 - (b) Bill of Materials
 - (c) Purchase Requisition
 - (d) Stores Requisition Note
69. Bin card is a record of _____ only.
- (a) Cost
 - (b) Expenses
 - (c) Value
 - (d) Quantity

70. Method of pricing materials issued which is based upon the assumption that materials which are purchased first are issued first.
- (a) LIFO
 - (b) FIFO
 - (c) HIFO
 - (d) NIFO
71. The practice of purchasing where all purchase functions is done through one department only.
- (a) Centralised Purchasing
 - (b) Decentralised Purchasing
 - (c) Just-in-time Purchasing
 - (d) Single Purchasing
72. If re-ordering level is 450 units while consumption of materials are 25-27 units and materials are received within 4-6 weeks, the minimum level will be
- (a) 100 units
 - (b) 200 units
 - (c) 150 units
 - (d) 250 units
73. A request sent to the purchasing department of a need for materials is called a:
- (a) Purchase requisition
 - (b) Purchase order
 - (c) Inspection note
 - (d) None of the above
74. Which of the following is not direct material?
- (a) Raw material
 - (b) Primary packing material
 - (c) Consumable stores
 - (d) Parts or components specifically purchased
75. The original copy of the purchase order is sent to:
- (a) The receiving department
 - (b) The person who initiated the purchase requisition
 - (c) The supplier
 - (d) The accounting department
76. Economic order quantity is:
- (a) The maximum quantity
 - (b) The minimum quantity
 - (c) The most economic order quantity
 - (d) None of the above

77. The purchase requisition is generally prepared in:
- (a) Duplicate
 - (b) Triplicate
 - (c) Quadruplicate
 - (d) Five copies
78. In which method of material issues, production is charged at the recent prices?
- (a) LIFO
 - (b) Simple Average
 - (c) FIFO
 - (d) Base Stock
79. Stores Ledger:
- (a) makes a record of quantities only
 - (b) is maintained by the storekeeper
 - (c) is usually kept inside the stores
 - (d) makes a record of both quantities and values
80. Bin card is maintained by:
- (a) Personnel Manager
 - (b) Store-keeper
 - (c) Cost Accountant
 - (d) Accountant

Unit – 3

81. The cost of labour which is directly engaged in production work and can be conveniently identified to a job, process or cost unit is
- (a) Indirect labour cost
 - (b) Direct labour cost
 - (c) Total labour cost
 - (c) None of the above
82. The rate of change in the composition of the labour force in an organization is known as
- (a) Labour ratio
 - (b) Replacement Rate
 - (c) Labour Turnover
 - (d) Overtime
83. This is one of the avoidable causes of labour turnover.
- (a) Accident
 - (b) Poor Health

- (c) Labour Relation
- (d) Retirement

84. Recording time for attendance purpose and for calculation of wages is done through

- (a) Time –keeping
- (b) Time – booking
- (c) Work study
- (d) Motion study

85. The objectives of time-booking is

- (a) To ensure the time is properly utilized by the workers
- (b) To ascertain the labour cost of work done
- (c) To provide a basis for apportionment of overheads
- (d) All of the above

86. Wages under this system is paid for the time worked irrespective of the volume of production during that time

- (a) Time Rate System
- (b) Piece Rate System
- (c) Incentive Schemes
- (d) None of the above

87. Under Piece Rate System wages are paid according to

- (a) the time worked
- (b) the quantity of work
- (c) the quality of production
- (d) the efficiency of workers

88. The following is an example of indirect labour cost

- (a) Wages of Peon
- (b) Wages of a Machine Operator
- (c) Both (a) and (b)
- (d) None of the above

89. In the Halsey Premium Plan, bonus is usually set at what % of the time saved?

- (a) 50%
- (b) 30%
- (c) 40%
- (d) 10%

90. Under piece rate system of wage payment, payment is made according to the: -

- (a) Time worked
- (b) Pieces produced

- (c) No. of hours
 - (d) None of these
91. The manual methods of time keeping are:-
- (a) Attendance Register Method
 - (b) Dial time records
 - (c) Time recording clocks
 - (d) All of these
92. This sheet is the daily record of the work done by a worker on different jobs: -
- (a) Daily time sheets
 - (b) Weekly time sheets
 - (c) Job cards
 - (d) Combined job cards
93. The work done beyond the normal work period is called: -
- (a) Idle time
 - (b) Overtime
 - (c) Normal time
 - (d) Standard time
94. The principle of this system is to penalize the slow worker by paying him a low piece rate for low production: -
- (a) Merrick's Multiple Piece rate system
 - (b) Straight Piece rate system
 - (c) Taylor's Differential Piece rate system
 - (d) Gant Task bonus plan
95. In which system, output cannot be measured?
- (a) Piece rate system
 - (b) Time rate system
 - (c) Halsey Plan
 - (d) Rowan Plan
96. Monetary benefits include: -
- (a) Basic wages
 - (b) Subsidized food
 - (c) Medical facilities
 - (d) Subsidized housing
97. A document used for time keeping
- (a) Job card
 - (b) Time card

- (c) Daily time sheet
 - (d) All of these
98. 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
99. Wage sheet is prepared by
- (a) Payroll department
 - (b) Personnel department
 - (c) Time keeping department
 - (d) Costing department
100. 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
101. In which of the following plans, time wages are not guaranteed?
- (a) Halsey
 - (b) Rowan
 - (c) Taylor
 - (d) Gantt
102. 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) ` 90
 - (b) ` 80
 - (c) ` 70
 - (d) ` 60
103. 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%
104. Which of the following methods of wage payment does not guarantee wages on time basis?

- (a) Piece rate system
 - (b) Time rate system
 - (c) Halsey premium system
 - (d) None of the above
105. Labour which takes an active and direct part in the production of a product is known as
- (a) direct labour
 - (b) manufacturing labour
 - (c) process labour
 - (d) All of the above
106. Indirect labour costs do not include
- (a) inspector's wages
 - (b) assigned workman's wages
 - (c) watchman's wages
 - (d) cleaner's wages
107. _____ is concerned with the recording of time of workers for the purpose of attendance and wage calculations.
- (a) Roll call
 - (b) Recording
 - (c) Timekeeping
 - (d) Timebooking
108. The methods of time booking do not include
- (a) Attendance Records
 - (b) Weekly Time Sheets
 - (c) Labour Cost Card
 - (d) Daily Time Sheet
109. When there are frequent changes in the labour force, labour turnover is said to be
- (a) unstable
 - (b) high
 - (c) low
 - (d) stable
110. Replacement cost of labour includes cost of
- (a) providing medical services
 - (b) providing housing
 - (c) employer's contribution to provident fund
 - (d) training new workers

111. When remuneration is paid based on units produced, the system is called
- (a) bonus system
 - (b) time rate system
 - (c) premium plan
 - (d) piece rate system
112. Idle time does not include
- (a) normal idle time
 - (b) abnormal idle time
 - (c) overtime
 - (d) All of the above
113. Which of the following is not direct labour:
- (a) Assembly-line workers
 - (b) Machine operators
 - (c) Manual workers
 - (d) Time-keeper
114. Labour flux rate denotes the:
- (a) Change in workforce
 - (b) Number of employees leaving the organization
 - (c) Average number of employees
 - (d) Total change in composition of labour force due to additions and separations of workers.
115. Which of the following document is not used for time booking?
- (a) Weekly Time Sheets
 - (b) Time Card
 - (c) Daily Time Sheets
 - (d) Job Tickets
116. Unavoidable cause of labour turnover is:
- (a) Low wages
 - (b) Unsatisfactory working conditions
 - (c) Long hours of work
 - (d) Retrenchment due to shortage of work
117. Personal cause of labour turnover is:
- (a) Unfair method of promotion
 - (b) Dislike for the job or place
 - (c) Unsatisfactory working conditions
 - (d) None of the above

118. Which of the following is a mechanical method of time keeping?
- (a) Time recording clock
 - (b) Metal disc method
 - (c) Attendance register method
 - (d) None of the above
119. Payment on the basis of the work done irrespective of the time taken by the worker is called:
- (a) Time rate system
 - (b) Premium plan
 - (c) Piece rate system
 - (d) Bonus plan
120. How many piece rates are set for each job in Taylor's differential piece rate system?
- (a) Two
 - (b) Three
 - (c) Four
 - (d) Many

Unit – 4

121. Overhead expenses can be classified according to
- (a) Functions
 - (b) Elements
 - (c) Behavior
 - (d) All of the above
122. The process of distribution of overheads allotted to a particular department or cost center over the units produced is called:
- (a) Allocation
 - (b) Apportionment
 - (c) Absorption
 - (d) Departmentalization
123. If an item of overhead expenditure is charged specifically to a single department this would be an example of:
- (a) Apportionment
 - (b) Allocation
 - (c) Re-apportionment
 - (d) Absorption
124. Example of semi-variable overhead items include the following except:
- (a) Telephone

- (b) Repairs and maintenance
- (c) Depreciation of plant and machinery
- (d) Insurance of plant and building

125. Which of the following costs is not a factory overhead expense?

- (a) Indirect wages
- (b) Depreciation of plant and machinery
- (c) Audit fees
- (d) Machine maintenance labour cost

126. The total of all indirect costs is known as

- (a) Total cost
- (b) Overhead
- (c) Prime cost
- (d) Work cost

127. The bases of apportionment for electric power is

- (a) Number of machine hours
- (b) Floor area
- (c) Direct labour hours
- (d) Number of workers

128. When the amount of overhead absorbed is less than the amount of overhead incurred it is known as

- (a) Over-absorption
- (b) Under-absorption
- (c) Allocation
- (d) Apportionment

129. Fixed overhead costs are also called as: -

- (a) Period cost
- (b) Flexible cost
- (c) Economic cost
- (d) Sunk cost

130. Which materials do not normally form a part of finished goods: -

- (a) Indirect materials
- (b) Direct materials
- (c) Indirect labor
- (d) None of these

131. Warehousing cost is an item of: -

- (a) Office overhead

- (b) Distribution overhead
 - (c) Material cost
 - (d) None of these
132. The excess of overheads absorbed over the actual amount of overheads incurred is called: -
- (a) Under absorption
 - (b) Over absorption
 - (c) Allocation
 - (d) None of these
133. Lighting expenses are apportioned on the basis of: -
- (a) Floor Area
 - (b) Light Points
 - (c) No. of Workers
 - (d) Capital Values
134. Absorption costing is closely related to which of the following cost elements?
- (a) Total Costs
 - (b) Overheads
 - (c) Prime Costs
 - (d) Direct labor
135. To control costs it is essential to keep control on: -
- (a) Prime Cost
 - (b) Overheads
 - (c) Indirect materials
 - (d) All of these
136. Which of the following is variable cost?
- (a) Salaries of higher officers
 - (b) Prime cost
 - (c) Insurance cost
 - (d) Repair cost
137. Departmentalization of overhead is
- (a) Secondary distribution
 - (b) Primary distribution
 - (c) Absorption
 - (d) Allocation
138. Absorption means
- (a) Charging of overhead to cost centres
 - (b) Charging of overhead to cost units
 - (c) Charging of overhead to cost centres or units

- (d) None of the above
139. 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
140. 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
141. An aggregate of indirect material, indirect labour and indirect expenses is called
- (a) Capacity cost
 - (b) Set-up cost
 - (c) Depreciation
 - (d) Overheads.
142. Production Manager's salary is;
- (a) Factory overhead
 - (b) Office overhead
 - (c) Selling and distribution overheads
 - (d) Administrative overhead
143. Allotment of whole items of overheads to cost centres is known as;
- (a) allocation
 - (b) apportionment
 - (c) classification
 - (d) absorption
144. Under absorption of overhead expense in cost accounting results in _____.
- (a) decrease in costing profit.
 - (b) decrease in financial accounts profit
 - (c) increase in costing profit
 - (d) increase in financial accounts profit
145. The overheads which remain unaffected in total amount by fluctuations in volume of output.
- (a) Variable Overhead
 - (b) Fixed Overhead
 - (c) Semi-variable Overhead
 - (d) None of the above

146. Material costs which cannot be allocated but which are to be apportioned or absorbed by cost centres or cost units.
- (a) Direct Material
 - (b) Indirect Material
 - (c) Materials in progress
 - (d) None of the above
147. Certain overhead costs cannot be directly charged to a department or cost centres. The process of distribution of such overhead costs to various departments is called
- (a) Apportionment
 - (b) Absorption
 - (c) Allocation
 - (d) None of the above
148. Rent and other building expenses may be apportioned to various departments on the basis of
- (a) Direct wages
 - (b) Number of workers
 - (c) Floor Area
 - (d) Cost of Plant
149. The method of re-apportionment of overhead costs which is used when service department renders its services to other service departments but does not receive services of the other service departments.
- (a) Stepladder Method
 - (b) Trial and Error Method
 - (c) Repeated Distribution Method
 - (d) All of the above
150. When the amount of overheads absorbed is less than the amount of overheads actually incurred.
- (a) Over absorption
 - (b) Under Absorption
 - (c) Excess Absorption
 - (d) None of the above
151. In case the amount of under or over absorbed overheads is significant, this rate is calculated to adjust the amount in the cost.
- (a) Additional rate
 - (b) Secondary rate
 - (c) Supplementary rate
 - (d) Primary rate

152. When the under or over absorbed amount is quite negligible, it is transferred to
- (a) Costing P/L A/c
 - (b) Costing Expenditure A/c
 - (c) Costing Balance Sheet
 - (d) Costing trading A/c
153. Classification of overheads into indirect material, indirect labour and indirect expenses come under:
- (a) Functional classification
 - (b) Behaviour-wise classification
 - (c) Nature-wise classification
 - (d) Element-wise classification
154. Labour employed in time office and security office is an example of:
- (a) Direct labour
 - (b) Indirect labour
 - (c) Indirect expenses
 - (d) Direct expenses
155. Depreciation of plant and machinery is apportioned on the basis of:
- (a) Technical estimates
 - (b) Direct labour hours
 - (c) Kilowatt hours
 - (d) Capital value of assets
156. Supervision is charged on the basis of:
- (a) Number of employees
 - (b) Direct material
 - (c) Direct wages
 - (d) Area of department
157. Power charges are:
- (a) Fixed overhead
 - (b) Variable overhead
 - (c) Semi-variable overhead
 - (d) Semi-fixed overhead
158. Overheads classified as Manufacturing, Administrative, Selling and Distribution come under:
- (a) Function-wise classification
 - (b) Element-wise classification
 - (c) Behavior-wise classification
 - (d) Industry-wise classification

159. Depreciation of office equipments is an example of:

- (a) Factory overheads
- (b) Administrative overheads
- (c) Selling overheads
- (d) Manufacturing overheads

160. Allotment of overhead to a cost unit is called:

- (a) Apportionment
- (b) Absorption
- (c) Allocation
- (d) Departmentation

Unit – 5

161. In _____ costing the cost of a group of products is ascertained.

- (a) Process
- (b) Job
- (c) Batch
- (d) Service

162. _____ costing is suitable for mines, quarries, cement works etc.

- (a) Process
- (b) Contract
- (c) Batch
- (d) Operation

163. _____ is an extension of job costing.

- (a) Process costing
- (b) Batch costing
- (c) Contract costing
- (d) Operation costing

164. When job is very big and spread over long periods of time the method of costing adopted is

- (a) Process
- (b) Job
- (c) Contract
- (d) Batch

165. Continuous costing is also called

- (a) Operation costing
- (b) Process costing
- (c) Batch costing

- (d) Contract costing
166. In this type of costing works are carried out at factory premises:
- (a) Job
 - (b) Contract
 - (c) Batch
 - (d) Process
167. Under this method, homogeneous products are taken as cost unit
- (a) Job
 - (b) Contract
 - (c) Batch
 - (d) Process
168. The costing method which can be used in industry where the product passes through different processes is known as
- (a) Job costing
 - (b) Operating costing
 - (c) Batch costing
 - (d) Process costing
169. Under which method costs are collected & accumulated for each job: -
- (a) Job Costing
 - (b) Contract Costing
 - (c) Batch Costing
 - (d) None of these
170. The basis of collection of costs are:-
- (a) Materials
 - (b) Wages
 - (c) Overheads
 - (d) All of these
171. Which method is adopted to calculate the cost of each batch?
- (a) Contract Costing
 - (b) Job Costing
 - (c) Batch Costing
 - (d) Job sheet
172. In what basis of work, the contractor is made payment?
- (a) Certified Work
 - (b) Uncertified Work
 - (c) National Profit
 - (d) None of these

173. Ascertainment of cost of the product at each process is called: -
(a) Job Costing
(b) Contract Costing
(c) Process Costing
(d) Batch Costing
174. A contract account is a _____ account in nature.
(a) Real a/c
(b) Personal a/c
(c) Nominal a/c
(d) All of these
175. Identify the types of specific order costing.
(a) Job Costing
(b) Batch Costing
(c) Both (a) & (b)
(d) Process Costing
176. Which of the following is known as Terminal Costing?
(a) Job Costing
(b) Batch Costing
(c) Process Costing
(d) Contract Costing
177. The costing method which can be used in industry where the product pass through different processes is known as_____.
(a) job costing
(b) operating costing
(c) batch costing
(d) process costing
178. Process Account is _____.
(a) Nominal A/c
(b) Real A/c
(c) Personal A/c
(d) either Nominal or Real A/c
179. Profit to be transferred to P& L A/c , if the contract is complete to the extent of only 20% is _____.
(a) nil
(b) 20%
(c) 25%
(d) 75%

180. If the actual loss is more than the estimated normal loss, then it is
- (a) abnormal loss
 - (b) normal loss
 - (c) seasonal loss
 - (d) abnormal gain
181. The sum of value of work certified and uncertified appearing in the Contract Account is called
- (a) Work in Progress
 - (b) Work in Process
 - (c) Work completed
 - (d) Work done
182. Contract costing is specialized system of job costing applies to _____ contracts.
- (a) Short-term
 - (b) Medium-term
 - (c) Long-term
 - (d) Continuous process
183. Each job has a _____ prepare for it that bears the job number and which is used to collect all cost data relating to job.
- (a) Job time sheet
 - (b) Job Cost Card
 - (c) Job ticket
 - (d) Job Account
184. The sum of value of work certified and uncertified appearing in the Contract Account is called
- (a) Work in Progress
 - (b) Work in Process
 - (c) Work completed
 - (d) Work done
185. The first step in a job order cost procedure is
- (a) Receiving of order
 - (b) Estimation of the price of the job
 - (c) Production order
 - (d) Receiving an enquiry
186. Job Costing is suitable for
- (a) Ship-builders
 - (b) Furniture makers
 - (c) Printing presses

- (d) All of the above
187. Batch costing is a form of specific order/job costing where the cost per unit is ascertained by _____ the total cost of a batch by the number of items produced in that batch.
- (a) dividing
 - (b) multiplying
 - (c) subtracting
 - (d) adding
188. The determination of EBQ is influenced by the following factors:
- (a) Rate of consumption
 - (b) Manufacturing cost
 - (c) Storage cost
 - (d) All of the above
189. Work which has been done but not certified is called
- (a) Work uncertified
 - (b) Work certified
 - (c) Extra work
 - (d) None of the above
190. The sum of value of work certified and uncertified appearing in the contract account is called
- (a) Work in process
 - (b) Work completed
 - (c) Work in progress
 - (d) None of the above
191. Loss which unavoidable on account of inherent nature of production processes is
- (a) Abnormal loss
 - (b) Normal loss
 - (c) Process loss
 - (d) None of the above
192. In process costing when the actual loss is less than the normal loss then it is
- (a) Abnormal gain
 - (b) Abnormal loss
 - (c) Process gain
 - (d) None of the above
193. What we prepare for each job that bears the job number and which is used to collect all cost data relating to job is:
- (a) Job time sheet
 - (b) Job cost card
 - (c) Job ticket

- (d) Job account
194. An automobile service unit uses:
- (a) Batch costing
 - (b) Contract costing
 - (c) Job
 - (d) Specific order
195. Where the work is undertaken to customer's special requirements and each order is of comparatively short duration, then it is called:
- (a) Job costing
 - (b) Batch costing
 - (c) Operation costing
 - (d) Output costing
196. Printing industry uses:
- (a) Job costing
 - (b) Batch costing
 - (c) Operation costing
 - (d) Output costing
197. Batch costing is a form of:
- (a) Process costing
 - (b) Continuous process costing
 - (c) Specific order costing
 - (d) Operation costing
198. Batch costing is applied in:
- (a) Pharmaceutical industries
 - (b) Computer industries
 - (c) Toy making
 - (d) All of the above
199. Batch costing is used for which type of product?
- (a) Heterogeneous product
 - (b) By-product
 - (c) Homogeneous product
 - (d) All of the above
200. Contract costing is a specialized system of Job costing applies to:
- (a) Short term contracts
 - (b) Medium term contracts
 - (c) Long term contracts
 - (d) Continuous process

II. Fill in the blanks:

Unit - 1

1. The techniques and processes of ascertaining cost is known as _____
2. _____ cost is that which can be conveniently identified with a cost unit.
3. Prime cost + Factory Overhead = _____
4. _____ cost is that whose total amount does not change with the change in output level.
5. Works cost is a total of _____
6. An item of cost that is direct for one business may be _____ for another business.
7. Cost accounting is a separate _____ of accounting.
8. Cost account is based on _____ figures.
9. Cost Accounting is based on _____ figures.
10. _____ is a statement which is prepared periodically to provide detailed element-wise cost of a cost centre or cost unit.
11. Aggregate of all direct cost is known as _____ cost.
12. Variable cost change with _____ change in output.
13. Cost Accounting is based on _____ figures.
14. Cost sheet is a _____ statement.
15. Fixed per unit _____ with increase in output.
16. _____ cost is an hypothetical cost to represent the benefit enjoyed by a firm in respect of which actual expense is not incur.
17. An item of cost that is direct for one business may be _____ for another business.
18. The total of all direct expenses is known as _____ cost.
19. Factory cost plus administrative overheads is known as cost of _____.
20. An opportunity cost does not involve cash _____.

Unit - 2

21. Re-order level = _____ x Maximum re-order period
22. _____ is the size of the order which gives maximum economy in purchasing any material.
23. In _____ purchasing, each branch or department makes its own purchases.
24. _____ records both quantity as well as money value of materials.
25. Bin card is a record of _____ only.
26. Stores ledger is maintained in the _____.
27. A bill of material serves the purpose of _____.
28. LIFO method is suitable in times of _____.
29. Bin card is maintained by the _____.
30. Material should be issued by the storekeeper against _____ requisition.
31. First in first out method of valuing material issues is suitable in times of _____ prices.
32. In LIFO method of pricing, closing stock is valued at the _____ price paid.

33. _____ is the procedure of systematic assignment of symbols for each item of store.
34. _____ is a master requisition which lists all the materials required for the completion of a job.
35. Maximum Consumption X Maximum Re-order period is a formula for calculating _____.
36. _____ is maintained in cost accounting department and records both quantities and money values of materials.
37. The quantity of material to be ordered at one time is known as _____.
38. _____ represents that quantity of material which is normally ordered when a particular material reaches ordering level
39. The principal types of inventories are raw-materials and supplies, _____ and finished goods.
40. Re-ordering level = Maximum consumption X _____.

Unit - 3

41. Time not spent on productive work is known as _____
42. _____ occurs when a worker works beyond normal working hours.
43. Two methods of time booking are _____ and _____
44. _____ department is concerned with recording attendance of workers
45. Basis of apportionment of stores services expenses is _____.
46. _____ is the basis of apportionment of rent.
47. Overhead absorption is accomplished by _____.
48. _____ is the cost of running a machine per hours
49. Taylor's differential piece rate system provides for higher rate to _____ workers.
50. Time not spent on productive work is known as _____.
51. In time wage system, wages are paid according to the _____ worked.
52. Payroll sheet is prepared by the _____ department.
53. _____ is concerned with the recording of time of workers for the purpose of attendance and wage calculations.
54. _____ is the rate of change in the labour force of an organization due to resignation, retirement or retrenchment.
55. _____ costs are incurred to keep workers satisfied so that they may not leave, to prevent excessive labour turnover.
56. A bonus of 50% on time saved is given under _____ bonus plan.
57. Labour cost is a _____ major element of cost.
58. There are two types of methods of time keeping, i.e., _____.
59. In time wage system, wages are paid according to the _____.
60. Under piece rate system of wage payment, payment is made according to the _____

Unit - 4

61. Under/Over absorption of overhead arises only when overhead absorption is based on _____ rates.
62. _____ is the cost of seeking to create and stimulate demand.
63. When actual overheads are less than absorbed overheads, the difference between the two is called _____.
64. _____ is the allotment of whole items of overhead to cost units or cost centres.
65. Basis of apportionment of stores services expenses is _____.
66. _____ is the basis of apportionment of rent.
67. Overhead absorption is accomplished by _____.
68. _____ is the cost of running a machine per hours.
69. _____ is the allotment of whole items of overheads to cost units or cost centre's.
70. Factory rent should be apportioned to various departments on basis of _____.
71. When actual overheads are less than absorbed overheads, the difference between the two is called _____.
72. Machine hour rate is related to absorption of _____ overhead.
73. _____ is the aggregate of indirect materials, indirect wages and indirect expenses.
74. After overheads are classified, number or symbol is allotted to each group of expenses. Such numbers or symbols are called _____ numbers.
75. Assignment of whole items of cost directly to cost centre is called _____.
76. _____ of overheads is the last step in the distribution of overhead which is defined as charging of overheads to cost units.
77. Production manager's salary is _____ overhead.
78. Overhead cost is the aggregate of indirect material cost, indirect wages and _____.
79. A cost is termed as _____ cost if the total of the same does not change with changes in the activity level.
80. Basis of apportionment of welfare department expenses is _____.

Unit - 5

81. A _____ is a small contract.
82. A _____ generally takes more than one year to complete
83. In job costing _____ are separately ascertained for each job.
84. _____ costing is used in textiles mills, sugar industry, Oil refining etc.
85. The job costing each _____ is a cost unit.
86. A contract is _____ in size.
87. Process costing is one aspect of _____ costing.
88. In process costing, a separate account is kept for each _____.
89. Job card is meant to record the _____ of workers.
90. The _____ costing is used when a quantity of similar and identical products are manufactured as one job.
91. Contract costing is a basic method of _____ costing.

92. In job costing each _____ is a cost unit to which all costs are assigned.
93. Batch costing is also known as _____ costing.
94. EBQ stands for _____.
95. The loss incurred on an incomplete contract is transferred to _____.
96. 4. The cost of _____ process loss is absorbed in the cost of production of good units.
97. In job costing, each _____ is a cost unit to which all costs are assigned.
98. _____ costing is applied where work is usually carried out within a factory or workshop which is of short duration.
99. Printers use _____ costing.
100. The _____ costing is applied when a quantity of similar and identical products are manufactured together as one job.

KEY ANSWERS:

I. Choose the correct answer

Unit - 1

1. (d) All of the above
2. (b) opportunity cost
3. (c) historical costs
4. (a) a production or service location, function, activity or item of equipment whose costs may be attributed to cost units
5. (b) Financial Accounting
6. (c) Tonne
7. (b) Imputed Cost
8. (a) Prime Cost
9. (a) Cost
10. (d) All of these
11. (a) Cost Unit
12. (d) All of these
13. (c) Semi-variable cost
14. (a) Financial Accounting
15. (d) Shutdown
16. (d) Factory overhead
17. (c) variable cost
18. (b) Limitations
19. (c) Batch Costing
20. (b) requires necessary ability and skills
21. (c) Cost control
22. (b) Providing information to management
23. (a) Carrying cost
24. (c) Both variable and fixed

25. (b) it has a clearly defined boundaries
26. (a) the sum of direct materials and direct labour cost with all other costs excluded
27. (b) the value of the sacrifice made to acquire goods or services
28. (c) ascertaining cost
29. (a) branch of accounting
30. (c) management
31. (b) fixed cost
32. (a) the advantage forgone
33. (c) Labour, Material, Other Expense
34. (c) Works cost plus Administrative cost
35. (c) Direct Material + Direct Labour + Direct Expenses + Works Expenses
36. (d) Primary packing material
37. (c) Sales minus cost of sales
38. (b) Dividend
39. (b) Opening stock of material + Purchases of material – Closing stock of material
40. (b) Expenses of raising capital

Unit - 2

41. (b) ABC technique
42. (d) Danger level
43. (a) Centralised purchasing system
44. (c) Bin card
45. (b) Perpetual Inventory System
46. (b) Waste
47. (d) prices are rising
48. (c) prices are falling
49. (a) ₹ 12,000.00
50. (b) Triplicate
51. (b) Stores Ledger
52. (b) FIFO
53. (a) 3,000 units
54. (b) Factory Cost
55. (b) Purchase requisition
56. (a) Manufacturing Cost
57. (c) A document that shows all the materials required for a job
58. (b) Five
59. (a) Inventory
60. (b) Triplicate
61. (c) Stores department
62. (b) Lead time

- 63. (a) ABC
- 64. (a) Material Transfer Note
- 65. (b) ABC technique
- 66. (d) Maximum Level
- 67. (a) Dormant Materials
- 68. (c) Purchase Requisition
- 69. (d) Quantity
- 70. (b) FIFO
- 71. (a) Centralised Purchasing
- 72. (b) 200 units
- 73. (a) Purchase requisition
- 74. (c) Consumable stores
- 75. (c) The supplier
- 76. (c) The most economic order quantity
- 77. (c) Quadruplicate
- 78. (a) LIFO
- 79. (d) makes a record of both quantities and values
- 80. (b) Store-keeper

Unit - 3

- 81. (b) Direct labour cost
- 82. (c) Labour Turnover
- 83. (c) Labour Relation
- 84. (b) Time –keeping
- 85. (d) All of the above
- 86. (a) Time Rate System
- 87. (b) the quantity of work
- 88. (a) Wages of Peon
- 89. (a) 50%
- 90. (b) Pieces Produced
- 91. (a) Attendance Register Method
- 92. (a) Daily time sheets
- 93. (b) Overtime
- 94. (c) Taylor’s Differential Piece rate system
- 95. (b) Time rate system
- 96. (a) Basic wages
- 97. (b) Time card
- 98. (d) The difference between time paid for and time spent on job
- 99. (a) Payroll department
- 100. (b) The change in the labour force
- 101. (c) Taylor
- 102. (b) Rs. 80

- 103. (c) 120%
- 104. (a) Piece rate system
- 105. (d) All of the above
- 106. (b) assigned workman's wages
- 107. (c) Timekeeping
- 108. (a) Attendance Records
- 109. (b) high
- 110. (d) training new workers
- 111. (d) piece rate system
- 112. (c) overtime
- 113. (d) Time-keeper
- 114. (d) Total change in composition of labour force due to additions and separations of workers
- 115. (b) Time Card
- 116. (d) Retrenchment due to shortage of work
- 117. (b) Dislike for the job or place
- 118. (a) Time recording clock
- 119. (c) Piece rate system
- 120. (a) Two

Unit - 4

- 121. (d) All of the above
- 122. (c) Absorption
- 123. (b) Allocation
- 124. (d) Insurance of plant and building
- 125. (c) Audit fees
- 126. (b) Overhead
- 127. Number of machine hours
- 128. (b) Under-absorption
- 129. (a) Period cost
- 130. (a) Indirect materials
- 131. (b) Distribution overhead
- 132. (b) Over absorption
- 133. (b) Light Points
- 134. (b) Overheads
- 135. (d) All of these
- 136. (b) Prime cost
- 137. (b) Primary distribution
- 138. (c) Charging of overhead to cost centres or units
- 139. (b) Cost sheet
- 140. (a) Closing stock

- 141. (d) Overheads.
- 142. (a) Factory overhead
- 143. (a) allocation
- 144. (c) increase in costing profit
- 145. (b) Fixed Overhead
- 146. (b) Indirect Material
- 147. (a) Apportionment
- 148. (c) Floor Area
- 149. (a) Stepladder Method
- 150. (b) Under Absorption
- 151. (c) Supplementary rate
- 152. (a) Costing P/L A/c
- 153. (d) Element-wise classification
- 154. (b) Indirect labour
- 155. (d) Capital value of assets
- 156. (a) Number of employees
- 157. (b) Variable overhead
- 158. (a) Function-wise classification
- 159. (b) Administrative overheads
- 160. (b) Absorption

Unit - 5

- 161. (c) Batch
- 162. (d) Operation
- 163. (b) Batch costing
- 164. (c) Contract
- 165. (b) Process costing
- 166. Job
- 167. (c) Batch
- 168. (d) Process costing
- 169. (a) Job Costing
- 170. (d) All of these
- 171. (c) Batch Costing
- 172. (a) Certified worked
- 173. (c) Process costing
- 174. (c) Nominal account
- 175. (c) Both A & B
- 176. (d) Contract Costing
- 177. (d) process costing
- 178. (a) Nominal A/c
- 179. (a) nil

180. (a) abnormal loss
181. (a) Work in Progress
182. (c) Long-term
183. (b) Job Cost Card
184. (a) Work in Progress
185. (d) Receiving an enquiry
186. (d) All of the above
187. (d) All of the above
188. d) All of the above
189. (a) work uncertified
190. (a) work in process
191. (b) normal loss
192. (a) abnormal gain
193. (b) Job cost card
194. (b) Contract costing
195. (a) Job costing
196. (b) Batch costing
197. (c) Specific order costing
198. (d) All of the above
199. (c) Homogeneous product
200. (c) Long term contracts

II. Fill in the blanks

Unit - 1

1. Costing
2. Direct
3. Factory cost
4. Fixed
5. Direct Material + Direct Labour
6. Indirect
7. Branch
8. Estimated
9. estimated
10. Cost sheet
11. prime
12. proportionately
13. estimated figures
14. Memorandum

15. decreases
16. Imputed
17. indirect
18. prime
19. production
20. outlays

Unit - 2

21. Maximum Consumption
22. Economic Order Quantity
23. Decentralised
24. Stores ledger
25. Quantities
26. Cost accounting department
27. Material requisition
28. Rising prices
29. Storekeeper
30. material
31. falling
32. oldest
33. Codification
34. Bill of materials
35. Re-order level
36. Stores ledger
37. economic reorder quantity
38. re-order quantity
39. work-in-progress
40. maximum re-order period

Unit - 3

41. Idle time
42. Overtime
43. Job card and Daily time sheet
44. Time keeping
45. Time wage system
46. $T * R + \% (S - T) R$
47. Mechanical
48. Time booking
49. efficient
50. idle time
51. time

52. Payroll
53. Time-keeping
54. Labour turnover
55. Preventive
56. Halsey
57. second
58. manual methods and mechanical method
59. time worked
60. quantity of work done

Unit - 4

61. Pre-determined
62. Selling overhead
63. Over-absorption
64. Allocation
65. Value of material consume
66. Floor area
67. Overhead rate
68. Machine hour rate
69. Allocation
70. area occupied
71. over-absorption
72. factory
73. Overhead
74. standing order
75. Allocation
76. Absorption
77. factory
78. indirect expenses
79. fixed
80. no. of employees

Unit - 5

81. Job
82. Contract
83. Costs
84. Process
85. Job
86. Big
87. Operation
88. Process

- 89. attendance
- 90. Batch falling
- 91. specific order
- 92. job
- 93. Lot
- 94. Economic batch quantity
- 95. Profit and loss
- 96. Normal
- 97. job
- 98. job
- 99. job
- 100. batch