

The Bodwad Sarvajanik Co-Op. Education Society Ltd., Bodwad
Arts, Commerce and Science College, Bodwad.

Question Bank

Class S.Y.B. Com Sub. Cost Account. Sem. IV

1	The basic objective of cost accounting is a) Recording of cost b) Reporting of cost c) Cost control d) Earning Profit
2	Job costing is suitable for a) Firms manufacturing goods on a continuous basis b) Firms manufacturing goods to customer's specific requirements c) Departments/organizations rendering services d) Continuous or mass production industries
3	Integrated accounting system is beneficial because a) Perpetual inventory system can be dispensed with b) No valuation of work in progress is necessary c) Estimation of budgets easy d) It eliminates problems of reconciliation
4	Overhead means a) The aggregate of indirect materials, indirect labor and indirect expenses b) All expenses with respect to materials c) All expenses with respect to labour d) Direct and indirect expenses
5	When the actual overhead is more than the absorbed overhead, then it is called a) Capacity costs b) Over absorption c) Under absorption d) None of the above
6	Composite unit is distinctive feature of a) Job costing b) Operating costing c) Process costing d) Contract costing
7	Which of the following cost is also known as overhead cost or on cost: a) Cost of direct labour b) Cost of indirect labour c) Direct expenses d) Indirect expenses
8	Which of the following calculate the actual cost of product? a) Cost estimation

	<ul style="list-style-type: none"> b) Costing c) Both a and b d) None of these
9	<p>Costing is specialized branch of accounting which deals with:</p> <ul style="list-style-type: none"> a) Classification, recording, allocation, and control of asset b) Classification, processing, allocation and directing c) Classification, recording, planning and control of asset d) Classification, recording, allocation and directing
10	<p>The stage of production at which separate products are identified is known as _</p> <ul style="list-style-type: none"> a) Process costing b) Reverse cost method c) Subsequent cost d) Equivalent production
11	<p>Over-absorption of factory overheads, due to inefficiency of management, should be disposed of by:</p> <ul style="list-style-type: none"> a) Carry forward to next year b) Supplementary rate c) Transfer to costing P&L A/c d) Any of these
12	<p>When absorbed overheads are rs.23,540 and actual overheads are rs.22,400, there is</p> <ul style="list-style-type: none"> a) Under absorption of rs.1,140 b) Under absorption of rs.45,940 c) Over absorption of rs.1,140 d) Over absorption of rs.45940
13	<p>_____ does not deal with the accumulation, classification, analysis, allocation, summarization, interpretation, reporting and control of current and perspective costs.</p> <ul style="list-style-type: none"> a) Cost Accounting b) Financial Accounting c) Cost Accountancy d) None of above
14	<p>The expenses which can be directly charged to jobs, products, processes, cost centres or cost units is termed as _____</p> <ul style="list-style-type: none"> a) Direct Cost b) Indirect Cost c) Committed Cost d) None of above
15	<p>_____ is applied where production is carried out as per specific order and customer specifications.</p> <ul style="list-style-type: none"> a) Batch costing b) Job costing c) Contract costing d) None of above
16	<p>Marginal costing is also known as _____ costing.</p> <ul style="list-style-type: none"> a) Variable

	<ul style="list-style-type: none"> b) Semi-variable c) Fixed d) None of above
17	<p>_____ is the system of costing under which costs are determined after they have been incurred.</p> <ul style="list-style-type: none"> a) Uniform costing b) Historical costing c) Standard costing d) Basic costing
18	<p>_____ is concerned with ascertainment of cost.</p> <ul style="list-style-type: none"> a) Cost Accountancy b) Costing c) Cost Accounting d) Management costing
19	<p>_____ helps the management to eliminate inefficiencies caused by material wastage, use of obsolete machinery, improper planning etc.</p> <ul style="list-style-type: none"> a) Financial Accounting b) Cost Accounting c) Environmental Accounting d) Management accounting
20	<p>A unit of quantity of product, service or time, in relation to which cost may be ascertained or expressed is known as _____</p> <ul style="list-style-type: none"> a) Cost Centre b) Cost Sheet c) Cost Unit d) None of above
21	<p>A location, person or item of equipment for which costs may be ascertained and used for the purposes of cost control is known as _____</p> <ul style="list-style-type: none"> a) Cost Centre b) Cost Sheet c) Cost Unit d) None of above
22	<p>According to CIMA, England, “the technique and process of ascertaining cost” is ..</p> <ul style="list-style-type: none"> a) Costing b) Cost Accounting c) Cost Accountancy d) Cost
23	<p>Which among the following costs are not useful for managerial decision making?</p> <ul style="list-style-type: none"> a) Sunk Cost b) Marginal Cost c) Standard Cost d) None of the above
24	<p>The information provided by financial statements is _____ in nature.</p> <ul style="list-style-type: none"> a) Standard

	<ul style="list-style-type: none"> b) Historical c) Marginal d) Uniform
25	<p>The principle of matching costs with revenues is known as _____ principle.</p> <ul style="list-style-type: none"> a) Cost b) Matching c) Consistency d) Revenue
26	<p>In cost accounting, stock is valued at _____</p> <ul style="list-style-type: none"> a) Market price b) Cost price c) Selling price d) Standard price
27	<p>Which of the following statements are not true regarding cost accounting?</p> <ul style="list-style-type: none"> 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
28	<p>Cost accounting mainly helps the management in</p> <ul style="list-style-type: none"> a) Earning profit b) Providing information to management c) Fixing prices of the products d) All of the above
29	<p>Overheads or on cost is the total of</p> <ul style="list-style-type: none"> a) All direct expenses b) All indirect expenses c) Direct Expenses + Factory OH d) None of the above
30	<p>____ system is best suited for undertaking job works.</p> <ul style="list-style-type: none"> a) Process costing b) Job costing c) Contract costing d) Batch costing
31	<p>____ system of costing is suitable for toy making.</p> <ul style="list-style-type: none"> a) Batch costing b) Job costing c) Operating costing d) Process costing
32	<p>In cement industry, the method of costing adopted is</p> <ul style="list-style-type: none"> a) Process costing b) Job costing c) Contract costing d) Operating costing

33	Bin card is maintained by ____ a) Accounts department b) Costing department c) Stores department d) Purchase department
34	Economic order quantity is a tool for controlling _____ a) Inventory b) Price c) Machinery d) Cost
35	____ is the time between placement of an order and obtaining delivery. a) Purchase time b) Lead time c) Reordering time d) Emergency delivery time
36	The difference between attendance time and work time is known as ____ a) Idle time b) Overtime c) Standard time d) Time taken
37	Which of the following is a direct worker? a) Foreman b) Sweeper c) Machine operator d) Watchman
38	A document used for time keeping a) Job card b) Time card c) Daily time sheet d) All of these
39	Job wise analysis of time of direct workers a) Time booking b) Time keeping c) Labour turnover d) Idle time
40	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
41	Idle Time is a) Time spent by workers to take lunch b) Time spent by workers on their jobs

	<p>c) Time spent by workers in the factory</p> <p>d) The difference between time paid for and time spent on job</p>
42	<p>Time wage system</p> <p>a) Benefits the less efficient workers</p> <p>b) Increase cost of production</p> <p>c) Satisfies trade unions</p> <p>d) Pays bonus</p>
43	<p>Wage sheet is prepared by</p> <p>a) Payroll department</p> <p>b) Personnel department</p> <p>c) Time keeping department</p> <p>d) Costing department</p>
44	<p>When time saved is more than 50% of time allowed, Halsey plan allows</p> <p>a) More wages than Rowan plan</p> <p>b) Equal wages as compared to Rowan plan</p> <p>c) Less wages than Rowan plan</p> <p>d) None of the above</p>
45	<p>In which of the following plans, time wages are not guaranteed?</p> <p>a) Halsey</p> <p>b) Rowan</p> <p>c) Taylor</p> <p>d) Gantt</p> <p>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?</p> <p>a) Rs. 90</p> <p>b) Rs. 80</p> <p>c) Rs. 70</p> <p>d) Rs. 60</p>
46	<p>Time rate and piece rate are combined in</p> <p>a) Halsey plan</p> <p>b) Emerson's plan</p> <p>c) Gantt system</p> <p>d) Taylor's system</p>
47	<p>In Taylor's differential piece rate system, ____ piece rates are set for each job.</p> <p>a) Two</p> <p>b) Three</p> <p>c) Four</p> <p>d) One</p>
48	<p>According to Merrick's multiple piece rate system, the piece rate applicable to worker with an efficiency of 100 % or above is ____ of normal piece rate</p>

	<ul style="list-style-type: none"> a) 100% b) 110% c) 120% d) 150%
49	<p>Departmentalization of overhead is</p> <ul style="list-style-type: none"> a) Secondary distribution b) Primary distribution c) Absorption d) Allocation
50	<p>Absorption means</p> <ul style="list-style-type: none"> 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
51	<p>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.</p> <ul style="list-style-type: none"> a) Rs. 15 b) Rs. 20 c) Rs. 17.50 d) Rs. 18.75
52	<p>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.</p> <ul style="list-style-type: none"> a) Rs. 17.50 b) Rs. 18.75 c) Rs. 15 d) Rs. 20
53	<p>Which among the following is not a time booking method?</p> <ul style="list-style-type: none"> a) Attendance sheet b) Job ticket c) Time & job card d) Daily time sheet
54	<p>Time Booking is done by ____ department.</p> <ul style="list-style-type: none"> a) Time keeping b) Production c) Personnel d) None of these
55	<p>Which industry is suitable for using operating costing method?</p> <ul style="list-style-type: none"> a) Textile b) Sugar c) Toy d) Transport
56	<p>The difference between fixed budget and flexible budget is that the fixed budgeted</p> <ul style="list-style-type: none"> a) Is Concerned with fixed expenses whereas flexible budget is on different activity levels

	<p>b) Cannot be changed where as flexible budget can easily be changed</p> <p>c) Is a budget for single measure of activity whereas flexible budget is on different activity levels</p> <p>d) None of above</p>
57	<p>A flexible budget requires careful study and classification of expenses into</p> <p>a) Past and current expenses</p> <p>b) Fixed, variable and semi variable expenses</p> <p>c) Administrative, selling and factory expenses</p> <p>d) None of above</p>
58	<p>Which on of the following is not the financial budget</p> <p>a) Cash budget</p> <p>b) Working capital budget</p> <p>c) Capital expenditure budget</p> <p>d) All of above</p>
59	<p>Budgetary control system facilitates centralized control with</p> <p>a) Centralized activities</p> <p>b) Decentralized activities</p> <p>c) Both a and b</p> <p>d) None of above</p>
60	<p>Budgetary control system acts as a friend philosopher and guide to the</p> <p>a) Manager</p> <p>b) Shareholder</p> <p>c) Creditors</p> <p>d) Employees</p>
61	<p>Prime cost includes</p> <p>a) Direct material plus direct labor plus works expenses</p> <p>b) Direct material plus direct labor plus chargeable expenses</p> <p>c) Direct material plus direct labor plus office expenses</p> <p>d) None of above</p>