

TYBCOM COST A/C. SEM. V
Multiple Choice Questions

1. Cost accountancy is the science, art and _____ of cost accountant.

- a) Profession
- b) Management
- c) Administration
- d) Practice

2. Cost accounting has been developed because of _____ of financial accounting.

- a) limitations
- b) expenditure
- c) statutory requirements
- d) both (a) and (b)

3. Costing is a technique of _____.

- a) Inventory control
- b) Management control
- c) Ascertainment of cost
- d) Calculation of cost

4. In automobile industry cost unit is _____.

- a) Number
- b) Automobile quality
- c) Number of automobile industry
- d) None of these

5. Cost unit in a college may be_____.

- a) teacher
- b) Non teacher staff
- c) Student
- d) Number of departments

6._____costing is suitable for mines, quarries, cement works etc.

- a) Process
- b) Contract
- c) Job
- d) Operation

7._____is an extension of job costing.

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

8. 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) Operation

9. Continuous costing is also called_____.

- a) Operation costing
- b) Process costing

- c) Batch costing
- d) Contract costing

10. The most important element of cost in manufacturing industry is _____.

- a) Material
- b) Labour
- c) Overheads
- d) Variable expenses

11. Cost accounting is based on _____ figures.

- a) Approximated
- b) Estimated
- c) Historical
- d) None of these

12. _____ costing is used in transport undertaking.

- a) Operating
- b) Service
- c) Absorption
- d) Service

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

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

14. The total of all direct expenses is known as_____.

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

15. The cost which remains constant irrespective of output upto capacity limit is _____.

- a) Fixed cost
- b) Product cost
- c) Variable cost
- d) Sunk cost

16. Work cost is the total of_____.

- a) Direct cost
- b) Indirect cost
- c) Variable cost
- d) Controllable cost

17. Cost determined in advance on the basis of scientific analysis of circumstances is _____.

- a) Estimated cost
- b) Standard cost
- c) Pre-determined cost
- d) Past cost

18. Depreciation is _____ expenditure.

- a) variable
- b) Fixed
- c) Direct
- d) Semi-variable

19. Payment to other parties is called as _____.

- a) Out of pocket cost
- b) Book cost
- c) Future cost
- d) None of the above

20. Royalty paid on use of patents is called as:

- a) Direct expenses
- b) Indirect expenses
- c) Production expenses
- d) Distribution expenses

21. Re-ordering level is = Maximum consumption x _____

- a) Minimum consumption
- b) Maximum re-orders period
- c) Minimum re-orders period
- d) Both (a) and (b)

22. _____ represents that quantity of material which is normally ordered when a particular material reaches the ordering level.

- a) EOQ
- b) BOQ
- c) EBQ
- d) Re-order period

23. The quantity of material to be ordered at one time is known as _____

- a) EOQ
- b) BOQ
- c) Re-order period
- d) All of these

24. Stock verification sheets are maintained to record the result of _____ verification.

- a) Conceptual
- b) Physical
- c) Economic
- d) Detailed

25. Order should be placed with supplier when the inventory touches ____

- a) Re-order level
- b) Danger level
- c) Minimum level
- d) Maximum level

26. The two aspects of material control are accounting aspect and _____ aspect.

- a) Financial
- b) Economic
- C) social
- d) Operational

27. Material control aims at achieving effective _____management.

- a) Marketing
- b) Production
- c) Organization
- d) Material

28. Stores ledger is maintained in the _____department.

- a) Cost accounting
- b) Stores
- c) Purchase
- d) Production

29. Bin card is a record of _____ only.

- a) Quality
- b) quantity
- c) Numbers
- d) Value

30. Bin card is maintained by_____.

- a) Purchase department
- b) Production department
- c) Marketing department
- d) Stores keeper

31. Direct material is _____.

- a) Directly identifiable with the product
- b) Directly identifiable with the stores department
- c) Directly associated with purchase department
- d) Directly purchased from market

32. Material transfer note is prepared when_____.

- a) Material is transferred from one department to another department
- b) Material is returned by the department stores
- c) Material is returned to the supplier
- d) All of the above

33. A cost centre which is engaged in production activity is called

- a) Production cost centre
- b) Process cost centre
- c) Impersonal cost centre
- d) Production unit

34. Store department issues material to the production department based on _____

- a) Purchase order
- b) Good received note
- c) Material transfer note
- d) Material requisition note

35. Factory overheads are recovered as a _____

- a) % of Direct wages
- b) % of cost of production
- c) % of sales
- d) None of the above

36. The process by which cost items are charged direct to a cost unit is called _____

- a) Absorption
- b) Apportionment
- c) Allocation
- d) allotment

37. Economic order quantity refers to _____

- a) Quantity to be used economically
- b) The quantity of material to be maintained
- c) The quantity of material to be recorded
- d) The quantity of material to be ordered at a time

38. Material inspection note is signed by the

- a) Inspector
- b) Store keepers
- c) Cost accountant
- d) All of the above

39. Minimum inventory is to ensure

- a) Safety of production process
- b) Minimum working capital
- c) Maximum profitability
- d) None of the above

40. Waiting for tools is _____

- a) Abnormal Idle time
- b) Normal Idle time
- c) Overtime
- d) All of the above

41. Overtime Increases _____

- a) Depreciation of P & M
- b) Productivity
- c) Efficiency of the Organization
- d) None of the above

42. Depreciation on Machine is apportioned on the basis of _____

- a) Machine cost
- b) Labour cost
- c) Machine hours
- d) Labour hours

43. ABC analysis is a technique developed for

- a) Inventory control
- b) WIP control
- c) Inventory management
- d) Finished stock control

44. In ABC analysis c class item require

- a) Loose control
- b) Tight control
- c) Moderate control
- d) None of the above

45. The purpose of inventory control is _____

- a) To control flow of material
- b) To Control invention
- c) To Maintain optimum level of inventory
- d) To record purchase of material

46. Indirect costs are known as _____

- a) Fixed cost
- b) Overheads
- c) Variable Cost
- d) Semi variable cost

47. The basic research cost should be treated as:

- a) Product cost
- b) Production cost
- c) Production overhead
- d) Period cost

48. A firm requires 16,000 nos. of a certain component, which is buys at ` 60 each. The cost of placing an order and following it up is ` 120 and the annual storage charges works out to 10% of the cost of the item. To get maximum benefit the firm should place order _____Units at a time.

- a) 1,000
- b) 900
- c) 800
- d) 600

49. About 50 items are required every day for a machine. A fixed cost of ` 50 per order is incurred for placing an order. The inventory carrying cost per item amounts to Re. 0.02 per day. The lead period is 32 days. Compute reorder level.

- a) 1,200 items
- b) 1,400 items
- c) 1,600 items
- d) 1,800 items

50. The standard time required per unit of a product is 20 minutes. In a day of 8 working hours a worker gave an output of 30 units. If he gets a time rate of ` 20/hr., his total earnings under Halsey bonus scheme was:

- a) ` 200
- b) ` 192
- c) ` 180
- d) ` 16

51. A material loss during production or storage due to evaporation or shrinkage is called:

- a) Scrap
- b) Waste
- c) Spoilage
- d) Material loss

52. 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

53. Bin card is_____

- a) A continuous record of stock stored
- b) A Statement of issue of material
- c) A statement of delivery of materials
- d) A inspection note

54. Material control includes_____

- a) Inventory control
- b) Control over labour
- c) Control over overheads
- d) None of the above

55. 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

56. Interest on own capital is a:

- a) Cash cost
- b) Notional cost
- c) Sunk cost
- d) Part of prime cost

57. Objectives of research and development costs include:

- a) Maintaining present competitive position
- b) Improving enterprise 's competitive position
- c) Exploring new market/products
- d) All of the above

58. _____ is most likely to a fixed cost.

- a) Cost of material used in production
- b) Assembly Labour cost
- c) Commission
- d) Rent

59. Secondary packing expenses are:

- a) Part of prime cost
- b) Part of production overheads
- c) Part of distribution overheads
- d) Written-off to costing profit and loss account

60. Time booking is essential for

- a) Costing purpose
- b) Record purpose
- c) Controlling purpose
- d) None of the above

61. The methods of treating cost of small tools in cost accounts include

- a) Charging to expense
- b) Charging to stores
- c) Capitalizing in a small tools account
- d) All of the above

62. Notional cost is known as _____

- a) Imputed cost
- b) Variable cost
- c) Opportunity cost
- d) Out of pocket cost

63. Casual workers are employed when_____.

- a) Workers are absent
- b) Accident take place
- c) There machine breakdown
- d) None of the above

64. According to Rowan premium plan, which of the following formula is used to calculate the bonus rate?

- a) $(\text{Time saved}/\text{time allowed}) \times 100$
- b) $(\text{Time allowed}/\text{time saved}) \times 100$
- c) $(\text{Actual time taken}/\text{time allowed}) \times 100$
- d) $(\text{Time allowed}/\text{actual time taken}) \times 100$

65. Dock charges are _____

- a) Direct Cost
- b) Indirect cost
- c) Urgent cost
- d) Production cost

66. Stock of WIP is adjusted to _____

- a) Office overheads
- b) Factory overheads
- c) Selling overheads
- d) Direct material

67. Analysis of selling and distribution overheads is done by:

- a) Nature of expenses and functions
- b) Areas, products and salesmen
- c) Types of customers and channels of distribution
- d) All of the above

68. Cost which is identified easily is called as _____.

- a) Indirect cost
- b) Direct cost
- c) Manufacturing Cost
- d) Fixed Cost

69. Depreciation is a:

- a) Measure of consumption of assets
- b) Process of allocation and not of valuation
- c) Wear and tear due to use and/or lapse of time
- d) All of the above

70. Which of the following does not influence the useful life of an asset?

- a) Expected physical wear and tear
- b) Cost of the asset
- c) Obsolescence
- d) Legal or other limits on the use of the asset

71. For computing depreciation of an asset, the factors that are taken into consideration include the following except:

- a) Historical cost
- b) Expected useful life
- c) Insurance premium
- d) Estimated residual value

72. _____ is not a function of cost accounting.

- a) Cost ascertainment
- b) External reporting
- c) Decision making
- d) Planning & Controlling

73. ABC analysis is _____

- a) Analysis of A, B and C types of material
- b) Stock verification method
- c) A technique of selective control
- d) A method of accounting

74. The cost which is associated with order of material is called as _____.

- a) Quality cost
- b) Labour cost
- c) Ordering cost
- d) Carrying cost

75. Which of the following is not included in the objectives of maintenance of plant and machinery?

- a) Reducing idle time
- b) Reducing breakdown
- c) Maintaining efficiency
- d) Increasing life

76. Regular maintenance expenses are :

- a) Capitalized
- b) Part of manufacturing overheads
- c) Written-off to costing profit and loss account
- d) Part of prime cost

77. Obsolescence is the measure of the loss of value of an asset due to :

- a) Technological innovation
- b) Changes in market conditions
- c) Both (a) and (b) above
- d) None of the above

78. Which of the following is not a production cause of idle capacity?

- a) Set-up and change-over time
- b) Lack of supervision and instruction

- c) Lack of materials and tools
- d) Strike

79. Functionally, administration expenses may comprise expenses of the following activities:

- a) Secretarial and board of directors
- b) Accounting, financing, tax and legal
- c) Audit and personnel
- d) All of these

80. Administrative overheads are recovered as a percentage of

- a) Direct material
- b) Prime cost
- c) Works cost
- d) None of the above

81. Which of the following is not used as a base for apportionment of administration overheads?

- a) Direct wages
- b) Works cost
- c) Conversion cost
- d) Sales value

82. In accounting for labour cost:

- a) Direct labour cost and indirect labour cost are charged to prime cost
- b) Direct labour cost and indirect labour cost are charged to overheads
- c) Direct labour cost is charged to prime cost and indirect labour cost is charged to overheads
- d) All of the above

83. Productive causes of idle time include the following except :

- a) Power failure
- b) Fall in demand
- c) Machine breakdown
- d) Waiting for materials, tools, instructions, etc.

84. The treatment of idle time in cost includes the following:

- a) Cost of normal and controllable idle time is charged to factory overheads
- b) Cost of normal but uncontrollable idle time is treated as prime cost
- c) Cost of abnormal and uncontrollable idle time is charged to costing profit and loss account
- d) All of the above

85. Overtime premium may be treated, depending on the circumstances, as:

- a) Part of direct wages
- b) Part of production overheads
- c) Part of capital order
- d) All of the above

86. Depreciation on machine is apportioned on the basis of _____

- a) Machine cost
- b) Machine hours
- c) Labour hours
- d) Labour cost

87. Fringe benefits are those for which efforts of the workers are not necessary and may include the following except:

- a) Holiday pay
- b) Attendance bonus
- c) Production bonus
- d) Employer's contribution to P.F.

88. Avoidable causes of labour turnover include the following except:

- a) Redundancy
- b) Low wages
- c) Bad working conditions
- d) Marriage

89. The unavoidable causes of labour turnover include the following except:

- a) Personal betterment
- b) Dissatisfaction with the job
- c) Illness
- d) Retirement

90. Labour turnover can be measured by the following methods except:

- a) Attrition method
- b) Separation method
- c) Replacement method
- d) Flux method

91. The objective of time keeping is of

- a) Preparation of payroll
- b) Compliance with statutory requirements
- c) Fixation of wage rates
- d) All of the above

92. Which of the following is not a cost implication of labour turnover?

- a) Training
- b) Recruiting
- c) Ageing labour force
- d) Damage of machine

93. Preventive costs of labour turnover include the following except:

- a) Cost of recruitment and training
- b) Medical services
- c) Welfare
- d) Gratuity and pension

94. Replacement costs of labour turnover include the following except :

- a) Loss of output
- b) Cost of personnel administration
- c) Cost of tool and machine breakage
- d) Cost of scrap and defective work

95. Cost of labour turnover may be treated as :

- a) Direct wages
- b) Prime cost
- c) Overhead
- d) None of the above

96. The methods of time booking include

- a) Daily timesheet
- b) Time clock
- c) Attendance register
- d) None of the above

97. The card which shows time spent by a worker on every order or job is_____

- a) Job card
- b) Job Ticker
- c) Salary slip
- d) Both (a) & (b)

98. Payroll accounting is concerned with_____

- a) Computation of wages
- b) Appointment of workers
- c) Termination of workers
- d) All of the above

99. Which of the following techniques is not meant for labour cost control?

- a) Budgetary control
- b) Standard costing
- c) ABC analysis
- d) Ratio analysis

100. Deduction allowed as per payment of wages Act include_____

- a) House rent
- b) Income tax
- c) P.F. Deductions
- d) All of the above

101. Cost of production is equal to

- a) Prime costs+ other manufacturing costs.
- b) Production costs + Administration expenses.
- c) Prime costs + Manufacturing costs + Opening W.I.P – Closing W.I.P.
- d) None of the above.

102. The cost of goods sold is equal to

- a) Total Purchases - Total Sales.
- b) Opening stock + Total Purchase.
- c) Opening stock - Total Purchases + Closing Stock + Direct Costs.
- d) Opening stock + Total Purchases – Closing Stock + Direct Costs.

103. Cost of welfare services is a

- a) Preventive cost
- b) Replacement cost
- c) High cost
- d) None of the above

104. Which of the following is NOT a reason for carrying inventory?

- a) To maintain independence of operations
- b) To take advantage of economic purchase-order size
- c) To make the system less productive
- d) To meet variation in product dem

105. Replacement cost is associated with

- a) Replacement of labour
- b) Appointment of labour
- c) Termination of labour
- d) All of the above

106. Inventory of ₹ 96,000 was purchased during the year. The cost of goods sold was ₹ 90,000 and the ending inventory was ₹ 18,000. What was the inventory turnover ratio for the year?

- a) 5.0 times
- b) 5.3 times
- c) 6.0 times
- d) 6.4 times

107. Labour Turnover leads to _____

- a) High cost
- b) Low cost
- c) Low productivity
- d) a & b only

108. The factors to be taken into consideration in formulating incentive schemes include:

- a) Quantity and quality of output
- b) Incidence of overhead, and effect upon workers
- c) Simplicity and legal provisions
- d) All of the above

109. Piece workers are paid wages on _____

- a) Piece rate basis
- b) time rate basis
- c) time saved basis
- d) none of the above

110. Payroll shows _____

- a) Gross wages
- b) Deductions
- c) Net wages
- d) All of the above

111. If time allowed for a job is 10 hours, time taken for the job is 8 hours and rate of pay is ` 2 per hour, the bonus to the worker is :

- a) ` 1.20
- b) ` 2.00
- c) ` 3.20
- d) None of the above

112. Group bonus schemes are generally suitable where:

- a) Output depends on individual efforts
- b) Output of individual workers can be measured easily
- c) It is necessary to create a collective interest in the work
- d) Normal loss rate is high

113. Non-monetary incentives may include the following except:

- a) Health and safety
- b) Housing facilities
- c) Education and training
- d) Dearness allowance

114. The purposes served by preparation of payroll or wages sheet include:

- a) Spreading the volume of work to be done
- b) Computation of labour rate for each department
- c) Comparing actual wages with budgeted wages for control
- d) All of the above

115. The authorized heads of deduction from wages payable include the following except:

- a) Car allowance
- b) Income tax
- c) Provident fund
- d) Employees 'state insurance

116. The difference between hours paid and hours worked is called____

- a) Idle time
- b) Standard time

- c) Normal time
- d) Time saved

117. Labour turnover can be reduced by

- a) Exit interview
- b) Better facilities
- c) Better pay
- d) All of the above

118. Which of the following inventory valuation methods shows higher profits during the period of rising prices?

- a) FIFO method.
- b) LIFO method.
- c) Weighted average method.
- d) Simple average method.

119. A worker who does not work in the factory premises but works at his home is called as_____

- a) outworker
- b) contract
- c) temporary
- d) casual

120. The method required to improve productivity is _____

- a) Time rate
- b) Piece rate
- c) Rowan plan
- d) Halsey plan

121. Overhead expenses can be classified according to:

- a) Functions
- b) Elements
- c) Behavior
- d) All of the above

122. Which of the following is not included in functional classification of overheads?

- a) Repairs and maintenance
- b) Lubricating oil
- c) Consumable stores
- d) Chargeable expenses

123. Under Taylor's Differential Piece Rate Plan, efficient workers are paid

- a) 100% of normal rate
- b) 120% of normal rate
- c) 150% of normal rate
- d) None of the above

124. The method of remuneration to give stability of labour cost of the employers is

- a) Measured day work
- b) Premium bonus
- c) Straight piecework
- d) All of the above

125. Overtime is paid to worker for extra time worked then _____
working hours specified

- a) Normal
- b) Extra
- c) Additional
- d) Idle

126. Example of semi-variable items include the following except:

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

127. Direct Labor is an element of:

- a) Prime cost
- b) Conversion cost
- c) Total production cost
- d) All of the given options

128. Which of the following is not a production department?

- a) Power department
- b) Machining department
- c) Refining department
- d) Finishing department

129. The method which does not differentiate between efficient and inefficient worker is

- a) Time rate method
- b) Piece rate method
- c) Halsey plan
- d) None of the above

130. Idle time may be caused due to _____

- a) Power failure
- b) Machine breakdown
- c) Waiting for work
- d) a & b only

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

- a) Depreciation of equipment used in the research department
- b) Salary of quality control inspector
- c) Overtime premium paid to direct labour
- d) Machine maintenance labour cost

132. Which of the following bases would be most appropriate to apportion the cost of electric power to factory departments?

- a) Number of outlet points
- b) Amount metered out
- c) Cubic capacity of premises
- d) Kilowatt capacity of machines in department

133. Tea and lunch break is _____

- a) Normal ideal time
- b) Abnormal ideal time
- c) Overtime
- d) none of the above

134. The process of cost apportionment is carried out so that:

- a) Costs may be controlled
- b) Cost units gather overheads as they pass through cost centres
- c) Whole items of cost can be charged to cost centres
- d) Common costs are shared among cost centres

135. An overhead absorption rate is used to:

- a) Share out common costs over benefiting cost centers
- b) Find the total overheads for a cost centre
- c) Charge overheads to products
- d) Control overheads

136. Travelling time from one job to another job is _____

- a) Normal ideal time
- b) Abnormal ideal time
- c) Overtime
- d) none of the above

137. Efficiency of workers is measured on the basis of

- a) Time taken
- b) Standard time
- c) Time allowed
- d) Normal time

138. Overtime premium paid due to negligence of a worker is charged to the concerned _____

- a) Worker
- b) Department
- c) Overheads
- d) All of the above

139. Idle time is

- a) Paid by the employer
- b) Time wasted by the workers
- c) Not paid by the employer
- d) All of the above

140 Wages is normal idle time should be charged

- a) Factory overheads
- b) Selling overheads
- c) Office overheads
- d) Distribution overheads

141. Annual requirement is 7800 units; consumption per week is 150 units. Unit price ` 5, order cost `10 per order. Carrying cost ` 1 per unit and lead time is 3 week, The Economic order quantity would be.

- a) 395 units
- b) 300 units
- c) 250 units
- d) 150 units

142. Charging overheads to individual unit is known as _____

- a) allocation
- b) apportionment
- c) absorption
- d) collection

143. Alpha company purchased a machine worth Rs 200,000 in the last year. Now that machine can be use in a new project which company has received this year. Now the cost of that machine is to be called:

- a) Project cost
- b) Sunk cost
- c) Opportunity cost
- d) Relevant cost

144. Machine setting time is

- a) Normal idle time
- b) Abnormal idle time
- c) Overtime
- d) None of the above

145. Which of the following is/are not associated with ordering costs?

- a) Interest
- b) Insurance
- c) Opportunity costs
- d) All of the given options

146. Under perpetual Inventory system at the end of the year:

- a) No closing entry passed
- b) Closing entry passed
- c) Closing value find through closing entry only
- d) None of the above.

147. The process of arranging items into groups according to their degree of similarity is called _____

- a) Classification
- b) analysis
- c) Identification
- d) Ascertainment

148. The short run is a time period in which:

- a) All resources are fixed.
- b) The level of output is fixed.
- c) The size of the production plant is variable.
- d) Some resources are fixed and others are variable

149. Opportunity cost is the best example of:

- a) Sunk Cost
- b) Standard Cost
- c) Relevant Cost
- d) Irrelevant Cost

150. The components of factory overhead are as follows:

- a) Direct material + indirect material + direct expenses
- b) Indirect material + Indirect labor + others indirect cost
- c) Direct material + indirect expenses + indirect labor
- d) Direct labor + indirect labor + indirect expenses

151. The term Maximum level represents:

- a) The maximum stock level indicates the maximum quantity of an item of material which can be held in stock at any time.
- b) The maximum stock level indicates the maximum quantity of an item of material which cannot be held in stock at any time.
- c) The average stock level indicates the maximum quantity of an item of material which can be held in stock at any time.
- d) The available stock level indicates the maximum quantity of an item of material which can be held in stock at any time.

152. The cost directly attributable to a department is called as _____

- a) Allotment
- b) Allocation
- c) Recovery
- d) Charging

153. A firm Uses its own capital or uses its owner's time and/or financial resources both are examples of _____

- a) Implicit Cost
- b) Explicit Cost
- c) Sunk Cost
- d) Relevant Cost

154. If Direct Material = 12,000; Direct Labor = 8000 and other Direct Cost = 2000 then what will be the Prime Cost?

- a) 12000
- b) 14000
- c) 20000
- d) 22000

155. Wage, Rent & Materials are examples of:

- a) Implicit Cost
- b) Explicit Cost
- c) Direct Cost
- d) Manufacturing Cost

156. Total of indirect material, indirect labour and indirect expenses is called as _____

- a) indirect overheads
- b) overheads cost
- c) works overheads
- d) Chargeable cost

157. Research cost should be treated as _____

- a) Production overheads
- b) Period cost

- c) Variable cost
- d) none of the above

158. Generally, the danger level of stock is fixed the minimum level

- a) Below
- b) Above
- c) Equal
- d) Danger level has no relation to minimum level

159. Which of the following is / are time-based incentive wage plan?

- a) Hasley Premium Plan
- b) Hasley Weir Premium Plan
- c) Rowan Premium Plan
- d) All of the given options

160. Salary of works manager is a _____

- a) Office overheads
- b) Factory overheads
- c) Selling overheads
- d) All of the above

161. Insurance is a _____

- a) Fixed overheads
- b) Variable overheads
- c) Semi-variable overheads
- d) None of the above

162. Sales are ` 450,000. Beginning finished goods were ` 23,000.

Ending finished goods are ` 30,000. The cost of goods sold is ` 300,000.

What is the cost of goods manufactured?

- a) ` 323,000
- b) ` 330,000
- c) ` 293,000
- d) None of the given options

163. When overheads recovered in costing are less than actual overheads incurred it is called _____

- a) under absorption
- b) over absorption
- c) recovery
- d) none of the above

164. When prices are rising over time, which of the following inventory costing methods will result in the lowest gross margin/profits?

- a) FIFO
- b) LIFO
- c) Weighted Average
- d) Cannot be determined

165. The main difference between the profit center and investment center is:

- a) Decision making
- b) Revenue generation
- c) Cost incurrence
- d) Investment

166. The Inventory Turnover ratio is 5 times and numbers of days in a year is 365. Inventory holding period in days would be

- a) 100 days
- b) 73 days

- c) 50 days
- d) 10 days

167. When overheads recovered in costing are more than actual overheads incurred it is called _____

- a) under absorption
- b) over absorption
- c) recovery
- d) none of the above

168. The flux method of labor turnover denotes:

- a) Workers appointed against the vacancy caused due to discharge or quitting of the organization
- b) Workers appointed in replacement of existing employees
- c) Workers employed under the expansion schemes of the company
- d) The total change in the composition of labor force

169. The process of charging the traceable overheads to cost centre is called as

- a) Overheads allocation
- b) Overheads charging
- c) Overheads allotment
- d) None of the above

170. Cost of Goods Manufactured can be calculated as follow

- a) Total factory Cost Add Opening Work in process inventory Less Closing Work in process inventory
- b) Total factory Cost Less Opening Work in process inventory Add Closing Work in process inventory

- c) Total factory Cost Less Opening Work in process inventory Less Closing Work in process inventory
- d) Total factory Cost Add Opening Work in process inventory Add Closing Work in process inventory

171. _____ is the time worked over and above the employee's basic working week.

- a) Flex time
- b) Overtime
- c) Shift allowance
- d) Commission

172. In furniture manufacturing use of nail, pins, glue, and polish which use to increase its esteem value that cost is treated as:

- a) Direct material cost
- b) Indirect material cost
- c) FOH cost
- d) Prime cost

173. If labor is satisfied with high wages, it may ultimately lead to:

- a) Increased production and productivity
- b) Increased efficiency
- c) Reduced labor and overhead costs
- d) All of the given options

174. Which of the following is a mechanical device to record the exact time of the workers?

- a) Clock Card
- b) Store Card

- c) Token System
- d) Attendance Register

175. Which of the following is / are element / s of production payroll?

- a) Direct labor force wages
- b) administrative wages
- c) Selling wages
- d) All of the given options

176. Cost of rectification is a _____

- a) Factory overheads
- b) office overheads
- c) selling overheads
- d) direct cost

177. Which of the following is NOT an assumption of the basic economic-order quantity model?

- a) Annual demand is known
- b) Ordering cost is known
- c) Carrying cost is known
- d) Quantity discounts are available

178. In order to ensure efficient functioning of the stores department and steady flow of materials to the production departments, the restocking of stores is duty of:

- a) Managers
- b) Storekeeper
- c) Production In charge
- d) Sales supervisor

179. In cost Accounting, abnormal loss is charged to:

- a) Factory overhead control account
- b) Work in process account
- c) Income Statement
- d) Entire production

180. A high inventory turnover may indicate:

- a) An efficient use of the investment in inventory
- b) A high risk of stock-outs
- c) Stock position of store room
- d) All of the given options

181. Which of the following cost is used in the calculation of cost per unit?

- a) Total production cost
- b) Cost of goods available for sales
- c) Cost of goods manufactured
- d) Cost of goods Sold

182. If, $\text{COGS} = ₹ 50,000$ Gross Profit Margin = 25% of sales what will be the value of Sales?

- a) ₹ 200,000
- b) ₹ 66,667
- c) ₹ 62,500
- d) None of the given options

183. When a manufacturing Company has highly automated manufacturing plant producing many different products, the most appropriate basis for applying FOH cost to work in process is:

- a) Direct labor hours
- b) Direct labor costs
- c) Machine hours
- d) Cost of material used

184. All of the following are cases of labor turnover EXCEPT:

- a) Workers appointed against the vacancy caused due to discharge or quitting of the organization
- b) Workers employed under the expansion schemes of the company
- c) The total change in the composition of labor force
- d) Workers retrenched

185. The Term Minimum Level Represents.

- a) The quantity below which the stock of any item should not be allowed to fall
- b) The quantity below which the stock of any item should be allowed to fall
- c) The estimated time period in number of days or in weeks or in months.
- d) The Lead time period in number of days or in weeks or in months.

186. Which of the following would be considered a major aim of a job order costing system?

- a) To determine the costs of producing each job or lot
- b) To compute the cost per unit
- c) To include separate records for each job to track the costs
- d) All of the given option.

187. The Economic order quantity can be calculated by

- a) Formula Method
- b) Table Method
- c) Graph Method
- d) All of the given

188. A factory required 1,000 units per year. The cost of placing an order is '60 each and carrying cost is '3p.a. the EOQ is _____

- a) 200
- b) 150
- c) 600
- d) 450

189. Which of the following is likely to be classified as a direct material cost of a motor car wheel?

- a) The metal used to manufacture it.
- b) The metal used to manufacture one of the tools used in the car wheel factory.
- c) The cost of operating the raw material stores in the factory.
- d) The cost of the quality operation on the finished car wheels.

190. Purchase requisition is _____

- a) an order for supply of material
- b) a requirement of material
- c) a request to return the material
- d) purchase return

191. Purchase order is _____

- a) sent by the purchase officer to supplier
- b) a request to return the material

- c) a request to inspect the material
- d) acknowledgement of goods

192. Material Inspection Note is

- a) prepared and forwarded to the Stores Department
- b) signed by the store keeper
- c) signed by the supplier
- d) signed by production manager

193. Which of the following ratios expressed that how many times the inventory is turning over towards the cost of goods sold?

- a) Net profit ratio
- b) Gross profit ratio
- c) Inventory turnover ratio
- d) Inventory holding period

194. Store keeping expenses are allocated on the basis

- a) Number of material requisitions
- b) Direct labour hours
- c) Area
- d) None of the above

195. Assigning code numbers to a group of overheads is called as

- a) Codification
- b) Classification
- c) Analysis
- d) None of the above

196. Insurance is apportioned on machines on the basis of

- a) Insurance value of each machine
- b) Invoice price of each machine
- c) Cost of machine
- d) Area

197. Machine expenses are

- a) Depreciation on machine
- b) Rent of premises
- c) Salary of supervisors
- d) All of the above

198. Employees Welfare expenses are allocated on the basis of _____

- a) number of employees
- b) labour hours
- c) machine hours
- d) prime cost

199. Over valuation of closing stock in cost accounts

- a) Increases costing profit
- b) Decreases costing profit
- c) Increases financial profit
- d) Degrees is financial profit

200. _____ is the portion of total cost which cannot be identified and direct to the production cost.

- a) Indirect cost
- b) Direct cost
- c) fixed cost
- d) variable cost

201. Gold in jewellery is the example of _____

- a) Basic Raw Material
- b) Raw material
- c) Semi-finished goods
- d) finished goods

202. After receiving material inspection note, the receiving official will prepare _____

- a) Material Requisition
- b) Goods Received Note
- c) Receipt of Material
- d) None of these

203. Holiday pay is apportioned on the basis of _____

- a) No. of workers
- b) Direct wages
- c) No. of workers and direct wages
- d) None of these

204. _____ is not included in the administrative cost.

- a) Salaries of office staff
- b) Telephone charges
- c) Office expenses
- d) Salaries of foremen

205. Production manager is an example of _____

- a) Production cost centre
- b) Personal cost centre
- c) Impersonal cost centre
- d) Service cost centre

206. Prime cost is ₹ 10,00,00 works overheads is ₹ 6,63,400. Factory cost is

- a) ₹ 16,63,400
- b) ₹ 14,50,000
- c) ₹ 12,40,000
- d) ₹ 10, 25,000

207. Drawing office salaries is a

- a) Factory overheads
- b) Office overheads
- c) Selling overheads
- d) Distribution overheads

208. A disadvantage of an hourly wage plan is that it:

- a) Provides no incentive for employees to achieve and maintain a high level of production.
- b) Is hardly ever used and is difficult to apply.
- c) Establishes a definite rate per hour for each employee.
- d) Encourages employees to sacrifice quality in order to maximize earnings.

209. The cost expended in the past that cannot be retrieved on product or service

- a) Relevant Cost
- b) Sunk Cost
- c) Product Cost
- d) Irrelevant Cost

210. under Time Rate System, the wages is equal to _____

- a) Labour hours X Labour hour rate
- b) Piece completed X piece rate
- c) Actual output X Actual productive hours
- d) none of these

211. The main purpose of cost accounting is to:

- a) Maximize profits.
- b) Help in inventory valuation
- c) Provide information to management for decision making
- d) Aid in the fixation of selling price

212. Warehouse expenses is an example of _____

- a) Production overheads
- b) selling overheads
- c) Distribution overhead
- d) none of the above

213. _____ method assumes that the goods received most recently in the stores or produced recently are the first ones to be delivered to the requisitioning department.

- a) FIFO
- b) Weighted average method
- c) Most recent price method
- d) LIFO

214. Fixed cost per unit decreases when:

- a) Production volume increases.
- b) Production volume decreases.
- c) Variable cost per unit decreases.
- d) Variable cost per unit increases.

215. Prime cost + Factory overhead cost is:

- a) Conversion cost.
- b) Production cost.
- c) Total cost.
- d) None of given option.

216. Find the value of purchases if Raw material consumed ` 90,000; Opening and closing stock of raw material is ` 50,000 and 30,000 respectively.

- a) ` 10,000
- b) ` 20,000
- c) ` 70,000
- d) ` 1,60,000

217. If Cost of goods sold = ` 40,000; Gross Profit Margin = 20% of sales Calculate the Gross profit margin.

- a) ` 32,000
- b) ` 48,000
- c) ` 8,000
- d) ` 10,000

218. Factory overheads are recovered as a:

- a) % of direct wages
- b) % of cost of production
- c) % after sales
- d) % of direct labour

219. Machine hour rate is followed when

- a) Most of the work is done by machine
- b) Most of the work is done by labour
- c) One operator uses several machines
- d) None of the above

220. Labour hour rate is followed when most of the work is done by

- a) Labour
- b) Machines
- c) Different groups of machines
- d) None of the above

221. Remuneration based on piece work is not suitable when:

- (1) The amount of output cannot be accurately measured.
 - (2) The nature of work is repetitive.
 - (3) The quantity of work is more important than quality.
- a) (1) only
 - b) (3) only
 - c) (1) and (3)
 - d) (2) and (3)

222. The distinction between direct and indirect labour helps to:

- a) Measure efficiency of performance
- b) Determine product cost more accurately
- c) Ensure better cost analysis for decisions and control
- d) All of the above

223. Which would be an implicit cost for a firm? The cost:

- a) Of worker wages and salaries for the firm.
- b) Paid for leasing a building for the firm.
- c) Paid for production supplies for the firm.
- d) Of wages foregone by the owner of the firm.

224. The difference between gate time and time booked for jobs in respect of a worker is due to the following reasons except:

- a) Change-over time
- b) Illness
- c) Waiting for materials, instructions, etc.
- d) Breakdown of machine

225. Time spent to overcome fatigue is _____

- a) Normal Idle Time
- b) Abnormal Idle Time
- c) Overtime
- d) none of the above

226. Waiting for tools is

- a) Normal Idle Time
- b) Abnormal Idle Time
- c) Overtime
- d) All of the above

227. Strike and lockout is _____

- a) Normal Idle Time
- b) Abnormal Idle Time
- c) Overtime
- d) none of the above

228. Interest on Bank Deposit is _____

- a) Credited in costing P & L A/c
- b) Credited in financial P & L A/c
- c) Debited costing P & L A/c
- d) Debited in financial P & L A/c

229. Indirect costs cannot be identified with a particular cost centre are shared between cost centre using _____

- a) a method of apportionment
- b) a method of allocation
- c) a recovery rate
- d) none of the above

230. The method of apportionment suitable for allocating rent of building between cost centre _____

- a) number of employees
- b) machine hours
- c) KWH
- d) floor area

231. The allotment of whole items of cost to cost unit is called _____

- a) cost allocation
- b) cost apportionment
- c) cost classification
- d) overhead absorption

232. selling and distribution overheads are absorbed on the basis of

-
- a) rate per unit
 - b) percentage on works cost
 - c) percentage of selling price
 - d) any of these

233. Electricity charges are allocated on the basis of

- a) Number of light points
- b) Cost of machines
- c) Labour hours
- d) Factory cost

234. The process of redistribution of overheads of support department to production department is called as:

- a) Secondary distribution
- b) Primary distribution
- c) Repeat distribution
- d) None of the above

235. The standard time required per unit of a product is 20 minutes. In a day of 8 working hours a worker gives an output of 30 units. If he gets a time rate of ₹ 20 per hour his total earning under Halsey bonus scheme is

- a) ₹ 180
- b) ₹ 192
- c) ₹ 160
- d) ₹ 200

236. Under halsey premium plan,_____ % of time saved is shared by employer

- a) 50
- b) 75
- c) 110
- d) 115

237. Pay slip is prepared for:

- a) Individual worker
- b) All the workers
- c) Departmental workers
- d) Temporary workers

238. Issue of material during the period is pricing at the latest purchase cost under:

- a) LIFO
- b) FIFO
- c) Weighted average
- d) Simple average

239. Stores department maintains a record in which a separate folio is maintained for each item.

- a) Stores ledger
- b) Bin card
- c) Stock register
- d) Bill of materials

240. A firm requires 16,000 units per year. It purchases at ₹ 60 each. The cost of placing an order is ₹ 120 and annual carrying cost is 10% of the cost. To get maximum benefits, the firm should place an order for _____ at a time.

- a) 800 units
- b) 1,000 units
- c) 400 units
- d) 1, 200 units

241. Average annual consumption of a material is 20,000 kgs at a price of ₹ 2 per kg. The holding cost is 16% and ordering cost is ₹ 50. How much should be EOQ?

- a) 2,500 kgs
- b) 3,000 kgs
- c) 2,000 kgs
- d) 1,000 kgs

242. Sales commissions are classified as

- a) Prime costs
- b) Period costs
- c) Product costs
- d) Indirect labour

243. Interest on investment increases_____

- a) financial profit
- b) costing profit
- c) assets
- d) none of the above

244. Loss on sale of capital assets is _____

- a) added to financial profit
- b) added to costing profit
- c) Ignored from cost a/c
- d) none of the above

245. If there has been an over recovery of overheads, at the end of the accounting period the amount concerned should be?

- a) Debited to the company profit and loss account.
- b) Credited to the company profit and loss account.
- c) Carried forward to the next accounting period as a cost saving.
- d) Used to reduce next period's overhead recovery rate.

246. A variable cost is?

- a) One which varies in proportion to the level of fixed cost incurred.
- b) One which tends to vary with the level of activity.
- c) One which changes over time.
- d) One which cannot be estimated with any great degree of accuracy.

247. Premium on issue of shares is _____

- a) Shown in costing P & L A/c
- b) Shown in financial P & L A/c
- c) Ignored
- d) none of the above

248. Notional rent is taken in _____

- a) Cost A/c
- b) Financial A/c
- c) Balance sheet
- d) Ignored

249. Excess of overheads in costing as compared to profit and loss A/c is

- a) Over absorption of overheads
- b) Under absorption of overheads
- c) Both a & b
- d) None of the above

250. Dividend paid on share capital

- a) Debited to costing P and L account
- b) Credited to costing P and L account
- c) Debited to financial P and L account
- d) Credited financial P and L account