



Dr.G.R.Damodaran College of Science

(Autonomous, affiliated to the Bharathiar University, recognized by the UGC)Re-
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III BCOM[2015-2018]
SEMESTER V
CORE:COST ACCOUNTING -502C
Multiple Choice Questions.

1. Basic objective of cost accounting is _____.
A. tax compliance.
B. financial audit.
C. cost ascertainment
D. profit analysis.
ANSWER: C
2. Direct cost incurred can be identified with _____.
A. each department.
B. each unit of output.
C. each month.
D. each executive.
ANSWER: B
3. Overhead cost is the total of _____.
A. all indirect costs.
B. all direct costs.
C. indirect and direct costs.
D. all specific costs.
ANSWER: A
4. Operating costing is suitable for _____.
A. job order business.
B. contractors.
C. sugar industries.
D. service industries.
ANSWER: D
5. Process costing is suitable for _____.
A. hospitals.
B. oil reefing firms.
C. transport firms.
D. brick laying firms.
ANSWER: B
6. Costing refers to the techniques and processes of _____.
A. ascertainment of costs.

- B. allocation of costs.
- C. apportion of costs.
- D. distribution of costs.

ANSWER: A

7. Cost accounting was developed because of the ____.

- A. limitations of the financial accounting.
- B. limitations of the management accounting.
- C. limitations of the human resource accounting.
- D. limitations of the double entry accounting.

ANSWER: A

8. _____ is refers to the verification of cost accounts and check on the adherence to the cost accounting plan

- A. Cost Audit
- B. Costcentre
- C. Costunit
- D. Costprofit

ANSWER: A

9. Wages paid to a labour who was engaged in production activities can be termed as _____.

- A. direct cost.
- B. indirect cost.
- C. sunk cost.
- D. imputed cost.

ANSWER: A

10. The cost which is to be incurred even when a business unit is closed is a _____.

- A. imputed cost.
- B. historical cost.
- C. sunk cost.
- D. shutdown cost.

ANSWER: D

11. Elements of costs are _____.

- A. three types.
- B. four types.
- C. five types.
- D. seven types.

ANSWER: A

12. Direct expenses are also called _____.

- A. major expenses.
- B. chargeable expenses.
- C. overhead expenses.
- D. sundry expenses.

ANSWER: B

13. Indirect material used in production is classified as _____.

- A. office overhead.
- B. selling overhead.

- C. distribution overhead.
- D. production overhead.

ANSWER: D

14. Which one of the following is not considered for preparation of cost sheet?

- A. Factory cost.
- B. Goodwill written off.
- C. Labour cost.
- D. Selling cost.

ANSWER: B

15. Sale of defectives is reduced from _____.

- A. prime cost.
- B. works cost.
- C. cost of production.
- D. cost of sales.

ANSWER: C

16. Tender is an _____.

- A. estimation of profit.
- B. estimation of cost.
- C. estimation of selling price.
- D. estimation of units.

ANSWER: C

17. Cost of sales plus profit is _____.

- A. selling price.
- B. value of finished product.
- C. value of goods produced.
- D. value of stocks.

ANSWER: A

18. Prime cost includes _____.

- A. direct materials, direct wages and indirect expenses.
- B. indirect materials and indirect labour and indirect expenses.
- C. direct materials, direct wages and direct expenses.
- D. direct materials, indirect wages and indirect expenses.

ANSWER: C

19. Depreciation of plant and machinery is a part of _____.

- A. factory overhead.
- B. selling overhead.
- C. distribution overhead.
- D. administration overhead.

ANSWER: A

20. Factory overhead can be charged on the basis of _____.

- A. material cost.
- B. labour cost.
- C. prime cost.
- D. direct expenses.

ANSWER: A

21. Office and administrative expenses can be charged on the basis of _____.

- A. material cost.
- B. labour cost.
- C. prime cost.
- D. factory cost.

ANSWER: C

22. One of the most important tools in cost planning is _____.

- A. direct cost.
- B. budget.
- C. cost sheet.
- D. marginal costing.

ANSWER: C

23. Job costing used in _____.

- A. paper mills.
- B. chemical works
- C. printing works.
- D. textile mill.

ANSWER: C

24. A document which provides for the detailed cost centre and cost unit is _____.

- A. tender.
- B. cost sheet.
- C. invoice.
- D. profit statement.

ANSWER: B

25. Direct material is a _____.

- A. fixed cost.
- B. variable cost.
- C. semi variable cost.
- D. semi fixed cost.

ANSWER: B

26. Direct material is a _____.

- A. manufacturing cost.
- B. administrative cost.
- C. selling cost.
- D. distribution cost.

ANSWER: A

27. The most important element of cost in manufacturing industries is _____.

- A. material.
- B. labour.
- C. direct costs.
- D. indirect costs.

ANSWER: A

28. According to which method of pricing issues is close to current economic values?

- A. Last In First Out.
- B. First In First Out
- C. Highest In First Out.
- D. weighted average price.

ANSWER: A

29. Continuous stock taking is a part of _____.

- A. annual stock taking.
- B. perpetual inventory.
- C. ABC analysis.
- D. VED analysis.

ANSWER: B

30. Which of the following methods of stock control aims at concentrating efforts on selected items of material?

- A. Perpetual inventory system.
- B. Material turnover ratio.
- C. Level setting.
- D. ABC analysis.

ANSWER: D

31. Material control involves _____.

- A. consumption of material.
- B. issue of material.
- C. purchase of material.
- D. purchase, storage and issue of material.

ANSWER: D

32. Material requisition is meant for _____.

- A. purchase of material.
- B. supply of material from stores.
- C. sale of material.
- D. storage of material.

ANSWER: B

33. Stock control through stock levels and EOQ is called _____.

- A. demand and supply method.
- B. perpetual inventory system.
- C. control by important and exception
- D. automatic order method.

ANSWER: B

34. ABC analysis is _____.

- A. At Best Control.
- B. Always Better Control.
- C. Average better Control.
- D. All best control.

ANSWER: B

35. ----- is the value of economic resources used as a result of producing or doing the thing costed

- A. Cost.
- B. Inventory.
- C. Labour.
- D. overhead.

ANSWER: A

36. Perpetual inventory system involves _____.

- A. bincard and stores ledger.
- B. bill of material and material requisition.
- C. purchase requisition and purchase order.
- D. inward and outward invoices.

ANSWER: A

37. FIFO is _____.

- A. Fast Investment in Future Order.
- B. First In First Out.
- C. Fast In Fast Out
- D. Fast Issue Of Fast Order.

ANSWER: B

38. LIFO method of pricing of materials is more suitable when _____.

- A. material prices are rising.
- B. material prices are falling.
- C. material prices are constant.
- D. material prices are fluctuating.

ANSWER: A

39. Average method of pricing the material issues is useful when _____.

- A. material prices are rising.
- B. material prices are falling.
- C. material prices are constant.
- D. material prices are fluctuating.

ANSWER: D

40. Scrap is _____.

- A. residue of material.
- B. wastage of material.
- C. surplus material.
- D. abnormal loss of material.

ANSWER: A

41. Material is issued by store keeper against _____.

- A. material requisition.
- B. material order
- C. goods received note.
- D. purchase requisition.

ANSWER: A

42. EOQ stands for _____.

- A. Economic Order Quantity.
- B. Essential Order Quantity.

C. Economic Output Quantity.

D. Essential Output Quantity.

ANSWER: A

43. ----- is between maximum and minimum stock levels.

A. Reorder level.

B. normal level.

C. average level.

D. danger level.

ANSWER: A

44. G.R.N number refers to -----

A. goods received note number.

B. goods returned note number.

C. goods shortage note number.

D. goods requisition note number..

ANSWER: A

45. Bin card is maintained by _____.

A. costing department.

B. stores department.

C. finance department.

D. accounting department.

ANSWER: B

46. Labour turnover is _____.

A. productivity of labour.

B. efficiency of the labour

C. change in labour force.

D. total cost of the labour.

ANSWER: C

47. Idle time is _____.

A. time spent by workers in factory.

B. time spent by workers in office.

C. time spent by workers off their work.

D. time spent by workers on their job

ANSWER: C

48. In ----- the workers are paid on the basis of hourly daily, weekly rate.

A. time rate system.

B. piece rate system.

C. premium bonus system.

D. emerson efficiency plan.

ANSWER: A

49. Difference between attendance time and job time is _____.

A. job time.

B. over time

C. actual time.

D. idle time.

ANSWER: D

50. Piece workers are paid on the basis of _____.
- A. output sold.
 - B. output produced.
 - C. output in stock.
 - D. input received.

ANSWER: B

51. Time wages are paid on the basis of _____.
- A. actual time.
 - B. standard time.
 - C. time saved.
 - D. overtime.

ANSWER: A

52. Differential piece wages means _____.
- A. different wages for different level of performance.
 - B. different wages for different time consumed.
 - C. different wages for different level of output
 - D. different wages for different types of industries.

ANSWER: A

53. Those cost which is incurred to prevent the labour turnover _____.
- A. management cost.
 - B. replacement cost.
 - C. preventive cost.
 - D. compensation cost.

ANSWER: C

54. Normal idle time _____.
- A. can be avoided.
 - B. can be minimized.
 - C. cannot be avoided.
 - D. can be controlled.

ANSWER: C

55. An employee is eligible for getting overtime wage if he/she works for more than ____.
- A. 6 hrs a day.
 - B. 8 hrs a day.
 - C. 9 hrs a day.
 - D. 12 hrs a day.

ANSWER: C

56. Cost of idle time arising due to non availability of raw material is _____.
- A. charged to costing profit and loss account.
 - B. charged to financial profit and loss account.
 - C. charged to factory overhead.
 - D. recovered by inflating the wage rate

ANSWER: A

57. Wage sheet is prepared by _____.

- A. time keeping department.
- B. personnel department.
- C. payroll department.
- D. cost accounting department.

ANSWER: C

58. Time and motion study is conducted by _____.

- A. time keeping department.
- B. personnel department.
- C. payroll department.
- D. engineering department.

ANSWER: D

59. Under Gantt's task and bonus plan no bonus is payable to a worker if his efficiency is less than

- _____.
- A. 50%.
 - B. 60%.
 - C. 83.5%.
 - D. 100%.

ANSWER: D

60. When standard output is 10 units per hour and actual output is 12 units per hour, the efficiency is

- _____.
- A. 75%.
 - B. 80%.
 - C. 90%.
 - D. 120%.

ANSWER: D

61. Bonus under Halsey plan is paid _____.

- A. at 50% of time saved.
- B. at 75% of time saved.
- C. at 80% of time saved.
- D. at 90% of time saved.

ANSWER: A

62. Halsey premium plan is _____.

- A. individual incentive scheme.
- B. group incentive scheme.
- C. time and piece wage system.
- D. differential piece wage system.

ANSWER: A

63. Labour cost is the second element of _____.

- A. cost.
- B. profit.
- C. sales.
- D. task.

ANSWER: A

64. Number of methods available for calculation of Labour turnover is _____.

- A. two.
- B. three.
- C. four.
- D. five.

ANSWER: B

65. Merricks multiple piece rate system has _____.

- A. two rates.
- B. three rates.
- C. four rates.
- D. five rates.

ANSWER: B

66. Overhead is also known as _____.

- A. on cost.
- B. basic cost.
- C. extra cost.
- D. chargeable expenses.

ANSWER: A

67. Reorder level = _____.

- A. maximum level - minimum level.
- B. maximum consumption X maximum reorder period.
- C. minimum consumption x minimum reorder period.
- D. normal consumption X normal reorder period.

ANSWER: B

68. Overhead can be classified according to function-wise as _____.

- A. fixed o/h, variable o/h and semi-variable o/h.
- B. controllable o/h and uncontrollable o/h.
- C. manufacturing o/h, administration o/h and selling & distribution o/h.
- D. past cost and future cost.

ANSWER: C

69. Allotment of overhead incurred for a particular cost centre to that specific cost centre is _____.

- A. allocation.
- B. allotment.
- C. primary distribution.
- D. secondary distribution.

ANSWER: A

70. Cost accounting _____.

- A. like financial accounting is exact and precise.
- B. necessarily works on the basis of estimates and therefore has to be satisfied with reasonable accuracy.
- C. deals only with future costs and ignores historical cost.
- D. analyses historical cost.

ANSWER: B

71. The process of setting standards and comparing actual performance with standards with a view to control the cost is _____.

- A. cost reduction.
- B. cost control.
- C. cost allocation.
- D. cost ascertainment.

ANSWER: B

72. Under ABC method of material control, the material are classified according to ____.

- A. its value.
- B. its usage.
- C. its nature.
- D. its availability.

ANSWER: A

73. The loss which arises in manufacturing activity on account of inherent nature of the product is _____.

- A. normal loss.
- B. abnormal loss.
- C. net loss.
- D. gross loss.

ANSWER: A

74. In order to avoid the cost of overstocking _____.

- A. maximum stock level is maintained.
- B. minimum stock level is maintained.
- C. re-order level is maintained.
- D. average stock level is maintained.

ANSWER: A

75. This is a point at which the store keeper should initiate purchase requisition for fresh supply. It is _____.

- A. maximum stock level.
- B. minimum stock level
- C. reorder level.
- D. average stock level.

ANSWER: C

76. This is a level at which normal issue of material are stopped, but issued under special condition. It is _____.

- A. maximum stock level.
- B. minimum stock level.
- C. danger level.
- D. average stock level.

ANSWER: C

77. Annual usage is 6000 units @ Rs. 20 per unit. Cost of placing an order is Rs. 60 and annual carrying cost of one unit is 10% of inventory value. EOQ = _____.

- A. 600 units.
- B. 750 units.
- C. 1200 units.
- D. 1250 units.

ANSWER: A

78. The method in which issue prices of material is computed by dividing total purchase cost of material in stock with total quantity in stock _____.

- A. Simple average method.
- B. weighted average method.
- C. periodical average method.
- D. periodic simple average method.

ANSWER: B

79. Under which method the rate of wages are linked with the cost of living index?

- A. Flat time rate.
- B. High day rate.
- C. Measured day rate.
- D. Graduated time rate.

ANSWER: D

80. Under which plan efficiency is shared by employee and employer equally?

- A. Time rate.
- B. Gantt's task and bonus plan.
- C. Halsey plan.
- D. Rowan plan.

ANSWER: C

81. Which of the following method of wage payment is most suitable where the speed of production is beyond the control of worker?

- A. Time rate system.
- B. Piece rate system.
- C. Halsey premium system.
- D. Rowan premium plan.

ANSWER: A

82. _____ is a preventive function

- A. Cost reduction
- B. Cost control
- C. Cost unit
- D. Cost centre

ANSWER: B

83. The allotment of whole item of cost to cost centre or cost units is called _____.

- A. cost allocation.
- B. cost apportionment.
- C. cost absorption.
- D. cost disbursement.

ANSWER: A

84. Packing cost is _____.

- A. production cost.
- B. selling cost.
- C. administration cost.
- D. distribution cost.

ANSWER: D

85. Directors remuneration and expenses form part of _____.

- A. production overhead.
- B. administrative overhead.
- C. selling overhead.
- D. distribution overhead.

ANSWER: B

86. ----- is equal to factory overhead divided by machine hours.

- A. machine hour rate.
- B. material hour rate.
- C. time rate.
- D. wage rate.

ANSWER: A

87. Absorption means _____.

- A. charging overheads to cost centres.
- B. charging of overheads to cost units.
- C. charging of overheads to cost centres or cost units.
- D. allotment of overheads to different departments.

ANSWER: B

88. Which of the following is a service department?

- A. Refining department.
- B. Machining department
- C. Receiving department.
- D. Finishing department

ANSWER: C

89. When the actual overhead is more than absorbed overhead it is known as _____.

- A. over absorption.
- B. under absorption.
- C. equal absorption.
- D. major absorption.

ANSWER: B

90. Bad debt is an example of _____.

- A. production overhead.
- B. administrative overhead.
- C. selling overhead.
- D. distribution overhead.

ANSWER: C

91. Variable cost per unit _____.

- A. varies when output varies.
- B. remains constant.
- C. increase when output increases
- D. decreases when output decreases

ANSWER: B

92. Increase in total variable cost is due to _____.

- A. increase in fixed cost.
- B. increase in sales.
- C. increase in production.
- D. increase in efficiency.

ANSWER: C

93. An example of fixed cost _____.

- A. property tax.
- B. rent for building.
- C. direct material cost.
- D. direct wages.

ANSWER: B

94. The process of allocating and apportioning the costs on suitable basis to all the departments is _____.

- A. departmentalization.
- B. primary distribution.
- C. secondary distribution.
- D. classification.

ANSWER: B

95. The process of redistribution of service department costs to production departments is _____.

- A. departmentalization.
- B. primary distribution
- C. secondary distribution.
- D. classification.

ANSWER: C

96. Depreciation of plant can be apportioned on the basis of _____.

- A. plant value.
- B. plant size.
- C. working days.
- D. output produced.

ANSWER: A

97. Indirect materials can be apportioned on the basis of _____.

- A. direct material.
- B. prime cost.
- C. direct labour hour.
- D. machine hour.

ANSWER: A

98. A cost unit is _____.

- A. the cost per machine hour.
- B. the cost per labour hour.
- C. a unit of production or service in relation to which costs are ascertained
- D. a measure of work output in a standard hour.

ANSWER: C

99. Factory overhead is also called as _____.

- A. sundry overhead.
- B. extra overhead.

- C. works overhead.
- D. total overhead.

ANSWER: C

100. Sundry overhead expenses may be apportioned in the ratio of _____.

- A. material consumed.
- B. number of employees.
- C. labour hours.
- D. machine hours.

ANSWER: C

101. Departmentalization of overhead is known as _____.

- A. primary distribution.
- B. secondary distribution.
- C. absorption.
- D. allocation.

ANSWER: A

102. When the actual overhead is less than the absorbed overhead it is _____.

- A. over absorption.
- B. under absorption.
- C. equal absorption.
- D. major absorption.

ANSWER: B

103. Factory overhead is Rs. 3,00,000. and direct material cost is Rs. 5,00,000. What is the overhead rate under direct material cost method?

- A. 25%.
- B. 30%.
- C. 60%.
- D. 166.67%.

ANSWER: C

104. Works overhead is Rs. 40,000, total machine hours is 8500 hours and time allowed for machine setting is 500 hours. What is the machine rate?

- A. Rs. 2 per hour
- B. Rs. 3 per hour.
- C. Rs. 4 per hour.
- D. Rs. 5 per hour.

ANSWER: D

105. Expenditure over and above prime cost is known as _____.

- A. overhead.
- B. factory cost.
- C. cost of sales.
- D. cost of production.

ANSWER: A

106. Cost of the machine is Rs. 95,000 and installation charges is Rs.15,000. Scrap value at the end of the working life of 10 years is Rs. 10,000. Machine works for 2000 hours in a year. What is the per hour rate of depreciation?

- A. Rs. 4 per hour.
- B. Rs. 5 per hour.
- C. Rs. 6 per hour.
- D. Rs. 8 per hour.

ANSWER: B

107. In a machine dominated industry which method of overhead absorption is suitable?

- A. Direct material cost method.
- B. Prime cost method.
- C. Labour hour method.
- D. Machine hour method.

ANSWER: D

108. Most appropriate basis for the apportionment of power is _____.

- A. no. of labour.
- B. no. of output.
- C. no. of machines.
- D. horse power of machines.

ANSWER: D

109. 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.

ANSWER: D

110. Normal loss units and its realizable scrap value(if any) is _____.

- A. debited to process a/c.
- B. credited to process a/c.
- C. debited to costing profit and loss a/c.
- D. debited to profit and loss a/c.

ANSWER: B

111. Value of normal loss is charged to _____.

- A. other good product
- B. trading a/c.
- C. profit and loss a/c.
- D. costing profit and loss a/c.

ANSWER: A

112. Which of the following will be affected by normal loss?

- A. Costing profit.
- B. Financial profit.
- C. Process profit.
- D. cost of Good units.

ANSWER: D

113. The loss arising out of abnormal reason such as theft, fire etc is called as _____.

- A. normal loss.

- B. abnormal loss.
- C. seasonal loss.
- D. standard loss.

ANSWER: B

114. Actual loss is less than the predetermined normal loss, it is _____.

- A. normal loss.
- B. abnormal loss.
- C. seasonal loss.
- D. abnormal gain.

ANSWER: D

115. When output of earlier process is transferred at a profit to the subsequent process, it is _____.

- A. inter departmental profit.
- B. abnormal gain.
- C. inter process profit.
- D. manufacturing profit.

ANSWER: C

116. 100 units are introduced in a process in which normal loss is 5% of input. If actual output is 97 then there is _____.

- A. no abnormal loss and normal gain.
- B. 2 units of abnormal gain.
- C. 3 units of abnormal gain.
- D. 3 units of normal loss.

ANSWER: B

117. 50 units are processed at a cost of Rs. 80, normal loss is 10%, each unit carries a scrap value of 25 paise. If output is 40 units, the value of abnormal loss will be _____.

- A. Rs. 1.25.
- B. Rs. 8.00.
- C. Rs. 8.75.
- D. Rs. 8.88.

ANSWER: C

118. Abnormal process loss can be transferred to _____.

- A. costing profit and loss a/c.
- B. financial profit and loss a/c.
- C. manufacturing.
- D. trading.

ANSWER: A

119. When two products are simultaneously produced in a process and one of them has comparatively high value and other is of low value, the low value product is called ____.

- A. joint products.
- B. by products.
- C. seasonal products.
- D. economic products.

ANSWER: B

120. If any by-product is produced and sold it is credited to _____.

- A. profit and loss a/c.
- B. by-product a/c.
- C. process a/c.
- D. abnormal gain a/c.

ANSWER: C

121. Balance of abnormal gain a/c is transferred to _____.

- A. balance sheet.
- B. debit side of profit and loss a/c.
- C. credit side of profit and loss a/c.
- D. costing profit and loss a/c.

ANSWER: D

122. Inter process profits are _____.

- A. credited to each process a/c.
- B. debited to respective process a/c.
- C. shown only in the finished stock a/c.
- D. shown in the balance sheet.

ANSWER: B

123. Input is 10,000 units and normal loss is 20% of input and abnormal loss is 400 units. What is actual output?

- A. 7600 units.
- B. 10,000 units.
- C. 10,400 units.
- D. 12000 units.

ANSWER: A

124. Cost of process Rs.1,60,000 and profit to be charged on the transfer price is 20%. What is the inter process profit?

- A. Rs. 32,000.
- B. Rs. 40,000.
- C. Rs. 48,000.
- D. Rs. 54,000.

ANSWER: B

125. Job costing method is the most suitable method for _____.

- A. oil process units.
- B. transport companies.
- C. sugar industries.
- D. repair shops.

ANSWER: D

126. Which method of costing can be used in furniture manufacture industry?

- A. Job costing.
- B. Contract costing.
- C. Process costing.
- D. Specific order costing.

ANSWER: A

127. Contract costing is most appropriate method of costing for _____.

- A. construction industry
- B. banking industry
- C. . textile mills
- D. cement industry.

ANSWER: A

128. Cost of contract and profit or loss thereon are determined by preparing _____.

- A. cost sheet.
- B. profit and loss a/c.
- C. trading a/c
- D. separate ledger a/c.

ANSWER: D

129. The basis for determining profit to be taken into account on incomplete contract is _____.

- A. cost of contract.
- B. contract price.
- C. percentage of work certified as done.
- D. uncertified work.

ANSWER: C

130. The amount paid to sub-contractor is _____.

- A. subtracted from the contract price.
- B. debited to contract a/c.
- C. credited to contract a/c.
- D. added with the contract price.

ANSWER: B

131. Work uncertified is _____.

- A. debited to contract a/c.
- B. credited to contract a/c.
- C. debited to contractor a/c.
- D. debited to profit and loss a/c.

ANSWER: B

132. In case of complete contract, the whole amount of profit is transferred to _____.

- A. contract a/c.
- B. work in progress a/c.
- C. profit and loss a/c.
- D. contractee a/c.

ANSWER: C

133. Process a/c is _____.

- A. nominal a/c.
- B. a real a/c.
- C. personal a/c.
- D. either nominal or real a/c.

ANSWER: A

134. Profit to be transferred to profit and loss a/c, if the contract is complete to the extent of only 20% is _____.

- A. nil.

- B. 20%.
- C. 25%.
- D. 75%

ANSWER: A

135. Contract a/c is _____.

- A. a nominal a/c.
- B. a real a/c.
- C. a personal a/c.
- D. either nominal or real a/c.

ANSWER: A

136. Notional profit of a contract is Rs. 60,000, Work certified is Rs. 8,00,000 and contract price is Rs. 10,00,000. What is the amount of profit to be transferred to profit and loss a/c if the 80% of the work certified is paid in cash

- A. Rs. 24,0000.
- B. Rs. 30,000.
- C. Rs. 32,000.
- D. Rs. 36,000.

ANSWER: C

137. Operating cost is usually ascertained through _____.

- A. a ledger account.
- B. profit and loss a/c.
- C. balance sheet.
- D. a statement.

ANSWER: D

138. The physical distance covered by a vehicle is measured in terms of _____.

- A. ton kilometers.
- B. passenger kilometers.
- C. vehicle days.
- D. running kilometers or miles.

ANSWER: D

139. Insurance and garage rent is _____.

- A. fixed charges.
- B. maintenance charges.
- C. operating charges.
- D. running charges.

ANSWER: A

140. Which of the following item of expenses will not appear in cost accounting

- A. Direct material cost.
- B. Factory overheads.
- C. Selling Expenses.
- D. Loss on sale of fixed assets.

ANSWER: D

141. The term cost refers to _____.

- A. the present value of future benefits.

- B. the value of sacrifice made to acquire goods or services.
- C. an asset that has given benefit but now expired.
- D. the price of products sold or services rendered.

ANSWER: B

142. Cost accounting differs from financial accounting in respect of _____.

- A. reporting of cost.
- B. ascertainment of cost.
- C. control of cost.
- D. recording of cost.

ANSWER: B

143. Which method of costing is best suited for interior decoration

- A. Contract accounting.
- B. Operating costing.
- C. Process costing.
- D. Job costing.

ANSWER: D

144. When cash is received from contractee which a/c should be credited

- A. Cash a/c.
- B. Contract a/c.
- C. Contractor a/c.
- D. Contractee a/c.

ANSWER: D

145. Direct labour means _____.

- A. labour which can be conveniently associated with a particular cost unit.
- B. labour which completes the work manually.
- C. permanent labour in the production department.
- D. labour which is recruited directly and not through contractors.

ANSWER: A

146. The type of process loss that should not affect the cost of inventory value is _____.

- A. abnormal loss.
- B. normal loss.
- C. seasonal loss.
- D. standard loss.

ANSWER: A

147. 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.

ANSWER: A

148. Direct material Rs. 25,000 and wages Rs. 15,000 and direct expenses Rs. 5,000. What would be the factory cost if factory overhead rate is 20%

- A. Rs. 45,000.
- B. Rs. 50,000.

- C. Rs. 54,000
- D. Rs. 60,000.

ANSWER: B

149. Overvaluation of opening stock in financial accounting results _____.

- A. decreases costing profit.
- B. decreases financial accounts profit.
- C. increases costing profit.
- D. increases financial accounts profit.

ANSWER: B

150. Operating costing is more suitable for _____ industries.

- A. profit
- B. Services
- C. Profit and service
- D. government organisation

ANSWER: B

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