



## Dr.G.R.Damodaran College of Science

(Autonomous, affiliated to the Bharathiar University, recognized by the UGC) Re-accredited at the 'A' Grade Level by the NAAC and ISO 9001:2008 Certified CRISL rated 'A' (TN) for MBA and MIB Programmes

III B.Com(CS) [2015-2018]  
semester-V

Core: Cost Accounting 505B  
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. Difference between job time and attendance time is

- A. job time
- B. actual time
- C. over time
- D. idle time

ANSWER: D

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. Cost classification can be done in \_\_\_\_\_. a. two ways.

- A. two ways.
- B. three ways.
- C. four ways.
- D. several ways.

ANSWER: D

7. 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

8. Prime cost plus variable overheads is known as-----
- A. Cost of sales
  - B. Production Cost
  - C. Total Cost
  - D. Marginal cost

ANSWER: D

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. Classification of cost is useful \_\_\_\_\_.
- A. to find gross profit.
  - B. to find net profit.
  - C. to identify costs.
  - D. to identify efficiency.

ANSWER: C

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. factory overhead.

ANSWER: D

14. Warehouse rent is a part of \_\_\_\_\_.
- A. prime cost.
  - B. factory cost.

- C. distribution cost.
- D. production cost.

ANSWER: C

15. Indirect material scrap is adjusted along with \_\_\_\_\_.

- A. prime cost.
- B. factory cost.
- C. labour cost.
- D. cost of goods sold.

ANSWER: B

16. 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

17. Sale of defectives is reduced from \_\_\_\_\_.

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

ANSWER: C

18. Tender is an \_\_\_\_\_.

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

ANSWER: C

19. 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

20. 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

21. Total of all direct costs is termed as \_\_\_\_\_.

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

ANSWER: A

22. Depreciation of plant and machinery is a part of \_\_\_\_\_.

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

ANSWER: A

23. Audit fess is a part of \_\_\_\_\_.

- A. works on cost
- B. selling overhead
- C. distribution overhead.
- D. administration overhead.

ANSWER: D

24. 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

25. Selling and distribution expenses can be charged on the basis of \_\_\_\_\_.

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

ANSWER: C

26. One of the most important tools in cost planning is \_\_\_\_\_.

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

ANSWER: C

27. The purpose of financial accounting is to provide information for \_\_\_\_\_.

- A. fixing prices
- B. controlling cost.
- C. locating factors leading to wastages and losses.
- D. assessing the profitability and financial position of the firm.

ANSWER: D

28. Cost accounting concepts include all the following except \_\_\_\_\_.

- A. planning.
- B. controlling.
- C. profit sharing
- D. product costing.

ANSWER: C

29. Toy manufacturing industry should use \_\_\_\_\_.

- A. unit costing.
- B. process costing.
- C. batch costing.
- D. multiple costing.

ANSWER: C

30. Job costing used in \_\_\_\_\_.

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

ANSWER: C

31. A document which provides for the detailed cost centre and cost unit is \_\_\_\_\_.

- A. tender.
- B. cost sheet.
- C. invoice.
- D. profitStatement.

ANSWER: B

32. Cost unit of a sugar industry can be \_\_\_\_\_.

- A. per litre.
- B. per tonne.
- C. per acre.
- D. per metre.

ANSWER: B

33. The ascertainment of costs after they have been incurred is known as \_\_\_\_\_.

- A. marginal costing.
- B. historical costing.
- C. sunk cost.
- D. notional cost.

ANSWER: B

34. Direct material is a \_\_\_\_\_.

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

ANSWER: B

35. Direct material is a \_\_\_\_\_.

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

ANSWER: A

36. Which of the following is considered to be the normal loss of material?

- A. Loss due to accident.
- B. Pilferage.
- C. Loss due to breaking the bulk.
- D. Loss due to careless handling of materials.

ANSWER: C

37. Material control involves \_\_\_\_\_.

- A. consumption of material.
- B. issue of material.
- C. purchase of material.

D. purchase, storage and issue of material.

ANSWER: D

38. 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

39. 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

40. ABC analysis is-----

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

ANSWER: B

41. Perpetual inventory system involves \_\_\_\_\_.

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

ANSWER: A

42. 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

43. 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

44. Scrap is \_\_\_\_\_.

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

ANSWER: A

45. Material is issued by store keeper against \_\_\_\_\_.

- A. material requisition.

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

ANSWER: A

46. EOQ stands for \_\_\_\_\_.

- A. Economic Order Quantity.
- B. Essential Order Quantity.
- C. Economic Output Quantity.
- D. Essential Output Quantity.

ANSWER: A

47. Defectives \_\_\_\_\_.

- A. cannot be rectified and made into good units.
- B. can be rectified and mad made into good units.
- C. can be a part of finished product.
- D. can be termed as spoilage.

ANSWER: A

48. Bin card is maintained by \_\_\_\_\_.

- A. costing department.
- B. stores department.
- C. finance department.
- D. accounting department.

ANSWER: B

49. 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

50. Time study is for \_\_\_\_\_.

- A. measurement of work.
- B. fixation of standard time.
- C. ascertainment of actual hours.
- D. ascertainment of labour cost.

ANSWER: B

51. 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

52. Over time is \_\_\_\_\_.

- A. actual hours being more than normal time.
- B. actual hours being more than standard time.
- C. standard hours being more than actual hours.
- D. actual hours being less than standard time.

ANSWER: A

53. The stores keeper should initiate a purchase requisition when stock reaches \_\_\_\_\_.

- A. Average stock level
- B. Minimum stock level
- C. Maximum stock level
- D. Re-order level

ANSWER: D

54. Piece workers are paid on the basis of \_\_\_\_\_.

- A. output sold.
- B. output produced.
- C. output in stock.
- D. input received.

ANSWER: B

55. Time wages are paid on the basis of \_\_\_\_\_.

- A. actual time.
- B. standard time.
- C. time saved.
- D. overtime.

ANSWER: A

56. 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

57. Normal idle time \_\_\_\_\_.

- A. . can be avoided.
- B. can be minimized.
- C. cannot be avoided.
- D. can be controlled.

ANSWER: C

58. 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: B

59. 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

60. Labour productivity can NOT be measured by comparing \_\_\_\_\_.

- A. actual time with standard time.
- B. total output with total man hours.
- C. added value for the product with total wage cost.
- D. total wage and total output.



ANSWER: D

61. Wage sheet is prepared by \_\_\_\_\_.
- A. time keeping department.
  - B. personnel department.
  - C. payroll department.
  - D. cost accounting department.

ANSWER: C

62. Time and motion study is conducted by \_\_\_\_\_.
- A. time keeping department.
  - B. personnel department.
  - C. payroll department.
  - D. engineering department.

ANSWER: D

63. 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

64. Given that for a job standard time is 8 hrs, actual time taken is 6 hrs and the time rate is Rs. 2 per hr. What is the total wages under Halsey premium plan?
- A. Rs. 12.
  - B. Rs. 14.
  - C. Rs. 16.
  - D. Rs. 18.

ANSWER: B

65. Comparing Rowan plan and Halsey plan, it is seen that when the time saved is less than 50% of the standard time \_\_\_\_\_.
- A. Rowan plan allows more wages to a worker than Halsey plan.
  - B. Rowan plan allows less wages to a worker than Halsey plan.
  - C. Rowan and Halsey plan allow equal wages to a worker.
  - D. Rowan plan and Halsey plan are equal to ordinary time wage.

ANSWER: A

66. 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

67. Bonus under Rowan scheme is paid \_\_\_\_\_.
- A. as a proportion of standard time to actual time.
  - B. as a proportion of actual time to standard time.
  - C. as a proportion of time saved to standard time.
  - D. as a proportion of time saved to standard time.

ANSWER: B

68. Labour cost is the second element of \_\_\_\_\_.

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

ANSWER: A

69. Number of methods available for calculation of Labour turnover is \_\_\_\_\_.

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

ANSWER: B

70. Over time premium is paid \_\_\_\_\_.

- A. at normal rate.
- B. below the normal rate.
- C. at 50% of the normal rate.
- D. at double normal rate.

ANSWER: B

71. Merricks multiple piece rate system has \_\_\_\_\_.

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

ANSWER: B

72. How many rate are used to calculate wages under Taylorss differential piece rate system?

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

ANSWER: B

73. Reorder level = \_\_\_\_\_.

- A. maximum level X 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

74. 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

75. 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

76. 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

77. 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

78. 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

79. The loss which arise 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

80. Generally types of stores are classified into \_\_\_\_\_.

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

ANSWER: B

81. In order to avoid the stoppage of production due to shortage of material \_\_\_\_\_.

- 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: B

82. 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

83. 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

84. Discarded material substances having no value is called \_\_\_\_\_.

- A. waste.
- B. scrap.
- C. defectives.
- D. spoilage.

ANSWER: A

85. Discarded material substances having some value is \_\_\_\_\_.

- A. waste.
- B. scrap.
- C. defective.
- D. spoilage.

ANSWER: B

86. 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

87. 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

88. 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

89. Under which method of wage payment, wages are influenced by idle time?

- A. Straight piece rate.
- B. Differential piece rate.
- C. Premium and bonus plan.
- D. Time wage rate.

ANSWER: D

90. 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

91. Packing cost is \_\_\_\_\_.

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

ANSWER: D

92. Directors remuneration and expenses form part of \_\_\_\_\_.

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

ANSWER: B

93. Salary of a foreman should be classified \_\_\_\_\_.

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

ANSWER: C

94. Which of the following is a service department?

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

ANSWER: C

95. Which of the following is NOT a selling overhead?

- A. Insurance to cover sold goods while in transit.
- B. Royalty on sales.
- C. Legal cost on debt realization.
- D. Distribution of samples.

ANSWER: C

96. 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

97. Idle capacity of a plant refers to the difference between \_\_\_\_\_.

- A. maximum capacity and practical capacity.
- B. practical capacity and normal capacity.
- C. practical capacity and capacity based on sales expectancy.
- D. maximum capacity and actual capacity.

ANSWER: D

98. Bad debt is an example of \_\_\_\_\_.

- A. production overhead.

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

ANSWER: C

99. Number of worker employed is used as basis for the apportionment of \_\_\_\_\_.

- A. rent.
- B. canteen expenses.
- C. PF contribution.
- D. rate and tax.

ANSWER: B

100. Fixed cost per unit increases when \_\_\_\_\_.

- A. variable cost per unit increases.
- B. variable cost per unit decreases.
- C. production volume increases.
- D. production volume decreases.

ANSWER: D

101. Variable cost per unit \_\_\_\_\_.

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

ANSWER: B

102. 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

103. An example of fixed cost \_\_\_\_\_.

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

ANSWER: B

104. The process of grouping of costs according to some common characteristics \_\_\_\_\_.

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

ANSWER: D

105. Which of the following is an example of semi-variable cost?

- A. Salary.
- B. Tax.
- C. Telephone expenses.
- D. . Office expenses.

ANSWER: C

106. Depreciation of plant can be apportioned on the basis of \_\_\_\_\_.

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

ANSWER: A

107. Indirect materials can be apportioned on the basis of \_\_\_\_\_.

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

ANSWER: A

108. Fire insurance of stock can be apportioned on the basis of \_\_\_\_\_.

- A. value of stock.
- B. volume of stock.
- C. number of stores requisition.
- D. material used.

ANSWER: A

109. 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

110. Factory overhead is also called as \_\_\_\_\_.

- A. sundry overhead.
- B. extra overhead.
- C. works overhead.
- D. total overhead.

ANSWER: C

111. Appropriate basis for apportionment of material handling charges is \_\_\_\_\_.

- A. material purchased.
- B. material in stock.
- C. material consumed.
- D. material wasted.

ANSWER: C

112. Recreation expenses in factory are apportioned on the basis of \_\_\_\_\_.

- A. material cost.
- B. wages.
- C. prime cost.
- D. number of employees.

ANSWER: D

113. Departmentalization of overhead is known as \_\_\_\_\_.

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

ANSWER: A

114. Charging output with overhead at reasonable rate is called \_\_\_\_\_ . a. allocation.

- A. allocation
- B. appropriation.
- C. apportionment.
- D. absorption.

ANSWER: C

115. Comprehensive machine hour rate includes \_\_\_\_\_ .

- A. machine operators wages.
- B. managing directors salary.
- C. income tax.
- D. office rent.

ANSWER: A

116. 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

117. Expenditure over and above prime cost is known as \_\_\_\_\_ .

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

ANSWER: A

118. 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

119. In labour oriented manufacturing 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: C

120. 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

121. The type of loss that should not affect cost of inventories is \_\_\_\_\_ .

- A. normal loss.
- B. abnormal loss.



- C. seasonal loss.
- D. standard loss.

ANSWER: A

122. The expenses relating to a particular process is \_\_\_\_\_.

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

ANSWER: A

123. 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

124. 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

125. 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

126. Normal loss in the manufacturing process leads to \_\_\_\_\_.

- A. reduction in unit price of other good units.
- B. increase in unit price of other good units.
- C. reduction in costing profit.
- D. increase in costing profit.

ANSWER: B

127. Abnormal loss and its value are \_\_\_\_\_.

- 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

128. Actual loss is more than the predetermined normal loss, it is \_\_\_\_\_.

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

ANSWER: B

129. 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

130. 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

131. A cost sheet should have \_\_\_\_\_.

- A. only one column.
- B. two column.
- C. three column.
- D. as many column as may be required.

ANSWER: D

132. Classification and accumulation of costs by fixed and variable costs is of special importance in \_\_\_\_\_.

- A. process costing.
- B. unit costing.
- C. operation costing.
- D. operating costing.

ANSWER: D

133. 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

134. 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

135. Process cost is ascertained and recorded in \_\_\_\_\_.

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

ANSWER: D

136. 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

137. Batch costing is useful to determine \_\_\_\_\_.

- A. maximum quantity of output.
- B. minimum quantity of output.
- C. economic batch quantity.
- D. profit of batches.

ANSWER: C

138. The basis for the payment of cash by contractee under contract is \_\_\_\_\_.

- A. work certified.
- B. work uncertified.
- C. contract cost.
- D. value of plant used in the contract.

ANSWER: A

139. 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

140. 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

141. 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

142. Process 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

143. . 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

144. operating costing is a \_\_\_\_\_.

- A. method of costing.
- B. technique of costing.

- C. norm of costing.
- D. procedure of costing.

ANSWER: A

145. Operating cost is usually ascertained through \_\_\_\_\_.

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

ANSWER: D

146. In goods transport service the cost unit is \_\_\_\_\_.

- A. cost per ton.
- B. cost per hour.
- C. cost per ton kilometers.
- D. cost per vehicle.

ANSWER: C

147. 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

148. 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

149. 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

150. 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

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