

TYBCOM (SEM VI) / PAPER CODE 11105/ COST ACCOUNTING

QUESTION BANK

SR NO	QUESTION	OPTION A	OPTION B	OPTION C	OPTION D	CORRECT ANSWER	
1	In a non- Integrated system of accounting the emphasis is on	Personal Account	Real Account	Nominal Account	Fictitious Account	C	Nominal Account
2	The Work -in Progress Control Account is not debited with	Direct Materials and Direct labour	Direct expenses	Production Overheads	Selling and distribution overheads	D	Selling and distribution overheads
3	The use of indirect wages would usually be reflected as an increase in	Stores Control	Work in Process Control	Manufacturing overhead applied	Manufacturing overhead control	D	Manufacturing overhead control
4	The cost of direct materials used in production is debited to	Manufacturing overhead	Finished goods Control account	Work in Progress Control	Cost of Goods Account	C	Work in Progress Control
5	The cost of indirect labour used in the factory is recorded as a	credit to work in progress control	Debit to Manufacturing Overhead	Credit to wages Payble	Debit to Wages Expenses	B	Debit to Manufacturing Overhead
6	The entry to record cost of goods sold includes a credit to	Cost of goods sold	Finished goods Control account	Sales	Work in Progress Control	B	Finished goods Control account
7	Materials lost in stores due to fire is	a part of normal loss and hence part of cost	capitalized	a part of abnormal loss and hence excluded from cost	transferred to the next period	C	a part of abnormal loss and hence excluded from cost
8	The balance of the work in Progress account is equal to	Total cost of jobs completed	Total cost of jobs completed and sold	Total Manufacturing costs incurred during the period	Total costs of incomplete Job	D	Total costs of incomplete Job
9	Overallocated manufacturing overhead results when	Production is less than last year	Estimated overhead is less than actual overhead	Actual overhead is less than allocated overhead	Actual overhead is less than expected	C	Actual overhead is less than allocated overhead
10	Contract costing is a variant of	Job Costing	Process Costing	Unit Costing	Batch Costing	A	Job Costing
11	The Following one is not a Contract cost	Direct Wages	Depreciation of plant	Sub Contractor fees	Architects Certificates	D	Architects Certificates
12	Progress Payments received by the Contractor from the client are	Debited to Contract account	Credited to Contract Account	Debited to Client Account	Credited to Client Account	D	Credited to Client Account
13	Cost of material lost or destroyed	Credited to Contract Account	Debited to Contract Account	Debited to Contractee Account	Credited to Costing Profit and Loss Account	A	Credited to Contract Account

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14	Value Of Work Certified Less Profit is equal to	Work in Progress	Cost of work certified	Retention money	Cost of Uncertified work	B	Cost of work certified
15	The Contract job is undertaken by this person	Contractor	Contractee	Sub Contractor	Job Worker	B	Contractee
16	Work Certified is less than 25% of the contract Price so the transfer to P& L A/c will be	1/3 rd of Notional Profit	Nil	2/3 rd of Notional Profits	100% of Notional Profits	B	Nil
17	If a Contract is 40% complete,credit taken to Profit and loss account is	40% of Notional Profit	Nil	1/3rd of notional Profits reduced in the ratio of cash received to work certified	2/3rd of Notional profits reduced in the ratio of cash received to work certified	C	1/3rd of notional Profits reduced in the ratio of cash received to work certified
18	Process costing is a method of costing used to _____	to find the cost of product in each process	to find investment centre	to find defective parts	to find scrap value	A	to find the cost of product in each process
19	Net realizable value is defined as	sales value at split off point	sales price minus fixed cost	sales price minus joint cost	sales price minus cost to complete the product	D	sales price minus cost to complete the product
20	Normal loss is also called as	controllable loss	non controllable loss	abnormal loss	avoidable loss	B	non controllable loss
21	Process cost is very much applicable in	construction industry	airline industry	pharmaceutical industry	sugar industry	C	pharmaceutical industry
22	The balance in abnormal loss or gain will be transferred to which account	trading account	process stock account	costing profit and loss account	profit and loss account	C	costing profit and loss account
23	Unit cost is equal to	normal cost ÷ normal output	total cost ÷ normal output	normal cost ÷ total output	total cost ÷ total output	A	normal cost ÷ normal output
24	The sale value of scrap is always	more than its cost of production	less than its cost of production	equal to its cost of production	unrelated to its cost of production	B	less than its cost of production
25	The balance of final process stock account is transferred to	costing profit and loss account	profit and loss account	abnormal loss account	finished stock account	D	finished stock account
26	The sale value of scrap is credited to which account?	Costing P & L A/c	Process A/c	Profit & Loss A/c	Trading A/c	B	Process A/c

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27	Normal Output is equal to	Normal Output -Actual Output	Actual Output -Normal Output	Input - % of Normal Loss on Input	Input -Abnormal Loss	C	Input - % of Normal Loss on Input
28	Abnormal loss and abnormal gain is always calculated on the basis of	cost per unit	scrap value	selling price	opening raw material rate	A	cost per unit
29	If sales are Rs. 5,00,000; variable costs are Rs. 2,00,000 and fixed cost are Rs. 2,40,000; the P/V Ratio will be	0.6	0.4	0.2	0.45	A	0.6
30	If Sales are Rs. 80,000 and variable cost to sales is 70%, contribution is	Rs. 56,000	Rs. 24,000	Rs. 70,000	Rs. 30000	B	Rs. 24,000
31	P/V ratio will increase if there is	An increase in fixed cost	A decrease in fixed cost	A decrease in variable cost per unit	A decrease in selling price per unit	C	A decrease in variable cost per unit
32	If p/v ratio is 20%,sales is 20,000 than contribution is	Rs. 16000	Rs. 2000	Rs. 18000	Rs. 4000	D	Rs. 4000
33	A decrease in sale price	does not affect the break-even point	lowers the net profit	increases the break-even point	lowers the break-even point	C	increases the break-even point
34	Margin of safety is referred to as	excess of sales over break-even sales	excess of sales over fixed cost	excess of sales over variable cost	excess of sales over budgeted sales	A	excess of sales over break-even sales
35	Contribution margin is equal to	Fixed cost + variable cost	Sales – variable cost	Sales – fixed assets	Sales – profit	B	Sales – variable cost
36	MOS stands for	margin of sales	margin of stock	margin of loss	margin of safety	D	margin of safety
37	The objective of standard costing is to	determine profitability of a product	determine break even production level	control cost	allocate cost with more accuracy	A	determine profitability of a product
38	A standard cost system may be used in	job order costing but not process costing	process costing but not job order costing	either job order costing or process costing	neither job order costing nor process costing	C	either job order costing or process costing
39	The cost of product as determined under standard cost system is	fixed cost	historical cost	direct cost	pre-determined cost	D	pre-determined cost

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40	While evaluating deviations of actual cost from standard cost, the technique used is	regression analysis	variance analysis	linear progression	trend analysis	B	variance analysis
41	The standard cost card contains quantities and cost for	direct material only	direct labour only	direct material and direct labour only	direct material, direct labour and overhead	D	direct material, direct labour and overhead
42	A favourable variance occurs when	actual cost are less than marginal cost	standard cost are less than actual cost	actual cost are less than the selling price	actual cost are less than standard cost	D	actual cost are less than standard cost
43	Which of the following denotes a target cost?	Market price - Desired profit margin	Standard selling price - Standard profit margin	Standard selling price - Target profit margin	Desired selling price - Desired profit margin	A	Market price - Desired profit margin
44	Examples of activities at the batch level of costs include:	cutting, painting, and packaging	material ordering, machine set up, and inspection	designing, part-specification, and advertising	heating, lighting, and security	B	material ordering, machine set up, and inspection
45	Most of a product's life-cycle costs are locked in by decisions made during the business function of the value chain.	Design	Manufacturing	Customer-service	Marketing	A	Design
46	Which of the following is typically regarded as a cost driver in traditional accounting practices?	Number of purchase orders processed	Number of customers served	Number of transactions processed	Number of direct labour hours worked	D	Number of direct labour hours worked
47	Which of the following is a limitation of activity-based costing?	More cost pools	Less control over overhead costs	ABC can be expensive to use	Poorer management decisions	C	ABC can be expensive to use
48	Which of the following is not a unit-level activity?	Purchase ordering	Assembling	Painting	Sewing	A	Purchase ordering
49	Which of the following is not a unit-level activity?	Drilling	Cutting	Sanding	Inspecting	D	Inspecting
50	Which of the following is a facility-level activity?	Engineering changes	Product design	Property taxes	Inspection	C	Property taxes