

TY BCOM SEM V/PAPER COSE: 23107/COST ACCOUNTING

QUESTION PAPER

1. Cost accounting is directed toward the needs of
 - (a) Government
 - (b) External users
 - (c) Internal users
 - (d) Shareholders
2. Which of the following is not a function of Cost Accounting?
 - (a) Cost ascertainment
 - (b) Planning and control
 - (c) Decision-making
 - (d) External reporting
3. Which of the following statements is true?
 - (a) The word "cost" has the same meaning in all situations in which it is used
 - (b) Different cost concepts and classifications are used for different purposes
 - (c) All organizations incur the same types of costs
 - (d) Costs incurred in one year are always useful in the following year(s)
4. Which of the following would not be considered a fixed cost ?
 - (a) Rent
 - (b) Depreciation
 - (c) Cost of bottles used in the production of soft drinks
 - (d) Property taxes
5. Variable cost per unit
 - (a) varies when output varies
 - (b) remains constant
 - (c) increases when output increases
 - (d) decreases when output decreases
6. When premises are owned, a charge in lieu of rent is
 - (a) an opportunity cost
 - (b) an imputed cost
 - (c) a sunk cost
 - (d) an avoidable cost
7. The cost of a special device that is necessary if a special order is accepted is a
 - (a) Relevant cost
 - (b) Sunk cost
 - (c) Historical cost
 - (d) Opportunity cost
8. Costs that can be easily traced to a specific department are called
 - (a) Direct costs
 - (b) Indirect costs
 - (c) Overheads
 - (d) Processing costs
9. A functional classification of costs would classify "depreciation on office equipment as a
 - (a) Product cost
 - (b) Administrative expense
 - (c) Selling expense
 - (d) Variable cost
10. Costs that change in response to alternative courses of action are called
 - (a) Relevant costs
 - (b) Differential costs
 - (c) Target costs
 - (d) Sunk costs
11. The storekeeper should initiate a purchase requisition when stock reaches
 - (a) Minimum level
 - (b) Maximum level
 - (c) Re-order level
 - (d) Average level
12. A written request to a supplier for specified goods at an agreed upon price is called a:
 - (a) Purchase order
 - (b) Receiving report
 - (c) Purchase requisition
 - (d) Materials requisition form

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13. The cost preparing, issuing, and placing purchase orders, plus receiving and inspecting the items included in orders is:
- (a) Purchasing costs
 - (b) Ordering costs
 - (c) Stockout costs
 - (d) Carrying costs
14. The costs that result when a company holds an inventory of goods for sale:
- (a) Purchasing costs
 - (b) Carrying costs
 - (c) Opportunity costs
 - (d) Interest costs
15. Continuous stock taking is a part of
- (a) Annual stock taking
 - (b) Perpetual inventory
 - (c) ABC analysis
 - (d) Inventory Turnover Ratio analysis
16. Material control involves control over
- (a) Consumption of material
 - (b) Issue of material
 - (c) Purchase of material
 - (d) Purchase, storage and issue of material
17. FIFO is
- (a) Fast Investment in Future Order
 - (b) First In First Out
 - (c) Fast In Fast Out
 - (d) Fast Issue of Fast Order
18. Material is issued by store keeper against
- (a) Material requisition
 - (b) Material order
 - (c) Goods received note
 - (d) Purchase requisition
19. EOQ stands for
- (a) Economic Order Quantity
 - (b) Essential Order Quantity
 - (c) Economic Output Quantity
 - (d) Essential Output Quantity
20. Wage sheet is prepared by
- (a) time-keeping department
 - (b) personnel department
 - (c) payroll department
 - (d) cost accounting department
21. Time and motion study is conducted by the :
- (a) time-keeping department
 - (b) personnel department
 - (c) payroll department
 - (d) engineering department
22. Labour turnover is
- (a) Productivity of labour
 - (b) Efficiency of the labour
 - (c) Change in labour force
 - (d) Total cost of the labour
23. Time study is for
- (a) Measurement of work
 - (b) Fixation of standard time
 - (c) Ascertainment of actual hours
 - (d) Ascertainment of labour cost
24. 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

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25. 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
26. Time keeping refers to
- (a) time spent by worker on their job
 - (b) time spent by workers in the factory
 - (c) time spent by workers without work
 - (d) time spent by workers off their job
27. Piece workers are paid on the basis of
- (a) Output sold
 - (b) Output produced
 - (c) Output in stock
 - (d) Input received
28. The cost which is incurred to prevent the labour turnover
- (a) Management Cost
 - (b) Replacement Cost
 - (c) Preventive Cost
 - (d) Compensation Cost
29. An employee is eligible for getting overtime wage if he/she works for more than
- (a) 6 hours a day
 - (b) 8 hours a day
 - (c) 9 hours a day
 - (d) 12 hours a day
30. Labour productivity cannot 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
31. 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
32. Which of the following does not match?
- | Item of Cost | Basis of Cost Allocation |
|-----------------------------|---------------------------------|
| (a) Power | H.P. of machine |
| (b) Supervision of building | Value of materials consumed |
| (c) Insurance of building | Area occupied |
| (d) Time-keeping | Number of employees |
33. 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
34. In which of the following center Factory OH cost is NOT incurred?
- (a) Production Center
 - (b) Service Center
 - (c) General Cost Center
 - (d) Head Office

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35. In which of the following cannot be used as a base for the determination of overhead absorption rate?
- (a) Number of units produced (b) Prime cost
(c) Conversion cost (d) Discount Allowed
36. Which of the following is not an example of marketing overheads ?
- (a) Salary of the foreman (b) Publicity expenses
(c) Salaries of sales staff (d) Secondary packing charges
37. Selling and distribution overhead does not include
- (a) Cost of warehousing (b) Repacking cost
(c) Transportation cost (d) Demurrage charges
38. Which of the following items is not excluded while preparing a cost sheet?
- (a) Goodwill written off (b) Provision for taxation
(c) Property tax on Factory Building (d) Transfer to reserves
39. Which of the following are direct expenses?
- (i) The cost of special designs, drawing or layouts
(ii) The hire of tools or equipment for a particular job
(iii) Salesman's wages
(iv) Rent, rates and insurance of a factory
- (a) (i) and (ii) (b) (i) and (iii)
(c) (i) and (iv) (d) (iii) and (iv)
40. Research and development cost relating to an existing product
- (a) shall be treated as Capital Expenditure
(b) shall be treated as deferred revenue expenditure
(c) shall be treated as Direct Expenses
(d) shall be ignored
41. Which of the following are prime costs?
- (i) Direct materials (ii) Direct labour
(iii) Indirect labour (iv) Indirect expenses
- (a) (i) and (ii) (b) (i) and (iii)
(c) (ii) and (iii) (d) (i) and (iv)
42. Prime cost + Factory overhead + Administration overhead =
- (a) Works cost (b) Cost of production
(c) Prime Cost (d) Cost of sales
43. Prime cost + Overheads =
- (a) Works cost (b) Total cost
(c) Cost of sales (d) Cost of production
44. In Reconciliation Statement, Expenses shown only in Financial Accounts are
- (a) added to financial profit (b) deducted from financial profit
(c) ignored (d) added to costing profit
45. In Reconciliation Statement, Expenses shown only in Cost Accounts are
- (a) added to financial profit (b) deducted from 'financial profit
(c) ignored (d) deducted from costing profit

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46. In Reconciliation Statement, Opening Stock Overvalued in Financial Accounts is
(a) added to financial profit (b) deducted from financial profit
(c) ignored (d) added to costing profit
47. In Reconciliation Statement, Opening Stock Undervalued in Financial Accounts is
(a) added to financial profit (b) deducted from financial profit
(c) ignored (d) deducted from costing profit
48. In Reconciliation Statement, Depreciation Overcharged in Financial Accounts is
(a) added to financial profit (b) deducted from financial profit
(c) ignored (d) added to costing profit
49. In Reconciliation Statement, Depreciation Undercharged in Financial Accounts is
(a) added to financial profit (b) deducted from financial profit
(c) ignored (d) deducted from costing profit
50. In Reconciliation Statement, Overheads Under-Recovered in Cost Accounts are
(a) added to financial profit (b) deducted from financial profit
(c) ignored (d) added to costing profit