



St. Aloysius' College (Autonomous) Jabalpur

B. Com II year/ IV Semester

Cost Accounting

Question Bank

UNIT 1

OBJECTIVE TYPE QUESTIONS:

1. Method of labour turnover rate is :
 - (a) Separation Method
 - (b) Replacement Method
 - (c) Flux Method
 - (d) All of the above
2. Cost of abnormal idle time is charged from :
 - (a) Costing P&L A/c
 - (b) Trading A/c
 - (c) Manufacturing A/c
 - (d) Balance Sheet
3. Wage-sheet is prepared by:
 - (a) Pay-roll department
 - (b) Manager
 - (c) Worker
 - (d) Time Keeping Department
4. Cost of idle time arising due to lack availability of raw materials is transferred to:
 - (a) Trading A/c
 - (b) Costing P&L A/c
 - (c) Cost Sheet
 - (d) P&L Appropriation A/c
5. Overtime wages are paid:
 - (a) At normal rate
 - (b) At higher rate
 - (c) At average rate
 - (d) At lower rate
6. Types of idle time are :
 - (a) Normal and abnormal idle time
 - (b) Normal and overtime idle time
 - (c) Abnormal and overtime idle time
 - (d) Casual and overtime idle time
7. Which of the following methods of wage payment is most suitable where quality and accuracy of work is of primary importance:



- (a) Time rate method
 - (b) Piece rate method
 - (c) Halsey premium plan
 - (d) Rowan premium plan
8. Characteristic of an ideal wage payment system is:
- (a) Based on number of workers
 - (b) Efficiency-oriented
 - (c) Uncertainty in payment
 - (d) All of these
9. Method of wage payment is :
- (a) Time rate method
 - (b) Piece rate method
 - (c) Halsey premium plan
 - (d) All of the above
10. Classification of time rate method is:
- (a) Piece rate
 - (b) Medium wage rate
 - (c) High wage rate
 - (d) Low wage rate
11. Disadvantage of piece rate method is:
- (a) Misuse of materials and machines
 - (b) Necessity of supervision
 - (c) No encouragement to efficient workers
 - (d) Increment in production expenses
12. Improved form of Taylor differential piece work rate method is:
- (a) Halsey premium plan
 - (b) Rowan premium plan
 - (c) Merrick differential method
 - (d) Gantt task premium plan
13. When time saved is more than 40% off the Standard Time, Halsey plan allows:
- (a) Less wages than Rowan plan
 - (b) More wages than Rowan plan
 - (c) Equal wages to Rowan plan
 - (d) None of these
14. Rowan premium plan was executed by James Rowan in:
- (a) Year 1891
 - (b) Year 1911
 - (c) Year 1901
 - (d) Year 1921
15. Gantt Task premium plan introduced by:
- (a) Taylor
 - (b) Halsey
 - (c) Emerson
 - (d) H.L. Gantt
16. Bedaux plan was executed by C.E. Bedaux in:
- (a) Year 1901



- (b) Year 1911
 - (c) Year 1921
 - (d) Year 1922
17. Point premium plan is called:
- (a) Bedaux plan
 - (b) Halsey plan
 - (c) Rowan plan
 - (d) Gantt plan
18. Non monetary incentives are:
- (a) Facility of entertainment
 - (b) Housing facilities
 - (c) Bonus
 - (d) Above (a) and (b)
19. According to Kimball and Kimball the principles of rational purchase is
- (a) 5
 - (b) 10
 - (c) 2
 - (d) 8
20. When stock is reached as re-order level then the store-keeper should send:
- (a) Goods received note
 - (b) Stores credit note
 - (c) Purchase requisition note
 - (d) Bin-card
21. The first person who received material is
- (a) Gate-keeper
 - (b) Store-keeper
 - (c) Manager
 - (d) Workman
22. An accounting record is
- (a) Store credit note
 - (b) Bin-card
 - (c) Stores ledger
 - (d) Bills of materials
23. Is used for issuing material to production department
- (a) Bin-card
 - (b) Stores ledger
 - (c) Stores credit note
 - (d) Stores requisition note
24. Which of the following level the stock reaches, the store keeper should initiate a purchase requisition -
- (a) Maximum level
 - (b) Minimum level
 - (c) Re-order level
 - (d) Average level



25. The use of FIFO method is suitable :
- (a) At rising price
 - (b) At falling prices
 - (c) At constant prices
 - (d) In all conditions
26. The use of LIFO method is suitable :
- (a) At using prices
 - (b) At falling prices
 - (c) At constant prices
 - (d) In all conditions
27. Mixed form of market price and cost price is
- (a) Simple average method
 - (b) Weighted average method
 - (c) Standard price method
 - (d) Replacement price method
28. At the time of selection of an ideal system of pricing the material issues factors should be considered:
- (a) Type of industry or business
 - (b) At what intervals, the materials are purchased
 - (c) The role of current prices of materials in the cost.
 - (d) All of the above
29. The classification of items in A.B.C Analysis is made on the basis of :
- (a) Quantity of materials used
 - (b) Continuous used materials
 - (c) Investment value of materials
 - (d) All of these
30. V.E.D. stands for :
- (a) Vital, Essential and Desirable
 - (b) Victory, Economy and Danger
 - (c) VAT, Essential and Desirable
 - (d) None of these
31. VED analysis method is used where.....is used :
- (a) Machine
 - (b) Workmen
 - (c) Both machine and workmen
 - (d) Capital
32. Continuous stock-taking is a part of :
- (a) VED Analysis
 - (b) ABC Analysis
 - (c) Perpetual Inventory system
 - (d) Stores Ledger
33. Techniques of materials control are :
- (a) ABC Analysis Techniques
 - (b) VED Analysis Techniques



- (c) HML Analysis Techniques
(d) All of the above
34. The most important factor in determining the maximum level is:
(a) Rate of consumption of material
(b) Minimum level
(c) Quantity of purchases
(d) All of the above
35. More than the safety stock level is called :
(a) Re-order level
(b) Maximum level
(c) Minimum level
(d) Average level
36. Re-order level -(Normal usage X Normal delivery time) from this formula what we can calculate:
(a) Maximum stock level
(b) Minimum stock level
(c) Ordering level
(d) Danger level
37. Procurement cost is also called:
(a) Holding cost
(b) Carrying cost
(c) Economical cost
(d) Ordering cost
38. The formula to calculate the economic order quantity is :
(a) $(2 \cdot R \cdot C_P) / C_H$
(b) $(2 \cdot R \cdot C_H) / C_P$
(c) $(2 \cdot C_P \cdot C_H) / R$
(d) $\{(2 \cdot R \cdot C_P) / C_H\}^{0.5}$

FILL IN THE BLANKS :

1. Wage sheet is prepared by _____ department.
2. _____ is transferred to costing P&L A/c.
3. _____ are sent to sites or customers premises.
4. Salary paid to office clerks is part of _____.
5. On the basis of the accounting and control, idle time is divided into _____ and _____.
6. _____ is not implied on production work.
7. The cost of normal idle time is charged from _____.
8. The rate of change in _____ of an organisation is called labour turnover.
9. For meeting urgent order overtime premium should be charged from _____.
10. _____ can be controlled by better wage rate.
11. Idle time arises, when workers are paid on _____ basis.
12. The cost of abnormal idle time is charged from _____.
13. In the time rate system _____ is necessary.
14. In _____ method wages are paid at a rate higher than the normal rate in different industries.
15. _____ method is unusefulfor artistic works.



16. _____ method is propounded by F.W. Taylor.
17. In Merrick differential method workers are classified in _____ parts.
18. In Halsey and Rowan plan bonus is paid on the basis of _____.
19. In Halsey plan bonus percentage is fixed from _____.
20. Halsey plan is propounded by _____.
21. Rowan plan is propounded by _____.
22. In Gantt task premium method _____ and _____ are given.
23. Emerson efficiency premium scheme is introduced by _____.
24. Bedaux scheme is propounded in _____ by _____.
25. Point premium method is also known as _____.
26. Housing facilities are _____.
27. _____ decreases by piece rate system.
28. Suppliers are selected by
29. Goods received note is prepared by the department.
30. Bin card is maintained by
31.shows the quantity of the material.
32. method of valuation of materials is useful when prices are falling.
33. Under.....method, closing stock is valued at latest price.
34. Under..... method, closing stock is valued at oldest price.
35. Undermethod, material are issued to production at pre-determined price.
36. Replacement price method is useful in
37. The full name Analysis technique is
38.is always fixed somewhere between maximum and minimum stock levels
39. means the quantity to be ordered.
40. The formula for calculating the ordering level is: Maximum usage*.....
41. Economic order quantity was first developed by
42. Ordering cost are the costs of materials.

STATE WHETHER THE FOLLOWING STATEMENTS ARE TRUE OR FALSE:

1. Daily time sheet are generally used in small organisations.
2. A foreman of any factory is the example of direct labour.
3. Cost of idle time due to labour strike should be treated as administrative overhead.
4. Paid holidays is treated indirect labour charges.
5. Normal rate of wage is paid for overtime.
6. In small organisation the selection of employees is made by the personnel department.
7. Direct wages is included in the factory overhead.
8. Direct wages is a fixed cost.
9. Cost of abnormal idle time is treated as factory overhead.
10. Cost of normal idle time is treated as production overhead.
11. Time rate method is ancient and popular method.
12. Piece rate method brings economy in administration and supervision expenses.
13. If workers are paid on the piece basis then the equality of work deteriorates.
14. Taylor differential piece work rate method is propounded by Merrick and Taylor.
15. Merrick differential method was propounded to overcome the drawback of Taylor's method.



16. In Halsey premium plan time wages are guaranteed.
17. Under Halsey premium plan bonus percentage is kept in between 10% to 50%.
18. In Rowan premium plan bonus is not given on the basis of time saved.
19. Rowan premium plan was propounded by Sir James Rowan.
20. Gantt Task premium plan was propounded by Taylor.
21. In Gantt Task premium plan, the workers who do not attain the standard work are paid on the basis of time .
22. Under Emerson efficiency premium scheme 10% bonus is given after completing standard work.
23. Facility of entertainment is a non-monetary incentive.
24. Piece rate method is used where proper attention is paid on the quality of the product.
25. Efficiency of workers decreases by incentive wage plans. The purchase department must maintain records.
39. Purchase order is sent by purchase department.
40. Purchase requisition form is prepared by purchase department.
41. Store control record is maintain by purchase department.
42. Store ledger is same as Bin Card.
43. Bin-card is also known as stock-card.
44. On the bin-card, the name of the department is written.
45. Bin-card is part of accounting records.
46. Store ledger is maintained by store-keeper
47. FIFO method adversely affects the profit.
48. LIFO method does not affect the profit.
49. Valuation of closing stock is same under FIFO and LIFO method
50. If prices of materials are rising then LIFO method of valuation of inventory is useful.
51. Closing stock is valued at market price or cost price whichever is less.
52. In perpetual inventory system, it is necessary to maintain up-to-date bin card and stores ledger.
53. A.B.C. Analysis technique is used for spare parts.
54. A.B.C. Analysis technique is based on the principle of 'Management off Exception'.
55. Re-order level is the quantity of material which must be kept in stock.
56. Safety stock is the minimum inventory a store must hold at all time.
57. Economic order quantity is that quantity which is not economical to order.
58. Re-order quantity is also known as economic order quantity.
59. Wastage has four types.

UNIT 2

Multiple Choice Questions

1. Overhead is known as :
 - (a) On cost
 - (b) Burden



- (c) Unproductive
- (d) All of the above

Answer: (d) All of the above

2. Types of overhead on the basis of Elements are:

- (a) 3
- (b) 2
- (c) 4
- (d) 5

Answer: (a) 3

3. Factory overhead is:

- (a) Bad debts
- (b) Bank expenses
- (c) Haulage
- (d) All of the above

Answer: (c) Haulage

4. Material wastage and loss can be:

- (a) In transit
- (b) During manufacturing
- (c) During storage
- (d) All of the above

Answer: (d) All of the above

5. The allocation of proportions of cost to cost centers is called:

- (a) Cost Allocation
- (b) Cost Apportionment
- (c) Overhead Absorption
- (d) All of the above

Answer: (b) Cost Apportionment

6. Method of absorption of overhead is:

- (a) Standard Method
- (b) Actual Method
- (c) Prime Cost Method
- (d) All of the above

Answer: (c) Prime Cost Method

7. Type of Inter- departmental Apportionment Method is:

- (a) Simultaneous Equation Method
- (b) Prime Cost Method
- (c) Direct Material Cost Method
- (d) Machine Hour Rate Method

Answer: (a) Simultaneous Equation Method

8. Selling Cost is:



- (a) Wages
- (b) Packing Cost
- (c) Wastage Cost
- (d) Establishment Cost

Answer: (b) Packing Cost

9. Method of determining unit cost are:

- (a) Cost-sheet
- (b) Statement of Cost
- (c) Production Account
- (d) All of the above

Answer: (d) All of the above

10. Advantage of cost-sheet is:

- (a) Cost collection
- (b) Control over Expenses
- (c) Valuation of Opening Stock
- (d) All of the above

Answer: (b) Control over Expenses

11. Warranty claims are:

- (a) Direct Expenses
- (b) Factory Expenses
- (c) Office Expenses
- (d) Selling Expenses

Answer: (d) Selling Expenses

12. Total sales are RS. 5, 00,000, 25% profit on cost, total profit would be:

- (a) RS. 10,000
- (b) RS. 1, 25,000
- (c) RS. 1, 50,000
- (d) RS. 1, 66,670

Answer: (a) RS. 10,000

13. Tender price is also called:

- (a) Quotation Price
- (b) Estimated Cost
- (c) Standard Price
- (d) All of the above

Answer: (a) Quotation Price

14. Tender is prepared:

- (a) Before the supply of goods
- (b) After the supply of goods
- (c) At the time of production
- (d) None of these



Answer: (a) Before the supply of goods

15. Tender is prepared:

- (a) By Customer
- (b) By Supplier
- (c) By Purchaser
- (d) All of the above

Answer: (b) By Supplier

16. The estimated cost price of a tender is RS. 2, 00,000 what will be the tender price if the profit is added 25% on tender price:

- (a) 2, 00,000
- (b) 25,000
- (c) 1, 00,000
- (d) 2, 66,667

Answer: (d) 2, 66,667

17. Comprehensive machine hour rate includes

- (a) Machine Operators wages
- (b) Managing directors salary
- (c) Income tax
- (d) Office rent

Answer: (a) Machine Operators wages

18. The following method is an improvement over the percentage on direct cost method:

- (a) Machine hour rate
- (b) Percentage on direct prime cost
- (c) Percentage on direct material cost
- (d) Man hour rate

Answer: (d) Man hour rate

19. Normalcy-wise overhead classification are:

- (a) Normal overheads
- (b) Abnormal overheads
- (c) Both (a) and (b)
- (d) None of these

Answer: (c) Both (a) and (b)

20. It is apportionment on the basis of area of each department's building:

- (a) Lighting
- (b) Repairs
- (c) Depreciation
- (d) All of the above

Answer: (a) Lighting

21. Apportionment is done on the basis of technical estimate:

- (a) Electricity Expenses



- (b) Air and Gas expenses
- (c) Water Expenses
- (d) All of the above

Answer: (d) All of the above

22. Output costing is used in:

- (a) Coal Mine
- (b) Oil Industry
- (c) In Hotel
- (d) All of the above

Answer: (a) Coal Mine

23. Exhibition expenses are:

- (a) Factory Expenses
- (b) Office Expenses
- (c) Selling and Distribution Expenses
- (d) Direct Expenses

Answer: (c) Selling and Distribution Expenses

24. Prime cost is also known as.....

- (a) Direct Cost
- (b) Flat Cost
- (c) First Cost
- (d) All of the above

Answer: (d) All of the above

25. Loose tools is:

- (a) Direct Expenses
- (b) Factory Expenses
- (c) Selling Expenses
- (d) All of the above

Answer: (b) Factory Expenses

(State whether the following statements are True and False):

1. Overhead is also known as burden.
2. On the basis of elements overheads are of two types.
3. On the basis of functions overheads are of three types.
4. Lighting expenses in the office is factory overhead.
5. The meaning of terms Allocation and Apportionment is same.
6. Allocation of overhead in cost units is called absorption of overhead.
7. Production department is also known as service department.
8. Repeated distribution method is also known as step ladder method.
9. Direct cost is also known as prime cost.
10. Cost – sheet is based on double entry system.
11. In factory overhead those expense are included which are of indirect nature.



12. Interest on capital is direct expense.
13. Tender price is the quotation price.
14. Statement of cost is prepared for calculating tender price.
15. Quotation price is based on the expenses of previous years.
16. There is no important of production Units in tender.
17. Statements of cost and cost-sheet are same.
18. Cash discount is a part of finance cost.
19. When actual overheads are less then absorbed overheads, it is called over-absorption.
20. Labor welfare expenses are part production overhead.

Answer: 1. True, 2. False, 3. True, 4. False, 5. False, 6. True, 7. False, 8. True, 9. True, 10. False, 11. True, 12. False, 13. True, 14. True, 15. True, 16. False, 17. False, 18. True, 19. False, 20. True.

UNIT 3

Q1. When a contract is not completed at the end of accounting year then profit on incomplete contract is transferred to:

- (a) Balance sheet
- (b) Transferred partly to p & L A/c
- (c) Reserve
- (d) Profit and loss A/c

Q2. Loss in complete contract is transferred to:

- (a) Profit & Loss A/c
- (b) Balance sheet
- (c) Reserve
- (d) None of these



iw.kZ BsdK [kkrs dh gkfu dks gLrkarfjr fd;k tkrk gSA

(a) ykHk gkfu [kkrk

(b) fLFkfr fooj.k

(c)lap;

(d) mijksDr esa ls ugh

Q3. Profit in complete contract is transferred to:

(a)Balance Sheet

(b)Profit& loss A/c

(c)Reserve

(d)None of these

iw.kZ BsdK [kkrs ds ykHk dks gLrkarfjr fd;k tkrk gSA

(a) fLFkfr fooj.k

(b)ykHk gkfu [kkrk

(c)lap;

(d) mijksDr esa ls ugh

Q4. Contract account is prepared :

(a)By contractor

(b) By Contractee

(c)Both 'a' and 'b'

(d)None of these

BsdK [kkrk cuk;k tkrk gSA

(a) Bsdsnkj }kjk

(b) Bsdsnkrk }kjk

(c) 'a' vkSj 'b' nksuks

(d) mijksDr esa ls ugh

Q5. Cost plus contract is useful to :



- (a) Contractor
- (b) Contractee
- (c) Both
- (d) None of these

ykxr lfgr Bsdk mi;ksxh gksrk gSA

- (a) Bsdsnkj dks
- (b) Bsdknkrk dks
- (c) nksuks dks
- (d) mijksDr esa ls ugh

Q6. In a building contract Rs.1,20,000 the certified work at the end of financial year is Rs. 80,000 and estimate profit is Rs. 12,000. What is the amount of profit to be credited to profit & loss A/C assuming cash received ratio at 75% ?

- (a) Rs. 10,000
- (b) Rs. 6,400
- (c) Rs. 12,000
- (d) Rs. 6,000

,d Hkou dk Bsdk 1]20]000 # esa fy;k x;kA foRrh; o"kZ ds vUr esa 80]000# dk izekf.kr dk;Z gqvk rFkk vuqekfur ykHk 12]000 # gqvKA ykHk gkfu [kkrs esa gLrkarfjr gksus okys ykHk dh jkf'k D;k gksxh tefr izkIr jkf'k dk izfr'kr 75 % gSA

- (a) 10]000#
- (b) 6]400#
- (c) 12]000 #
- (d) 6]000#

Q7. A transport company is running 30 buses with 50 passengers each covering a distance of is the 100 Km daily. What number of passenger Kms per day?

- (a) 50,000
- (b) 3,000
- (c) 1,50,000



(d) 1,500

Q8. Fixed and variable cost classification is of special important in :

- (a) Unit costing
- (b) operating costing
- (c) process costing
- (d) none of these

Q9. State in which industry operating costing will be used:

- (a) Cigarettes
- (b) Chocolate
- (c) Cinema
- (d) none of these

Q10. Operating Costing is used.

- (a) In transport Service
- (b) In Welfare Services
- (c) In Entertainment Service
- (d) All of these

Q11. Electricity generating company should apply.

- (a) Unit costing
- (b) Process costing
- (c) Operating costing
- (d) Contract costing

Q12. Which method of costing is used in hotel.

- (a) Per Ton
- (b) Per Costing
- (c) Process Costing
- (d) None of These



Q13. Transport Cost can be calculated as.

- (a) Per Ton
- (b) Per K.M.
- (c) Per Passenger
- (d) All of these

Q14. In Contract costing method. Contract Account is prepared.

- (a) By Contractee
- (b) By Contractor
- (c) Both a and b
- (d) none of these

Q15. Loss on incomplete contract is transferred to.

- (a) P & L Account
- (b) Work in Progress
- (c) Both a and b
- (d) None of these

Q16. Cost plus contract is useful to.

- (a) For Contractor
- (b) For Contractee
- (c) Both a and b
- (d) For Government

Q17. When a contract is 50% complete, the amount of profit taken credit for is usually.

- (a) 50% of estimated profit
- (b) Amount of estimated profit
- (c) Two third of the earned profit multiplied by cash ratio
- (d) No Profit



- Q18. Cost plus contract is usually entered in to those cases where
- (a) Cost can be easily estimated
 - (b) It is not possible to compute the accurate cost in advance**
 - (c) Cost can't estimated
 - (d) Contractor wants to earn a fixed amount of profit
- Q19. Contact costing is a form of :
- (a)Unit costing
 - (b)Specific order costing**
 - (c)Process costing
 - (d)Marginal costing
- Q20. Specific order method of costing is a generic name of :
- (a)Job costing
 - (b)Batch costing
 - (c)Contract costing
 - (d)All of these**
- Q21. Where a contract is 35% complete , any profit on same is transferred :
- (a)Wholly to profit & loss account
 - (b)Wholly to work in progress account
 - (c)Party to profit & loss account and party to work in progress account**
 - (d) None of these
- Q22. Work in progress show in the balance sheet , comprise :
- (a)Work certified
 - (b)Work uncertified
 - (c)Profit taken to P & L account
 - (d)All of these**
- Q23. The term that does not appear in the contract account is :



- (a) Plant
- (b) Work uncertified
- (c) Chash received from contractee
- (d) Contract price

Q24. In transport costing the cost per unit is -

- (a) Per kilometre
- (b) Per passenger kilometre
- (c) Per tonne kilometre
- (d) All of these

IfjpkYu Ykkxr ys[kkadu esa izfr bdkbZ ykxr gksrh gSA

- (a) izfr fdyksehVj
- (b) izfr ;k=h fdyksehVj
- (c) izfrVu fdyksehVj
- (d) mi;qZDr lHkh

Q25. In transport costing following expense is not included in fixed expenses-

- (a) Garage rent
- (b) Petrol
- (c) Insurance
- (d) License fee

IfjpkYu Ykkxr ys[kkadu esa fuEukfdr O;;ksa dks LFkk;h O;;ksa esa 'kkfey ugh fd;k tkrk gSA

- (a) xSjst dk fdjk;k
- (b) iSVzksy
- (c) chek
- (d) ykblsal Qhl

Q26. In service costing cost are classified as follows-

- (a) Standing charge



(b) Maintenance charge

(c) Running charge

(d) All of these

Lksok ykxr ys[kkadu esa Ykkxrksa dk oxhZdj.k fuEukuqlkj fd;k tkrk gSA

(a) LFkk;h O;;

(b) ejEeu O;;

(c) ifjpkYu O;;

(d) mi;qZDr IHkh

Q27. In power house costing the per unit is -

(a) Per hour

(b) per kilowatt

(c) Per kWh per hour

(d) All of these

'kfDr x`g ykxr ys[kkadu esa izfr bdkbZ ykxr gksrh gSA

(a) izfr ?k.Vk

(b) izfr fdyksokV

(c) izfr fdyksokV izfr ?k.Vk

(d) mi;qZDr IHkh

Q28. Cost per unit in a hospital is-

(a) Cost per day

(b) Cost per patient

(c) Cost per patient per day

(d) Cost per bed

vLirky esa izfr bdkbZ ykxr gksxhA

(a) ykxr izfrVu

(b) ykxr izfr ejht



(c) ykxr izfr ejht izfr fnu

(d) ykxr izfr iyax

Q29. State, in which industry operating costing will be use:

(a)Cigarattes

(b)Chocolate

(c)Cinema

(d)Sugar

Q.30. Fixed and variable cost classification is of special importance in:

(a)Units costing

(b)Operating cost

(c)contract costing

(d)Process costing

Q.31. Operating costing is used:

(a)In transport services

(b)In welfare service

(c)In entertainment services

(d)All of these

Q32. Electricity generating company should employ:

(a)Units costing

(b)Process costing

(c)Operating costing

(d)Contract costing

Q33. Which method of costing is used in hotel

(a)Units costing

(b)Job costing

(c)Process costing



(d)None of these

Q.34: Transport cost can be calculated as:

(a)Per ton

(b)Per km.

(c)Per passenger km.

(d)All of these

True or False:

Q35. Job costing can not be applied along with marginal costing.

(F)

Q36. Escalation clause in a contract provide that contract price is fixed.

(F)

Q37. Job costing can be applied in small industries only.

(F)

Q38. The basis principles applied in contract costing are the same as these used in Job costing.

(T)

Q39. A man who gets done the work under a contract, is know as contractor.

(F)

Q40. Work certified = cash received x 100 / % of cash received

(T)

Q41. Generally it the work certified is less than $\frac{1}{4}$ of contract price, then profit is not calculated theron.

(T)

Q42. Profit = Balance of contract account x $\frac{2}{3}$ x cash received/work certified

(T)

Q43. Operating costing is a variation of contract costing.

(T)

Q44. Cost are show element wise in operating cost sheet.

(F)

Q45. Operating costing is applied in engineering industry.

(F)

Q41. Operating costing is used in those industries where standardized and homogenous output is manufacturing.(F)



- Q46. In Taxi costing cost unit is per km. passenger.
(T)
- Q47. Hospital is not related with operating cost.
(F)
- Q48. In operating costing determination of service cost unit is essential.
(T)
- Q49. Food and residence are not included for determining hotel cost.
(F)
- Q50. A man who gets done the work under a contract , is known as contractor .
(F)

Tks O;fDr fdlh vuqca/k ds vk/khu fdlh dk;Z dks djokrk gS] mls Bsdsnkj dgrs gSaA

- Q51. A man who does the work under a contract, is know as contractee.
(F)

Tks O;fDr fdlh vuqca/k ds vk/khu fdlh dk;Z dks djrk gS] mls Bsdknkrk dgrs gSaA

- Q52. Contract Account is prepared by the contractee.
(F)

Bsdk [kkrk Bsdsnkj }kjk rS;kj fd;k tkrk gSaA

- Q53. Contract Account is prepared by the contractee.
(T)

Tks O;fDr fdlh vuqca/k ds vk/khu fdlh dk;Z dks djokrk gS] mls Bsdsnkj dgrs gSaA

- Q54. Profit = Balance of contract A/c. x 1/3 x cash received/ work certified
(T)

ykhk = Bsdk [kkrk dk `ks"k x 1/3 x izkIr jkf`k / fdz;e.k dk;Z

- Q55. Complete Balance sheet can be prepared by complete contract only.
(T)

iw.kZ Bsdk [kkrk dsoy Bssds ds iw.kZ gksus ij gh cuk;k tk ldrk gSA

- Q56. The cost unit in case of operating costing is always a simple unit.
(F)

IfjpkYu ykxr ys[kkadu esa ykxr bdkbZ ges`kk gh lkekU; bdkbZ gksrh gSA



Q57. Operating costing may be adopted even by the concern producing goods.
(F)

Ifjpkyy ykxr ys[kkadu viuk;h tk ldrh gS pkgS laLFkk oLrqvksa dk mRiknu djrh gksA

Q58. Operating costing is also known as service costing.
(T)

Ifjpkyy ykxr ys[kkadu dks lsok ykxr ys[kkadu ds #i esa Hkh tkuk tkrk gSaA is a

Q59. In case of transport undertaking the cost unit is a passenger km or tone km.
(T)

Ifjogu mide dh fLFkfr esa ykxr bdkbZ ;k«kh fd-eh- ;k Vu fd-eh- gksrh gSA

Q60. The principal of costing accounting cannot be applied to a hospital.
(F)

vLirky esa ykxr ys[kkadu ds fl}kar ykxw ugh fd;s tk ldrs gSaA

Q61. Contract costing is a form of job costing.
(T)

vLirky esa ykxr ys[kkadu ds fl}kar ykxw ugh fd;s tk ldrs gSaA

Q62. Contract costing is adopted for small jobs of short duration.
(F)

vLirky esa ykxr ys[kkadu ds fl}kar ykxw ugh fd;s tk ldrs gSaA

Q63. Cash received from contractor is always less than the value of work certified.
(T)

vLirky esa ykxr ys[kkadu ds fl}kar ykxw ugh fd;s tk ldrs gSaA

Q.64 Work in progress is always an asset.
(T)

vLirky esa ykxr ys[kkadu ds fl}kar ykxw ugh fd;s tk ldrs gSaA

Q65. Retention money is the amount unpaid to contractor on work certificate.
(T)

vLirky esa ykxr ys[kkadu ds fl}kar ykxw ugh fd;s tk ldrs gSaA

Q66. Hospital is not related with operating cost.
(F)



- Q67. In operating costing determination of service cost unit is essential.
(T)
- Q68. Electricity supply services us related with operating cost.
(T)
- Q69. Operating costing is not used in service oriented institutions.
(F)
- Q70. Food and residence are not included for determining hotel cost.
(F)
- Q71. In hospital per unit cost is calculated on the basis of per patient day.
(T)
- Q72. Library cost is determined on the basis of operating costing.
(T)
- Q73. Operating costing is also known as service costing.
(T)
- Q74. Water supply service is not related with operating costing.
(F)
- Q75. Absolute tone-kilometer and commercial tone-kilometer are symonyms.
(F)

Fill in the Blanks:

- Q76. A man who gets the who done under a contract is called.....
Contractee
og O;fDr tks fdlh vuqca/k ds vk/khu dk;Z djokrk gS] mls----- dgrs gSaA
Bsdknkrk
- Q77. A man who perform the work to other under a contract, is called.....
Contractor
og O;fDr tks fdlh vuqca/k ds vk/khu nwljs dk dk;Z djrk gS] mls----- dgrs gSaA
Bsdknkj
- Q78. Contract is valid agreement between contractor and
Contractee
Bsdk] Bsdnskj o----- ds chp oS/k le>kSrk gSaA
Bsdknkrk
- Q79. The part of value of certified work retained by the contractee. Is know as.....
Retention money



- izekf.kr dk;Z dh jkf`k dk tks Hkkx Bsdknrkrk }kjk jksd fy;k tkrk gS mls----- dgrs
gSaA izfr/kkj.k jkf`k
- Q80. Profit = Balance x 2/3 x cash received/
Work certified
- ykHk ¾ 'ks"k x 2/3 x izkIr jkf`k /
izekf.kr dk;Z
- Q81. The method of costing used by an educational institute is known as
Operating cost
- Q82. The cost unit in case of hospital is known as
per patient day
- Q83. Canteens and cinema houses use.....
Operating
- Q84. The cost unit in case of transport undertaking is known as..... Passenger km
or tonne km
- Q85. The operating cost of a transport undertaking are classified as..... charges,
..... charges and Charges . standing,
maintenance, running
- Q86. In the case of contract costing each contract is given a.....
Number
- Q.87 Work in progress show in the balance sheet as an.....
Asset
- Q88. In contract costing part of a profit on Contract was taken to profit and loss account.
Incomplete
- Q89. does not appear in a contract account unless the contract is complete.
Contract price
- Q90. Net expenditure incurred on a contract which is not yet complete is known as work in
progress
- Q91. Work done but not certified is shown in the contract account as
Work uncertified
- Q92. The original cost of plant minus its scrap value is it's.....
Depreciation



- Q93. Contract costing is a variant of..... costing.
Job
- Q94. In contract costing payment of cash to the contractor to the contractor is made on the basis of
.....
Work
certified
- Q95. In the case of contract costing the cost unit is.....
contract
- Q96.is included in welfare services.
Hospital
- Q97. is included in supply services.
Electric or gas
- Q98. is included in entertainment services.
Drama, cinema
- Q99. is included in transport services.
Railway /Bus

Unit 4th

(I) State whether the following statement are 'True' or 'False' –

1. Process Costing method is usually used in small factories.
2. Process Costing is a method of costing applied to industries where the materials has to pass through more processes for being converted into a finished product.
3. Direct wages are shown in the credit side of process account.
4. In process costing, every process is a cost unit.
5. In process costing, the realizable value of loss in weight is calculated.
6. Wastage has two types.
7. If actual wastage is less than normal wastage, then this less share is called abnormal gain.
8. By-product have less important.
9. In sugar industries sugar is main product and molasses is by-product.
10. Point value method is also called survey method.

(II) Fill in the blanks –



1. Abnormal loss is written side of process account.
2. Process costing is used in industries.
3. Abnormal arises due to of management.
4. In process costing, cost of first process is transferred to.....
5. wastage is estimated on the basis of actual wastage in previous year.
6. wastage transferred to profit and loss account.
7. When actual loss in process is less than normal loss, the difference between the two is called.....
8. In oil refining industry petrol is the main product and is by-product.
9. produces itself along with the main product.
10. In joint cost is divided on the basis of weight of the product.

(III) Multiple Choice Questions –

1. A process loss that does not affect the cost per unit is:
 - a) Abnormal loss.
 - b) Normal loss.
 - c) Standard loss.
 - d) None of these.
2. In process costing, cost per unit increases because of:
 - a) Normal loss.
 - b) Abnormal loss.
 - c) Normal gain.
 - d) Abnormal gain.
3. Process costing is used in:
 - a) Oil industry.
 - b) Cement industry
 - c) Chemical industry.
 - d) All of the above.
4. Types of wastage are:
 - a) Normal wastage.
 - b) Abnormal wastage.
 - c) Standard wastage.
 - d) (a) and (b) both.
5. Causes of abnormal wastage are:
 - a) Natural disaster.
 - b) Breakdown of plant and machinery.
 - c) Carelessness of managers.
 - d) All of the above.
6. In oil industries which method is used:
 - a) Contact costing.
 - b) Process costing.
 - c) Operating costing.



- d) All of the above.
7. Normal cost of normal output of 80 units is Rs. 400 then value of abnormal wastage of 5 units will be:
- Rs. 25.
 - Rs. 1
 - Rs. 1,600.
 - Rs. 100.
8. If normal output of X process is 1,000 units and abnormal wastage is 20 units, then the actual output of the process will be:
- 1,000 units.
 - 20 units.
 - 980 units.
 - 1,020 units.
9. In process account, abnormal gain is written on the:
- Debit side.
 - Credit side.
 - Both side.
 - No entry.
10. In process account, normal wastage is written on the:
- Debit side.
 - Credit side.
 - Both side.
 - No entry—
11. Which of the following item is not included in Cost Accounts?
- Interest Received.
 - Dividend paid.
 - Interest paid on debentures.
 - All of the above.
1. Which of the following items is included in Cost Accounts?
- Income Tax.
 - Transfer fee
 - Works overhead.
 - Rent received.
2. Which if the following items shall be deducted from cost profit to calculate financial profit?
- Income tax paid.
 - Interest received.
 - Works overhead recovered in cost.
 - Rent received.
3. Profit as per financial book is Rs. 1,00,000, what will be the profit as per costing books? When transfer fee received Rs. 1,000 has not been shown in financial books?
- Rs. 99,000.



- b) Rs. 1,01,000.
c) Rs. 98,000.
d) Rs. 1,00,000.
4. If depreciation charged in cost books is Rs. 12,000 and in financial books is Rs. 10,000. If profit as per cost accounting is Rs. 20,000, then what will be the profit as per financial books?
- a) Rs. 20,000.
b) Rs. 10,000.
c) Rs. 22,000.
d) Rs. 12,000.
5. If selling and distribution expenses, actual as well as predetermined are Rs. 1,000 then what will be the profit as per cost books? When profit as per financial books is Rs. 32,500.
- a) Rs. 33,500.
b) Rs. 32,500.
c) Rs. 31,500.
d) None of these.
6. Profit as per cost accounts is Rs. 19,200. Is depreciation overcharged in cost accounts is Rs. 800 then what will be the profit as per financial accounts?
- a) Rs. 18,400.
b) Rs. 20,000.
c) Rs. 19,200.
d) None of these.
7. Opening stock as per financial books is Rs. 20,000 and as per cost accounts is Rs. 24,000. What will be the profit as per financial books when the profit as per cost books is Rs. 42,450?
- a) Rs. 54,000.
b) Rs. 50,000.
c) Rs. 46,000.
d) Rs. 70,000.
8. Closing stock as per cost books is Rs. 27,750 and as per financial books Rs. 27,000. What will be the profit as per cost books when profit as per financial books is Rs. 42,450?
- a) Rs. 41,700.
b) Rs. 43,200.
c) Rs. 42,450.
d) None of these.
9. Profit as per cost books is Rs. 70,000. If Rs. 5,000 of interest on debentures has not been shown in financial books then what will be the profit as per financial books?
- a) Rs. 65,000.
b) Rs. 75,000.
c) Rs. 70,000.
d) None of these.

Q1. A process lost that does not affect the cost per unit is:



- (a) Abnormal loss
- (b) Normal loss
- (c) Standard loss
- (d) None of these

izfdz;k gkfu tks izfr bdkbZ ykxr dks izHkkfor ugh djrh gSA

- (a) vlkekU; gkfu
- (b) lkekU; gkfu
- (c) izeki gkfu
- (d) bues ls dksbZ ugh

Q2. In process costing per unit increase because of:

- (a) Normal loss
- (b) Abnormal loss
- (c) Normal gain
- (d) Abnormal gain

Q3. Input in a process is 3,000 unit and normal loss is 10%. When finished output in the process is only 2,720 unit there is an:

- (a) Abnormal loss of 20 units
- (b) Abnormal gain of 20 units
- (c) Both (a) and (b)
- (d) none of these

Q4. Normal cost of normal output of 80 unit is Rs.400 ,then value of abnormal wastage of 5 unit will be:

- (a) Rs.25
- (b) Rs. 1
- (c) Rs. 1,600
- (d) none of these

Q5. A bakery produces cake, biscuit and bread. These products should be treated as:



- (a) joint products
- (b) co-products
- (c) by-products
- (d) none of these
- Q6. If normal output of a process is 19,600 unit and abnormal wastage is 100 unit. Then the actual output of the process will be :
- (a) 19,500 unit
- (b) 19,700 unit
- (c) 19,400 unit
- (d) none of these
- Q7. Input in a process is 8,000 units and normal loss is 5%. If abnormal effective is 100 units then actual Outputs of the said process will be:
- (a) 7,500 units
- (b) 7,700 units
- (c) 8,500 units
- (d) 8,300 units
- Q8. If in a process normal loss is 10 % abnormal wastage is 100 units and the output is 8,000 units .then Number of units initially introduced in the said process will be:
- (a) 9,000 units
- (b) 8,910 units
- (c) 8,690 units
- (d) 8,900 units
- Q9. In a process value of abnormal wastage of 100 units is 1,600 and selling price of wastage is Rs. 2 per units Then the normal cost per unit will be :
- (a) Rs. 16
- (b) Rs .14
- (c)Rs . 18
- (D) none of these



Q10. In each process 5% of the total weight put in is lost and 10% is scrap if the output of process A is 1,700 Tons then scrap will be:

- (a) 170 ton
- (b) 195.5 ton
- (c) 200 ton
- (d) none of these

Q.11 In a process account, abnormal gain is written on the :

- (a) Debit side
- (b) Credit side
- (c) Both side
- (d) No entry

Q12. In a process account abnormal loss is written on the :

- (a) debit side
- (b) credit side
- (c) both side
- (d) no entry

Q13. Be added to costing profit to arrive at financial profit:

- (a) income tax paid
- (b) interest receivable
- (c) under absorption of office overhead
- (d) interest on debentures

Q.14 When interest on debenture has not been shown in a financial books:

- (a) Rs.50,000
- (b) Rs.55,000



(c)Rs.45,000

(d)none of these

Q.15 Depreciation charged in financial book is Rs.5,000 and in cost book is Rs. 6,000. If profit as per cost accounting is Rs. 10,000 then what will be the profit as per financial book:

(a) Rs.10,000

(b)Rs.11,000

(c)Rs. 5000

(d) Rs. 6000

Q16. If opening stock as per financial records is Rs 10,000 as per costing records is Rs.12,000 and if costing profit is Rs. 25,000 , then what will be the profit as per financial records:

(a) Rs. 27,000

(b) Rs. 23,000

(c) Rs. 25,000

(d) Rs. 35,000

Q17. Which of the following items is not included in cost accounts:

(a) Interest on investment

(b) Dividend paid

(c) Interest on debenture

(d) All of these

Q18. Which of the following items is included in cost accounts:

(a) Income Tax

(b) Share Transfer Fee

(c) Casual Income

(d) None of these

Q19. Which of the following items is not included in financial books:

(a) Rent of own house

(b) Amount of Goodwill Written-off



(c) Loss on sale of Furniture

(d) Dividend received

Q20. Process loss ,in excess of the estimated loss, is due to:

(a) operational inefficiency

(b)usage of materials of inferior quality

(c)Employment of cheap labour

(d)none of the labour

Q.21. An abnormal gain in a process occurs in the following situation:

(a)when cost is reduced through increased machine speed

(b) When actual losses are greater than the normal loss level

(c)When actual losses are less then the normal loss level

(d)None of the above

Q.22. Input to a process is 460 units normal loss is 15% of input. If output is 400units, processing has resulted in;

(a) Normal loss

(b)Abnormal loss

(c)Abnormal gain

(d)None of these

Q.23. If 200 units are introduced in to a process, 12% is normal less, and output is 176 units processing has resulted in an abnormal less /abnormal gain of:

(a) 24 units of abnormal loss

(b)24 units of abnormal gain

(c)12 units of normal loss

(d)None of the above

Q24. The following process loss is not affect the cost of good units:

(a)Normal loss

(b)Abnormal loss



- (c) standard loss
- (d) None of the above

Q25. Under valuation of opening stocks in cost books results is:

- (a) Decrease in profit
- (b) Increase in profit
- (c) Increase as well as decrease in profit
- (d) None of these

Q.26. Which of the following items is not included in cost books.

- (a) Preliminary Expenses
- (b) Dividend
- (c) Goodwill
- (d) All the above

Q 27. Which of the following items of income excluded from the purview of costs.

- (a) Transfer fee
- (b) Dividend
- (c) Interest on investments
- (d) All of above

Q28. Which of the following items added to profits as per cost accounts to arrive of financial profit.

- (a) Over Valuation of closing stock
- (b) Under valuation of opening stock
- (c) Under valuation of closing stock
- (d) None of these

Q 29. If loss as per cost books were to be Rs. 25,000 and under absorbed office expenses Rs.5,000, loss as per financial book should be.

- (a) Rs. 20,000 (b) Rs. 25,000 (c) Rs. 30,000 (d) Rs.5,000



Q30. In process costing cost p.u. increases because of

- (a) normal loss (b) abnormal loss (c) normal gain (d) none

Q31. Input in the process is 2000 units and normal loss is 10%. If finished output in process is 1900 units, there is an..

- (a) abnormal loss of 100 unit
(b) abnormal gain of 100 unit
(c) none of these

Q32. Input in the process is 2000 units and normal loss is 10%. If finished output in process is 1700 units, there is an..

- (a) abnormal loss of 100 unit
(b) abnormal gain of 100 unit
(c) none of these

Q33. Input in the process is 10,000 units and normal loss 8% which finished output in the process only 9,300 units , there is an :

- (a) Abnormal gain
(b) Abnormal loss 100 unit
(c) Normal loss 100 units
(d) None of these

Q34. Normal cost of normal output of 100 units is Rs 500 then value of abnormal wastage of 10 unit will be :

- (a) Rs 100
(b) Rs 150
(c) Rs 50
(d) Rs 250

Q35. Input a process is 10,000 unit and normal loss is 10% when finished output in process is only 850 units there is an

- (a) Abnormal loss 100 units
(b) Abnormal gain 50 units



(c) Normal loss 150 units

(d) None of these

Q36. In process costing cost per unit increase because of :

(a) Abnormal loss

(b) Normal loss

(c) Abnormal gain

(d) None of these

Q37. Normal cost of normal output of 500 units is Rs 2000 then the value of abnormal gain of 20 units :

(a) Rs 80

(b) Rs 120

(c) Rs 200

(d) Rs 400

Q38. A process loss that does not affect the cost per unit is :

(a) Abnormal loss

(b) Normal loss

(c) Standard loss

(d) None of these

Q39. Which of the following items is not included in cost account :

(a) Material

(b) Direct exp

(c) Factory exp

(d) Income tax

Q40. Which of the following items is included in cost account :

(a) Income tax

(b) Wealth tax



(c) Interest on investment

(d) Factory O. H

Q41. Which of the following items is not included in financial books:

(a) Goodwill writing off

(b) Loss on sale of assets

(c) Rent of own house

(d) Interest received

Q42. Which of the following items is not included in cost account :

(a) Interest on investment

(b) Dividend paid

(c) Interest on debentures

(d) All of above

True or False:

Q43. In process costing, every process is a cost unit.

False

izfdz;k ykxr ys[kkadu esa] izR;sd izfdz;k ,d ykxr bdkbZ gSA

Q44. In process costing, cost are compiled process – wise.

True

izfdz;k ykxr ys[kkadu esa] ykxrksa dks izfdz;k vuqlkj ,df=r fd;k tkrk gSA

Q45. Waste has no realizable market value.

False

{k; dk dksbZ olwyh cktkj ewYl ugh gksrk gSA

Q46. Process costing is generally used in small scale industries.

False

izfdz;k ykxr ys[kkadu dks lkekU;r% NksVs iSekus ds m|ksxksa esa iz;ksx fd;k tkrk gSA

Q47. Normal process loss is transferred to costing P & L A/c.

False



lkekU; izfdz;k gkfu dks ykxr ykHk&gkfu esa gLrkUrfjr fd;k tkrk gSA

Q48. Management may treat a joint product as a By-product .
True

izcU/k la;qDr mRikn dks mi&mRikn eku ldrk gSA

Q49. Abnormal gain in process account is transferred to costing P&L, A/c .
True

izfdz;k [kkrs esa vlkekU; cpr dks ykxr ykHk gkfu [kkls esa gLrkUrfjr fd;k tkrk gSA

Q50. When actual loss in process is more than normal loss, the difference between the two is called
Abnormal effective .
False

Tkc izfdz;k esa okLrfod gkfu] lkekU; gkfu ls vf/kd gksrh gS rks nksuks ds e/; dk vUrj vlkekU;
cpr dgykrk gSA

Q51. When actual loss in process is less than normal loss the difference between two is called
abnormal

Wastage .
False

izfdz;k esa okLrfod gkfu] lkekU; gkfu ls de gksrh gS rks nksuks ds e/; dk vUrj vlkekU; {k;
dgykrk gSA

Q52. Various grades of coal should be treated as joint product .
True

Dks;ys dh fofHkUu Jsf.k;ksa dks la;qDr mRikn ekuuk pkfg;sA

Q53. Loss in weight has no realisable value .
True

Hkkj esa deh dk dksbZ olwyh ewY; ugh gksrkA

Q54. Abnormal wastage are shown on the debit side of process account .
False

vlkekU; {k; dks izfdz;k [kkrs ds MsfoM i{k esa iznf'kZr djrs gSA

Q55. Cost account and financial account both are not based on double entry system .
False

Ykkxr ys[kk ,oa foRrh; Yks[kk nksuks nksgjh ys[kk iz.kkyh ij vk/kkfjr ugh gSA

Q56. Profit disclosed by cost account is taken as base to reconcile the difference of the profit disclosed



By cost account and financial account .

True

ykxr ys[kk ,oa foRrh; ys[kk iznf`kZr ykHkksa ds vUrj ds lek/kku ds fy, ykxr ys[kk }kjk iznf`kZr ykHk dks vk/kkj ekuk tkrk gSA

Q57. Interest on capital is included in cost account .

False

iw;th ij C;kt ykxr ys[kkk esa lfEefyr fd;k tkrk gSA

Q58. Interest and dividend received on investment are included in cost account .

False

fofu;ksxksa ij C;kt ,oa ykHkkal ykxr ys[kks esa lfEefyr fd;s tkrs gaSA

Q59. If the value of closing stock is shown in excess by Rs 500 in cost account , then it will be added to the profit disclosed by cost account while making reconciliation statement .

False ;fn vfUre jgfr;k dk ewY; ykxr ys[kk esa 500# ls vf/kd fn[kk;k x;k gS rks lek/kku ds fy, bls ykxr ys[kk ds ykHk esa tksM+k tk;sxkA

Q60. Process costing is used by large scale manufacturing organizations.

True

Q61. Wastage which cannot be controlled, is called normal wastage.

True

Q62. Wastage which can be controlled, is called abnormal wastage.

True

Q63. If the wastage is less than normal wastage,it is abnormal effectiveness.

True

Q64. By – products and joint – products both are the separate things.

True

Q65. Abnormal wastage in any process is charged from profit & loss account.

True

Q66. The loss on account of loss in weight is charged from profit and loss account.

True

Q.67 Process accounts are prepared only annually.

False

Q68. Only direct exp. on production are charged from process accounts.

False



Q69. By-product of small value are not given any weightage in the preparation of process accounts.
False

Q70. Process costing is used by large scale manufacturing organization.
True

Q71. Waste has no realizable market value.
True

Q72. Management may treat a joint-product as a by-product.
True

Fill in the Blanks :

Q73. Goodwill written off is included in Account .
financial

vifyf[kr dh xbZ [;kfr -----ys[kksa esa 'kkfey dh tkrh gSA

Q74. Income tax is not included in Account .
cost accounting

vk;dj----- ys[kksa es 'kkfey ugh fd;k fd;k tkrk gSA

Q75. Dividend received is a such type of item which is not included in account .
cost accounting

izkIr ykHkkal ,d ,Slh en gS tks ----- ys[kksa es 'kkfey ugh dh tkrh gSA

Q76. If profit as per cost account is Rs 12000 and the account of factory overhead over recovered is Rs 3000 then ;fn profit as per financial book will be Rs .
Rs 1500

;fn ykxr ys[kksa ds vuqlkj ykHk 12]000# gks ,oa dkj[kkuk mifjO;; dh vf/kd olwy dh xbZ jkf`k 3]000# gks rks foRrh; iqLrdks dk ykHk -----gksxkA

Q77. If profit as per cost account is Rs15000 and the amount of office overhead under recovered is Rs3000 then profit as per financial book will be Rs .
Rs12000

;fn ykxr ys[kksa ds vuqlkj ykHk 15]000# gks ,oa dk;kZy; mifjO;; dh de olwy dh xbZ jkf`k 3]000# gks rks foRrh; iqLrdks dk ykHk -----gksxkA

Q78. Abnormal gain is written on the side of the process account .
debit

Q79. Abnormal process losses are transferred to
P & A/c costing



- Q80. Sale process from abnormal process loss are credited to A/c .
Abnormal loss
- Q81. Cost incurrent after split of stage are called cost .
Abnormal loss
- Q82. When actual loss in process is more than normal loss , the difference between
the two is called
abnormal wastage
- Q83. When actual loss in process is less than normal loss , the difference between the
Two is called
abnormal gain
- Q84. Abnormal wastage is written on the side of process account .
credit
- Q85. has no realisable value.
Wastage

Unit 5th

Choose the correct option of following

- Q1. B.E.P. is that where:
- (a) There is minimum profit
 - (b) There is minimum loss
 - (c) There is maximum profit
 - (d) There is neither profit nor loss**
- Q2. B.P.E. is the point at which:
- (a) total revenue is equal to total cost
 - (b) contribution margin is equal to total fixed cost



- (c) there is no profit no loss
- (d) all the above
- Q3. Margin of safety:
- (a) sale - fixed cost
- (b) sale - variable cost
- (c) sale - total cost
- (d) sales - B.E.P.
- Q4. To obtain the break-ever point in unit ,total fixed cost is divided by:
- (a) variable cost per unit
- (b) fixed cost per unit
- (c) contribution per unit
- (d) P/V ratio
- Q5. What will be the effect on B.E.P. by the increase in fixed cost:
- (a) decrease
- (b) increase
- (c) no change
- (d)none of these
- Q6. What is the effect of decrease in variable cost on B.E.P. :
- (a) decrease
- (b)increase
- (c) no change
- (d) none of the above
- Q7. A company manufactures a single product, which it sells for Rs.20 per unit. Fixed cost are Rs.60,000 per annum. P/V Ratio is 40% ,Break-ever in unit is:
- (a) 7,000
- (b) 7,400



(c) 7,500

(d) 8,000

Q8. Selling price per unit Rs.9, variable cost per unit Rs.6, Fixed cost Rs.54,000; Sales Rs.1,80,000; Margin of safety in unit is:

(a) 2,000

(b) 16,000

(c) 17,000

(d) 18,000

Q9. Profit-Volume ratio 30%,Fixed cost Rs.75,000; what will the amount of sales for the profit of Rs.15,000

(a) Rs.2,00,000

(b) Rs. 2,50,000

(c) Rs. 2,75,000

(d) Rs.3,00,000

Q10. The difference between actual cost and standard cost is know as:

(a) profit

(b) differential cost

(c) variance

(d) margin of safety

Q11. In standard costing , standard cost is compared with :

(a) variable cost

(b) actual cost

(c) estimate cost

(d) fixed cost

Q12. Standard costing involves the

(a) setting of budgeted costs

(b) determination of standard cost



(c) fixation of estimate cost

(d) all of above three

Q13. Standard costing helps in:

(a) controlling prices

(b) measuring efficiency

(c) increasing profit

(d) reducing losses

Q14. Which of the following standard is not current standard:

(a) initial standard

(b) ideal standard

(c) expected standard

(d) normal standard

Q15. Basic standard are established for a:

(a) Short Period

(b) Current Period

(c) Indefinite Period

(d) Both (a) and (b)

Q16. The difference between actual cost of materials and standard cost of materials is known as:

(a) Materials Price Variance

(b) Materials cost Variance

(c) Material Usage Variance

(d) Materials Yield Variance

Q17. Which one of the following relationship is incorrect:

(a) $MCV = MPV + MUV$

(b) $MCV = MPV + MMV + MYV$



(c) $MCV = MPV + MUV + MMY$

(d) $MCV = MPV + MRUV + MMU$

Q18. Which is the correct formula for calculating Labour Efficiency Variance:

(a) $SR (ST - AT)$

(b) $AR (ST - AT)$

(c) $SR (ST - ATW)$

(d) $AR (ST - ATW)$

Q19. Which is not the synonym of Material Usage Variance:

(a) Material Revised Usage Variance

(b) Materials Quantity Variance

(c) Materials Efficiency Variance

(d) All the above

Q20. Product cost in marginal costing means :

(a) Prime cost only

(b) Prime cost + variable overheads

(c) Prime + semi variable overheads

(d) Prime cost + fixed cost

Q21. Period cost means :

(a) Time cost

(b) Fixed cost

(c) variable cost

(d) Fixed cost

Q22. An important difference between marginal costing and absorption costing is regarding the treatment of :

(a) Prime cost

(b) Direct material



(c) variable overheads

(d) Fixed overheads

Q23. Under marginal cost, selling price in short term is normally fixed on the basis of :

(a) Total cost + profit

(b) Variable cost + contribution

(c) variable cost

(d) Below marginal cost

Q24. For capturing foreign market a product may be sold for a short period at

(a) Total cost

(b) Marginal cost

(c) Marginal cost + contribution

(d) Total + profit

Q25. Any special order may generally be accepted at

(a) Below marginal cost

(b) Below fixed cost

(c) Below total but above marginal cost

(d) Below total cost but above fixed cost

Q26. In arriving the closer division the management considers besides, other cost following cost also:

(a) Cost of new machines

(b) Fixed investment

(c) Cost of opening

(d) Cost of capital

Q27. BEP is that where

(a) There is minimum profit

(b) There is minimum loss



- (c) There is maximum profit
- (d) There is neither profit nor loss**

Q28. BEP is the point at which:

- (a) Total revenue is equal to total cost
- (b) Contribution margin is equal to total fixed cost
- (c) There is no profit no loss
- (d) all of the above**

Q29. Margin of safety

- (a) Sales-Fixed cost
- (b) Sales – Variable cost
- (c) Sales-Total cost
- (d) Sales-B.E.P.**

Q30. What is the effect of decrease in variable cost on B.E.P.:

- (a) Decrease**
- (b) increase
- (c) No change
- (d) None of these

Q31. The difference between actual cost and standard cost is known as:

- (a) Profit
- (b) Differential cost
- (c) Variance**
- (d) Margin of safety

Q32. In standard costing , cost is compared with:

- (a) Variable cost
- (b) Actual cost**
- (c) Estimated cost



(d) Fixed cost

Q33. Standard costing involves the:

- (a) Setting up budgeted cost
- (b) Determination of standard cost**
- (c) Fixation of estimated cost
- (d) All the above

Q34. Standard costing helps in :

- (a) Controlling price
- (b) Measuring efficiency**
- (c) Increasing profit
- (d) Reducing loss

Q35. Which of the following standard is not current standard.

- (a) Initial Standard**
- (b) Ideal Standard
- (c) Expected Standard
- (d) Normal Standard

Q36. Basic standard is established for a .

- (a) Short Period
- (b) Short and long both periods
- (c) Indefinite Period**
- (d) Current Period

Q37. The difference between actual cost of material and standard cost of material is known as.

- (a) Material price variance
- (b) Material cost variance**
- (c) Material usage variance
- (d) Material Yield variance



Q38. Which is not the synonym of material usage variance.

- (a) Material revised usage variance
- (b) Material quantity variance
- (c) Material efficiency variance
- (d) All of the above

True /False

Q39. Marginal costing is a technique of cost control.

(T)

Q40. Absorption costing is a practice of charging all costs, variable and fixed to operation, process or production.(T)

Q41. Profit in marginal costing will more when production is more than sales.

(F)

Q42. There will be loss in marginal costing when there is production but no sales.

(T)

Q43. Marginal costing technique is very useful for managerial decision.

(T)

Q44. Marginal cost is the sum total of variable expenses and fixed expenses.

(F)

Q45. Marginal cost is helpful in preparing flexible budgets.

(T)

Q46. Marginal cost and differential cost are the same when there is no change in fixed cost.

(T)

Q47. Break even analysis is fundamentally a static analysis.

(T)

Q48. Contribution = Sales – Total cost of sales

(F)

Q49. P/v ratio can be improved by increasing the selling price.

(T)

Q50. P/v ratio can be improved by reducing the fixed cost.

(F)



- Q51. With the increase in sales volume, P/v ratio also improves.
(F)
- Q52. A variance may be favourable or unfavourable.
(T)
- Q53. Material revised usages variance and material Yield variance can give different results.
(F)
- Q54. Material yield variance is a sub variance of material usage variance.
(T)
- Q55. Labour idle time variance can neve be a favourable variance.

Marginal costing

1.MULTIPLE CHOICE QUESTIONS

1 . Fixed expenses decrease per unit with the increases in production and increases per unit with the decrease in production .

- a) True
- b) False

2 . Marginal costs is taken as equal to:

- a) Prime cost plus all variable overheads
- b) Prime cost minus all variable overheads
- c) Variable overheads
- d) None of the above

3 . If total costs of 100 units is Rs 5000 and those of 101 units is 5030 then increase of Rs 30 in total cost is :

- a) Marginal cost
- b) Prime cost
- c) All variable overheads
- d) None of the above

4 . Marginal cost is computed as:

- a) Prime cost + all variable overheads



- b) Direct material +direct labour +direct expenses + all variable overheads
- c) Total costs – all fixed overheads
- d) All of the above

5 . Marginal costing is also known as

- a) Direct costing
- b) Variable costing
- c) Both a and b
- d) None of the above

6. Which of the following statements are true?

- A . marginal costing is not an independent system of costing
- B . in marginal costing all elements of cost are divided into fixed and variable components
- C . in marginal cost fixed cost is treated as product cost
- D . marginal costing is not a technique of cost analysis

- a) A And B
- b) B and C
- c) A and D
- d) B and D

7 . While computation of profit in marginal costing

- a) Total marginal cost is deducted from total sales revenues
- b) Total marginal cost is added to total sales revenues
- c) Fixed cost is added to contribution
- d) None of the above

8.Which of the following are the assumptions of marginal costing ?

- A. All the element of cost can be divided into fixed and variable components
- B.Total fixed cost remains constant at all levels of output
- C.Total variable costs varies in proportion to the volume of output
- D.Per unit selling price remain unchanged at all levels of operating activity

- a) A and B b)B and C c)A and D d)A,B,C and D

9 . Product cost in marginal costing means:



- a) Prime cost only
- b) Prime cost +variable overheads
- c) Prime cost +semi variable overheads
- d) Prime cost +fixed cost

10 . Periods cost means :

- a) Prime cost
- b) Fixed cost
- c) Variable cost
- d) Total cost

11 . The important difference between marginal costing and absorption costing is regarding the treatment of.....

- a) Prime cost
- b) Direct material
- c) Variable overheads
- d) Fixed overheads

12 . Reporting under marginal costing is accomplished by –

- a) Treating all costs as period cost
- b) Eliminating the work-in –progress inventory account
- c) Matching the variable cost against revenue and treating fixed costs as period costs
- d) Including only variable costs in income statements

13 .Under the marginal costing concept ,unit product cost would ,most likely ,increase by :

- a) A decrease in the number of unit produced
- b) An increase in the number of unit produced
- c) An increase in the remaining useful life of factory machine depreciated on written down value method
- d) An increase in the commission paid to salesman for each unit sold

[Ans 1. a) 2. a) 3. a) 4. a) 5. c) 6. a) 7. a) 8. d) 9. b) 10. b) 11. d) 12.c) 13. d)]

2. State which of the statements is true and which is false :

- 1. Marginal cost means last cost .
- 2. Marginal cost implies the cost of additional one unit over the existing level of production.
- 3. Marginal cost helps management in decision making .
- 4. Marginal costing is a separate and independent system of costing such as process costing or contract costing.



5. Marginal cost is regarded as product cost .
6. The other name of marginal costing is variable costing.
7. The valuation of stock is at higher value in absorption costing as compared to marginal costing .
8. Marginal costing is based on the distinction between fixed and variable costs.
9. semi variable costs form a part of product cost in marginal costing .

[Ans- 1. (F) 2. (T) 3. (T) 4. (F) 5. (T) 6. (T) 7. (T) 8. (T) 9. (F)]

3. Fill in the blanks :-

1. Contribution is the difference between sales and
2. The other name of marginal cost is
3. The technique of marginal costing is based on classification of costs into costs .
4. Under marginal costing only Costs are charged to products .

[Ans - 1. Variable cost 2. Variable cost 3. Fixed and variable 4. Variable]

PROFIT VOLUME RATIO

[Break- even point , margin of safety , application of break even analysis]

1. Multiple choice questions :-

1. The break-even point of a company is that level of sales income which will equal the sum of its fixed cost .
 - a) True
 - b) False
2. Which of the following are characteristic of B.E.P ?
 - a) There is no loss and no profit to the firm .
 - b) Total revenue is equal to total cost .
 - c) Contribution is equal to fixed cost .
 - d) All of the above .
3. Which of the following are assumptions for break –even analysis ?
 - A) Elements of cost cannot be divided in different groups .
 - B) Fixed cost remains certain from zero production to full capacity .
 - C) Behavior of different costs is linear
 - D) Selling per price unit remains constant .
 - a) A,B and C
 - b) B,C and D
 - c) A,C and D
 - d) A,B and D
4. While measuring break-even analysis ,it is considered that during a specific period there will be no change in general price level, i.e., labour cost of material and other overheads .



- a) True
b) False
5. Which of the following are limitations of break –even analysis ?
a) Static concept
b) Capital employed is taken into account
c) Limitation of non –linear behavior of costs
d) Limitation of presence of perfect competition
6. Break-even analysis is used in “Make or Buy” decisions.
a) True
b) False
7. Using equation method , break-even point is calculated as
a) $\text{Sales} = \text{variable expenses} + \text{fixed expenses} + \text{profit}$
b) $\text{Sales} = \text{variable expenses} + \text{fixed expenses} - \text{profit}$
c) $\text{Sales} = \text{variable expenses} - \text{fixed expenses} + \text{profit}$
d) None of the above
8. Given selling price is Rs 10 per unit , variable cost is Rs 6 per unit and fixed cost is Rs 5,000. What is break -even point ?
a) 500 units
b) 1,000 units
c) 1,250 units
d) None of the above
9. Contribution is also known as –
a) Contribution margin
b) Net margin
c) Both a and b
d) None of the above
10. Given selling price is Rs 20 per unit , variable cost is Rs 16 per unit contribution is
a) Rs 1.25 per unit
b) Rs 4 per unit
c) Rs 0.8 per unit
d) None of the above
11. The term marginal cost can be used as a substitute of variable cost while measuring contribution .
a) True
b) False
12. Determine total as well as per unit contribution if sales is Rs 40,000 , sales is units is 4,000 and variable cost is Rs 30,000 .
a) Rs 10,000 and Rs 2.5
b) Rs 70,000 and Rs 3.5
c) Rs 36,000 and Rs 3.6
d) None of the above
13. Determine contribution is sales is Rs 1,50,000 and p/v ratio is 40% .
a) Rs 60,000



- b) Rs 70,000
c) Rs 30,000
d) None of the above
14. Determine contribution if fixed cost is Rs 40,000 and profit Rs 30,000 .
a) Rs 60,000
b) Rs 70,000
c) Rs 30,000
d) None of the above
15. Determine contribution if fixed cost is Rs 50,000 and loss is Rs 20,000.
a) Rs 60,000
b) Rs 70,000
c) Rs 30,000
d) None of the above
16. Contribution and profit both are same concept .
a) True
b) False
17. Which of the following statements are true ?
a) Contribution doesn't include fixed cost whereas profit includes fixed cost.
b) Contribution is not based on the concept of marginal cost.
c) Contribution above breakeven point becomes profit .
d) All of the above
18. Profit volume ratio is also known as
a) Contribution ratio
b) Contribution/sales ratio
c) Marginal income percentage
d) All of the above
19. Which of the following statements are true ?
a) P/V ratio can never be used to measure break-even point
b) Higher the P/V ratio less will be the profit and vice versa
c) Concept of P/V ratio is also used to determine profit at a given volume of sales
d) All of the above
20. The P/V ratio can be improved by
a) Decreasing the selling price per unit
b) Increasing variable cost
c) Changing the sales mix
d) None of the above

[Ans- 1. a) 2. d) 3. b) 4. a) 5. a) 6. a) 7. a) 8. c) 9. a) 10. b) 11. a) 12. a) 13. a) 14. b)
15. c) 16. b) 17. c) 18. d) 19. c) 20. c.]

2. State whether the following statements is true or false : -



- 1) Break-even analysis is fundamentally a static analysis.
- 2) At B.E.P . contribution margin is equal to variable cost.
- 3) At B.E.P . the firm earns only marginal profit .
- 4) Contribution =sales-total cost of sales .
- 5) P/V ratio can be improved by increasing the selling price .
- 6) P/V ratio can be improved by reducing the fixed costs .
- 7) With the increase in sales volume, P/V ratio also improves .
- 8) With the help of P/V ratio B.E.P. is computed in rupees .
- 9) Margin of safety can be improved by reducing fixed costs .
- 10) Variable cost may also be called as proportional costs .
- 11) Margin of safety is defined as difference between actual sales and standard sales .
- 12) P/V ratio is adversely affected by increase in selling price .

[Ans- 1. True, 2. False, 3. False , 4. False , 5. True , 6. False , 7. False , 8. True , 9. True , 10. True , 11.false 12. False

3. Fill in the blanks : -

- 1) Break-even point is a point of
- 2) P/V ratio is expressed in terms of
- 3) Margin of safety explains the difference between and B.E.P.
- 4) The difference between actual sales and break –even sales is called
- 5) P/V ratio shows the relationship between

[Ans- 1. No profit no loss , 2. Percentage , 3. Actual sales , 4. Margin of safety , 5. Contribution and sales]

3. STANDARD COSTING

Theoretical question

1. Multiple choice questions:-

1. When standard costs are used , the amount of detailed record keeping will normally
 - a) Reduce
 - b) Increase
 - c) Stay the same
 - d) None of the above
2. If labour time is based on the maximum efficiency, the unit cost will be
 - a) Higher
 - b) Lower
 - c) Equal
 - d) None of the above
3. Which of the following statements are true about standard labour time?



- a) Standard labour time indicates the time in hours needed for a specified process
 - b) It is standardized on the basis of past experience with no adjustments made for time and motion study
 - c) In fixing standard time due allowance should not be given to fatigue and tool setting
 - d) The production manager does not provide any input in setting the labour time standards
4. The labour engaged in the making of a product is known as.....
- a) Direct labour
 - b) Indirect labour
 - c) Temporary labour
 - d) None of the above
5.is responsible for setting up of materials price standard .
- a) Production department
 - b) Engineering department
 - c) Purchase department
 - d) None of the above
6. While determining material quantity standards, a proper consideration should be assigned to
- a) Normal material wastage
 - b) Abnormal material wastage
 - c) Both a and b
 - d) None of the above
7. Setting of standards are classified on the basis of only price .
- a) True
 - b) false
8. Standard costing committee is responsible for
- a) computation of variances
 - b) linking the deviations with responsibilities
 - c) setting all types of standards
 - d) all of the above
9. Which of the following statements are not true about normal standards ?
- a) normal standards are meant to smooth out fluctuations caused by cyclical and seasonal changes
 - b) normal standards can be applied for absorption of overheads for a long period of time
 - c) in establishing normal standards , allowance is given to normal fatigue and breaks , and normal waste and scrap
 - d) none of the above
10. Which of the following standards cannot be used for cost control
- a) basic standard
 - b) normal standard
 - c) both a and b
 - d) none of the above
11. is based on past averages adjusted to anticipated future changes.
- a) Ideal standard
 - b) Normal standard



- c) Basic standard
d) Perfection standard
12. Basic standard is standard for
a) Short period
b) Current period
c) Indefinite period
d) None of the above
13. Which of the following statements are true about basic standards ?
a) Basic standard are created for an unaltered use of for a long period of time
b) Basic standards are set in relation to certain base year
c) Basic standards are used in industries where routines and operations are well established
d) All of the above
14. requires constant revision according to the real circumstances .
a) Attainable standard
b) Perfection standard
c) Ideal standard
d) None of the above
15. Reflects a level of attainment based on high level efficiency which can be achieved.
a) Attainable standard
b) Expected standard
c) Both a and b
d) None of the above
16. The standard which can be attained under the most favourable conditions possible .
a) Attainable standard
b) Ideal standard
c) Expected standard
d) None of the above
17.reflects a level of attainment depending on the maximum possible efficiency which may never be achieved .
a) Attainable standard
b) Perfection standard
c) Expected standard
d) None of the above
18. There are types of standard used in the process of establishment of standard costing system .
a) Five
b) Four
c) Three
d) Two
19. A cost centre which relates to equipment or to location is known as
a) Impersonal cost centre
b) Personal cost centre



- c) Local cost centre
- d) None of the above

20. To establish an effective system of standard costing it is essential that

- A) the technical process of operation should be prone to planning
 - B) the cost of the products should be given
 - C) the process or operating costs of products should be provided
 - D) the standard costing should be consistent with the technical procedure of the production of the Specific entity
- a) A,B and C
 - b) A,C and D
 - c) B,C and D
 - d) D,C and A

[Ans- 1. a) 2. c) 3. a) 4. a) 5. c) 6. a) 7. b) 8. d) 9. d) 10. c) 11. b) 12. c) 13. d) 14. a) 15. c) 16. b) 17. b) 18. d) 19. a) 20. b)

Variance analysis

[material and labour variance]

1. Multiple choice questions :-

1. The difference between actual cost of materials and standard cost is known as :-

- a) Material price variance
- b) Material cost variance
- c) Material usage variance
- d) Material yield variance

2. The sum of actual cost and standard cost is known as variance analysis .

- a) True
- b) False

3. Analysis of overhead variances can be done by :-

- a) Two variance method
- b) Three variance method
- c) Four variance method
- d) All of the above

4. Which of the following statements are true about labour idle time ?

- a) Labour idle time variance is not caused by non availability of raw material
- b) Labour idle time variance is measured as : abnormal idle hours * actual hourly rate
- c) Labour idle time variance is always unfavorable or adverse
- d) All of the above

5. The sub variance of material usage variance, known as material mix variance is measured as

- a) Total standard cost-total actual cost
- b) Standard cost of revised standard mix-standard cost of actual mix
- c) (standard unit price – actual unit price) * actual quantity used



- d) $(\text{standard quantity} - \text{actual quantity}) \times \text{unit standard price}$
6. which is not the synonym of material usage variance?
- Material revised usage variance
 - Material quantity variance
 - Material efficiency variance
 - All of the above
7. Volume variance arises when
- There is rise in overhead rate per hour
 - There is decline in overhead rate per hour
 - There is decrease or increase in actual output compared to the budgeted output
 - None of the above
8. The type of standard that is best suited for cost control objective is
- Normal standard
 - Basic standard
 - Expected standard
 - Ideal standard
9. The corrective actions after the analysis of variances has to be taken by
- Cost accountant
 - Management
 - Both a and b
 - None of the above
10. When actual price is higher or lower than the standard price, then it is
- Sales price variance
 - Sales volume variance
 - Sales mix variance
 - Sales quantity variance
11. sales margin variance due to the sales quantities is measured as
- Standard profit- revised standard profit
 - Revised standard profit-budgeted profit
 - Standard profit +revised standard profit
 - Revised standard profit+ budgeted profit
12. The formula to estimate the sales margin variance due to sales mixture is
- Standard profit-revised standard profit
 - Revised standard profit-budgeted profit
 - Standard profit +revised standard profit
 - Revised standard profit + budgeted profit
13. sales margin variance due to volume can be classified into..... parts .
- 3
 - 2
 - 4
 - 5



14. The capacity variance arises when
- There are more working hours than the budgeted working hours
 - There are less working hours than the budgeted working hours
 - Both a and b
 - None of the above
15. if the actual output is more than the budgeted output, volume variance is
- Favorable
 - Non-favorable
 - No impact
 - None of the above
16. variable overhead variance is represented by expenditure variance only .
- True
 - false
17. The formula to estimate overhead cost variance is
- actual output*standard overhead rate +actual variable overhead
 - actual output *standard overhead rate per unit – actual overhead cost
 - actual output* standard overhead rate per unit * actual overhead cost
 - none of the above
18. Idle hours are not deducted in
- Labour efficiency variance
 - Labour rate variance
 - Both a and b
 - None of the above
19. The formula to estimate labour mix variance is
- Total standard labour cost of actual output – total actual cost of actual output
 - (standard rate per hour-actual rate per hour)* actual hours
 - (revised standard time- actual time)* standard rate
 - Abnormal idle hours * standard hourly rate
20. Which variance is also known as gang composition variance ?
- Labour mix variance
 - Labour cost variance
 - Labour efficiency variance
 - None of the above

[Ans- 1. b) 2. b) 3. d) 4. c) 5. b) 6. a) 7. c) 8. c) 9. b) 10. a) 11. b) 12. a) 13. b) 14 . c) 15. a) 16. a) 17. b) 18. b) 19. c) 20. a)]