



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
1	Prime Cost is:	All costs incurred in manufacturing a product	the total of direct costs	the material cost of a product	the cost of operating a department
2	A company employs three drivers to deliver goods to its customers. The salaries paid to these drivers are:	a part of prime cost	a direct production expense	a production overhead	a selling & distribution overhead
3	A company has to pay a Rs. 1 per unit royalty to the designer of a product which it manufactures and sells. The royalty charge would be classified in the company's accounts as a ____	Direct expense	Production overhead	Administrative overhead	Selling overhead
4	_____ is a method of dealing with overheads which involves spreading common costs over cost centers on the basis of benefit received.	overhead absorption	overhead apportionment	overhead allocation	overhead analysis
5	Which of the following classification is meant for distinction between direct cost and indirect cost?	Function	Element	Variability	Controllability
6	Which of the following is applicable for Cost Control?	It is related with the future	It is a corrective function	It ends when the targets are achieved	It challenges the standards set
7	_____ is anything for which a separate measurement of cost is required	Cost driver	Cost centre	Cost unit	Cost object
8	Ticket counter in a Metro Station is an example of	Profit centre	Investment centre	Cost centre	Revenue centre
9	Which of the following is an example of functional classification of cost?	Direct labour cost	Direct material cost	Factory overhead	Indirect material cost
10	Absorption costing is also referred as _____	Historical costing	Traditional costing	Full costing	All of the above terms
11	the main purpose of cost accounting is	to maintain profit	to help in inventory valuation	to enter into price War with competitive firms	to provide information to management for decision-making
12	_____ is anything for which a separate measurement is required	cost unit	cost object	cost driver	cost sentre
13	Which of the following is true about Cost Control	It is a corrective function	It challenges the set standards	It ends when targets achieved	It is concerned with future
14	Cost Units used in Power Sector is :	Kilo-meter (K.M.)	Kilo - Watt-Hour (kWh)	Number of Electric Points	Machine Hours
15	Process Costing method is suitable for :	Transport Sector	Chemical Industries	Dam Construction	Furniture- making
16	distinction between Direct Cost and Indirect Cost is an example of _____classification.	By element	By Function	By controllability	By Variability



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
17	The advantage of using IT in Cost Accounting does not include	Single point data entry	stock needs to be reconciled with goods received note	reduction in multiplicity of documents	integration of various functions
18	A taxi provider charges minimum Rs.80 thereafter Rs. 12 per kilometer of distance travelled ,the behaviour of conveyance Cost is	fixed cost	semi-variable	variable	administrative cost
19	A Ltd. Has three Production Departments, and each department has machines , which of the following cannot be treated as Cost Centre for cost allocation:	Machines under the production Production Department	Pruction Departments	Both Production Department and Machines	A Ltd.
20	Which of the following is an example of functional classification of cost?	Semi -variable costs	Fixed Cost	Administrative overhead	indirect Overheads
21	Cost which are ascertained after they have been incurred are known as	sunk costs	Imputed Costs	Historical Costs	Oppurtunity Costs
22	Generally , for the purpose of Cost sheet preparation , costs are classified on the basis of -	Functions	variablity	relevance	nature
23	Which of the following items is not excluded while preparing a cost sheet?	Goodwill written off	provision for taxation	property tax on factory building	Transfer to reserves
24	What is prime cost	Total direct cost only	Total Indirect Costs only	Total Non-Production Costs	Total Production Costs
25	Which of the following does not form part of prime cost	Cost of Packing	cost of transportation paid to bring materials to factory	GST paid on Raw materials (where input credit cannot be claimed)	overtime premium paid to workers
26	Which of these is not an objective of Cost Accounting?	Ascertainment of Cost	Determination of Selling Price	Cost Control and Cost reduction	Assisting Shareholders in decision making
27	Which of the following are direct expenses ? (1) Cost of Special Designs ,drawings or layout, (2) Hire of Tools or Equipment for a particular job , (3) Salesman's wages , (4) Rent , rates and Insurance of a factory ,	(1) and (2)	(1) and (3)	(2) and (3)	(3) and (4)
28	Salary paid to plant Supervisor is a part of	Direct expenses	Factory Overheads	Quality Control Cost	administrative cost
29	Depreciation of Director's Laptop is treated as a part of :	Administration Overheads	Factory Overheads	IT infrastructure Cost	Research & Development Cost
30	A manufacturing Company has set-up a lab for testing of products for compliance with standards. Salary of this Lab Staff are part of :	Works Overheads	Quality Control Cost	Direct Expenses	Reearch & Development Cost



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
31	Audit fees paid to external Statutory Auditors is part of	Administration Cost	Production Cost	Selling & distribution Costs	Quality Control Cost
32	Salary paid to factory stores is a part of	Factory Overheads	Production Cost	Direct Employee Cost	Direct Material Cost
33	Canteen Expenses for factory workers are part of -	Factory Overheads	Administration cost	marketing cost	direct expenses
34	A company pays Royalty to State Government on the basis of production , it is treated as:	Direct material cost	Quality Control Cost	Direct Expenses	Administrative Overhead
35	Which of the following is not an element of Works Overhead ?	Store Keeper's Salary	Plant Manager's salary	Sales Manager's Salary	Product Inspector's Salary
36	A profit centre is a centre	Where the manager has the responsibility of generating and maximising profits	Which is concerned with earning an adequate Return on Investment	Both of the above	Which manages cost
37	Responsibility Centre can be categorised into:	Cost Centres only	Profit Centres only	Investment Centres only	Cost Centres, Profit Centres and Investment Centres
38	Cost Unit is defined as:	Unit of quantity of product, service or time in relation to which costs may be ascertained or expressed	A location, person or an item of equipment or a group of these for which costs are ascertained and used for cost control.	Centres having the responsibility of generating and maximising profits	Centres concerned with earning an adequate return on investment
39	Fixed cost is a cost:	Which changes in total in proportion to changes in output	which is partly fixed and partly variable in relation to output	Which do not change in total during a given period despite changes in output	which remains same for each unit of output
40	Uncontrollable costs are the costs which be influenced by the action of a specified member of an undertaking.	can not	can	may or may not	must
41	Element/s of Cost of a product are:	Material only	Labour only	Expenses only	Material, Labour and expenses



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
42	Abnormal cost is the cost:	Cost normally incurred at a given level of output	Cost not normally incurred at a given level of output	Cost which is charged to customer	Cost which is included in the cost of the product
43	Conversion cost includes cost of converting.....into.....	Raw material, WIP	Raw material, Finished goods	WIP, Finished goods	Finished goods, Saleable goods
44	Sunk costs are:	relevant for decision making	Not relevant for decision making	cost to be incurred in future	future costs
45	Calculate the prime cost from the following information: Direct material purchased: Rs. 1,00,000 Direct material consumed: Rs. 90,000 Direct labour: Rs. 60,000 Direct expenses: Rs. 20,000 Manufacturing overheads: Rs. 30,000	Rs. 1,80,000	Rs. 2,00,000	Rs. 1,70,000	Rs. 2,10,000
46	Total cost of a product: Rs. 10,000 Profit: 25% on Selling Price Profit is:	Rs. 2,500	Rs. 3,000	Rs. 3,333	Rs. 2,000
47	Calculate cost of sales from the following: Net Works cost: Rs. 2,00,000 Office & Administration Overheads: Rs. 1,00,000 Opening stock of WIP: Rs. 10,000 Closing Stock of WIP: Rs. 20,000 Closing stock of finished goods: Rs. 30,000 There was no opening stock of finished goods. Selling overheads: Rs. 10,000	Rs. 2,70,000	Rs. 2,80,000	Rs. 3,00,000	Rs. 3,20,000



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
48	Which of the following is considered as normal loss of material?	Pilferage	Loss due to accident	Loss due to careless handling of material	None of these
49	The most important element of cost is-	Material	Labour	Overheads	All of these
50	Direct material is a –	Administration Cost	Selling and Distribution cost	All of these	None of these
51	Which of the following is considered as accounting record?	Bin Card	Bill of material	Store Ledger	None of these
52	Direct material can be classified as :	Fixed cost	Semi-Variable cost	Variable Cost	Prime cost
53	In which of the following methods of pricing, costs lag behind the current economic values?	Replacement price method	Last in first out price method	First in first out price method	Weighted average price method
54	In which of the following methods, issues of materials are priced at pre-determined rate?	Replacement price method	Inflated price method	Specific price method	Standard price method
55	Which of the following methods smoothes out the effect of fluctuations when material prices fluctuate widely?	FIFO	Simple Average	LIFO	Weighted average
56	In which of the following incentive plan of payment, wages on time basis are not Guaranteed?	Halsey plan	Rowan plan	Taylor's differential piece rate system	Gantt's task and bonus system
57	Cost of idle time arising due to non-availability of raw material is :	Charged to costing profit and loss A/c	Charged to factory overheads	Recovered by inflating the wage rate	Ignored
58	When overtime is required for meeting urgent orders, overtime premium should be	Charged to costing profit and loss A/c	Charged to overhead costs	Charged to respective jobs	Ignored
59	Labour turnover is measured by	Number of workers replaced average number of workers	Number of workers left / number in the beginning plus number at the end	Number of workers joining / number in the beginning of the period	All of these
60	Idle time is	Time spent by workers in factory	Time spent by workers in office	Time spent by workers off their work	Time spent by workers on their job
61	Over time is :	Actual hours being more than normal time	Actual hours being more than standard time	Standard hours being more than actual hours	Actual hours being less than standard time
62	Labour productivity is measured by comparing	Total output with total man-hours	Added value for the product with total wage cost	Actual time and standard time	All of the above
63	If the time saved is less than 50% of the standard time, then the wages under Rowan and Halsey premium plan on comparison gives:	Equal wages under two plans	More wages to workers under Halsey Plan than Rowan Plan	More wages to workers under Rowan Plan than Halsey Plan	None of the above



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
64	Under Taylor's differential piece rate scheme, if a worker fails to complete the task within the standard time, then he is paid	83% of the piece work rate	175% of the piece work rate	67% of the piece work rate	125% of the piece work rate
65	Direct Expenses _____ includes imputed cost.	Shall	Shall not	Shall be	None of these
66	Direct Expenses that does not meet the test of materiality can be _____ part of overhead.	Treated	Not treated	All of the these	None of these
67	Example of Direct Expenses.	Rent	Royalty charged on production	Bonus to employee	None of these
68	The allotment of whole items of cost centres or cost unit is called :	Cost allocation	Cost apportionment	Overhead absorption	None of the above
69	Directors remuneration and expenses form a part of:	Production overhead	Administration overhead	Selling overhead	Distribution overhead
70	Charging to a cost center those overheads that result solely for the existence of that cost Center is known as	Allocation	Apportionment	Absorption	Allotment
71	Absorption means:	Charging of overheads to cost centres	Charging of overhead to cost units	Charging of overheads to cost centres or cost units	None of the above
72	When the amount of under or over absorption is significant, it should be disposed of by:	Transferring to costing profit and loss account	The use of supplementary rates	Carrying over as a deferred charge to the next accounting year	None of the above
73	Selling and distribution overheads are absorbed on the basis of:	rate per unit.	percentage on works cost.	percentage on selling price of each unit.	Any of the above
74	Primary packing cost is a part of:	Direct material cost	Distribution overhead	Selling overhead	Production cost
75	Normal capacity of a plant refers to the difference between:	Maximum capacity and practical capacity	Maximum capacity and actual capacity	Practical capacity and estimated idle capacity as revealed by long term sales trend	Practical capacity and normal capacity
76	When the amount of overhead absorbed is less than the amount of overhead incurred, it is called:	Under absorption of overhead	Over absorption of overhead	Proper absorption of overhead	None of the above
77	_____ is a scientific and accurate method of factory overhead absorption.	Percentage of prime cost method	Machine hour rate method	Percentage of direct material cost method	Percentage of direct labour cost method
78	Which of these is not a Material control technique:	ABC Analysis	Fixation of raw material levels	Maintaining stores ledger	Control over slow moving and non moving items



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
79	Out of the following, what is not the work of purchase department:	Receiving purchase requisition	Exploring the sources of material supply	Preparation and execution of purchase orders	Accounting for material received
80	Bin Card is a:	Quantitative as well as value wise records of material received, issued and balance;	Quantitative record of material received, issued and balance	Value wise records of material received, issued and balance	a record of labour attendance
81	Stores Ledger is a:	Quantitative as well as value wise records of material received, issued and balance;	Quantitative record of material received, issued and balance	Value wise records of material received, issued and balance	a record of labour attendance
82	Re-order level is calculated as:	Maximum consumption x Maximum re-order period	Minimum consumption x Minimum re-order period	1/2 of (Minimum + Maximum consumption)	Maximum level - Minimum level
83	Economic order quantity is that quantity at which cost of holding and carrying inventory is	Maximum and equal	Minimum and equal	It can be maximum or minimum depending upon case to case.	Minimum and unequal
84	ABC analysis is an inventory control technique in which:	Inventory levels are maintained	Inventory is classified into A, B and C category with A being the highest quantity, lowest value.	Inventory is classified into A, B and C Category with A being the lowest quantity, highest value	Either b or c.
85	Which one out of the following is not an inventory valuation method?	FIFO	LIFO	Weighted Average	EOQ
86	In case of rising prices (inflation), FIFO method will:	provide lowest value of closing stock and profit	provide highest value of closing stock and profit	provide highest value of closing stock but lowest value of profit	provide highest value of profit but lowest value of closing stock
87	In case of rising prices (inflation), LIFO will:	provide lowest value of closing stock and profit	provide highest value of closing stock and profit	provide highest value of closing stock but lowest value of profit	provide highest value of profit but lowest value of closing stock
88	Calculate Re-order level from the following: Consumption per week: 100-200 units Delivery period: 14-28 days	5600 units	800 units	1400 units	200 units



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
89	Calculate EOQ (approx.) from the following details: Annual Consumption: 24000 units Ordering cost: Rs. 10 per order Purchase price: Rs. 100 per unit Carrying cost: 5%	310	400	290	300
90	Calculate the value of closing stock from the following according to FIFO method: 1st January, 2024: Opening balance: 50 units @ Rs. 4 Receipts: 5th January, 2024: 100 units @ Rs. 5 12th January, 2024: 200 units @ Rs. 4.50 Issues: 2nd January, 2024: 30 units 18th January, 2024: 150 units	Rs. 765	Rs. 805	Rs. 786	Rs. 700
91	Calculate the value of closing stock from the following according to LIFO method: 1st January, 2024: Opening balance: 50 units @ Rs. 4 Receipts: 5th January, 2024: 100 units @ Rs. 5 12th January, 2024: 200 units @ Rs. 4.50 Issues: 2nd January, 2024: 30 units 18th January, 2024: 150 units	Rs. 765	Rs. 805	Rs. 786	Rs. 700



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
92	<p>Calculate the value of closing stock from the following according to Weighted Average method:</p> <p>1st January, 2024: Opening balance: 50 units @ Rs. 4</p> <p>Receipts:</p> <p>5th January, 2024: 100 units @ Rs. 5</p> <p>12th January, 2024: 200 units @ Rs. 4.50</p> <p>Issues:</p> <p>2nd January, 2024: 30 units</p> <p>18th January, 2024: 150 units</p>	Rs. 765	Rs. 805	Rs. 786	Rs. 700
93	Cost of abnormal wastage is:	Charged to the product cost	Charged to the profit & loss account	charged partly to the product and partly profit & loss account	not charged at all.
94	<p>Calculate re-order level from the following: Safety stock: 1000 units</p> <p>Consumption per week: 500 units</p> <p>It takes 12 weeks to reach material from the date of ordering.</p>	1000 units	6000 units	3000 units	7000 units
95	<p>From the following information, calculate the extra cost of material by following EOQ: Annual consumption: = 45000 units</p> <p>Ordering cost per order: = Rs. 10</p> <p>Carrying cost per unit per annum: = Rs. 10</p> <p>Purchase price per unit = Rs. 50</p> <p>Re-order quantity at present = 45000 units</p> <p>There is discount of 10% per unit in case of purchase of 45000 units in bulk.</p>	No saving	Rs. 2,00,000	Rs. 2,22,010	Rs. 2,990



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
96	Which of the following is an abnormal cause of Idle time:	Time taken by workers to travel the distance between the main gate of factory and place of their work	Time lost between the finish of one job and starting of next job	Time spent to meet their personal needs like taking lunch, tea etc	Machine break downs
97	If overtime is resorted to at the desire of the customer, then the overtime premium:	should be charged to costing profit and loss account;	should not be charged at all	should be charged to the job directly	should be charged to the highest profit making department
98	Labour turnover means:	Turnover generated by labour	Rate of change in composition of labour force during a specified period	Either of the above	Both of the above
99	Which of the following is not an avoidable cause of labour turnover:	Dissatisfaction with Job	Lack of training facilities	Low wages and allowances	Disability, making a worker unfit for work
100	Costs associated with the labour turnover can be categorised into:	Preventive Costs only	Replacement costs only	Both of the above	Machine costs
101	Calculate workers left and discharged from the following: Labour turnover rates are 20%, 10% and 6% respectively under Flux method, Replacement method and Separation method. No. of workers replaced during the quarter is 80.	112	80	48	64
102	Calculate workers recruited and joined from the following: Labour turnover rates are 20%, 10% and 6% respectively under Flux method, Replacement method and Separation method. No. of workers replaced during the quarter is 80.	112	80	48	64



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
103	Calculate the labour turnover rate according to replacement method from the following: No. of workers on the payroll: - At the beginning of the month: 500 - At the end of the month: 600 During the month, 5 workers left, 20 workers were discharged and 75 workers were recruited. Of these, 10 workers were recruited in the vacancies of those leaving and while the rest were engaged for an expansion scheme.	4.55%	1.82%	6%	3%
104	Calculate the labour turnover rate according to Separation method from the following: No. of workers on the payroll: - At the beginning of the month: 500 - At the end of the month: 600 During the month, 5 workers left, 20 workers were discharged and 75 workers were recruited. Of these, 10 workers were recruited in the vacancies of those leaving and while the rest were engaged for an expansion scheme.	4.55%	1.82%	6%	3%
105	A worker is allowed 60 hours to complete the job on a guaranteed wage of Rs. 10 per hour. Under the Rowan Plan, he gets an hourly wage of Rs. 12 per hour. For the same saving in time, how much he will get under the Halsey Plan?	Rs.720	Rs.540	Rs.600	Rs.900
106	Overhead refers to:	Direct or Prime Cost	All Indirect costs	only Factory indirect costs	Only indirect expenses
107	Allotment of whole item of cost to a cost centre or cost unit is known as:	Cost Apportionment	Cost Allocation	Cost Absorption	Machine hour rate
108	Which of the following is not a method of cost absorption?	Percentage of direct material cost	Machine hour rate	Labour hour rate	Repeated distribution method
109	Service departments costs should be allocated to:	Only Service departments	Only Production departments	Both Production and service departments	None of the production and service departments
110	Most suitable basis for apportioning insurance of machine would be:	Floor Area	Value of Machines	No. of Workers	No. of Machines



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
111	Blanket overhead rate is:	One single overhead absorption rate for the whole factory	Rate which is blank or nil rate	rate in which multiple overhead rates are calculated for each production department, service department etc	Always a machine hour rate
112	AT Co makes a single product and is preparing its material usage budget for next year. Each unit of product requires 2kg of material, and 5,000 units of product are to be produced next year. Opening inventory of material is budgeted to be 800 kg and AT co budgets to increase material inventory at the end of next year by 20% The material usage budget for next year is:	8,000 Kg	9,840 kg	10,000 Kg	10,160 Kg
113	During a period 17, 500 labour hours were worked at a standard cost of Rs. 6.50 per hour. The labour efficiency variance was Rs. 7,800 favourable. How many standard hours were produced?	1200	16300	17500	18700
114	In most of the manufacturing industries ,the most important element of cost is	material	Labour	overheads	None of the above
115	Which of the following is NOT considered to be Normal loss of Materials ?	Loss due to accidents	Pilferage	Loss due to breaking the bulk	Loss due to transferring of liquid materials from container to another
116	Which of following is NOT considered as Normal loss of material?	Loss due to evaporation due to prevalent weather conditions	Loss due to pilferage	Loss due to breaking the bulk	Loss due to transferring of liquid materials from container to another
117	At the economic ordering quantity level , the following is true on an annual basis:	Ordering Cost is minimum	Carrying Cost is minimum	Ordering Cost is equal to the Carrying Cost	Purchase Price is minimum
118	Continuous Stock Taking is a part of:	Annual Stock Taking	Perpetual Inventory	ABC Analysis	Bin Cards



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
119	In which of the following methods, issues of materials are priced at pre-determined rate?	Inflated Price Method	Standard price method	Replacement Price Method	Market Price Method
120	When Material prices Fluctuate widely, the method of pricing that gives absurd results is -	Simple Average Price	Weighted Average price	Moving Average Price	Inflated Price
121	When prices fluctuate widely , the method that will smooth out the effect of fluctuations is	Simple Average Price	Weighted Average price	FIFO	LIFO
122	Under the FSN system of Inventory Control ,Inventory is Classified on the basis of :	Volumne of materail consumption	Frequently of usage of items of inventory	Criticality of the item of inventory of production	Value of Items of Inventory
123	Form used for making a formal request to the Purchasing Department to purchase materials is a-	material transfer note	Purchase Requisition Note	Bill of materials	Material requisition note
124	Classification of Materials on the basis of their Importance in Value is called:	EOQ Analysis	Stock level analysis	ABC Analysis	Value analysis
125	For Return of Excess Materials from Production Department to stores , the document used is:	Material return note	Stores debit note	Shop Credit Note	All the above (same)
126	Which of the following is NOT related to a standard list of materials and components?	Consumption Statement	bill of materials	Material specification list	Material list
127	Which of the following is NOT recorded on a Bin card?	material received from supplier	material issued to production depts	Inter department transfers	Loss of materials
128	What is the formula for Re-order level?	Minimum Usage x minimum lead time	Minimum Usage x maximum lead time	Maximum Usage x minimum lead time	Maximum Usage x maximum lead time
129	(ROL+ROQ (-) minimum usage x minimum lead time) is the computation formula for....	Maximum level	Minimum level	Average level	danger level
130	Inventory turnover ratio is expressed in	Rupees	Percentage	times	Any of the above
131	Generally , a _____ T/o and _____ days Average Inventory held is preferable	High , less	Low , high	Low ,low	high, high
132	Pricing of Materials in the order in which they are purchased is called _____ method	Specific Identification	FIFO	LIFO	Orderly
133	Landed cost of materials does not include.....	Cost of Containers	Carriage Inwards	Stock Insurance	Unloading Charges
134	Cost of abnormal loss of materials is	Debited to costing P & L	Credited to Costing P&L	InCluded In Landed Cost	Included in OH
135	Idle time is the time under which	Full wages are paid to workers	No output is produced by the workers	Both (a) and (b)	None of the above
136	When a direct Worker is paid on a monthly fixed salary basis , the following is true :	There is no idle time lost	There is no idle time cost	Idle time cost is separated and treated as overhead	salari is fully treated as factory overhead cost
137	Time and Motion study is conducted by	Time Keeping Department	Personnel Department	Payroll Department	Engineering Department



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
138	Wages sheet is generally prepared by-	Time Keeping Department	Personnel Department	Payroll Department	Engineering Department
139	For reducing the labour cost per unit ,which of the following factors is most important?	Low wage rate	Longer hours of work	Higher Productivity or Efficiency	Strict control and supervision
140	Time Booking refers to a method wherein _____ of an employees is recorded	Attendance	book keeping details	Health Status	Time spent on a particulars job
141	Employee Cost includes	wages and salaries	Allowances and incentives	Payment for Overtime	All of the above
142	Standard Time of a job is 60 hours and guaranteed time rate is rs 90 per hour. What is the amount of wages under Rowan plan if job is completed in 48 hours?	rs 1620	rs 1728	rs 1800	rs 1440
143	Standard Time of a job is 60 hours and guaranteed time rate is rs 90 per hour. What is the amount of wages under Halsey plan if job is completed in 48 hours?	rs 1620	rs 1440	rs 180	rs 1728
144	If Overtime is required for meeting urgent orders , the Overtime premium should be charged as -	Respective job	Over head Cost	Costing P& L a/c	None of above
145	Keeping a record of total time spent by the worker inside the factory is called	Time keeping	Time Booking	Time Managing	Time Recording
146	Wages attributable to Normal idle Time is treated as	Direct Wages	Production OH	Either of the above	None of the above
147	In the context of Labour Turnover ,Number of Workers left and discharged is called-	Accession	Replacement	new replacement	Separation
148	(Hours worked X Rate per hour) is the computation of wages under	Incentive System	Piece rate System	Attendance System	Time rate System
149	Under Halsey System ,generally Bonus is computed as _____ x (Time Saved x Rate per hour)	30%	50%	70%	Actual Hrs/Std. Hrs
150	A worker will earn wages under Halsey and Rowan System , if time Saved equals -	50% of Std Time	50% of Actual Time	1/2 of Total Time	1/2 of Lost time
151	Labour Efficiency (based on time) is given by the Formula	Std Time /Actual Time	Actual time /std time	Idle Time/Std time	Idle Time /Actual Time
152	If wages per day of 8 hours is rs 500, std output is 100 units , Actual Output is 120 ,piece rate wages-	rs 500	rs 600	rs 62.5	rs 5
153	If Std Time is 8 hours , Actual time is 6 hours ,rate per hour is Rs. 100 , Rwan Wages =	Rs. 600	Rs. 150	Rs. 750	Rs. 700
154	If Actual Output in 8 hours is 700 units , Standard Output is 90 units per hour , Efficiency Ratio is	97.22%	102.86%	100%	77.78%
155	Fixed over costs are not effected in monetary terms during a fiven period by a change in Output. But this statement is valid provided	Increase in Output is not Substantial	Increase in Output is substantial	Both (a) and (b)	None of the above
156	_____ Capacity is defined as actually utilised capacity of a plant .	theoretical	Installed	Practical	Idle



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
157	Maximum Possible Productive Capacity of a plant when no operating time is lost is its :	Normal Capacity	Practical Capacity	Theoretical Capacity	Capacity based on Sales Expectancy
158	Charging of common Overheads cost to various cost centres, using appropriate bases is known as -	Allocation	Apportionment	Absorption	Re- Apportionment
159	Distribution of service Department Overheads Cost to production Departments using different assumptions and methods is known as	Allocation	Apportionment	Absorption	Re- Apportionment
160	packing Cost is part of	Production cost	Selling Cost	Distribution Cost	It may be any of the above
161	Which of the following is not treated as a Manufacturing Overhead ?	Lubricants	Cotton Waste	apportioned administration overheads	Night Shift allowance paid to a factory Worker due to general work pressure
162	The difference between Actual Factory Overhead and Absorbed Factory Overhead will be usually at the minimum level , provided pre-determined overhead rate is based on :	Maximum capacity	Direct Labour Hours	Machine Hours	Normal Capacity
163	When Absorbed Overhead is Higher than the amount of Overhead incurred , it is called	Under absorption of overhead	Over absorption of overhead	Proper absorption of overhead	re - absorption of overhead
164	Which of the following overhead cost may not be apportioned on the basis of Direct Wages?	Worker's Holiday pay	Perquisites to workers	ESI Contribution	Managerial Salaries
165	The following is an example of direct expenses as per CAS-10:	Special raw material which is a substantial part of the prime cost	Travelling expenses to site.	Overtime charges paid to direct worker to complete work before time.	Catalogue of prices of finished products.
166	CAS 21 stands for:	Capacity Determination	Joint Cost	Direct Expenses	None of these
167	Standard deals with the cost of service cost center is:	CAS-9	CAS-13	CAS-16	CAS-22
168	Which standards deals with the principles and methods of determining depreciation and amortization cost?	CAS 9	CAS 12	CAS 15	CAS 16
169	Which standards deals with determination of averages/ equalized transportation cost?	CAS 5	CAS 6	CAS 9	CAS 22
170	Which standard deals with the principles and methods of determining the manufacturing Cost of excisable goods?	CAS 2	CAS 12	CAS 15	CAS 22
171	_____ deals with the principles and methods of determining the production or operation overheads.	CAS-3	CAS-5	CAS-9	CAS-16
172	CAS 13 stands for:	Joint Cost	Interest and financing charges	Employee Cost	Cost of Service cost centre
173	Which of the following items is not included in preparation of cost sheet?	Carriage inward	Purchase returns	Sales Commission	Interest paid



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
174	Which of the following items is not excluded while preparing a cost sheet?	Goodwill written off	Provision for taxation	Property tax on Factory building	Transfer to reserves
175	Which of the following are direct expenses?(1) The cost of special designs, drawings or layouts,(2) The hire of tools or equipment for a particular job,(3) Salesman's wages,(4) Rent, rates and insurance of a factory	(1) and (2)	(1) and (3)	(1) and (4)	(3) and (4)
176	What is prime cost ?	Total direct cost only	Total indirect costs only	Total non-production costs	Total production costs
177	Which of the following is not an element of works overhead?	Sales manager's salary	Plant manager's salary	Factory repairman's wages	Product inspector's salary
178	For the purpose of Cost Sheet preparation , costs are classified based on:	Functions	Relevance	Variability	Nature
179	Salary paid to an office supervisor is a part of:	Direct expenses	Administration cost	Quality control cost	Factory overheads
180	Audit fees paid to cost auditors is part of	Selling and distribution cost	Production cost	Administration cost	Not recorded in the cost sheet
181	A company has set up a laboratory for testing of products for compliance with standards. Salary of this laboratory staffs are part of:	Direct expenses	Quality control cost	Works overheads	Research and development cost
182	Canteen expenses for factory workers are part of:	Administration cost	Factory overhead	Marketing cost	None of the above
183	Which of the following does not form part of prime cost?	GST paid on raw materials (input credit can be claimed)	Cost of transportation paid to bring materials to factory	Cost of packing	Overtime premium paid to workers
184	A company pays royalty to State Government on the basis of production, it is treated as:	Direct expenses	Factory overheads	Direct Material Cost	Administration Cost
185	In Reconciliation Statements, expenses shown only in financial accounts are:	Added to financial profit	Deducted from financial profit	Ignored	Added to costing profit
186	In Reconciliation Statement, expenses shown only in cost accounts are:	Added to financial profit	Deducted from financial profit	Ignored	Deducted from costing profit
187	In Reconciliation Statement, transfers to reserves are:	Added to financial profit	Deducted from financial profit	Ignored	Added to costing profit
188	In Reconciliation Statement, incomes shown only in financial accounts are:	Added to financial profit	Deducted from financial profit	Ignored	Deducted from costing profit
189	In Reconciliation Statement, Closing Stock undervalued in Financial Accounts is	Added to financial profit	Deducted from financial profit	Ignored	Added to costing profit



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
190	Under non-integrated accounting system:	Separate ledgers are maintained for cost and financial accounts	Same ledger is maintained for cost and financial accounts by accountants	(A) and (B) both	None of the above
191	Under non-integrated system of accounting, purchase of raw material is debited to:	Purchase account	Material control account / stores ledger control account	General ledger adjustment account	None of the above
192	When costing loss is Rs. 5,600, administrative overhead under-absorbed being Rs. 600, the loss as per financial accounts should be _____ .	Rs.5000	Rs.5600	Rs.6200	None of the above
193	Which of the following items should be added to costing profit to arrive at financial profit?	Income tax paid	Over absorption of works overhead	Interest paid on debentures	All of the above
194	Integral accounts eliminate the necessity of operating	Cost Ledger control account	Store Ledger control account	Overhead adjustment account	None of the above
195	Under Non- integrated accounting system, the amount made to complete double entry is :	Finished goods control account	Work in progress control account	stores ledger control accounts	General ledger adjustment account
196	Under the Non- Integrated Accounting System -	Same ledger is maintained for Cost and financial Accounts by Accountants	Separate ledgers are maintained for Cost and Financial Accounts	All transactions relating to incomes , Expenditures , Assets and Liabilities are completely recorderd	Product-wise or department wise information is not maintained
197	Notional Costs -	May be included in Integrated Accounts	may be Included in Non - Integrated accounts	Cannot Be included in Non-intergrated Accounts	are not accounted at all in Ingrated or Non- integrated Accounts
198	Which account is to be debited if materials worth rs 500 are returned to vendor under Non -Ingrated Accounts	Cost Ledger control account	finished goods control Account	WIP Control Account	General ledger adjustment account
199	What is the journal Entry under Integrated System for recording Sales made?	No entry	Dr sales , Cr General Ledger Adjustment	Dr. cash or bank Cr. Sales	Dr. General Ledger Adjsutment , Cr .sales
200	Which of the following items is most likely to be included in Cost Accounts ?	Notional Rent	Donations	© Transfer to General Reserve	Rent Receivable
201	Job costing is used in:	Furniture making	Repair shops	Printing press	All of the above



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
202	In a job cost system, costs are accumulated _____.	On a monthly basis	By specific job	By department or process	By kind of material used
203	The most suitable cost system where the products differ in type of material and work performed is:	Operating Costing	Job costing	Process costing	All of these.
204	Cost Price is not fixed in case of:	Cost plus contracts	Escalation clause	De escalation clause	All of the above
205	Most of the expenses are direct in:	Job costing	Batch costing	Contact costing	None of the above
206	Cost plus contract is usually entered into those cases where _____.	Cost can be easily estimated	Cost of certified and uncertified work	Cost of certified work, cost of uncertified work and amount of profit transferred to Profit and Loss Account	Determination of contract cost with reasonable accuracy is not possible
207	In order to determine cost of the products or services, different business firms follow:	Different techniques of costing	Uniform costing	Different methods of costing	None of the above
208	In case product produced or jobs undertaken are of diverse system, the system of costing to be used should be:	Operating Costing	Process Costing	Job Costing	None of the above
209	Job Costing is:	Suitable where similar products are produced on mass scale	Methods of costing used for non-standard and non-repetitive products	Technique of costing	Applicable to all industries regardless of the products or services provided
210	Batch costing is a type of:	Direct Costing	Process Costing	job Costing	Differential Costing
211	Batch costing is similar to that under job costing except with the difference that:	Process becomes a cost unit	Job becomes a cost unit	Batch become the cost unit instead of a job	None of the above
212	Economic batch quantity is that size of the batch of production where:	Carrying cost is minimum	Set-up cost of machine is minimum	Average cost is minimum	Both A. and B
213	Which of the following documents are used in job costing to record the issue of direct materials to a job?	Purchase order	Purchase requisition	Goods received note	Material requisition
214	Which of the following statements is true?	Batch costing is a variant of jobs costing	Job cost sheet may be used for estimating profit of jobs	Job costing cannot be used in conjunction with marginal costing	In cost plus contracts, the contractor runs a risk of incurring a loss



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
215	Which of the statement is true?	Job costing can be suitably used for concerns producing any specific product uniformly	Job costing cannot be used in companies applying standard costing	Job cost sheet may be prepared to facilitate routing and scheduling of the job	Neither A, nor B, nor C
216	The type of process loss that should not be allowed to affect the cost of good units is called:	Standard Loss	Normal Loss	Abnormal Loss	Seasonal Loss
217	Spoilage that occurs under inefficient operating conditions and is generally controllable is called _____.	Normal defectives	Abnormal spoilage	Normal spoilage	None of the above
218	In which of the following situations an abnormal gain in a process occurs:	When normal loss is equal to actual loss	When the actual output is greater than the planned output	When actual loss is more than the expected	When actual loss is less than the expected loss
219	The value of abnormal loss is equal to :	Total cost of materials	Total process cost less cost of scrap	Total process cost less realisable value of normal loss less value of transferred out goods	Total process cost less realisable value of normal loss
220	A process account is debited by abnormal gain, the value is determined as:	Equal to the value of good units less closing stock	Equal to the value of normal loss	Cost of good units less realisable value of normal loss	Cost of good unit less realisable value of actual loss
221	In sugar manufacturing industry molasses is also produced along with sugar. Molasses may be of small value as compared with the value of sugar and is known as:	Joint product	Common product	By-product	None of them
222	Method of apportioning joint costs on the basis of output of each joint product at the point of split-offs is known as:	Physical unit method	Sales value method	Average cost method	Marginal cost and contribution method
223	The main purposes of accounting of joint products and by-products is to:	Determine the replacement cost	Determine the opportunity cost	Determine profit or loss on each product line	None of the above
224	Under net realisable value method of apportioning joint costs to joint products, the selling & distribution cost is:	Ignored	Deducted from sales value	Deducted from further processing cost	Added to joint cost
225	Which of the following is an example of by-product:	Mustard seeds and mustard oil	Diesel and Petrol in an oil refinery	Edible oils and oil cakes	Curd and butter in a diary
226	Which of following methods can be used when the joint products are of unequal quantity and used for captive consumption:	Physical units method	Net realisable value method	Technical estimates, using market value of similar goods	Market value at spit-off method



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
227	Cost of a particular service under operating costing is ascertained by preparing:	Cost sheet	Process account	Job cost sheet	Production account
228	Operating costing is applicable to:	Hospitals	Cinemas	Transport undertaking	All of the above
229	Composite cost unit for a hospital is:	Per day	Per bed	Per patient day	Per patient
230	Cost units used in power sector is called:	Number of hours	Number of electric points	Kilowatt-hour (KWH)	Kilo meter (K.M.)
231	Absolute Tonne-Km is an example of:	Composite unit for bus operation	Composite unit of transport sector	Composite unit for oil and natural gas	Composite unit in power sector
232	In process costing, a joint product is	a product which is later divided into many parts	a product which is produced simultaneously with other products and is of similar value to at least one of the other products.	A product which is produced simultaneously with other products but which is of a greater value than any of the other products.	a product produced jointly with another organization
233	Process B had no opening inventory. 13,500 units of raw material were transferred in at Rs. 4.50 per unit. Additional material at Rs.1.25per unit was added in process. Labour and overheads were Rs. 6.25 per completed unit and Rs. 2.50 per unit incomplete. If 11,750 completed units were transferred out, what was the closing inventory in Process B?	Rs. 6562.50	Rs. 12,250.00	Rs. 14,437.50	Rs. 25,375.00
234	A process costing system for J Co used an input of 3,500Kg of materials at Rs.20 per Kg and labour hours of 2,750 at Rs.25 per hour. Normal loss is 20% and losses can be sold at a scrap value of Rs.5per Kg. Output was 2,950 Kg. What is the value of the output?	Rs. 142,485	Rs. 146,183	Rs. 149,746	Rs. 152,986
235	In process costing, if an abnormal loss arises, the process account is generally	Debited with the scrap value of the abnormal loss units	Debited with the full production cost of the abnormal loss units	Credited with the scrap value of the abnormal loss units	Credited with the full production cost of the abnormal loss units



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
236	<p>Which of the following statements is/are correct?</p> <p>1. A materials requisition note is used to record the issue of direct material to a specific job.</p> <p>2. A typical job cost will contain actual costs for material, labour and production overheads, and non –production overheads are often added as a percentage of total production cost</p> <p>3. The job costing method can be applied in costing batches</p>	(1) only	(1) and (2) only	(1) and (3) only	(2) and (3) only
237	A job is budgeted to require 3,300 productive hours after incurring 25% idle time. If the total labour cost budgeted for the job is Rs.36,300. What is the labour cost per hour(to the nearest cent)?	Rs. 8.25	Rs. 8.80	Rs. 11.00	Rs. 14.67
238	A company calculates the prices of jobs by adding overheads to the prime cost and adding 30% to total costs as a profit margin. Job number Y256 was sold for Rs.1690 and incurred overheads of Rs. 694. What was the prime cost of the job?	Rs. 489	Rs. 606	Rs. 996	Rs. 1300
239	<p>State which of the following are the characteristics of service costing?</p> <p>1. High levels of indirect costs as a proportion of total costs</p> <p>2. Use of composite cost units</p> <p>3. Use of equivalent units</p>	(1) only	(1) and (2) only	(2) only	(2) and (3) only
240	Which of the following organisations should not be advised to use service costing?	Distribution service	Hospital	Maintenance division of a manufacturing company	A light engineering company
241	In case of joint products, the main objective of accounting of the cost is to apportion the joint costs incurred up to the split off point. For cost apportionment one company has chosen Physical Quantity Method. Three joint products 'A', 'B' and 'C' are produced in the same process. Up to the point of split off the total production of A, B and C is 60,000 kg, out of which 'A' produces 30,000 kg and joint costs are Rs. 3,60,000. Joint costs allocated to product A is:	Rs. 1,20,000	Rs. 60,000	Rs. 1,80,000	None of the these



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
242	A transport company is running five buses between two towns, which are 50 kms apart. Seating capacity of each bus is 50 passengers. Actually passengers carried by each bus were 75% of seating capacity. All buses ran on all days of the month. Each bus made one round trip per day. Passenger kms are:	2,81,250	1,87,500	5,62,500	None of the above
243	The cost of a product under marginal costing system includes:	Prime cost plus variable overhead	Prime cost plus fixed overhead	Prime cost plus factory overhead	Only prime cost
244	The difference between absorption costing and marginal costing is in regard to the treatment of:	Direct materials	Fixed overhead	Prime cost	Variable overhead
245	Fixed costs are treated as :	Overhead costs	Prime costs	Period costs	Conversion costs
246	When sales and production (in units) are same then profits under :	Marginal costing is lower than that of absorption costing	Marginal costing is higher than that of absorption costing	Marginal costing is equal to that of absorption costing	None of the above
247	When sales exceeds production (in units) then profit under:	Marginal costing is higher than that of absorption costing	Marginal costing is equal to that of absorption costing	Marginal costing is lower than that of absorption costing	None of the above
248	which of the following factors responsible for change in the break even point?	change in selling price	change in variable cost	change in fixed cost	all of the above
249	Variable cost -	Remains fixed in total	Remains fixed per unit	Varies per unit	Nor increase or decrease
250	Marginal Costing technique follows the following basic of classification:	Element wise	Function Wise	Behaviour wise	Identifiability wise
251	P/V ratio will increase if the:	There is a decrease in fixed cost	There is an increase in fixed cost	There is a decrease in selling price per unit.	There is a decrease in variable cost per unit.
252	The technique of differential cost is adopted when:	To ascertain P/V ratio	To ascertain marginal cost	To ascertain cost per unit	To make choice between two or more alternative courses of action
253	Which of the following would not be used to estimate standard direct material prices?	The availability of bulk purchase discounts	Purchase contracts already agreed	The forecast movement of prices in the market	Performance standards in operation



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
254	What is an attainable standard?	A standard which includes no allowance for losses, waste and inefficiencies. It represents the level of performance which is attainable under perfect operating conditions	A standard which includes some allowance for losses, waste and inefficiencies. It represents the level of performance which is attainable under efficient operating conditions	A standard which is based on currently attainable operating conditions	A standard which is kept unchanged, to show the trend in costs
255	Budgets are shown in-Terms:	Qualitative	Quantitative	Materialistic	both (b) and (c)
256	Which of the following is not an element of master budget?	Capital Expenditure Budget	Production Schedule	Operating Expenses Budget	All above the above
257	Which of the following is not a potential benefit of using a budget?	Enhanced coordination of firm activities	More motivated managers	Improved inter-departmental communication	More accurate external financial statements
258	Which of the following is a long-term budget?	Master Budget	Flexible Budget	Cash Budget	Capital Budget
259	Materials become key factor, if	quota restrictions exist	insufficient advertisement prevails	there is low demand	there is no problem with supplies of materials
260	The difference between fixed cost and variable cost assumes significance in the preparation of the following budget:	Master Budget	Flexible Budget	Cash Budget	Capital Budget
261	The budget that is prepared first of all is _____.	Master budget	Sales budget assuming that it is the key factor	Cash Budget	Capital expenditure budget
262	Sales budget is a _____ .	expenditure budget	functional budget	master budget	None of these
263	When a company wants to prepare a factory overhead budget in which the estimated costs are directly derived from the estimates of activity levels, which of the following budget should be prepared by the company?	Flexible budget	Fixed budget	Master budget	R & D budget
264	Which of the following budgets facilitates classification of fixed and variable costs:	Capital expenditure budget	Flexible budget	Cash budget	Raw materials budget
265	The entire budget organisation is controlled and headed by a senior executive known as:	General Manager	Accountant	Budget Controller	None of the above
266	Which of the following is a long-term budget?	Master Budget	Flexible Budget	Cash Budget	Capital Budget



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
267	A flexible budget requires a careful study of	Fixed, semi-fixed and variable expenses	Past and current expenses	Overheads, selling and administrative expenses	None of these.
268	The basic difference between a fixed budget and flexible budget is that a fixed budget _____.	is concerned with a single level of activity, while flexible budget is prepared for different levels of activity	Is concerned with fixed costs, while flexible budget is concerned with variable costs	is fixed while flexible budget changes	None of these
269	Which of the following is not a reason for an idle time variance?	Wage rate increase	Machine breakdown	Illness or injury to worker	Non- availability of material
270	During September, 300 labour hours were worked for a total cost of Rs. 4800. The variable overhead expenditure variance was Rs. 600 (A). Overheads are assumed to be related to direct labour hours of active working. What was the standard cost per labour hour?	Rs. 14	Rs. 16.50	Rs. 17.50	Rs. 18
271	Which of the following would explain an adverse variable production overhead efficiency variance? 1. Employees were of a lower skill level than specified in the standard 2. Unexpected idle time resulted from a series of machine breakdown 3. Poor Quality material was difficult to process	(1), (2) and (3)	(1) and (2)	(2) and (3)	(1) and (3)
272	Budgeted sales of X for March are 18000 units. At the end of the production process for X, 10% of production units are scrapped as defective. Opening inventories of X for March are budgeted to be 15000 units and closing inventories will be 11,400 units. All inventories of finished goods must have successfully passed the quality control check. The production budget for X for March, in units is:	12960	14400	15840	16000



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
273	CG Co manufactures a single product T. Budgeted production output of product T during June is 200 units. Each unit of product T requires 6 labour hours for completion and CG Co anticipates 20 per cent idle time. Labour is paid at a rate of Rs.7 per hour. The direct labour cost budget for March is	Rs. 6,720	Rs. 8,400	Rs. 10,080	Rs. 10,500
274	A Local Authority is preparing cash Budget for its refuse disposal department. Which of the following items would not be included in the cash budget?	Capital cost of a new collection vehicle	Depreciation of the machinery	Operatives wages	Fuel for the collection Vehicles
275	The actual output of 162,500 units and actual fixed costs of Rs. 87000 were exactly as budgeted. However, the actual expenditure of Rs. 300,000 was Rs. 18,000 over budget. What was the budget variable cost per unit?	Rs. 1.20	Rs. 1.31	Rs.1.42	Rs. 1.50
276	A Ltd is a manufacturing company that has no production resource limitations for the foreseeable future. The Managing Director has asked the company managers to coordinate the preparation of their budgets for the next financial year. In what order should the following budgets be prepared? 1) Sales budget (2) Cash budget (3) Production budget (4) Purchase budget (5) Finished goods inventory budget	(2), (3), (4), (5), (1)	(1), (5), (3), (4), (2)	(1), (4), (5), (3), (2)	(4), (5), (3), (1), (2)



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
277	<p>S produces and sells one product, P, for which the data are as follows: Selling price Rs. 28 Variable cost Rs. 16 Fixed cost Rs. 4</p> <p>The fixed costs are based on a budgeted production and sales level of 25,000 units for the next period.</p> <p>Due to market changes both the selling price and the variable cost are expected to increase above the budgeted level in the next period.</p> <p>If the selling price and variable cost per unit increase by 10% and 8% respectively, by how much must sales volume change, compared with the original budgeted level, in order to achieve the original budgeted profit for the period?</p>	10.1% decrease	11.2% decrease	13.3% decrease	16.0% decrease
278	<p>A company makes a single product and incurs fixed costs of Rs. 30,000 per annum. Variable cost per unit is Rs. 5 and each unit sells for Rs. 15. Annual sales demand is 7,000 units. The breakeven point is :</p>	2,000 units	3,000 units	4,000 units	6,000 units
279	<p>A company manufactures a single product for which cost and selling price data are as follows: Selling price per unit - Rs. 12 Variable cost per unit - Rs. 8 Fixed cost for a period - Rs. 98,000</p> <p>Budgeted sales for a period - 30,000 units</p> <p>The margin of safety, expressed as a percentage of budgeted sales, is:</p>	20%	25%	72%	125%
280	<p>A company's break even point is 6,000 units per annum. The selling price is Rs. 90 per unit and the variable cost is Rs. 40 per unit. What are the company's annual fixed costs?</p>	Rs. 120	Rs. 2,40,000	Rs. 3,00,000	Rs. 5,40,000



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
281	After inviting tenders for supply of raw materials, two quotations are received as follows— Supplier P Rs. 2.20 per unit, Supplier Q Rs. 2.10 per unit plus Rs. 2,000 fixed charges irrespective of the units ordered. The order quantity for which the purchase price per unit will be the same—	22,000 units	20,000 units	21,000 units	None of the above.
282	The cost per unit of a product manufactured in a factory amounts to Rs. 160 (75% variable) when the production is 10,000 units. When production increases by 25%, the cost of production will be Rs. per unit.	Rs. 145	Rs. 150	Rs. 152	Rs. 140
283	In 'make or buy' decision, it is profitable to buy from outside only when the supplier's price is below the firm's own	Fixed Cost	Variable Cost	Total Cost	Prime Cost
284	A budget which is prepared in a manner so as to give the budgeted cost for any level of activity is known as:	Master budget	Zero base budget	Functional budget	Flexible budget
285	_____ is a summary of all functional budgets in a capsule form.	Functional Budget	Master Budget	Long Period Budget	Flexible Budget
286	_____ is a detailed budget of cash receipts and cash expenditure incorporating both revenue and capital items.	Cash Budget	Capital Expenditure Budget	Sales Budget	Overhead Budget
287	Following information is available of XYZ Limited for quarter ended June, 2023 Fixed cost Rs. 5,00,000 Variable cost Rs. 10 per unit Selling price Rs. 15 per unit Output level 1,50,000 units What will be amount of profit earned during the quarter using the marginal costing technique?	Rs. 2,50,000	Rs. 10,00,000	Rs. 5,00,000	Rs. 17,50,000
288	The P/v ratio of a company is 50% and margin of safety is 40%. If present sales is Rs. 30,00,000 then Break Even Point in Rs. will be:	Rs. 9,00,000	Rs. 18,00,000	Rs. 5,00,000	None of the above



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
289	Following information is available of PQR for year ended March, 2013: 4,000 units in process, 3,800 units output, 10% of input is normal wastage, Rs. 2.50 per unit is scrap value and Rs. 46,000 incurred towards total process cost then amount on account of abnormal gain to be transferred to Costing P&L will be:-	Rs. 2,500	Rs. 2,000	Rs. 4,000	Rs. 3,500
290	In element-wise classification of overheads, which one of the following is not included —	Fixed overheads	Indirect labour	Indirect materials	Indirect expenditure.
291	When the sales increase from Rs. 40,000 to Rs. 60,000 and profit increases by Rs. 5,000, the P/V ratio is:	20%	30%	25%	40%
292	In activity based costing , costs are accumulated by activity. Such Accumulated Amounts are called -	Cost drivers	Cost objects	Cost pools	Cost Benefits Analysis
293	Steps in ABC Include -	Identification of activities and their respective costs	Identification of cost Driver of each activity and computation of an allocation rate per activity	Allocation of Overhead Cost to products /services based on the activities involved	all of the above
294	Which of the following is not a benefit of ABC ?	Accurate cost allocation	Improved decision making	Better control on activity and costs	reduction of prime cost
295	The key elements of Activity Based Budgeting are -	Type of Activity to be performed	Quantity of activity to be performed	Cost of activity to be performed	all of the above



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTING (PAPER - 8) ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
1	Prime Cost is:	the total of direct costs	2
2	A company employs three drivers to deliver goods to its customers. The salaries paid to these drivers are:	a selling & distribution overhead	4
3	A company has to pay a Rs. 1 per unit royalty to the designer of a product which it manufactures and sells. The royalty charge would be classified in the company's accounts as a ____	Direct expense	1
4	_____ is a method of dealing with overheads which involves spreading common costs over cost centers on the basis of benefit received.	overhead apportionment	2
5	Which of the following classification is meant for distinction between direct cost and indirect cost?	Element	2
6	Which of the following is applicable for Cost Control?	It ends when the targets are achieved	3
7	_____ is anything for which a separate measurement of cost is required	Cost object	4
8	Ticket counter in a Metro Station is an example of	Revenue centre	4
9	Which of the following is an example of functional classification of cost?	Factory overhead	3
10	Absorption costing is also referred as _____	All of the above terms	4
11	the main purpose of cost accounting is	to provide information to management for decision-making	4
12	_____ is anything for which a separate measurement is required	cost object	2
13	Which of the following is true about Cost Control	It ends when targets achieved	3
14	Cost Units used in Power Sector is :	Kilo - Watt-Hour (kWh)	2
15	Process Costing method is suitable for :	Chemical Industries	2
16	distinction between Direct Cost and Indirect Cost is an example of _____ classification.	By element	1
17	The advantage of using IT in Cost Accounting does not include	stock needs to be reconciled with goods received note	2
18	A taxi provider charges minimum Rs.80 thereafter Rs. 12 per kilometer of distance travelled ,the behaviour of conveyance Cost is	semi-variable	2
19	A Ltd. Has three Production Departments, and each department has machines , which of the following cannot be treated as Cost Centre for cost allocation:	A Ltd.	4
20	Which of the following is an example of functional classification of cost?	Administrative overhead	3
21	Cost which are ascertained after they have been incurred are known as	Historical Costs	3
22	Generally , for the purpose of Cost sheet preparation , costs are classified on the basis of -	Functions	1
23	Which of the following items is not excluded while preparing a cost sheet?	property tax on factory building	3
24	What is prime cost	Total direct cost only	1
25	Which of the following does not form part of prime cost	Cost of Packing	1

26	Which of these is not an objective of Cost Accounting?	Assisting Shareholders in decision making	4
27	Which of the following are direct expenses ? (1) Cost of Special Designs ,drawings or layout, (2) Hire of Tools or Equipment for a particular job , (3) Salesman's wages , (4) Rent , rates and Insurance of a factory ,	(1) and (2)	1
28	Salary paid to plant Supervisor is a part of	Factory Overheads	2
29	Depreciation of Director's Laptop is treated as a part of :	Administration Overheads	1
30	A manufacturing Company has set-up a lab for testing of products for compliance with standards. Salary of this Lab Staff are part of :	Quality Control Cost	2
31	Audit fees paid to external Statutory Auditors is part of	Administration Cost	1
32	Salary paid to factory stores is a part of	Factory Overheads	1
33	Canteen Expenses for factory workers are part of -	Factory Overheads	1
34	A company pays Royalty to State Government on the basis of production , it is treated as:	Direct Expenses	3
35	Which of the following is not an element of Works Overhead ?	Sales Manager's Salary	3
36	A profit centre is a centre	Where the manager has the responsibility of generating and maximising profits	1
37	Responsibility Centre can be categorised into:	Cost Centres, Profit Centres and Investment Centres	4
38	Cost Unit is defined as:	Unit of quantity of product, service or time in relation to which costs may be ascertained or expressed	1
39	Fixed cost is a cost:	Which do not change in total during a given period despite changes in output	3
40	Uncontrollable costs are the costs which be influenced by the action of a specified member of an undertaking.	can not	1
41	Element/s of Cost of a product are:	Material, Labour and expenses	2
42	Abnormal cost is the cost:	Cost not normally incurred at a given level of output	2
43	Conversion cost includes cost of converting.....into.....	Raw material, Finished goods	2
44	Sunk costs are:	Not relevant for decision making	2
45	Calculate the prime cost from the following information: Direct material purchased: Rs. 1,00,000 Direct material consumed: Rs. 90,000 Direct labour: Rs. 60,000 Direct expenses: Rs. 20,000 Manufacturing overheads: Rs. 30,000	Rs. 1,70,000	3

46	Total cost of a product: Rs. 10,000 Profit: 25% on Selling Price Profit is:	Rs. 3,333	3
47	Calculate cost of sales from the following: Net Works cost: Rs. 2,00,000 Office & Administration Overheads: Rs. 1,00,000 Opening stock of WIP: Rs. 10,000 Closing Stock of WIP: Rs. 20,000 Closing stock of finished goods: Rs. 30,000 There was no opening stock of finished goods. Selling overheads: Rs. 10,000	Rs. 2,80,000	2
48	Which of the following is considered as normal loss of material?	Loss due to careless handling of material	3
49	The most important element of cost is-	Material	1
50	Direct material is a –	None of these	4
51	Which of the following is considered as accounting record?	Store Ledger	3
52	Direct material can be classified as :	Variable Cost	3
53	In which of the following methods of pricing, costs lag behind the current economic values?	First in first out price method	3
54	In which of the following methods, issues of materials are priced at pre-determined rate?	Standard price method	4
55	Which of the following methods smoothes out the effect of fluctuations when material prices fluctuate widely?	Weighted average	4
56	In which of the following incentive plan of payment, wages on time basis are not Guaranteed?	Taylor's differential piece rate system	3
57	Cost of idle time arising due to non-availability of raw material is :	Charged to costing profit and loss A/c	1
58	When overtime is required for meeting urgent orders, overtime premium should be	Charged to overhead costs	2
59	Labour turnover is measured by	Number of workers replaced average number of workers	1
60	Idle time is	Time spent by workers off their work	3
61	Over time is :	Actual hours being more than normal time	1
62	Labour productivity is measured by comparing	All of the above	4
63	If the time saved is less than 50% of the standard time, then the wages under Rowan and Halsey premium plan on comparison gives:	More wages to workers under Rowan Plan than Halsey Plan	3
64	Under Taylor's differential piece rate scheme, if a worker fails to complete the task within the standard time, then he is paid	83% of the piece work rate	1
65	Direct Expenses _____ includes imputed cost.	Shall not	2
66	Direct Expenses that does not meet the test of materiality can be _____ part of overhead.	Treated	1
67	Example of Direct Expenses.	Royalty charged on production	2
68	The allotment of whole items of cost centres or cost unit is called :	Cost allocation	1

69	Directors remuneration and expenses form a part of:	Administration overhead	2
70	Charging to a cost center those overheads that result solely for the existence of that cost Center is known as	Allocation	1
71	Absorption means:	Charging of overhead to cost units	2
72	When the amount of under or over absorption is significant, it should be disposed of by:	The use of supplementary rates	2
73	Selling and distribution overheads are absorbed on the basis of:	Any of the above	4
74	Primary packing cost is a part of:	Production cost	4
75	Normal capacity of a plant refers to the difference between:	Practical capacity and estimated idle capacity as revealed by long term sales trend	3
76	When the amount of overhead absorbed is less than the amount of overhead incurred, it is called:	Under absorption of overhead	1
77	_____ is a scientific and accurate method of factory overhead absorption.	Machine hour rate method	2
78	Which of these is not a Material control technique:	Maintaining stores ledger	3
79	Out of the following, what is not the work of purchase department:	Accounting for material received	4
80	Bin Card is a:	Quantitative record of material received, issued and balance	2
81	Stores Ledger is a:	Quantitative as well as value wise records of material received, issued and balance;	1
82	Re-order level is calculated as:	Maximum consumption x Maximum re-order period	1
83	Economic order quantity is that quantity at which cost of holding and carrying inventory is	Minimum and equal	4
84	ABC analysis is an inventory control technique in which:	Inventory is classified into A, B and C Category with A being the lowest quantity, highest value	3
85	Which one out of the following is not an inventory valuation method?	EOQ	4
86	In case of rising prices (inflation), FIFO method will:	provide highest value of closing stock and profit	2
87	In case of rising prices (inflation), LIFO will:	provide lowest value of closing stock and profit	1
88	Calculate Re-order level from the following: Consumption per week: 100-200 units Delivery period: 14-28 days	800 units	2

89	<p>Calculate EOQ (approx.) from the following details: Annual Consumption: 24000 units Ordering cost: Rs. 10 per order</p> <p>Purchase price: Rs. 100 per unit</p> <p>Carrying cost: 5%</p>	310	1
90	<p>Calculate the value of closing stock from the following according to FIFO method:</p> <p>1st January, 2024: Opening balance: 50 units @ Rs. 4</p> <p>Receipts:</p> <p>5th January, 2024: 100 units @ Rs. 5 12th January, 2024: 200 units @ Rs. 4.50</p> <p>Issues:</p> <p>2nd January, 2024: 30 units</p> <p>18th January, 2024: 150 units</p>	Rs. 765	1
91	<p>Calculate the value of closing stock from the following according to LIFO method:</p> <p>1st January, 2024: Opening balance: 50 units @ Rs. 4</p> <p>Receipts:</p> <p>5th January, 2024: 100 units @ Rs. 5 12th January, 2024: 200 units @ Rs. 4.50</p> <p>Issues:</p> <p>2nd January, 2024: 30 units</p> <p>18th January, 2024: 150 units</p>	Rs. 805	2
92	<p>Calculate the value of closing stock from the following according to Weighted Average method:</p> <p>1st January, 2024: Opening balance: 50 units @ Rs. 4</p> <p>Receipts:</p> <p>5th January, 2024: 100 units @ Rs. 5 12th January, 2024: 200 units @ Rs. 4.50</p> <p>Issues:</p> <p>2nd January, 2024: 30 units</p> <p>18th January, 2024: 150 units</p>	Rs. 786	3
93	Cost of abnormal wastage is:	Charged to the profit & loss account	2
94	<p>Calculate re-order level from the following: Safety stock: 1000 units Consumption per week: 500 units It takes 12 weeks to reach material from the date of ordering.</p>	7000 units	4

95	<p>From the following information, calculate the extra cost of material by following EOQ: Annual consumption: = 45000 units Ordering cost per order: = Rs. 10</p> <p>Carrying cost per unit per annum: = Rs. 10 Purchase price per unit = Rs. 50</p> <p>Re-order quantity at present = 45000 units There is discount of 10% per unit in case of purchase of 45000 units in bulk.</p>	Rs. 2,990	4
96	Which of the following is an abnormal cause of Idle time:	Machine break downs	4
97	If overtime is resorted to at the desire of the customer, then the overtime premium:	should be charged to the job directly	3
98	Labour turnover means:	Rate of change in composition of labour force during a specified period	2
99	Which of the following is not an avoidable cause of labour turnover:	Disability, making a worker unfit for work	4
100	Costs associated with the labour turnover can be categorised into:	Both of the above	3
101	<p>Calculate workers left and discharged from the following:</p> <p>Labour turnover rates are 20%, 10% and 6% respectively under Flux method, Replacement method and Separation method. No. of workers replaced during the quarter is 80.</p>	48	3
102	<p>Calculate workers recruited and joined from the following:</p> <p>Labour turnover rates are 20%, 10% and 6% respectively under Flux method, Replacement method and Separation method. No. of workers replaced during the quarter is 80.</p>	112	1
103	<p>Calculate the labour turnover rate according to replacement method from the following: No. of workers on the payroll:</p> <ul style="list-style-type: none"> - At the beginning of the month: 500 - At the end of the month: 600 <p>During the month, 5 workers left, 20 workers were discharged and 75 workers were recruited. Of these, 10 workers were recruited in the vacancies of those leaving and while the rest were engaged for an expansion scheme.</p>	1.82%	2
104	<p>Calculate the labour turnover rate according to Separation method from the following: No. of workers on the payroll:</p> <ul style="list-style-type: none"> - At the beginning of the month: 500 - At the end of the month: 600 <p>During the month, 5 workers left, 20 workers were discharged and 75 workers were recruited. Of these, 10 workers were recruited in the vacancies of those leaving and while the rest were engaged for an expansion scheme.</p>	4.55%	1
105	A worker is allowed 60 hours to complete the job on a guaranteed wage of Rs. 10 per hour. Under the Rowan Plan, he gets an hourly wage of Rs. 12 per hour. For the same saving in time, how much he will get under the Halsey Plan?	Rs.540	2
106	Overhead refers to:	All Indirect costs	2
107	Allotment of whole item of cost to a cost centre or cost unit is known as:	Cost Allocation	2

108	Which of the following is not a method of cost absorption?	Repeated distribution method	4
109	Service departments costs should be allocated to:	Both Production and service departments	3
110	Most suitable basis for apportioning insurance of machine would be:	Value of Machines	2
111	Blanket overhead rate is:	One single overhead absorption rate for the whole factory	1
112	AT Co makes a single product and is preparing its material usage budget for next year. Each unit of product requires 2kg of material, and 5,000 units of product are to be produced next year. Opening inventory of material is budgeted to be 800 kg and AT co budgets to increase material inventory at the end of next year by 20% The material usage budget for next year is:	10,000 Kg	3
113	During a period 17, 500 labour hours were worked at a standard cost of Rs. 6.50 per hour. The labour efficiency variance was Rs. 7,800 favourable. How many standard hours were produced?	18700	4
114	In most of the manufacturing industries ,the most important element of cost is	material	1
115	Which of the following is NOT considered to be Normal loss of Materials ?	Loss due to breaking the bulk	3
116	Which of following is NOT considered as Normal loss of material?	Loss due to pilferage	2
117	At the economic ordering quantity level , the following is true on an annual basis:	Ordering Cost is equal to the Carrying Cost	3
118	Continuous Stock Taking is a part of:	Perpetual Inventory	2
119	In which of the following methods, issues of materials are priced at pre-determined rate?	Standard price method	2
120	When Material prices Fluctuate widely, the method of pricing that gives absurd results is -	Simple Average Price	4
121	When prices fluctuate widely , the method that will smooth out the effect of fluctuations is	Weighted Average price	2
122	Under the FSN system of Inventory Control ,Inventory is Classified on the basis of :	Frequently of usage of items of inventory	2
123	Form used for making a formal request to the Purchasing Department to purchase materials is a-	Purchase Requisition Note	2
124	Classification of Materials on the basis of their Importance in Value is called:	ABC Analysis	3
125	For Return of Excess Materials from Production Department to stores , the document used is:	All the above (same)	4
126	Which of the following is NOT related to a standard list of materials and components?	Consumption Statement	1
127	Which of the following is NOT recorded on a Bin card?	Inter department transfers	3
128	What is the formula for Re-order level?	Maximum Usage x maximum lead time	2
129	(ROL+ROQ (-) minimum usage x minimum lead time) is the computation formula for....	Maximum level	1
130	Inventory turnover ratio is expressed in	times	3
131	Generally , a _____ T/o and _____ days Average Inventory held is preferable	High , less	1

132	Pricing of Materials in the order in which they are purchased is called _____ method	FIFO	2
133	Landed cost of materials does not include.....	Stock Insurance	3
134	Cost of abnormal loss of materials is	Debited to costing P & L	1
135	Idle time is the time under which	Both (a) and (b)	3
136	When a direct Worker is paid on a monthly fixed salary basis , the following is true :	There is no idle time cost	1
137	Time and Motion study is conducted by	Engineering Department	4
138	Wages sheet is generally prepared by-	Payroll Department	3
139	For reducing the labour cost per unit ,which of the following factors is most important?	Higher Productivity or Efficiency	3
140	Time Booking refers to a method wherein _____ of an employees is recorded	Time spent on a particulars job	4
141	Employee Cost includes	All of the above	4
142	Standard Time of a job is 60 hours and guaranteed time rate is rs 90 per hour. What is the amount of wages under Rowan plan if job is completed in 48 hours?	rs 1728	2
143	Standard Time of a job is 60 hours and guaranteed time rate is rs 90 per hour. What is the amount of wages under Halsey plan if job is completed in 48 hours?	rs 180	2
144	If Overtime is required for meeting urgent orders , the Overtime premium should be charged as -	Respective job	1
145	Keeping a record of total time spent by the worker inside the factory is called	Time keeping	1
146	Wages attributable to Normal idle Time is treated as	Either of the above	3
147	In the context of Labour Turnover ,Number of Workers left and discharged is called-	Separation	4
148	(Hours worked X Rate per hour) is the computation of wages under	Time rate System	4
149	Under Halsey System ,generally Bonus is computed as _____ x (Time Saved x Rate per hour)	50%	2
150	A worker will earn wages under Halsey and Rowan System , if time Saved equals -	50% of Std Time	1
151	Labour Efficiency (based on time) is given by the Formula	Std Time /Actual Time	1
152	If wages per day of 8 hours is rs 500, std output is 100 units , Actual Output is 120 ,piece rate wages-	rs 600	2
153	If Std Time is 8 hours , Actual time is 6 hours ,rate per hour is Rs. 100 , Rwan Wages =	Rs. 750	3
154	If Actual Output in 8 hours is 700 units , Standard Output is 90 units per hour , Efficiency Ratio is	97.22%	1
155	Fixed over costs are not effected in monetary terms during a five period by a change in Output. But this statement is valid provided	Increase in Output is not Substantial	1
156	_____ Capacity is defined as actually utilised capacity of a plant .	Practical	3
157	Maximum Possible Productive Capacity of a plant when no operating time is lost is its :	Theoretical Capacity	3
158	Charging of common Overheads cost to various cost centres, using appropriate bases is known as -	Apportionment	2
159	Distribution of service Department Overheads Cost to production Departments using different assumptions and methods is known as	Re- Apportionment	4
160	packing Cost is part of	It may be any of the above	4
161	Which of the following is not treated as a Manufacturing Overhead ?	Night Shift allowance paid to a factory Worker due to general work pressure	4
162	The difference between Actual Factory Overhead and Absorbed Factory Overhead will be usually at the minimum level , provided pre-determined overhead rate is based on :	Normal Capacity	4

163	When Absorbed Overhead is Higher than the amount of Overhead incurred , it is called	Over absorption of overhead	2
164	Which of the following overhead cost may not be apportioned on the basis of Direct Wages?	Managerial Salaries	4
165	The following is an example of direct expenses as per CAS-10:	Travelling expenses to site.	2
166	CAS 21 stands for:	None of these	4
167	Standard deals with the cost of service cost center is:	CAS-13	2
168	Which standards deals with the principles and methods of determining depreciation and amortization cost?	CAS 16	4
169	Which standards deals with determination of averages/ equalized transportation cost?	CAS 5	1
170	Which standard deals with the principles and methods of determining the manufacturing Cost of excisable goods?	CAS 22	4
171	_____ deals with the principles and methods of determining the production or operation overheads.	CAS-3	1
172	CAS 13 stands for:	Cost of Service cost centre	4
173	Which of the following items is not included in preparation of cost sheet?	Interest paid	4
174	Which of the following items is not excluded while preparing a cost sheet?	Property tax on Factory building	3
175	Which of the following are direct expenses?(1) The cost of special designs, drawings or layouts,(2) The hire of tools or equipment for a particular job,(3) Salesman's wages,(4) Rent, rates and insurance of a factory	(1) and (2)	1
176	What is prime cost ?	Total direct cost only	1
177	Which of the following is not an element of works overhead?	Sales manager's salary	1
178	For the purpose of Cost Sheet preparation , costs are classified based on:	Functions	1
179	Salary paid to an office supervisor is a part of:	Administration cost	2
180	Audit fees paid to cost auditors is part of	Administration cost	3
181	A company has set up a laboratory for testing of products for compliance with standards. Salary of this laboratory stuffs are part of:	Quality control cost	2
182	Canteen expenses for factory workers are part of:	Factory overhead	2
183	Which of the following does not form part of prime cost?	Overtime premium paid to workers	4
184	A company pays royalty to State Government on the basis of production, it is treated as:	Direct expenses	1
185	In Reconciliation Statements, expenses shown only in financial accounts are:	Added to financial profit	4
186	In Reconciliation Statement, expenses shown only in cost accounts are:	Deducted from financial profit	2
187	In Reconciliation Statement, transfers to reserves are:	Added to financial profit	1
188	In Reconciliation Statement, incomes shown only in financial accounts are:	Deducted from financial profit	2
189	In Reconciliation Statement, Closing Stock undervalued in Financial Accounts is	Added to financial profit	1
190	Under non-integrated accounting system:	Separate ledgers are maintained for cost and financial accounts	1
191	Under non-integrated system of accounting, purchase of raw material is debited to:	Material control account / stores ledger control account	2
192	When costing loss is Rs. 5,600, administrative overhead under-absorbed being Rs. 600, the loss as per financial accounts should be _____ .	Rs.6200	3
193	Which of the following items should be added to costing profit to arrive at financial profit?	Over absorption of works overhead	2

194	Integral accounts eliminate the necessity of operating	Cost Ledger control account	1
195	Under Non- integrated accounting system, the amount made to complete double entry is :	General ledger adjustment account	4
196	Under the Non- Integrated Accounting System -	Separate ledgers are maintained for Cost and Financial Accounts	2
197	Notional Costs -	may be Included in Non - Integrated accounts	2
198	Which account is to be debited if materials worth rs 500 are returned to vendor under Non -Ingrated Accounts	General ledger adjustment account	4
199	What is the journal Entry under Integrated System for recording Sales made?	Dr. General Ledger Adjsutment , Cr .sales	4
200	Which of the following items is most likely to be included in Cost Accounts ?	Notional Rent	1
201	Job costing is used in:	All of the above	4
202	In a job cost system, costs are accumulated _____.	By specific job	2
203	The most suitable cost system where the products differ in type of material and work performed is:	Job costing	2
204	Cost Price is not fixed in case of:	Cost plus contracts	1
205	Most of the expenses are direct in:	Contact costing	3
206	Cost plus contract is usually entered into those cases where _____.	Determination of contract cost with reasonable accuracy is not possible	4
207	In order to determine cost of the products or services, different business firms follow:	Different methods of costing	3
208	In case product produced or jobs undertaken are of diverse system, the system of costing to be used should be:	Job Costing	3
209	Job Costing is:	Methods of costing used for non-standard and non-repetitive products	2
210	Batch costing is a type of:	job Costing	3
211	Batch costing is similar to that under job costing except with the difference that:	Batch become the cost unit instead of a job	3
212	Economic batch quantity is that size of the batch of production where:	Both A. and B	4
213	Which of the following documents are used in job costing to record the issue of direct materials to a job?	Material requisition	4
214	Which of the following statements is true?	Job cost sheet may be used for estimating profit of jobs	2
215	Which of the statement is true?	Neither A, nor B, nor C	4
216	The type of process loss that should not be allowed to affect the cost of good units is called:	Abnormal Loss	3
217	Spoilage that occurs under inefficient operating conditions and is generally controllable is called _____.	Abnormal spoilage	2
218	In which of the following situations an abnormal gain in a process occurs:	When the actual output is greater than the planned output	2

219	The value of abnormal loss is equal to :	Total process cost less realisable value of normal loss	4
220	A process account is debited by abnormal gain, the value is determined as:	Cost of good units less realisable value of normal loss	3
221	In sugar manufacturing industry molasses is also produced along with sugar. Molasses may be of small value as compared with the value of sugar and is known as:	By-product	3
222	Method of apportioning joint costs on the basis of output of each joint product at the point of split-offs is known as:	Physical unit method	1
223	The main purposes of accounting of joint products and by-products is to:	Determine profit or loss on each product line	3
224	Under net realisable value method of apportioning joint costs to joint products, the selling & distribution cost is:	Deducted from sales value	2
225	Which of the following is an example of by-product:	Edible oils and oil cakes	3
226	Which of following methods can be used when the joint products are of unequal quantity and used for captive consumption:	Technical estimates, using market value of similar goods	3
227	Cost of a particular service under operating costing is ascertained by preparing:	Job cost sheet	3
228	Operating costing is applicable to:	All of the above	4
229	Composite cost unit for a hospital is:	Per patient day	3
230	Cost units used in power sector is called:	Kilowatt-hour (KWH)	3
231	Absolute Tonne-Km is an example of:	Composite unit of transport sector	2
232	In process costing, a joint product is	a product which is produced simultaneously with other products and is of similar value to at least one of the other products.	2
233	Process B had no opening inventory. 13,500 units of raw material were transferred in at Rs. 4.50 per unit. Additional material at Rs.1.25per unit was added in process. Labour and overheads were Rs. 6.25 per completed unit and Rs. 2.50 per unit incomplete. If 11,750 completed units were transferred out, what was the closing inventory in Process B?	Rs. 14,437.50	3
234	A process costing system for J Co used an input of 3,500Kg of materials at Rs.20 per Kg and labour hours of 2,750 at Rs.25 per hour. Normal loss is 20% and losses can be sold at a scrap value of Rs.5per Kg. Output was 2,950 Kg. What is the value of the output?	Rs. 142,485	1
235	In process costing, if an abnormal loss arises, the process account is generally	Credited with the full production cost of the abnormal loss units	4

236	<p>Which of the following statements is/are correct?</p> <p>1. A materials requisition note is used to record the issue of direct material to a specific job.</p> <p>2. A typical job cost will contain actual costs for material, labour and production overheads, and non –production overheads are often added as a percentage of total production cost</p> <p>3. The job costing method can be applied in costing batches</p>	(1) and (3) only	3
237	A job is budgeted to require 3,300 productive hours after incurring 25% idle time. If the total labour cost budgeted for the job is Rs.36,300. What is the labour cost per hour(to the nearest cent)?	Rs. 8.25	1
238	A company calculates the prices of jobs by adding overheads to the prime cost and adding 30% to total costs as a profit margin. Job number Y256 was sold for Rs.1690 and incurred overheads of Rs. 694. What was the prime cost of the job?	Rs. 606	2
239	<p>State which of the following are the characteristics of service costing?</p> <p>1. High levels of indirect costs as a proportion of total costs</p> <p>2. Use of composite cost units</p> <p>3. Use of equivalent units</p>	(1) and (2) only	2
240	Which of the following organisations should not be advised to use service costing?	Maintenance division of a manufacturing company	3
241	In case of joint products, the main objective of accounting of the cost is to apportion the joint costs incurred up to the split off point. For cost apportionment one company has chosen Physical Quantity Method. Three joint products 'A', 'B' and 'C' are produced in the same process. Up to the point of split off the total production of A, B and C is 60,000 kg, out of which 'A' produces 30,000 kg and joint costs are Rs. 3,60,000. Joint costs allocated to product A is:	Rs. 1,80,000	3
242	A transport company is running five buses between two towns, which are 50 kms apart. Seating capacity of each bus is 50 passengers. Actually passengers carried by each bus were 75% of seating capacity. All buses ran on all days of the month. Each bus made one round trip per day. Passenger kms are:	5,62,500	3
243	The cost of a product under marginal costing system includes:	Prime cost plus variable overhead	1
244	The difference between absorption costing and marginal costing is in regard to the treatment of:	Fixed overhead	2
245	Fixed costs are treated as :	Period costs	3
246	When sales and production (in units) are same then profits under :	Marginal costing is equal to that of absorption costing	3
247	When sales exceeds production (in units) then profit under:	Marginal costing is higher than that of absorption costing	1
248	which of the following factors responsible for change in the break even point?	all of the above	4
249	Variable cost -	Remains fixed per unit	2
250	Marginal Costing technique follows the following basic of classification:	Behaviour wise	3
251	P/V ratio will increase if the:	There is a decrease in variable cost per unit.	4

252	The technique of differential cost is adopted when:	To make choice between two or more alternative courses of action	4
253	Which of the following would not be used to estimate standard direct material prices?	Performance standards in operation	4
254	What is an attainable standard?	A standard which includes some allowance for losses, waste and inefficiencies. It represents the level of performance which is attainable under efficient operating conditions	2
255	Budgets are shown in-Terms:	both (b) and (c)	4
256	Which of the following is not an element of master budget?	Production Schedule	2
257	Which of the following is not a potential benefit of using a budget?	More accurate external financial statements	4
258	Which of the following is a long-term budget?	Capital Budget	4
259	Materials become key factor, if	quota restrictions exist	1
260	The difference between fixed cost and variable cost assumes significance in the preparation of the following budget:	Flexible Budget	2
261	The budget that is prepared first of all is _____.	Sales budget assuming that it is the key factor	2
262	Sales budget is a _____ .	functional budget	2
263	When a company wants to prepare a factory overhead budget in which the estimated costs are directly derived from the estimates of activity levels, which of the following budget should be prepared by the company?	Flexible budget	1
264	Which of the following budgets facilitates classification of fixed and variable costs:	Flexible budget	2
265	The entire budget organisation is controlled and headed by a senior executive known as:	Budget Controller	3
266	Which of the following is a long-term budget?	Capital Budget	4
267	A flexible budget requires a careful study of	Fixed, semi-fixed and variable expenses	1
268	The basic difference between a fixed budget and flexible budget is that a fixed budget _____.	is concerned with a single level of activity, while flexible budget is prepared for different levels of activity	1
269	Which of the following is not a reason for an idle time variance?	Wage rate increase	1
270	During September, 300 labour hours were worked for a total cost of Rs. 4800. The variable overhead expenditure variance was Rs. 600 (A). Overheads are assumed to be related to direct labour hours of active working. What was the standard cost per labour hour?	Rs. 14	1

271	<p>Which of the following would explain an adverse variable production overhead efficiency variance?</p> <p>1. Employees were of a lower skill level than specified in the standard</p> <p>2. Unexpected idle time resulted from a series of machine breakdown</p> <p>3. Poor Quality material was difficult to process</p>	(1) and (3)	4
272	<p>Budgeted sales of X for March are 18000 units. At the end of the production process for X, 10% of production units are scrapped as defective. Opening inventories of X for March are budgeted to be 15000 units and closing inventories will be 11,400 units. All inventories of finished goods must have successfully passed the quality control check. The production budget for X for March, in units is:</p>	16000	4
273	<p>CG Co manufactures a single product T. Budgeted production output of product T during June is 200 units. Each unit of product T requires 6 labour hours for completion and CG Co anticipates 20 per cent idle time. Labour is paid at a rate of Rs.7 per hour. The direct labour cost budget for March is</p>	Rs. 10,500	4
274	<p>A Local Authority is preparing cash Budget for its refuse disposal department. Which of the following items would not be included in the cash budget?</p>	Depreciation of the machinery	2
275	<p>The actual output of 162,500 units and actual fixed costs of Rs. 87000 were exactly as budgeted. However, the actual expenditure of Rs. 300,000 was Rs. 18,000 over budget. What was the budget variable cost per unit?</p>	Rs. 1.20	1
276	<p>A ltd is a manufacturing company that has no production resource limitations for the foreseeable future. The Managing Director has asked the company mangers to coordinate the preparation of their budgets for the next financial year. In what order should the following budgets be prepared?</p> <p>1) Sales budget (2) Cash budget (3) Production budget (4) Purchase budget (5) Finished goods inventory budget</p>	(1), (5), (3), (4), (2)	2
277	<p>S produces and sells one product, P, for which the data are as follows: Selling price Rs. 28 Variable cost Rs. 16 Fixed cost Rs. 4</p> <p>The fixed costs are based on a budgeted production and sales level of 25,000 units for the next period.</p> <p>Due to market changes both the selling price and the variable cost are expected to increase above the budgeted level in the next period.</p> <p>If the selling price and variable cost per unit increase by 10% and 8% respectively, by how much must sales volume change, compared with the original budgeted level, in order to achieve the original budgeted profit for the period?</p>	11.2% decrease	2
278	<p>A company makes a single product and incurs fixed costs of Rs. 30,000 per annum. Variable cost per unit is Rs. 5 and each unit sells for Rs. 15. Annual sales demand is 7,000 units. The breakeven point is :</p>	3,000 units	2

279	A company manufactures a single product for which cost and selling price data are as follows: Selling price per unit - Rs. 12 Variable cost per unit - Rs. 8 Fixed cost for a period - Rs. 98,000 Budgeted sales for a period - 30,000 units The margin of safety, expressed as a percentage of budgeted sales, is:	20%	1
280	A company's break even point is 6,000 units per annum. The selling price is Rs. 90 per unit and the variable cost is Rs. 40 per unit. What are the company's annual fixed costs?	Rs. 3,00,000	3
281	After inviting tenders for supply of raw materials, two quotations are received as follows— Supplier P Rs. 2.20 per unit, Supplier Q Rs. 2.10 per unit plus Rs. 2,000 fixed charges irrespective of the units ordered. The order quantity for which the purchase price per unit will be the same—	20,000 units	2
282	The cost per unit of a product manufactured in a factory amounts to Rs. 160 (75% variable) when the production is 10,000 units. When production increases by 25%, the cost of production will be Rs. per unit.	Rs. 152	3
283	In 'make or buy' decision, it is profitable to buy from outside only when the supplier's price is below the firm's own	Variable Cost	2
284	A budget which is prepared in a manner so as to give the budgeted cost for any level of activity is known as:	Flexible budget	4
285	_____ is a summary of all functional budgets in a capsule form.	Master Budget	2
286	_____ is a detailed budget of cash receipts and cash expenditure incorporating both revenue and capital items.	Cash Budget	1
287	Following information is available of XYZ Limited for quarter ended June, 2023 Fixed cost Rs. 5,00,000 Variable cost Rs. 10 per unit Selling price Rs. 15 per unit Output level 1,50,000 units What will be amount of profit earned during the quarter using the marginal costing technique?	Rs. 2,50,000	1
288	The P/v ratio of a company is 50% and margin of safety is 40%. If present sales is Rs. 30,00,000 then Break Even Point in Rs. will be:	Rs. 18,00,000	2
289	Following information is available of PQR for year ended March, 2013: 4,000 units in process, 3,800 units output, 10% of input is normal wastage, Rs. 2.50 per unit is scrap value and Rs. 46,000 incurred towards total process cost then amount on account of abnormal gain to be transferred to Costing P&L will be:-	Rs. 2,500	1
290	In element-wise classification of overheads, which one of the following is not included —	Fixed overheads	1
291	When the sales increase from Rs. 40,000 to Rs. 60,000 and profit increases by Rs. 5,000, the P/V ratio is:	25%	3
292	In activity based costing , costs are accumulated by activity. Such Accumulated Amounts are called -	Cost pools	3
293	Steps in ABC Include -	all of the above	4
294	Which of the following is not a benefit of ABC ?	reduction of prime cost	4
295	The key elements of Activity Based Budgeting are -	all of the above	4