

BRAINWARE UNIVERSITY

Term End Examination 2021 - 22 Programme – Bachelor of Business Administration Course Name – Basic Cost Accounting Course Code - BBA203 (Semester II)

Time allotted : 1 Hrs.25 Min.

[The figure in the margin indicates full marks.]

Group-A

(Multiple Choice Type Question) 1 x 7

Choose the correct alternative from the following :

(1) According to CIMA, England, "the technique and process of ascertaining cost" is called		
a) Costing	b) Cost Accounting	
c) Cost Accountancy	d) Cost	
(2) Which among the following costs are not useful for managerial decision making?		
a) Sunk Cost	b) Marginal Cost	
c) Standard Cost	d) None of the above	
(3) The information provided by financial statements is in nature		
a) Standard	b) Historical	
c) Marginal	d) Uniform	
(4) In cost accounting, stock is valued at		
a) Market price	b) Cost price	
c) Selling price	d) Standard price	
(5) Data required for the fixation of selling price is provided by		
a) Management accounting system	b) Financial counting system	
c) Cost accounting system	d) All of these	
(6) The main objective of cost accounting is		
a) Recording of cost	b) Fixation of selling price	
c) Cost control	d) Maximise profit	
(7) Cost accountancy is considered an art because it		
a) Has systematic body of knowledge	b) requires necessary ability and skills	
c) involves continuous efforts of cost accountant	d) None of the above	
(8) "The amount of expenditure (actual or notional) incurred or attributable to a given thing" i		
S		

Full Marks : 70

1 x 70=70

a) Expense	b) Revenue expenditure	
c) Cost	d) Value	
(9) Cost accounting mainly helps the managen	nent in	
a) Earning profit	b) Providing information to management	
c) Fixing prices of the products	d) All of the above	
(10) is that portion of expired cost resul	ting from a productive usage of an asset	
a) Cost	b) Expense	
c) Loss	d) None of these	
(11) Unexpired cost is recorded in		
a) Balance Sheet	b) Profit & Loss A/c	
c) Cash flow statement	d) None of the above	
(12) is a location, person or item of equip e ascertained and used for the purpose of co		
a) Cost centre	b) Revenue centre	
c) Profit centre	d) Responsibility centre	
(13) is a small segment of activity or responsibility for which cost are accumulated		
a) Cost centre	b) Revenue centre	
c) Profit centre	d) Responsibility centre	
(14) cost centre consists of a group of p	ersons like foremen, storekeeper, etc.	
a) Personal	b) Production	
c) Process	d) Impersonal	
(15) cost centre consists of persons or	machines carrying out similar operations.	
a) Operation	b) Personal	
c) Production	d) Impersonal	
(16) Which cost centre undertakes production o finished products?	f a product i.e. conversion of raw materials into	
a) Service cost centre	b) Operation cost centre	
c) Process cost centre	d) Production cost centre	
(17) Segment of activity of a business which is	responsible for both revenue and cost is	
a) Responsibility centre	b) Revenue centre	
c) Profit centre	d) Cost centre	
(18) A responsibility centre in which inputs are corded is called	measured in monetary terms and outputs not re	
a) Expense Centre	b) Profit centre	
c) Investment centre	d) None of the above	
(19) Costs incurred in the past and has no effect	on future decision making is called	
a) Opportunity cost	b) Imputed cost	
c) Conversion cost	d) Sunk Cost	
(20) Costs which do not involve any cash outlay	is called	
a) Out of stock cost	b) Conversion cost	
c) Imputed cost	d) Discretionary cost	
(21) "The value of a benefit sacrificed in favour	of an alternative course of action" is	
a) Sunk cost	b) Opportunity cost	
c) Imputed cost	d) Notional cost	
(22) If an owned building is used for a business	project, the likely rent of the building receivabl	

e if let out is an example of	
a) Sunk cost	b) Opportunity cost
c) Imputed cost	d) Notional cost
(23) system of costing is suitable for toy mak	ing.
a) Batch costing	b) Job costing
c) Operating costing	d) Process costing
(24) The sum of direct wages, direct expenses and ov n to finished products is called	rerhead costs of converting raw materials i
a) Prime cost	b) Works cost
c) Direct cost	d) Conversion cost
(25) Cost centres are created for	
a) Segregating costs into fixed and variable	b) Control and fixing responsibility
c) Making decisions	d) Ascertaining profit
(26) Variable costs increase in total due to	
a) Increase in sales	b) Increase in volume of production
c) Increase in profit	d) All of the above
(27) Mention the item of expense which is excluded f	from cost accounts
a) Raw materials	b) Office supplies
c) Salaries	d) Income Tax
(28) Cost incurred by undertakings which do not man	nufacture any product but services is
a) Operation cost	b) Operating cost
c) Joint cost	d) Sunk cost
(29) In cement industry, the method of costing adopted	ed is
a) Process costing	b) Job costing
c) Contract costing	d) Operating costing
(30) A Bill of Material serves the purpose of	
a) Purchase order	b) Material requisition
c) Purchase requisition	d) Goods received note
(31) Thread in garments is an example of	
a) Direct materials	b) Prime cost
c) Variable cost	d) Indirect materials
(32) Primary packing materials are examples of	_
a) Direct materials	b) Indirect materials
c) Selling OH	d) Factory OH
(33) Purchase requisition for regular stock materials i	s prepared by
a) Costing department	b) Production department
c) Storekeeper	d) Purchase department
(34) An example of normal loss of materials is	
a) Loss due to accidents	b) Pilferage
c) Loss due to breaking the bulk	d) Loss due to careless handling
(35) Continuous stock taking is a part of	
a) Annual stock taking	b) Perpetual inventory
c) ABC analysis	d) VED analysis
(36) Economic order quantity is a tool for controlling	;

a) Inventory	b) Price	
c) Machinery	d) Cost	
(37) is the time between placement of an order and obtaining delivery.		
a) Purchase time	b) Lead time	
c) Reordering time	d) Emergency delivery time	
(38) The rate of change in the material usage is called	L	
a) Input output ratio	b) Inventory turnover ratio	
c) EOQ	d) Inventory control	
(39) Fragments of materials that are left from certain	type of manufacture are called	
a) Scrap	b) Waste	
c) Defectives	d) Spoilage	
(40) Which among the following will be the suitable rap if it is of little value?	method of treatment of realizable value sc	
a) Credited to Costing P&L	b) Credited to job/ process	
c) Deducted from cost of materials consumed	d) Deducted from factory Over head	
(41) Which of the following methods is used to control spare parts?		
a) FNSD analysis	b) VED analysis	
c) ABC analysis	d) JIT	
 (42) Calculate EOQ from the details: Annual usage – Rs. 120000, Cost of placing one order – Rs. 60, Annual carrying cost – 10% of inventory value 		
a) 6000	b) 10000	
c) 12000	d) None of these	
(43) Level at which normal issue of materials are stop ortant jobs is known	oped and materials are issued only for imp	
a) Minimum level	b) Re-order level	
c) Maximum level	d) Danger level	
(44) State the formulae for calculation for minimum l	evel.	
a) Re-order level + Re-order quantity	 b) Re-order level – (Normal consumption x Nor mal re-order period) 	
c) Normal consumption x Maximum re-order per iod	d) Re-order level – (Normal consumption + Nor mal Re-order period)	
(45) Normal usage – 100 units/ day , Minimum usage nits/ day, EOQ – 5000 units & Re-order period –		
a) 3900 units	b) 1150 units	
c) 7400 units	d) None of these	
(46) When prices fluctuate widely, the method that wi	ill smooth out the effect of fluctuations is	
a) Simple average	b) Weighted average	
c) FIFO	d) LIFO	
(47) Materials issued are priced at the latest price in -		
a) FIFO	b) LIFO	
c) Standard price	d) Weighted average	
(48) Direct labour means		
^{a)} Labour completing the work manually	b) Labour recruited directly and not through cont ractors	
c) Permanent labour in the production departmen	d) Labour which can be conveniently allocated t	

(49) The difference between attendance time and world	k time is known as	
a) Idle time	b) Overtime	
c) Machine operator	d) Watchman	
(50) Labour cost per unit can be reduced by	,	
a) Offering low rates of wages	b) Reducing the labour force	
c) Higher input output ratios	d) All of the above	
(51) Cost of abnormal idle time is transferred to		
a) Costing P&L a/c	- b) Cost of production	
c) Factory OH	b) Cost of productiond) None of the above	
(52) An example of a chargeable expense		
a) Royalty	b) Wages	
c) Salaries	d) Rent	
(53) Cost of training of new workers in the place of th		
labour turnover.	6	
a) Preventive cost	b) Replacement cost	
c) Labour cost	d) Monetary cost	
(54) Incentive wage plans are devised		
a) To produce more	b) To determine normal wages	
c) To reward workers in proportion to the work d one	d) None of these	
(55) In Taylor's differential piece rate system, piece rates are set for each job.		
a) 2	b) 3	
c) 4	d) 1	
(56) General overheads is apportioned to departments		
a) Direct wages	b) Number of employees	
c) Floor area	d) Direct materials	
(57) Floor area may be used as a basis for apportionm	,	
a) Rent and rates	b) Building insurance	
c) Lighting	d) All of these	
(58) Bad debts is an example of	,	
a) Factory OH	b) Administration OH	
c) Selling OH	d) Distribution OH	
(59) Absorption means		
a) Charging of overhead to cost centres	b) Charging if overhead to cost units	
c) Charging of overhead to cost centres or units	d) None of the above	
(60) A statement prepared to provide detailed cost of a		
a) Cost account	b) Cost sheet	
c) Reconciliation statement	d) Profit & loss a/c	
(61) Notional charges in cost accounts		
a) Increase financial accounts profit	b) Decrease financial accounts profit	
c) Decrease costing profit	d) Increase costing profit	
,		
(62) The reconciliation of cost and financial profit can be done by preparing a) Profit and loss account (b) Trial balance		
a) Profit and loss account	b) Trial balance	
c) Reconciliation statement	d) Balance sheet	

(63) Depreciation on fully depreciated assets still in use is a		
a) Purely financial charge	b) Purely financial income	
c) Notional charge	d) None of these	
(64) The system of preparing same set of books of accounts to record both costing and financia l transactions is known as system of accounting		
a) Non-Integrated	b) Integrated	
c) Reconciliation	d) Cost	
(65) Rent receivable is		
a) Purely financial charge	b) Purely financial income	
c) Notional charge	d) None of these	
(66) Transfer fees received is		
a) Purely financial charge	b) Notional charge	
c) Purely costing income	d) Purely financial income	
(67) Standard time allowed for job is 20 hours and the rate/ hour is Rs.1 and actual hours work ed is 15 hours. Calculate earnings under Halsey plan.		
a) Rs. 15	b) Rs. 20	
c) Rs. 17.50	d) Rs. 18.75	
(68) Standard time allowed for job is 20 hours and the rate/ hour is Rs.1 and actual hours work ed is 15 hours. Calculate earnings under Rowan plan.		
a) Rs. 17.50	b) Rs. 18.75	
c) Rs. 15	d) Rs. 20	
(69) Joint cost is suitable for		
a) Infrastructure industry	b) Ornament industry	
c) Oil industry	d) Fertilizer industry	
(70) Batch costing is suitable for		
a) Sugar industry	b) Chemical industry	
c) Pharma industry	d) Oil industry	