



## 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.**

**Full Marks : 70**

[The figure in the margin indicates full marks.]

**Group-A**

(Multiple Choice Type Question)

1 x 70=70

*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” is

- a) Expense  
c) Cost
- b) Revenue expenditure  
d) Value
- (9) Cost accounting mainly helps the management in
- a) Earning profit  
c) Fixing prices of the products
- b) Providing information to management  
d) All of the above
- (10) \_\_\_\_\_ is that portion of expired cost resulting from a productive usage of an asset
- a) Cost  
c) Loss
- b) Expense  
d) None of these
- (11) Unexpired cost is recorded in \_\_\_\_\_
- a) Balance Sheet  
c) Cash flow statement
- b) Profit & Loss A/c  
d) None of the above
- (12) \_\_\_\_\_ is a location, person or item of equipment (or group of these) for which costs may be ascertained and used for the purpose of control.
- a) Cost centre  
c) Profit centre
- b) Revenue centre  
d) Responsibility centre
- (13) \_\_\_\_\_ is a small segment of activity or responsibility for which cost are accumulated
- a) Cost centre  
c) Profit centre
- b) Revenue centre  
d) Responsibility centre
- (14) \_\_\_\_\_ cost centre consists of a group of persons like foremen, storekeeper, etc.
- a) Personal  
c) Process
- b) Production  
d) Impersonal
- (15) \_\_\_\_\_ cost centre consists of persons or machines carrying out similar operations.
- a) Operation  
c) Production
- b) Personal  
d) Impersonal
- (16) Which cost centre undertakes production of a product i.e. conversion of raw materials into finished products?
- a) Service cost centre  
c) Process cost centre
- b) Operation 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  
c) Profit centre
- b) Revenue centre  
d) Cost centre
- (18) A responsibility centre in which inputs are measured in monetary terms and outputs not recorded is called \_\_\_\_\_
- a) Expense Centre  
c) Investment centre
- b) Profit 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  
c) Conversion cost
- b) Imputed cost  
d) Sunk Cost
- (20) Costs which do not involve any cash outlay is called \_\_\_\_\_
- a) Out of stock cost  
c) Imputed cost
- b) Conversion cost  
d) Discretionary cost
- (21) “The value of a benefit sacrificed in favour of an alternative course of action” is
- a) Sunk cost  
c) Imputed cost
- b) Opportunity 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 making.
- a) Batch costing
  - b) Job costing
  - c) Operating costing
  - d) Process costing
- (24) The sum of direct wages, direct expenses and overhead costs of converting raw materials into finished products is called
- 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 from cost accounts
- a) Raw materials
  - b) Office supplies
  - c) Salaries
  - d) Income Tax
- (28) Cost incurred by undertakings which do not manufacture 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 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 is 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  
c) Machinery
- b) Price  
d) Cost
- (37) \_\_\_\_\_ is the time between placement of an order and obtaining delivery.  
a) Purchase time  
c) Reordering time
- b) Lead time  
d) Emergency delivery time
- (38) The rate of change in the material usage is called \_\_\_\_\_  
a) Input output ratio  
c) EOQ
- b) Inventory turnover ratio  
d) Inventory control
- (39) Fragments of materials that are left from certain type of manufacture are called  
a) Scrap  
c) Defectives
- b) Waste  
d) Spoilage
- (40) Which among the following will be the suitable method of treatment of realizable value scrap if it is of little value?  
a) Credited to Costing P&L  
c) Deducted from cost of materials consumed
- b) Credited to job/ process  
d) Deducted from factory Over head
- (41) Which of the following methods is used to control spare parts?  
a) FNSD analysis  
c) ABC analysis
- b) VED 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  
c) 12000
- b) 10000  
d) None of these
- (43) Level at which normal issue of materials are stopped and materials are issued only for important jobs is known \_\_\_\_\_  
a) Minimum level  
c) Maximum level
- b) Re-order level  
d) Danger level
- (44) State the formulae for calculation for minimum level.  
a) Re-order level + Re-order quantity  
c) Normal consumption x Maximum re-order period
- b) Re-order level – (Normal consumption x Normal re-order period)  
d) Re-order level – (Normal consumption + Normal Re-order period)
- (45) Normal usage – 100 units/ day , Minimum usage – 60 units/ day, Maximum usage – 130 units/ day, EOQ – 5000 units & Re-order period – 25 to 30 days. Calculate minimum level.  
a) 3900 units  
c) 7400 units
- b) 1150 units  
d) None of these
- (46) When prices fluctuate widely, the method that will smooth out the effect of fluctuations is  
a) Simple average  
c) FIFO
- b) Weighted average  
d) LIFO
- (47) Materials issued are priced at the latest price in –  
a) FIFO  
c) Standard price
- b) LIFO  
d) Weighted average
- (48) Direct labour means  
a) Labour completing the work manually  
c) Permanent labour in the production department
- b) Labour recruited directly and not through contractors  
d) Labour which can be conveniently allocated to a particular cost unit



