



BRAINWARE UNIVERSITY

Term End Examination 2021 - 22

Programme – Bachelor of Commerce (Honours) in Banking & Finance

Course Name – Cost Accounting

Course Code - BCMC201

(Semester II)

Time allotted : 1 Hrs.15 Min.

Full Marks : 60

[The figure in the margin indicates full marks.]

Group-A

(Multiple Choice Type Question)

1 x 60=60

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 main function of cost accounting is _____ reporting
 - a) Internal
 - b) External
 - c) Government
 - d) Bank
- (4) The information provided by financial statements is _____ in nature
 - a) Standard
 - b) Historical
 - c) Marginal
 - d) Uniform
- (5) The principle of matching costs with revenues is known as _____ principle
 - a) Cost
 - b) Matching
 - c) Consistency
 - d) Revenue
- (6) The installation of a _____ system will create confidence in the minds of public about the fairness of the prices charged
 - a) Costing
 - b) Financial accounting
 - c) Management accounting
 - d) Information
- (7) The exact cause of increase or decrease in profit or loss is disclosed by

- (20) Which is not true about a profit centre?
- a) Segment responsible for both revenue and cost b) Created to delegate responsibility and measure their performance
- c) Each profit centre has a profit target d) It is not autonomous
- (21) Segment or unit of an organisation having accountability to a higher authority for performance of function assigned and costs incurred is _____
- a) Responsibility centre b) Revenue centre
- c) Profit centre d) Cost centre
- (22) A responsibility centre where performance is judged on the basis of costs incurred is called
- a) Expense Centre b) Profit centre
- c) Investment centre d) None of the above
- (23) According to CIMA, England, “a unit of product, service or time in relation to which cost may be ascertained or expressed” is called
- a) Cost centre b) Cost
- c) Cost unit d) None of the above
- (24) Costs which do not involve any cash outlay is called _____
- a) Out of stock cost b) Conversion cost
- c) Imputed cost d) Discretionary cost
- (25) “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
- (26) If an owned building is used for a business project, the likely rent of the building receivable if let out is an example of _____
- a) Sunk cost b) Opportunity cost
- c) Imputed cost d) Notional cost
- (27) _____ system of costing is suitable for toy making.
- a) Batch costing b) Job costing
- c) Operating costing d) Process costing
- (28) An example of personal cost centre
- a) Machinery b) Store yard
- c) Maintenance department d) Foreman
- (29) Conversion cost excludes
- a) Direct material b) Direct labour cost
- c) Direct expenses d) All of the above
- (30) 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
- (31) Common cost of facilities or services employed in the output of two or more simultaneously produced or otherwise closely related operations, commodities or services.
- a) Uniform cost b) Common cost
- c) Joint cost d) Product cost

- (45) 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
- (46) Level at which normal issue of materials are stopped and materials are issued only for important jobs is known _____
- a) Minimum level
b) Re-order level
c) Maximum level
d) Danger level
- (47) State the formulae for calculation for minimum level.
- a) Re-order level + Re-order quantity
b) Re-order level – (Normal consumption x Normal re-order period)
c) Normal consumption x Maximum re-order period
d) Re-order level – (Normal consumption + Normal Re-order period)
- (48) Maximum usage – 130 units/ day & Re-order period – 25 to 30 days. Calculate re-order level.
- a) 3900 units
b) 1150 units
c) 7400 units
d) None of these
- (49) Calculate maximum stock level from the details: EOQ – 300 units, Usage rate - 25 to 75 units/ week & Re-order period – 4 to 6 weeks.
- a) 650 units
b) 450 units
c) 1100 units
d) None of these
- (50) According to ABC analysis, materials grouped as A constitutes
- a) 5 -10 % qty & 60-70 % value
b) 15-20% qty & 15-25% value
c) 65-70 % qty & 5 – 10 % value
d) None of these
- (51) Inventory system in which stock taking is made at the end of the accounting year is
- a) Perpetual inventory system
b) Periodic inventory system
c) JIT
d) Continuous stock Taking
- (52) Materials issued are priced at the latest price in –
- a) FIFO
b) LIFO
c) Standard price
d) Weighted average
- (53) The value of closing stock approximates to the market value under
- a) FIFO
b) LIFO
c) NIFO
d) HIFO
- (54) Fringe benefits are
- a) Related to labour productivity
b) indirect forms of employee compensation
c) contract labour costs
d) monetary benefits
- (55) Which of the following is a direct worker?
- a) Foreman
b) Sweeper
c) Machine operator
d) Watchman
- (56) Which among the following is an example of normal idle time?
- a) Time lost due to shortage of materials
b) Time lost due to power failure
c) Time lost due to waiting for instructions
d) Time taken for machine set up
- (57) Cost of abnormal idle time is transferred to _____

a) Costing P&L a/c

c) Factory OH

(58) Labour turnover is measured by

a) Replacement method

c) Flux method

(59) Time wage system

a) Benefits the less efficient workers

c) Satisfies trade unions

(60) Wage sheet is prepared by

a) Payroll department

c) Time keeping department

b) Cost of production

d) None of the above

b) Separation method

d) All of the above

b) Increase cost of production

d) Pays bonus

b) Personnel department

d) Costing department