

**Sheth T.J. Education Society's Sheth N.K.T.T. College of Commerce &  
Sheth J.T.T. College of Arts, Thane.**

**Subject : Cost Accounting . Sem V**

**Objective Question Bank .**

**A Fill in the blanks with correct answer.**

- 1 In most of the manufacturing industries , the most important element of cost is \_\_\_\_\_  
a) Materials                      b) Labour  
c) Overheads                      d) None of the above
- 2 Continuous stock taking is a part of \_\_\_\_\_  
b) Annual stock taking                      b) perpetual inventory  
c) ABC analysis                      d) ) None of the above
- 3 Which of the following is considered as normal loss of material ?  
a) Loss due to accidents                      b) Pilferage  
c) Loss due to careless handling of materials      d) Loss due to breaking the bulk
- 4 Bin card is maintained by \_\_\_\_\_  
a) Accounts department                      b) costing department  
c) Stores                      d) None of the above
- 5 Which of the following is an accounting record ?  
a) Bill of materials                      b) Bin card  
c) Stores ledger                      d) All of the above
- 6 Which of the following document is used for issuing materials to production department ?  
a) Purchase requisition note                      b) stores requisition note  
c) goods received note                      d) stores credit note
- 7 If there is increase in the size of inventory orders , total annual carrying costs will \_\_\_\_\_  
a) Increase                      b) decrease  
c) remain same                      d) change depending on other facts
- 8 Material control involves control over \_\_\_\_\_  
a) Consumption of materials                      b) issue of materials  
c) purchase of materials                      d) purchase, storage and issue of materials

- 9 Material requisition note is meant for \_\_\_\_\_
- a) Purchase of materials
  - b) supply of materials from stores
  - c) sale of materials
  - d) storage of materials
- 10 Wage sheet is prepared by \_\_\_\_\_--
- a) Time keeping department
  - b) personnel department
  - c) payroll department
  - d) engineering department
- 11 In which of the following incentive plans of wage payment wages on time basis are not guaranteed ?
- a) Halsey plan
  - b) Rowan plan
  - c) Taylors differential piece rate system
  - d) Gantt's Task bonus plan
- 12 Labour turnover is \_\_\_\_\_ -
- a) Productivity of labour
  - b) efficiency of the labour
  - c) change in the labour force
  - d) total cost of the labour
- 13 Idle time is \_\_\_\_\_
- a) Time spent by workers in factory
  - b) Time spent by workers in office
  - c) Time spent by workers off their work
  - d) Time spent by workers on their job
- 14 Over time is \_\_\_\_\_
- a) Actual hours being more than normal hours
  - b) Actual hours being more than standard hours
  - c) Standard hours being more than actual hours
  - d) Actual hours being more than standard hours
- 15 Normal idle time \_\_\_\_\_
- a) Can be avoided
  - b) can be minimised
  - c) can not be avoided
  - d) can be controlled
- 16 Halsey premium plan is \_\_\_\_\_
- a) Individual incentive scheme
  - b) group incentive scheme
  - c) time and piece wage system
  - d) differential piece wage system
- 17 Under Emerson's efficiency plan , no bonus is payable when efficiency is up to \_\_\_\_\_
- a) 50 %
  - b)  $66 \frac{2}{3} \%$
  - c)  $83 \frac{1}{3} \%$
  - d) 100 %
- 18 The allotment of whole items of cost to cost centres or cost units is called as \_\_\_\_\_
- a) Cost allocation
  - b) cost apportionment
  - c) overhead absorption
  - d) none of the above

- 19 Packing cost is a \_\_\_\_\_
- a) Production overhead      b) administration overhead  
c) selling overhead      d) distribution overhead
- 20 Salary of foreman should be classified as a \_\_\_\_\_
- a) Fixed overhead      b) variable overhead  
c) semi fixed or semi variable overhead
- 21 When the amount of overhead absorbed is less than the amount of overhead incurred it is called \_\_\_\_\_ of overhead .
- a) Under – absorption      b) Over -absorption      c) proper absorption
- 22 Number of workers employed is used as basis for apportionment of \_\_\_\_\_
- a) Time office costs      b) canteen expenses  
c) personnel department expenses      d) any of these
- 23 Which of the following is not an example of marketing overheads \_\_\_\_\_
- a) Salary of foreman      b) publicity expenses  
c) salaries of sales staff      d) secondary packing charges
- 24 Warehouse expenses is an example of \_\_\_\_\_
- a) Production overhead      b) selling overheads  
c) distribution overhead      d) none of the above
- 25 EOQ stands for \_\_\_\_\_
- a) Economic Order Quantity      b) Essential Order Quantity  
c) Economic Output Quantity      d) Essential Output Quantity

**B State whether the following statements are True or False**

- 1 Purchase requisition note is prepared by the purchasing department.
- 2 Re – order level is always fixed some where between maximum and minimum stock levels.
- 3 The economic order quantity is the re order quantity.
- 4 In FIFO method , closing stock is valued at oldest prices of materials.
- 5 ABC analysis is based on the principle of management by execution.

- 6 Purchase order is prepared by the stores department.
- 7 Weighted average method of pricing stores involves adding all the different prices and dividing by the number of such prices.
- 8 Re-order level means the quantity to be ordered.
- 9 Lack of efficient material control system increases the material cost of the finished product.
- 10 Overtime wages are to be paid at double the normal wage rate.
- 11 Cost of idle time to labour strike should be treated as factory overhead.
- 12 In Halsey plan time wages are guaranteed.
- 13 The purpose of work measurement is to determine the standard time for doing a task.
- 14 Overtime premium is always treated as a factory overhead.
- 15 In Taylors differential piece rate plan , time wages are guaranteed to each worker.
- 16 Pay roll department gathers and records each worker's time of arrival and departure for the purpose of attendance.
- 17 Factory overheads include all production costs other than direct material and salaries.
- 18 Departments that assist producing departments indirectly are called as service departments.
- 19 Carriage inward is not an overhead at all, but it is a direct cost.
- 20 Under absorption of overheads means actual overheads are more than absorbed overheads.
- 21 Examples of factory overheads are salary of plant manager and departmental heads, depreciation and wages of foreman.
- 22 Allocation of overheads implies identification of overhead cost centres to which they relate.
- 23 Administrative overheads are usually absorbed as a percentage of prime cost.
- 24 Machine hour rate is separately calculated for each machine.
- 25 Loss due to evaporation is charged to costing profit and loss account.

**Answers: A**

1-a	2-b	3-b	4-c	5-c	6-d	7-a	8-d	9-b	10-c
11-c	12-c	13-c	14-a	15-c	16-a	17-b	18-a	19-d	20-a
21-a	22-d	23-a	24-c	25-a	--	--	--	--	--

**B** : True : 2 , 3, 5, 9, 10 , 12 ,13 ,18 ,19 ,20 ,21 ,22 ,24 .

False: 1 , 4 ,6 ,7 ,8 ,11 ,14 ,15 ,16 ,17 ,23 ,25 .