


SHRI GURU NANAK DEGREE COLLEGE
Preet Vihar, RUDRAPUR
B.Com. 3rd Sem.
Cost Accounting (BC-301)

Section A: Long Answer Type Questions

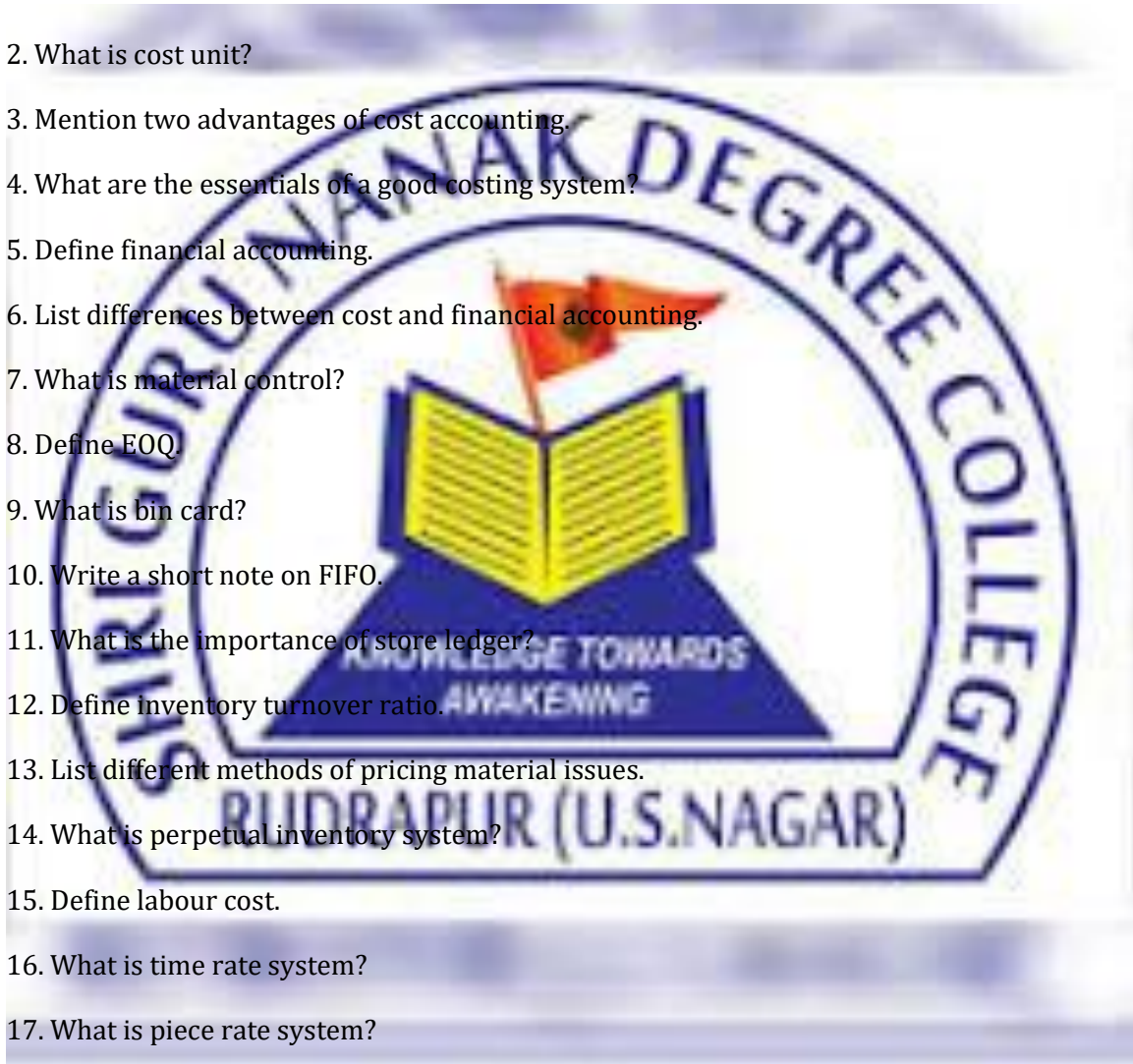
1. Define cost accounting. Explain its nature, scope, and advantages.
2. Discuss the difference between cost accounting and financial accounting.
3. What are the objectives of a costing system?
4. Explain the steps involved in the installation of a costing system.
5. Discuss the role of cost accounting in decision-making.
6. Describe the limitations of cost accounting.
7. What is the classification of costs? Explain with suitable examples.
8. Discuss the methods of pricing material issues.
9. Explain inventory control techniques with illustrations.
10. Write a note on material requisition and purchase procedures.
11. Explain the importance of maintaining stock levels.
12. What are the objectives of inventory control?
13. Discuss FIFO and LIFO methods with examples.
14. Explain the EOQ model.
15. Explain the various methods of wage payment.
16. What is idle time? How is it accounted for in cost accounting?
17. Discuss various labour incentive plans.
18. Define labour turnover and explain its causes.
19. What are the methods of calculating labour turnover?
20. Explain the control over labour cost.
21. What is overhead? Classify and explain different types of overheads.

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22. Discuss the methods of overhead allocation and apportionment.
 23. What is the difference between primary and secondary distribution of overheads?
 24. Explain machine hour rate with example.
 25. Discuss the treatment of under-absorbed overheads.
 26. Explain the steps involved in collecting and classifying overheads.
 27. Define unit costing. What are its advantages?
 28. Explain the preparation of cost sheet with an example.
 29. What are the purposes of preparing tenders or quotations?
 30. Prepare a cost sheet with imaginary figures.
 31. Discuss the treatment of selling and distribution overheads in cost sheet.
 32. What is reconciliation of cost and financial accounts?
 33. Explain the reasons for disagreement between cost and financial accounts.
 34. How is reconciliation of profit done? Explain with format.
 35. Explain importance of reconciliation in cost accounting.
 36. Explain the difference between tender and cost sheet.
 37. Explain process costing.
 38. What is abnormal wastage and its accounting treatment?
 39. How is joint product and by-product treated in process costing?
 40. Prepare a simple process account.
 41. Differentiate between normal loss and abnormal loss.
 42. What are the features of process costing?
 43. Explain the preparation of contract account.
 44. What is the difference between completed and uncompleted contracts?
 45. How is profit determined in long-term contracts?
 46. What is escalation clause in contract costing?
 47. Explain the accounting treatment of incomplete contracts.

48. Describe cost-plus contract with example.
49. Prepare a contract account with notional profit and reserve.
50. What is operating costing? How is it different from contract costing?

Section B: Short Answer Type Questions

1. Define cost.
2. What is cost unit?
3. Mention two advantages of cost accounting.
4. What are the essentials of a good costing system?
5. Define financial accounting.
6. List differences between cost and financial accounting.
7. What is material control?
8. Define EOQ.
9. What is bin card?
10. Write a short note on FIFO.
11. What is the importance of store ledger?
12. Define inventory turnover ratio.
13. List different methods of pricing material issues.
14. What is perpetual inventory system?
15. Define labour cost.
16. What is time rate system?
17. What is piece rate system?
18. Write a short note on Halsey Plan.
19. What is overtime?
20. List causes of idle time.
21. Define overhead.
22. What is the base of allocation of overheads?



23. What is apportionment?

24. What is secondary distribution?

25. Write a short note on machine hour rate.

26. What are fixed overheads?

27. Define unit costing.

28. Write format of a simple cost sheet.

29. What is the purpose of preparing a tender?

30. What is prime cost?

31. Define factory cost.

32. What is reconciliation statement?

33. List causes for difference in cost and financial profit.

34. What is administration overhead?

35. Define marginal cost.

36. What is tender price?

37. What is process account?

38. Define joint product.

39. What is normal loss?

40. What is scrap?

41. Define abnormal gain.

42. Give one example of process industry.

43. Define contract costing.

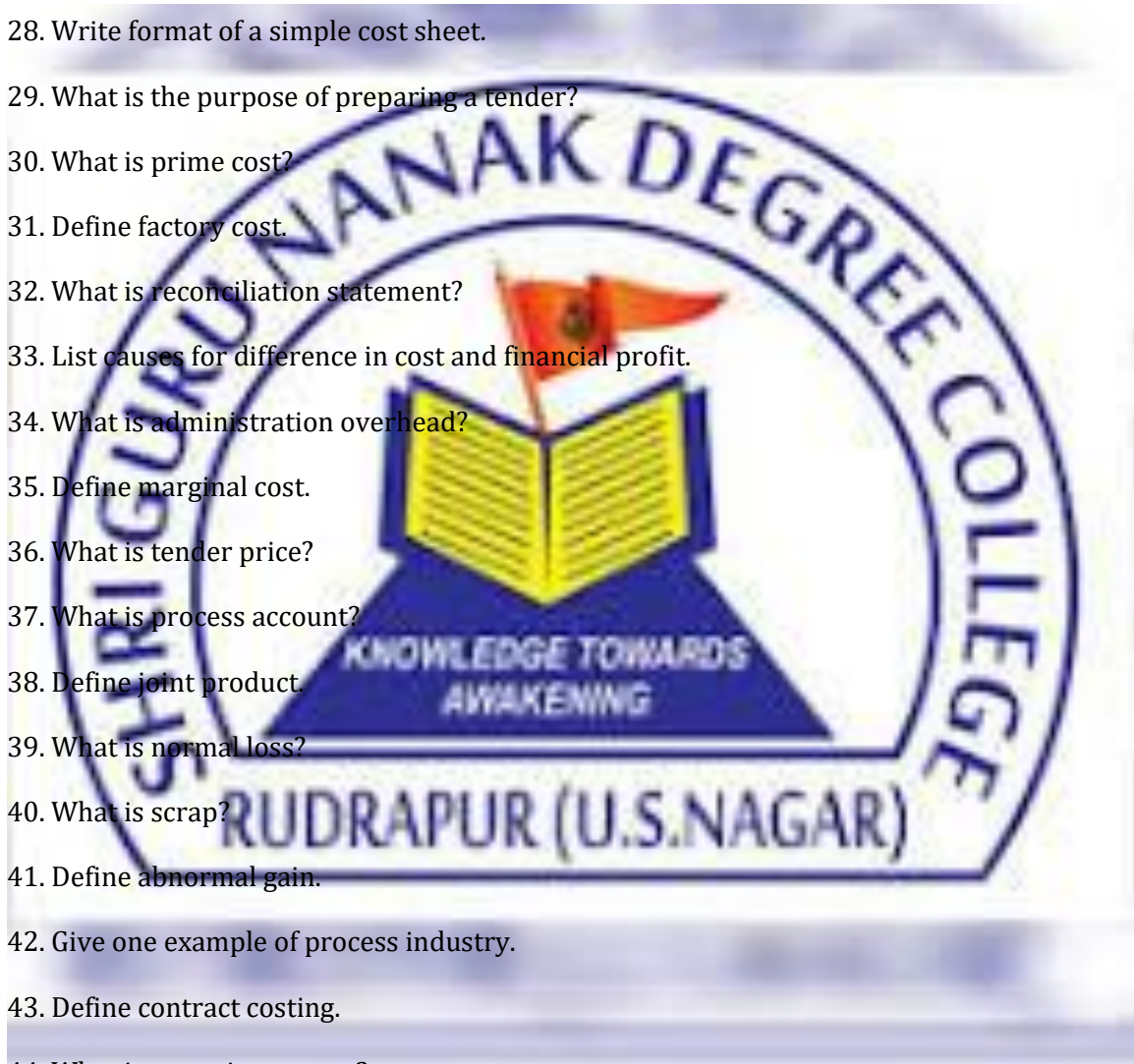
44. What is retention money?

45. What is escalation clause?

46. Define work certified.

47. Define cost-plus contract.

48. What is operating costing?



49. Define notional profit.

50. What is reserve for contingencies?

Section C: Objective Type Questions (MCQ, Fill in the Blanks, True/False)

Unit I –

1. Cost accounting deals with:
 - a) Recording income and expenditure
 - b) Cost ascertainment and control
 - c) Auditing accounts
 - d) Budget preparation
2. Financial accounting is mainly used by:
 - a) Internal management
 - b) Government
 - c) Creditors and investors
 - d) Cost accountants
3. Cost unit is: _____
► Fill in the blank
4. T/F: Cost accounting is used only in manufacturing concerns.
5. Installation of costing system is same in all organisations.
 - a) True
 - b) False
6. Scope of cost accounting does not include:
 - a) Cost ascertainment
 - b) Financial auditing

- c) Cost control
- d) Budgeting

Unit II –

7. FIFO stands for _____

► Fill in the blank

8. Perpetual Inventory system is used to:

- a) Determine EOQ
- b) Maintain stock continuously
- c) Fix reorder level
- d) Purchase material

9. LIFO method charges:

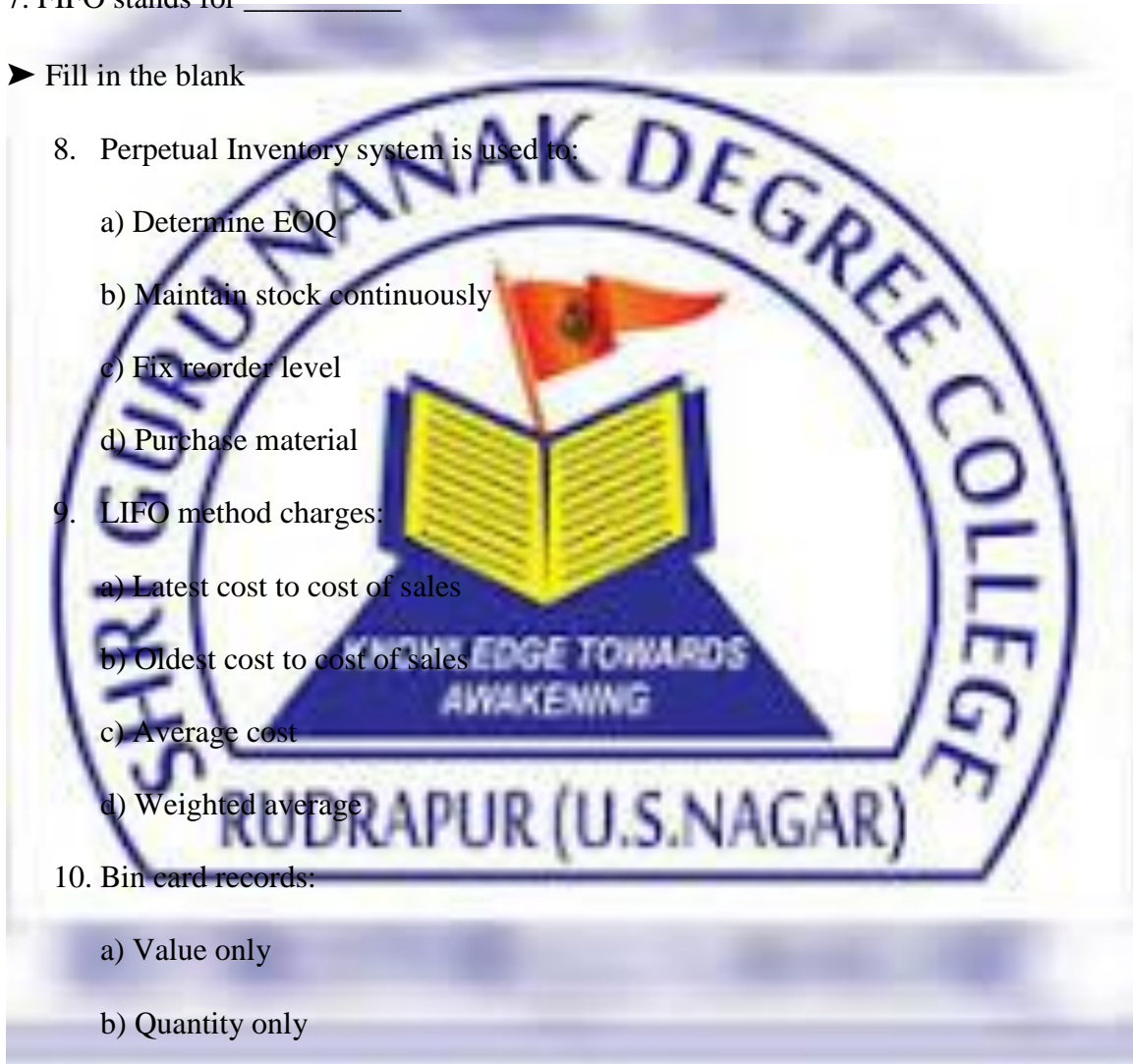
- a) Latest cost to cost of sales
- b) Oldest cost to cost of sales
- c) Average cost
- d) Weighted average

10. Bin card records:

- a) Value only
- b) Quantity only
- c) Both
- d) None

11. Store ledger shows:

- a) Quantitative details



b) Value details

c) Both

d) Only cost

12. T/F: Inventory control has no impact on profitability.

13. _____ is the method where oldest stock is issued first.

► Fill in the blank

14. EOQ is the point where:

a) Total cost is minimum

b) Stock out occurs

c) Maximum quantity is purchased

d) No cost is involved

Unit III –

15. Halsey plan is related to:

a) Material control

b) Labour incentive

c) Overhead allocation

d) Reconciliation

16. T/F: Overtime wages are not part of labour cost.

17. Labour turnover is measured in terms of:

a) Money

b) Time

c) Percentage

d) Units

18. Define: Idle Time (Fill in the blank)
19. Name any two methods of wage payment (Short Answer)
20. Labour turnover results in:

- a) High productivity
- b) High cost
- c) Low absenteeism
- d) None of the above

Unit IV –

21. Overheads are:

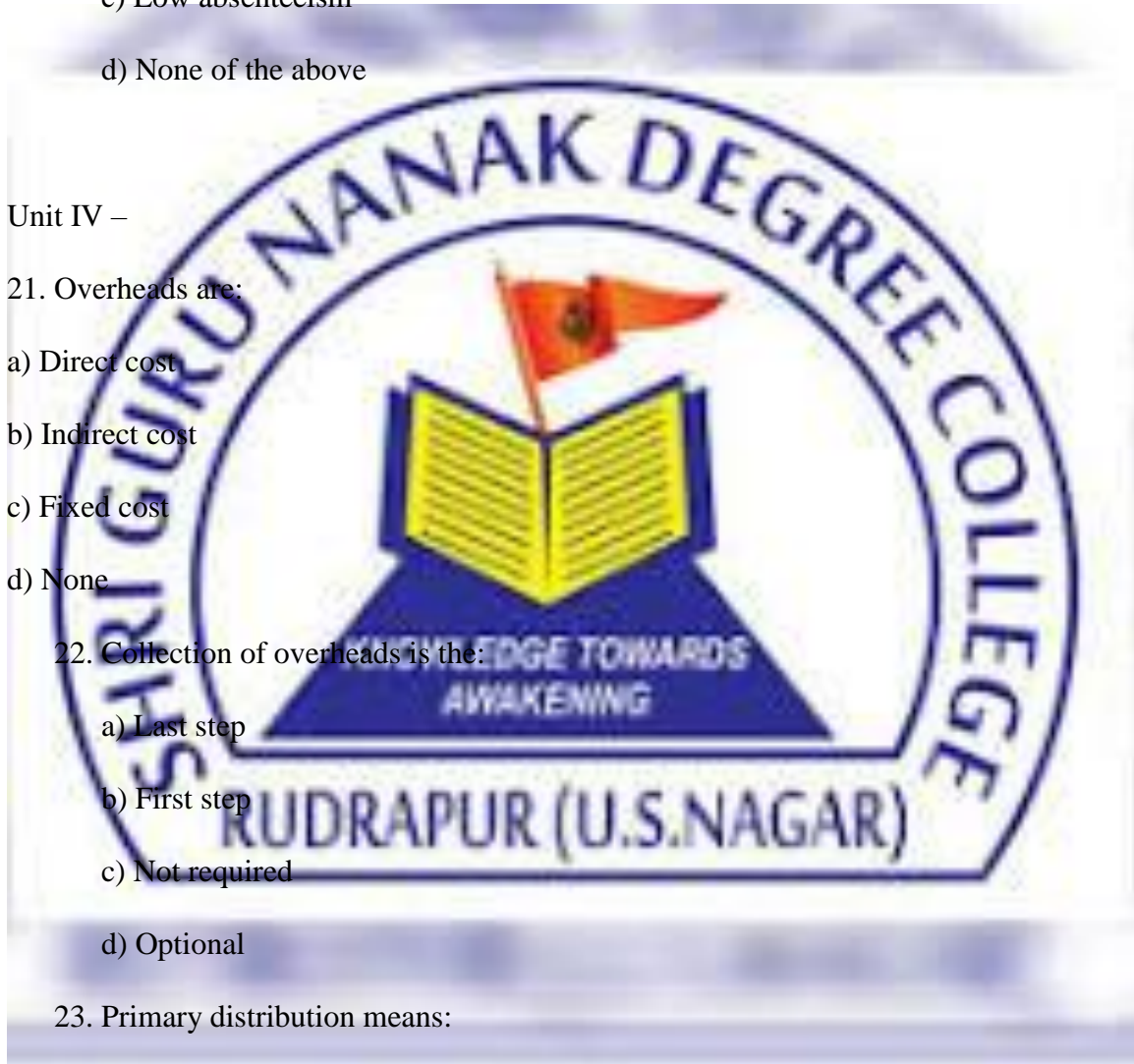
- a) Direct cost
- b) Indirect cost
- c) Fixed cost
- d) None

22. Collection of overheads is the:

- a) Last step
- b) First step
- c) Not required
- d) Optional

23. Primary distribution means:

- a) Distribution among departments
- b) Allocation to products
- c) Re-distribution
- d) None



24. Machine hour rate is used in:

- a) Service costing
- b) Job costing
- c) Overhead absorption
- d) Labour costing

25. T/F: Under-absorption means actual overhead < absorbed overhead.

26. _____ overheads vary with production level.

Unit V –

27. Cost Sheet shows:

- a) Financial profit
- b) Cost breakup
- c) Budget
- d) Sales

28. Unit Costing is used in:

- a) Construction
- b) Oil Refinery
- c) Cement Production
- d) Hospitals

29. T/F: Tender is prepared based on estimated cost.

30. Cost Sheet includes:

- a) Gross profit
- b) Cost of production
- c) Net profit
- d) Sales only



31. What is the main objective of preparing a cost sheet?

- a) To calculate tax
- b) To find selling price
- c) To show cost structure
- d) To show financial position

32. In reconciliation statement, over-absorption of overhead is:

- a) Added to costing profit
- b) Deducted from costing profit
- c) Ignored
- d) None

33. T/F: Reconciliation is needed due to difference in costing and financial profits.

34. Tender price is calculated on the basis of:

- a) Historical cost
- b) Estimated cost
- c) Market price
- d) Selling price

35. Contract costing is suitable for:

- a) Hospitals
- b) Transport
- c) Construction
- d) Hotels

36. T/F: Incomplete contracts show notional profit.

37. Reserve for contingencies is:

- a) Deducted from profit
- b) Added to cost
- c) Ignored
- d) Added to profit

38. Escalation clause protects contractor from:

- a) Labour shortage
- b) Material loss
- c) Price rise
- d) Tax changes

39. T/F: Work uncertified is always excluded in contract account.

40. Operating costing is suitable for:

- a) Airlines
- b) Textiles



- c) Mining
- d) Dairy

41. Joint products have:

- a) Common process
- b) Separate cost
- c) No profit
- d) Different factory

42. T/F: Process costing is used in service industries.

43. Normal loss is:

- a) Unexpected
- b) Inevitable
- c) Avoidable
- d) Never occurs

44. Fill in the blank: Cost per unit = Total cost ÷ _____

45. Which of the following is not a type of cost?

- a) Fixed
- b) Variable
- c) Hybrid
- d) Elastic

46. Time rate system is based on:

- a) Output
- b) Time worked
- c) Bonus
- d) None

47. Piece rate is best suited for:

- a) Time-based work
- b) Skilled labour
- c) Repetitive tasks
- d) Irregular jobs

48. Fill in the blank: _____ method issues material at the average price.

49. T/F: Idle time is always productive.

50. The objective of cost accounting is:

- a) Only record keeping
- b) Decision making
- c) Tax calculation
- d) None of the above

