



**SAIVA BHANU KSHATRIYA COLLEGE**  
(Aruppukottai Nadargal Uravinmurai Pothu Abi Viruthi Trustuku Pathiyappattathu)  
**ARUPPUKOTTAI**  
**DEPARTMENT OF COMMERCE CA**  
**QUESTION BANK**

Name of the Department :	Commerce (CA)	UG / PG :	UG
Semester (UG - III & V; PG - III) :	UG- III	Subject Code :	CCAJC34
Name of the Subject :	Cost accounting		

**Section A (COST ACCOUNTING)**

**Unit I: (INTRODUCTION- COST SHEET)**

- Costing is a technique of -----  
(a) Cost ascertainment (b) Profit determination (c) Internal Reporting  
d) None of these
- The scope of cost accounting includes-----  
(a) Cost ascertainment (b) Cost presentation (c) Cost control d) All of these
- The total of direct material, direct Labour and direct expenses is called as -----  
(a) Prime Cost (b) Work Cost (c) Selling Cost (d) None of these
- Depreciation is ----- expenditure.  
(a) Fixed (b) Variable (c) Semi Variable (d)None of these
- Costing provides data for managerial -----  
(a) Decision making (b) Practice (c) Control (d) None of these

**Unit II: (MATERIAL COST AND LABOUR COST)**

- Bin Card is maintained by-----  
(a) Accountant (b) Store Keeper (c) Time Keeper  
d) None of these
- Stores ledger is maintained by ----- department  
(a) Cost account (b) Marketing (c) Stores (d)Personnel
- LIFO method is suitable in the time of -----  
(a) Rising prices (b) Falling prices (c) Fluctuating prices  
d) None of these
- Time wage system is suitable where ----- cannot be measured.  
(a) Input (b) Output (c) Both (a) and (b) (d)None of these
- Differential piece Rate System is developed by -----  
(a) Halsey (b) Taylor (c) Rowan (d) Hendry Fayal

**Unit III: (OVERHEADS)**

- When overhead absorbed are “LESS” than the actual amount of overhead incurred, it is known as -----  
(a) Over absorption (b) Under absorption (c) Allocation (d)Apportionment
- Bad debts is an example of ----- overhead.  
(a) Office overhead (b) Distribution overhead (c) Selling overhead  
d) Factory overhead
- Absorption means -----  
(a) Charging of overheads to cost centers (b) Charging of overheads to cost units  
(c) Allocation of overheads to cost centers (d)Allocation to cost units
- General overhead should be apportioned to various departments on the basis of -----  
(a) Cost of materials (b) Production hours (c) Capital value of asset  
d) Prime cost
- Warehouse expenses is an example of -----  
(a) Office overhead (b) Distribution overhead (c) Selling overhead  
d) Production overheads



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**Unit IV: (METHODS OF COSTING)**

16. In case of normal loss the cost per unit of usual production will -----  
(a) Increase (b) Decrease (c) No change (d) Constant
17. Abnormal loss is charged for -----  
(a) Process a/c (b) Costing profit and loss a/c (c) Normal loss a/c  
(d) P & L a/c
18. Output of a process was 2500 units; normal loss is 10% of input and abnormal loss 200 units. How many units were introduced in the process?  
(a) 2700 (b) 3000 (c) 3200 (d) 2950
19. The stage where joint products are separated from each other is known as  
(a) Break-even point (b) Normal point (c) Split off point  
(d) Joint point
20. A product which has practically no sales or utility value is  
(a) Waste (b) scrap (c) By-Products (d) Joint products

**Unit V: (COST UNIT AND COST AUDIT)**

21. ----- is the verification of correctness of cost accounts.  
(a) Cost Unit (b) Cost Audit (c) Cost Centre (d) None of these
22. Cost Centre is created for  
(a) Segregating costs into fixed and variable (b) Control and fixing responsibility  
(c) Making decision (d) Ascertainment of profit
23. Imputed cost is a -----  
(a) Notional cost (b) Real cost (c) Abnormal cost  
(d) Variable cost
24. In construction works ----- costing is used  
(a) Job (b) Process (c) Contract (d) Batch
25. Notional charge is -----to costing profit to reconcile it with profit as per financial book.  
(a) Added (b) Deducted (c) Divided (d) None of these

**Section B (7-mark Questions)**

**Unit I: (INTRODUCTION- COST SHEET)**

26. Explain the advantages and limitations of cost accounting.  
27. What is the difference between cost accounting and financial accounting?  
28. Define cost and explain its objectives.  
29. Draw a specimen form of cost sheet.  
30. From the following, prepare a cost sheet.

Raw material consumed	4,00,000
Wages paid	20,000
Chargeable expenses	10,000
Factory overhead	20,000
Sale of scrap	5,000
Office overhead	10,000
Selling cost @ Re.1 per unit	
Sold units 20000 selling price Rs.10/- per unit	

**Unit II: (MATERIAL COST AND LABOUR COST)**

31. Write a short note on:  
i) EOQ ii) Danger level iii) Bin card



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32. Two components A and B are used as follows:

Normal usage -300 units per week each.

Maximum usage -450 units per week each.

Minimum usage -150 units per week each.

Re-order quantity: A – 2,400 units

B – 3,600 units

Re-order quantity: A-4 to 6 weeks

B-2 to 4 weeks.

Calculate for each component:

i) Re-order level.

ii) Minimum level.

iii) Maximum level.

iv) Average stock level

33. From the following information calculate:

a) EOQ    b) The number of orders to be placed in one quarter of the year

Quarterly consumption of material 2000kgs

Cost of placing one order Rs.50

Cost per unit Rs.40

Storage and carrying cost 8% on average inventory

34. From the following information show the ledger account on “First in First out method”.

2023 April

1 Opening stock 200 units @ Rs. 2 each

5 Purchases 100 units @ Rs. 2.20 each

10 Purchases 150 units Rs.2.40 each

20 Purchases 180 units Rs.2.50 each

2023 April

2 Issues 150 units

7 Issues 100 units

12 Issues 100 units

28 Issued 200 units

35. From the following data, prepare a statement showing the cost per man day of eight hours.

a) Basic salary and dearness allowance Rs.300 per month

b) Leave salary to the workman 6 percent of the basic and D.A

c) Employer’s contribution to provident Fund 6% of (a) plus (b)

d) Employee’s contribution to P.F 6% of (a) and (b)

e) Pro-rata expenditure on amenities to Labour Rs.25 per head per month

f) Number of working hours in a month 200.

**Unit III: (OVERHEADS)**

36. List out the classification of overheads.

37. Write a short note on: i) Absorption of overhead ii) Apportionment of overhead



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38. Mention the basis for apportioning the following expenses to different departments.

- i) Labour Medical Expenses
- ii) Factory Supervision Expenses
- iii) Gas and Water expenses
- iv) Machine depreciation
- v) Lighting Expenses
- vi) Advertising Expenses.

39. X Ltd has three production department and two service deparsts. Following information relates to the month of January 2006.

Rent	Rs. 10,000
Depreciation of machine	Rs. 20,000
Motive Power	Rs. 3,000
Indirect wages	Rs.23,000
Lighting	Rs. 1,200

Additional Information:

	A	B	C	D	E
Area Occupied (Sq.feet)	2,000	2,500	3,000	2,000	500
Light Points	10	15	20	10	5
Direct wages(Rs.)	3,000	2,000	3,000	1,500	500
Horse Power	60	30	50	10	-
Value of machine (Rs.)	60,000	80,000	1,00,000	5,000	5,000

Prepare overhead distribution statement.

40. What are the various methods of re-apportionment of service department expenses to production departments?

**Unit IV: (METHODS OF COSTING)**

41. What are the various methods of treatment of joint products? explain

42. Write a short notes on: i) Scrap ii) Defective iii) Abnormal loss iv) Abnormal gain

43. ) From the following figures show the cost of the three processes of manufacture. The production of each process is passed on to the next process immediately on completion.

Particulars	Process A(Rs)	Process B(Rs)	Process C(Rs)
Wages and materials	60800	24,000	58500
Works overheads	11200	10500	12000
Production in units	72000	75000	96000
Stocks(Units from proceeding process)1 <sup>st</sup> July	-	8,000	33000
Stocks(Units from proceeding process)31 <sup>st</sup> July	-	2,000	11000



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44. Calculate the cost of output and abnormal loss/gain

Cost of the process:

Material	Rs. 20,000
Wages	Rs. 25,000
Overheads	Rs. 5,500
Normal Loss	10 %
Input	1000 units
Abnormal loss	100 units
Scrap Value	Rs. 1,000

45. From the following data, calculate the cost per kilometer of a vehicle

Cost of vehicle –	Rs.1,50,00
Road license fee per year –	Rs.5,000
Insurance charge per year –	Rs.1,000
Garage rent per year –	Rs.6,000
Drivers wages per month –	Rs. 200
Cost of petrol per litre –	Rs.8
Proportionate charges for type and maintenance per k.m.-	Rs.0.20
Estimate life –	1,50,000 kms
Estimate kms. Per year	6,000

**Unit V: (COST UNIT AND COST AUDIT)**

46. Differentiate: a) Profit centre and Cost centre  
b) Cost control and Cost reduction
47. What is Profit centre? state its purpose.
48. What is cost audit? Explain its advantages.
49. Explain the tools and techniques of cost reduction.
50. State the difference between cost audit and financial audit.

**Section C (10 mark Questions)**

**Unit I: (INTRODUCTION- COST SHEET)**

51. Explain the classification of cost.
52. From the following information, prepare a statement showing the components of the total sales and the profit for the year ended 31<sup>st</sup> December.

	Rs.
Stock of finished goods (1 <sup>st</sup> Jan.)	6000
Stock of raw material (1 <sup>st</sup> Jan.)	40000
Work-in-progress (1 <sup>st</sup> Jan.)	15000
Purchase of raw material	475000
Carriage inwards	12500
Factory rent, taxes	7250
Other production expenses	43000
Stock of goods (31 <sup>st</sup> Dec.)	15000
Wages	175000
Works manager's salary	30000



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Factory employees salary	60000
Power expenses	9500
General expenses	32500
Sales for the year	860000
Stock of raw materials	50000
Work-in-progress (31 <sup>st</sup> Dec)	10000

**Unit II: (MATERIAL COST AND LABOUR COST)**

53. What is meant by material control? And explain the tools used in material control.
54. The standard production in a factory is 10 units per hour for a day of 8 hours. The wage is Rs. 6 per day. Bonus rated on efficiency is paid according to a scale as follows:

Level of efficiency	Bonus
Upto 60% of standard	Nil
Above 60% and upto 75%	5%
Above 75% and upto 90%	10%
Above 90% and Upto 100%	15%

For an increase of every 1% of efficiency beyond 100% the bonus also rises by 1% output of 3 workers on a day was as follows:

A – 40 units, B - 75 units, C – 100 units.

**Unit III: (OVERHEADS)**

55. A company has three production departments A, B and C and two services department X and Y. The expenses incurred by them during a particular month are A- Rs. 80,000, B – Rs.70,000, C – Rs.50,000, X – Rs. 23,400 and Y – Rs.30,000.

The expenses of the service departments are apportioned to the production departments on the following basis.

	A	B	C	X	Y
Expenses of X :	20%	40%	30%	-	10%
Expenses of Y :	40%	20%	20%	20%	-

Give the secondary distribution summary.

56. In a factory, there are two services departments P and Q and three production departments A,B and C. In April, the departmental expenses were:
- |                 |                 |
|-----------------|-----------------|
| A – Rs.6,50,000 | P – Rs.1,20,000 |
| B – Rs.6,00,000 | Q – Rs.1,00,000 |
| C – Rs.5,00,000 |                 |

The service department expenses are allotted on a percentage basis as follows:

Service department	Production departments			Service departments	
	A	B	C	P	Q
P	30%	40%	15%	-	15%
Q	40%	30%	25%	5%	-



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Prepare a statement showing the distribution of the two service department expenses to three departments under the “Repeated Distribution Method” .

**Unit IV: (METHODS OF COSTING)**

57. State the difference between job costing and process costing.

58. From the following figures show the cost of the three processes of manufacture. The production of each process is passed on to the next process immediately on completion.

Particulars	Process A(Rs)	Process B(Rs)	Process C(Rs)
Wages and materials	30,400	12,000	29,200
Works overheads	5,600	5,250	6000
Production in units	36,000	37,500	48,000
Stocks(Units from proceeding process)1 <sup>st</sup> July	-	4,000	16,500
Stocks(Units from proceeding process)31 <sup>st</sup> July	-	1,000	5,500

**Unit V: (COST UNIT AND COST AUDIT)**

59. Describe the cost reduction techniques.

60. Explain the various cost controlling techniques.