

Cost accounting

[Business](#), [Accounting](#)



Publication, any stake or omission that may have crept in is not intentional. It may be taken note of that neither the publisher nor the author will be responsible for any damage or loss of any kind arising to anyone in any manner on account of such errors and omissions. Leaser Type Seated by : Banyan College Printing Department Preface am glad to present this book, especially designed to serve the needs of the students. The book has been written keeping in mind the general weakness in understanding the fundamental concept of the topic.

The book is self-explanatory and adopts the " Teach Yourself" style. It is based on question-answer pattern. The language of book tried to cover all the basic topics of Software Engineering like Analysis, Project Management, Quality Testing and Designing. Any further improvement in the contents of the book by making corrections, omission and inclusion is keen to be achieved based on suggestions from the reader for which the author shall be obliged. I acknowledge special thanks to Mr.. Eraser Banyan, Chairman & Dry. Sandy Banyan, Director (Cad. Banyan Group of Colleges, who is the backbone and main concept provider and also have been constant source of motivation throughout this endeavor, who played an active role in coordinating the various stages of this endeavourer and spearheaded the publishing work. I look forward to receiving valuable suggestions from professors of various educational institutions, other faculty members and the students for improvement of the quality of the book. The reader may feel free to send in their comments and suggestions to the under mentioned address.

Author Theoretical Question

Q. 1 What do you mean by Cost? Anus.

Cost means an account of expenditure incurred upon manufacturing of an article or providing any service.

Q. 2 Q. 3 What do you understand by costing. What is meant by cost accounting. Anus. Costing is the technique and process of determining cost. Anus. Cost accounting is the provision of such analysis and classification of expenditure as will enable to ascertain the total cost of any particular unit of production.

Q. 4 Mention name of four product for which order for cost audit is issued. Cement Industry Sugar Industry (2) (4) Electric Industry Factor Industry (3)

Q. 5 Anus. (1) What is meant by supplementary cost? What is opportunity cost? Name four method of costing. Unit costing Operating costing Contract costing Process costing (2) (3) (4) Anus. Supplementary cost is the cost of product other than direct cost.

Q. 6 Q. 7 Anus. The value of opportunity foregone is known as opportunity cost. Anus. (1) Explain Cost Unit? Explain term cost centre? Anus. Cost unit is a measurement of any goods or service e. G. Per ton km. Per unit. Anus. Cost centre is a location or item of any equipment which are connected with an undertaking for which cost are ascertained. Q. II Difference between costing & cost accounting. Anus. 1) Costing is a dynamic technique in which changes may take place control the cost of manufactured goods. For more detail:- [http://www. Group. Com](http://www.Group.Com) 2) Costing include determination of cost. Cost

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accounting include recording expenditure and income. (3) Costing meaner technique for determination of cost whereas cost accounting meaner adoption of accounting system of cost. Q. Al Give two items which are not include in cost. Anus. Non cost items are profit on sale of fixed asset, goodwill w/o. Discount on issue of share etc.

Q. 12 What is the difference between cost of goods sold and cost of production.

Anus. Cost of production meaner prime cost + works overhead + office overheard while cost of goods sold meaner cost of production + opening stock of E. G. - closing stock of finished goods.

Q. 13 Write two objective of material control. Anus. (1) (2) control cost of inventory. Provide material at right time.

Q. 14 What is normal wastage of material? Anus. Normal wastage of material meaner any wastage due to normal reason like evaporation.

Q. 15 What is abnormal wastage? Anus. Any wastage arise due to abnormal. Reason like loss by fire, loss by earthquake.

Q. 16 What is BBC technique? Anus.

It is a technique to control under these material classified three parts ABA & C A include high value material B include. Medium value material and C include low value material.

Q. 17 What is SIT purchase. Anus. Under this quinine no stock maintain and material purchase when having its demand.

Q. 18 What is economic order quantity ? Anus. Economic order quantity is that quantity of material where ordering & carrying cost minimum.

Q. 19 What is meant by wages abstracts? Anus. It is a statement and it include detail of wages prepare by cost department with the help of time card, wages sheet.

Q. 20 What is idle time? Anus. Idle time meaner no production hour but wages paid for that time. Fore more detail:- [http://www. Group. Com](http://www.Group.Com)

Q. 21 Name the method of giving remuneration to workers. Anus. (1) (2) (3) (4) Time rate method. Piece rate method. Piece rate with guaranteed pay rate Differential piece rate method. No of cooperation x Bag No of workers 100

Q. 22 How labor separation rate is computed. Anus. Labor turnover rate =

Q. 23 What do you understand by time study? Anus. Time study is useful is determination of time require by an average worker in a Job.

Q. 4 Write the formula of Halley-weir premium plan. AT X RATE + [30% of TTS x rate]

Q. 25 What is meant by overhead?

Under this clause contract price will change in proportion to change in price of material labor & other expenses.

Q. 33 What is meant by retention money? Anus. In case of incomplete contract a part of the certified work is paid by the contracted to contractor. Rest of the amount is known as retention money.

Q. 34 Mention the names of industries where process costing method may be used. Anus. (1) (2) (3) (4) Chemical industries Mining industries. Water & Gas Industries Electric supply

Q. 37 Define Joint product Anus. Joint product is same type of product equal importance & value