

1. In how many ways cost classification can be done
- a) Three ways
 - b) Two ways
 - c) Four ways
 - d) Many ways

Ans. d)

2. Which of these is **not** an objective of cost accounting
- a) Ascertainment of cost
 - b) Determination of selling price
 - c) Cost control and cost reduction
 - d) Assisting share holders in decision making

Ans. d)

3. Cost unit is defined as
- a) Unit of quantity of product, service or time in relation to which costs may be ascertained or expressed
 - b) A location, person or an item of equipment or a group of these which costs are ascertained and used for cost control
 - c) Centres having responsibility of generating maximum profits
 - d) Centres concerned with earning an adequate return on investment

Ans. a)

4. Fixed cost is a cost
- a) Which changes in total in proportion to changes in output
 - b) Which is partly fixed and partly variable in relation to output
 - c) Which do not change in total during a given period despite of changes in output
 - d) Which remains same for each unit of output

Ans. c)

5. Calculate the prime cost from following information : Direct material purchased Rs. 1,00,000; Direct Material consumed Rs. 90,000.00; Direct labour Rs. 60,000; Direct expenses Rs.20,000; Manufacturing overheads Rs. 30,000

- a) Rs.1,80,000
- b) Rs.2,00,000
- c) Rs.1,70,000
- d) Rs.2,10,000

Ans. c)