

B.COM(H) Semester IV
Cost Accounting
Theory Questions

1. What is cost accounting? Discuss its objectives and advantages.
2. State the main differences between Cost and Financial accounting.
3. "Cost accounting has become an essential tool of the management"
Comment.
4. "Limitations of financial accounting have made the management realize
the importance of cost accounting" comment.
5. "Cost accounting is merely duplication of accounts. It is expensive and
unnecessary". Comment.
6. " Cost accounting is becoming more and more relevant in the emerging
economic scenario in India". Comment.
7. "A good system of costing must place the same emphasis on cost
control as on cost ascertainment". Comment.
8. "Cost accounting is a system of foresight and not post mortem
examination; it turns losses into profits, speeds up activities and
eliminates wastes". Do you agree?
9. State the important ways of classification of Cost & discuss each of
them in detail.
10. What is the Cost sheet? How do you treat WIP in cost sheet?
11. List 10 items which appear in financial accounts but do not appear in
cost accounts.
12. What are the practical differences in installing a costing system. How
can these be overcome.
13. List down the factors that you will consider before installing a costing
system.
14. Explain in brief the various techniques of Inventory Control.
15. Explain the accounting treatment & control of (a) Waste (b) Scrap (c)
Defective (d) Spoilage

16. Discuss Labor Turnover, causes & different methods of measuring it?
By what measures do you reduce LT?
17. What is Idle time? Give reasons for Idle time. How would you treat idle time in Cost accounting?
18. How would you trade over time and cost accounts.
19. Distinguish between allocation, appointment & absorption of overhead.
20. What are the methods of distribution of service department overheads to the production department?
21. Discuss the different methods of absorption of (a) Factory Overheads (b) Office & Administration Overheads (c) Selling & Distribution Overheads
22. Discuss the different methods of wage payment to workers (I) Time wage system (II) Piece wage system
23. Explain the concept of Under absorption & Over absorption of overhead. Explain how you would dispose off under or over applied costs.
24. Explain how you deal with the following items in Cost Accounting:
 - a. Interest on capital
 - b. Bad debts
 - c. Packing expenses
 - d. Research & Development expenses
25. Define Overhead. Explain various classifications of overhead.
26. Explain the meaning of Activity-based Costing. List the features & steps in ABC.
27. Do you agree that ABC costing is a more refined system of charging overhead costs to products than traditional method. Explain.
28. State the special features of Contract costing.
29. What is the relevance of escalation clause provided in contracts.
30. Explain how profits are determined in case of Incomplete Contracts.
31. "A job is a small contract and contract is a big job". Comment.
32. What do you mean by Abnormal Gain? How will you treat the same in cost accounts.

33. How will you deal with (a) Normal loss/wastage (b) Abnormal loss/wastage(c) Abnormal gain/ effectives in process cost accounts
34. Describe the general features of process costing. In what type of industries is process costing generally adopted.
35. What is Operating costing? To what industries is this method of costing applicable.
36. What is a Memorandum Reconciliation Account?
37. Why is reconciliation of cost and financial accounts necessary? State the possible reasons for differences between profits shown by both the accounts.
38. How are the units of output transferred to the next process valued under (a) FIFO method (b) Weighted average
39. What method of costing would you recommend for (a) Shipbuilding (b) Toy making (c) Oil refinery (d) sugar
40. Name at least three industries in which each of the following methods would be suitable (a) Process (b) Operating (c) Job
41. Explain in brief the following concepts
 1. Max level, minimum level, reorder level,Reorder quantity
 2. EOQ
 3. Limitations of cost accounting
 4. Just in time purchases
 5. Batch costing
 6. Methods of time keeping and time booking
 7. Conversion cost
 8. Purchase requisition
 9. Arguments for and against inclusion of interest on capital in cost accounts
 10. Work certified, work uncertified
 11. Value of WIP in contract accounts
 12. ABC analysis
42. Distinguish between
 1. Direct cost and indirect costs

2. Cost expenses and losses
3. Cost control and cost reduction
4. Product cost and Periodic cost
5. Bin card and stores ledger
6. Bill of materials and purchase requisition
7. Job costing and process costing
8. Perpetual and periodic inventory system
9. Centralized and decentralized purchasing
10. Blanket rate and departmental rate
11. Joint Products & By Products
12. Job evaluation and merit rating
13. Integral and non-integral system
14. Normal and abnormal idle time
15. Job and contract costing