

## (B) Multiple Choice Questions

In the following sub-questions, more than one answer is given, of which only one answer is correct. Select the correct answer supported by necessary explanation / working note :

1. Which one of the following is not a Costing Method ?

(A) Marginal Costing

(B) Job Costing

(C) Batch Costing

(D) Contract Costing

*[Sau. Uni., S.Y., Nov. 2014; Guj. Uni., S.Y., Nov. 2019]*

[Ans. : (A) 'Marginal Costing' is not a costing method. It is a costing technique, which can be used alongwith a suitable costing method.]

2. Which one of the following is not a costing technique ?

(A) Standard Costing

(B) Direct Costing

(C) Absorption Costing

(D) Process Costing

*[Sau. Uni., S.Y., Nov. 2012]*



[Ans. : (D) "Process Costing" is not a costing technique. It is a costing method which can be used independently.]

3. Which of the following statements is not an objective of Cost Accounting ?  
(A) Ascertainment of cost  
(B) Determination of selling price  
(C) Determination of tax and shareholders' dividend.  
(D) Assisting Management in decision making.

[Sau. Uni., S.Y., Nov. 2012, 2015]

[Ans. : (C) Objective of "Cost Accounting" is not to ascertain tax burden and share dividend. These are considered in "Financial Accounting."]

4. Which of the following is not an advantage of Cost Accounting System ?  
(A) It helps the management by providing information useful in making financial decision like "Make or buy" a product, "accept or reject" etc.  
(B) It helps in identifying "Loss-making activities" or "inefficiencies" in any form.  
(C) It helps in fixation of selling price  
(D) It helps in controlling unpredictable causes of fluctuation in profit.

[Ans. : (D) As unpredictable things are not controllable the statement is wrong.]

5. Which one of the following is a "Product Cost" ?  
(A) Indirect Materials (B) Administrative Staff Salary  
(C) Salesman's Commission (D) Interest on Bank Loan

[Guj. Uni., S.Y., Nov. 2013, 2017]

[Ans. : (A) Indirect materials is a product cost.]

6. Which one of the following is a "Period Cost" ?  
(A) Plant Depreciation (B) Canteen's Expenses  
(C) Office Rent (D) Direct Labour

[Guj. Uni., S.Y., Nov. 2014]

[Ans. : (C) Office rent is a period cost.]

7. In which of the following enterprises "Operating Costing" is not applicable ?  
(A) Transport Companies (B) Hotels  
(C) Oil refineries (D) Hospitals

[Sau. Uni., S.Y., Nov. 2012, 2013, 2014]

[Ans. : (C) Operating Costing is applicable to service industry only and "Oil refinery" is a manufacturing concern.]

8. Where costs are ascertained after they are already incurred, the method used is termed as \_\_\_\_\_  
(A) Uniform Costing (B) Historical Costing  
(C) Standard Costing (D) Absorption Costing

[Sau. Uni., S.Y., Nov. 2015]

[Ans. : (B) Historical Costing.]





9. In Chemical Industry, which method is used ?  
 (A) Process Costing (B) Operating Costing  
 (C) Job Costing (D) Unit Costing  
*[Sau. Uni., S.Y., Nov. 2015; Guj. Uni., S.Y., Nov. 2018]*  
 [Ans. : (A) Process Costing.]
10. In Cement Industry, which method is used ?  
 (A) Operating Costing (B) Process Costing  
 (C) Unit Costing (D) Contract Costing  
*[Guj. Uni., S.Y., Nov. 2016]*  
 [Ans. : (C) Unit costing.]
11. Which cost accounting method is used in Pharma-medicine industry ?  
 (A) Job costing (B) Unit costing  
 (C) Batch costing (D) Contract costing  
*[Sau. Uni., S.Y., Nov. 2011, 2013; North Guj. Uni., S.Y., Nov. 2019; Guj. Uni., S.Y., Nov. 2013, 2018, 2019]*  
 [Ans. : (C) Batch costing.]
12. Gallon or litre is cost unit of which industry ?  
 (A) Cement industry (B) Rail service  
 (C) Paper industry (D) Colour-chemical industry  
*[Sau. Uni., S.Y., Nov. 2011; North Guj. Uni., S.Y., Nov. 2019; Guj. Uni., S.Y., Nov. 2016]*  
 [Ans. : (D) Colour-chemical industry.]
13. Cost unit of Dairy Industry is –  
 (A) Per kilo (B) Per barrel  
 (C) Per litre (D) Per ton  
*[Sau. Uni., S.Y., Nov. 2011; North Guj. Uni., S.Y., Nov. 2019]*  
 [Ans. : (C) Per litre.]
14. From the following, which item is relevant to Operating Costing ?  
 (A) Book publication (B) Vehicle service  
 (C) Brick industry (D) Motor garage  
*[Sau. Uni., S.Y., Nov. 2011; Guj. Uni., S.Y., Nov. 2018]*  
 [Ans. : (B) Vehicle service.]
15. Telephone bill is included in which of the following expenses ?  
 (A) Fixed expenses (B) Variable expenses  
 (C) Semi-Variable Expenses (D) None of the above  
*[Guj. Uni., S.Y., Nov. 2017, 2018, 2019]*  
 [Ans. : (C) Semi-Variable Expenses.]
16. Which cost unit is used for Transport Company ?  
 (A) Passenger-Km. / Ton-Km. (B) Gallon / litre  
 (C) Unit / No. (D) Ton / kg.  
 [Ans. : (A) Passenger-Km. / Ton-Km.]



17. Where several undertakings of the same industry use the same costing principles and practices, they make use of –

- (A) Marginal Costing
- (B) Uniform Costing
- (C) Historical Costing
- (D) Absorption Costing

[Ans. : (B) Uniform Costing.]

18. Which of the following material is called indirect material ?

- (A) Yarn used in weaving industry
- (B) Wood used in making wooden furniture
- (C) Oil used in running machinery
- (D) Sugarcane used in making sugar.

[Guj. Uni., S.Y., Nov. 2013]

[Ans. : (C) Oil used in running machinery.]

19. From the following objectives, which of these objectives is not applicable to cost account ?

- (A) To verify that cost accounting records are arithmetically accurate.
- (B) To see that cost accounts are prepared according to accepted principles.
- (C) To detect any errors or frauds in cost accounts.
- (D) To know the total profit of the firm.

[Ans. : (D) To know the total profit of the firm.]

20. What it is called when variable and fixed cost is included in Cost Accounts ?

- (A) Absorption Costing
- (B) Historical Costing
- (C) Marginal Costing
- (D) Standard Costing

[Guj. Uni., S.Y., Nov. 2015, 2019]

[Ans. : (A) Absorption Costing.]

21. In Paper Industry, following cost method is applied –

- (A) Unit Cost
- (B) Job Cost
- (C) Process Cost
- (D) Operating Cost

[Sau. Uni., S.Y., Nov. 2013, 2014; Guj. Uni., S.Y., Nov. 2018]

[Ans. : (A) Unit Cost.]

22. In Cement Industry, Cost unit is –

- (A) Barrel
- (B) Cube Meter
- (C) Job
- (D) Tonne

[Sau. Uni., S.Y., Nov. 2013]

[Ans. : (D) Tonne.]





23. Which of the following statement is not objective of Cost Accounting ?  
(A) To Declare dividend (B) To Decide Cost  
(C) To Decide Selling Price (D) To Estimate Profit  
[Sau. Uni., S.Y., Nov. 2013]

[Ans. : (A) To Declare dividend.]

24. Advertisement is \_\_\_\_\_ expenses.  
(A) Factory indirect (B) Administrative indirect  
(C) Selling and distribution indirect (D) None of the above  
[Sau. Uni., S.Y., Nov. 2014; Guj. Uni., S.Y., Nov. 2018;  
North Guj. Uni., S.Y., Nov. 2019]

[Ans. : (C) Selling and distribution indirect.]

25. The cost unit of Cement industry –  
(A) Litre (B) Ton·Kilometre  
(C) Kilowatt (D) Ton / Bag  
[Guj. Uni., S.Y., Nov. 2015]

[Ans. : (D) Ton / Bag.]

26. If Prime Cost is Rs. 25,000 and Factory Overheads are Rs. 5,000, then what will be percentage of factory overheads on prime cost ?  
(A) 25% (B) 20%  
(C) 30% (D) 15%  
[Guj. Uni., S.Y., Nov. 2015]

[Ans. : (B) 20% ( $5,000 \times 100/25,000$ ).]

27. Which of the following expenses is included in Cost Accounts ?  
(A) Loss on sale of assets  
(B) Written off preliminary expenses  
(C) Stationery and printing  
(D) Bad Debts Reserve.  
[Guj. Uni., S.Y., Nov., 2016]

[Ans. : (C) Stationery and Printing.]

28. Which costing method is used in Soap Making Company ?  
(A) Process Costing (B) Service Costing  
(C) Job Costing (D) Batch Costing  
[Guj. Uni., S.Y., Nov. 2019]

[Ans. : (A) Process Costing.]

29. Cost unit of Chemical Industry is \_\_\_\_\_.  
(A) Per litre / gallon / kg. (B) Per ton / kg.  
(C) Per barrel (D) Per kg. / quintal  
[Guj. Uni., S.Y., Nov. 2019]

[Ans. : (A) Per litre / gallon / kg.]



## (B) Multiple Choice Questions

In the following sub-questions, more than one answer is given, of which only one answer is correct. Select the correct answer supported by necessary explanation/working note.

1. Which of the following items of cost is not considered 'direct material cost'?
- (A) Thread used in stitching garments;
  - (B) Wood used in manufacturing furniture;
  - (C) Cotton used in Textile Mill;
  - (D) Groundnut used for groundnut oil.

[Sau. Uni., S.Y., Nov. 2012]

[Ans. : (A) Thread used in stitching garments is considered indirect material cost as it is not easily identifiable with each unit of garment manufactured.]

2. The formula for danger level can be presented as follows :
- (A) Average consumption  $\times$  Maximum Delivery Time for Emergency Purchase
  - (B) Ordering Level – Average Consumption of average delivery period.
  - (C) Ordering Level – Minimum Consumption of Minimum delivery period + Ordering Quantity.
  - (D) Maximum Consumption  $\times$  Maximum Delivery Time

[Ans. : (A) Danger Level = Average consumption  $\times$  Maximum Delivery Time for Emergency Purchase.]

3. Goods on which some processes have been performed, and which require further processing before being transferred into finished stock godown is called –
- (A) Semi-finished Goods
  - (B) Work-in-Progress
  - (C) Raw Material
  - (D) Finished Stock

[Ans. : (A) Semi-finished Goods.]

4. Which of the following objectives are true for the Material Control ?
- (A) Wherever raw material is required for production, they must be readily available.
  - (B) To maintain the continuity of production.
  - (C) To minimize cost of purchasing and storage.
  - (D) All of the above.

[Ans. : (D) All of the above.]

5. A \_\_\_\_\_ is generally maintained to record all the details of purchase order.

- (A) Purchase order
- (B) Order Register
- (C) Purchase Requisition
- (D) None of these

[Ans. : (B) Order Register.]





6. Which of the following sentence is wrong regarding Bin Card ?

- (A) It shows only the quantity of the material.
- (B) It shows both price and the quantity of the material.
- (C) Every transaction is separately recorded in Bin Card.
- (D) It is prepared by the storekeeper.

[Ans. : (B) It shows both price and the quantity of the material.]

7. "Average consumption  $\times$  Time period for emergency purchase." – with the help of this calculation, which level is calculated ?

- (A) Danger Level
- (B) Minimum Level
- (C) Ordering Level
- (D) Maximum Level

[Sau. Uni., S.Y., Nov. 2011; Guj. Uni., S.Y., Nov. 2015]

[Ans. : (A) Danger Level.]

8. If Opening stock is Rs. 10,000, Purchases Rs. 32,500 and Closing stock is Rs. 5,000, what would be material turnover rate ?

- (A) 4 times
- (B) 5 times
- (C) 7 times
- (D) 3.5 times

[Guj. Uni., S.Y., Nov. 2012]

[Ans. : (B) 5 times (Rs. 37,500  $\div$  7,500).]

9. Which of the following document is used for issuing materials to the production departments ?

- (A) Purchase Requisition Note
- (B) Goods Received Note
- (C) Materials Requisition Note
- (D) None of these

[Guj. Uni., S.Y., Nov. 2014]

[Ans. : (C) Materials Requisition Note.]

10. If bi-monthly, consumption is 500 units, how many units should be taken in the formula of EOQ?

- (A) 3,000 units
- (B) 6,000 units
- (C) 500 units
- (D) 2,000 units

[Sau. Uni., S.Y., Nov. 2014; North Guj. Uni., S.Y., Nov. 2019]

[Ans. : (A) 3,000 units (500  $\times$  12/2).]

11. The following figures are taken from the records of a manufacturing company :

Opening stock Rs. 20,000, Purchases Rs. 65,000 and Closing stock Rs. 15,000. What would be material turnover ?

- (A) 5 times
- (B) 4 times
- (C) 1 time
- (D) 2.5 times

[Sau. Uni., S.Y., Nov. 2015]

[Ans. : (B) 4 times (Material Consumption Rs. 70,000  $\div$  Average Stock Rs. 17,500 = 4 times).]



12. Using the following information, what would be the 'Average Level' ?

	Maximum	Minimum	Average
Daily consumption (kgs.)	1,500	720	1,200
Lead time in days	15	5	10
Reorder Quantity 12,000 kgs.			

- (A) 28,500 kgs. (B) 15,000 kgs.  
(C) 9,750 kgs. (D) 20,700 kgs.

[Sau. Uni., S.Y., Nov. 2015]

[Ans. : (D) 20,700 kgs. (Minimum Level 10,500 kgs. + Maximum Level 30,900 kgs ÷ 2).]

13. If the minimum level and Average stock level of a raw material are 5,000 units and 11,250 units respectively. Find out the Economic Ordering Quantity.

- (A) 10,500 units (B) 12,500 units  
(C) 11,500 units (D) 8,250 units

[Guj. Uni., S.Y., Nov. 2019]

[Ans. : (B) 12,500 units;  $EOQ = 2 \times (\text{Average level } 11,250 - \text{Minimum Level } 5,000) = 2 \times 6,250 = 12,500$  units].

14. Opening stock Rs. 40,000, Purchases Rs. 1,30,000, Closing stock Rs. 20,000. Calculate stock turnover rate.

- (A) 4 times (B) 5 times  
(C) 3 times (D) 6 times

[Sau. Uni., S.Y., Nov. 2011; Guj. Uni., S.Y., Nov. 2017]

[Ans. : (B) 5 times  $(1,50,000 \div 30,000)$ .]

15. Which one of the following is a 'Product Cost' ?

- (A) Office Staff Salary (B) Advertising  
(C) Interest on Loan (D) Indirect Materials

[Sau. Uni., S.Y., Nov. 2012]

[Ans. : (D) Indirect Materials.]

16. Most profitable quantity to purchase is called –

- (A) Maximum Quantity  
(B) Minimum Quantity  
(C) Economic Ordering Quantity  
(D) Average Quantity

[Guj. Uni., S.Y., Nov. 2013, 2017, 2018; North Guj. Uni., S.Y., Nov. 2019]

[Ans. : (C) Economic Ordering Quantity.]

17. Ordering Level – Average Consumption of Average Delivery Time =

- (A) Maximum Level (B) Minimum Level  
(C) Ordering Level (D) Average Level

[Guj. Uni., S.Y., Nov. 2015, 2019]

[Ans. : (B) Minimum Level.]





18. Abnormal Wastage at its cost price is –

- (A) Absorbed in cost
- (B) Charged to Profit & Loss A/c
- (C) Added to Material Cost
- (D) Included in Factory Expenses.

[Sau. Uni., S.Y., Nov. 2014; Guj. Uni., S.Y., Nov. 2019]

[Ans. : (B) Charged to Profit & Loss A/c.]

19. Which of the following methods of stock control aims at concentrating efforts on selected items of materials ?

- (A) Materials turnover rate
- (B) ABC analysis
- (C) Perpetual inventory system
- (D) Periodic inventory system

[Guj. Uni., S.Y., Nov. 2018]

[Ans. : (B) ABC analysis.]

20. Re-order period 4 to 8 weeks, Re-ordering level 20,000 units, then what will be the maximum consumption ?

- (A) 2,000 units
- (B) 2,500 units
- (C) 3,000 units
- (D) 5,000 units

[Guj. Uni., S.Y., Nov. 2019]

[Ans. : (B) 2,500 units (20,000 units ÷ 8 weeks).]

21. Material consumption 4,80,000 units, Opening stock 32,000 units, Closing stock 64,000 units. Then what will be the materials purchases ?

- (A) 4,48,000 units
- (B) 5,12,000 units
- (C) 3,84,000 units
- (D) 6,12,000 units

[Guj. Uni., S.Y., Nov. 2019]

[Ans. : (B) 5,12,000 units (Material purchase = Consumption 4,80,000 + Closing stock 64,000 = 5,44,000 – Opening stock 32,000 = 5,12,000 units.)]



## (B) Multiple Choice Questions

In the following sub-questions, more than one answer is given, of which only one answer is correct. Select the correct answer supported by necessary explanation/working note.

1. Which one of the following statements is correct during a period of rising prices ?
  - (A) The LIFO method will produce lower profits than the FIFO method and lower closing stock values.
  - (B) The LIFO method will produce lower profits than the FIFO Method and higher closing stock values.





- (C) The FIFO method will produce lower profits than the LIFO method, and lower closing stock values.
- (D) The FIFO method will produce lower profits than the LIFO method and higher closing stock values.

[Ans. : (A) In a period of rising prices, the cost of 'issues' will be higher under LIFO in comparison to FIFO and hence will reveal lower profits, and as the closing stock consists earlier purchases of lower prices, it will result into lower stock valuation.]

2. Which of the following is not an advantage of using LIFO Method ?
- (A) Profits are not realistic.
- (B) Material cost represents actual cost, which should be charged to the products or processes.
- (C) It is useful under inflationary conditions.
- (D) Closing stock values are more realistic.

[Ans. : (D) Closing stock values are more realistic. This statement is false because under LIFO, the closing stock consists of earlier purchases which may not reflect the prevailing market price.]

3. Weighted average of 150 units is Rs. 32. Out of it total cost of 60 units is Rs. 2,100, what would be per unit cost of remaining units ?
- (A) Rs. 35 (B) Rs. 30
- (C) Rs. 27 (D) Rs. 29

[Guj. Uni., S.Y., Nov. 2012]

[Ans. : (B) Rs. 30 (Cost per unit of remaining units =  $150 \times 32 = 4,800 - 2,100 = 2,700 / 90 = 30$ ).]

4. Weighted Average of 100 units is Rs. 280. Out of it total cost of 40 units is Rs. 10,000. What would be per unit cost of remaining units ?
- (A) Rs. 300 (B) Rs. 250 (C) Rs. 280 (D) Rs. 480

[Guj. Uni., S.Y., Nov. 2013]

[Ans. : (A) Rs. 300.]

5. In which system higher price goods are first issued ?
- (A) FIFO method (B) LIFO method
- (C) HIFO method (D) Weighted Average method

[Guj. Uni., S.Y., Nov. 2016]

[Ans. : (C) HIFO method.]

6. In which method goods remain in the stock of last purchase ?
- (A) LIFO method (B) FIFO method
- (C) Weighted Average Method (D) Fixed Price Method

[Guj. Uni., S.Y., Nov. 2014, 2018; North Guj. Uni., S.Y., Nov. 2019]

[Ans. : (B) FIFO method.]



7. In which method stock consists of first purchase ?

(A) LIFO Method

(B) FIFO Method

(C) Weighted Average Method

(D) Standard Price Method.

*[Guj. Uni., S.Y., Nov. 2015, 2018; North Guj. Uni., S.Y., Nov. 2019]*

[Ans. : (A) LIFO Method.]

8. In which method stock is valued at a price which is almost nearer to current market price ?

(A) FIFO Method

(B) LIFO Method

(C) Weighted Average Method

(D) Fixed Price Method.

*[Sau. Uni., S.Y., Nov. 2015; Guj. Uni., S.Y., Nov. 2013, 2017, 2018, 2019]*

[Ans. : (A) FIFO Method.]





## (B) Multiple Choice Questions

In the following sub-questions more than one answer is given, of which only one answer is correct. Select the correct answer supported by necessary explanation/working note.

1. Which of the following statements is not correct ?
- (A) Normal idle time is unavoidable and cannot be eliminated fully.
  - (B) Controllable abnormal idle time can be eliminated through proper management action.
  - (C) Cost of normal idle time is to be debited to Costing P & L A/c.
  - (D) Normal idle time is inherent in work situation and can be estimated in advance.

[Ans. : (C) This statement is false. As the cost of normal idle time is unavoidable, it is to be treated as a part of the labour cost and accordingly the labour rate is to be inflated.]

2. Which of the following statements is correct ?
- (A) Wages paid to factory truck driver is considered "direct wages."
  - (B) Out-workers are those who are appointed on temporary basis.
  - (C) If overtime is paid to complete the job within a specific time limit at the request of customer, it should be debited to the job concerned.
  - (D) The canteen expenses are debited to Costing P & L A/c.

[Ans. : (C) The statement is correct, as overtime wages are paid at customer's request, he must bear the extra cost.

3. Which of the following causes is not a genuine cause for "overtime work" ?
- (A) Increase in production targets not anticipated.
  - (B) Customer's request / pressure for urgent delivery.
  - (C) Temporary Diversion of labour force to the inauguration ceremony arrangements of a new plant.
  - (D) Labour shortage.

[Guj. Uni., S.Y., Nov. 2019]

[Ans. : (C) Use of labour for some unplanned and unproductive work is not a genuine cause of "Overtime Work."



4. Out of the following which wage system is included in group incentive wage system ?

- (A) Time Rate System (B) Halsey Plan  
(C) Profit Sharing (D) Piece Rate System

[Sau. Uni., S.Y., Nov. 2011]

[Ans. : (C) Profit Sharing.]

5. Out of the following which wage system is not treated as an Individual incentive wage system ?

- (A) Bedeaux plan  
(B) Taylor's different piece rate plan  
(C) Merrick's multiple rate system  
(D) Co-partnership

[Sau. Uni., S.Y., Nov. 2011, 2013; Guj. Uni., S.Y. Nov. 2013]

[Ans. : (D) Co-partnership.]

6. In a department, standard time allowed for a job is 50 hours. Actual time taken to complete the job is 40 hours and wage rate is Rs. 30 per hour. The amount of bonus under Halsey Premium Plan is –

- (A) Rs. 300 (B) Rs. 450  
(C) Rs. 150 (D) Rs. 1,200

[Sau. Uni., S.Y., Nov. 2012]

[Ans. : (C) Rs. 150 (50/100 (Time Saved 10 hours  $\times$  Rs. 30).]

7. Which one of the following measures is not going to reduce the 'Labour Turnover' ?

- (A) Use of scientific method of selection  
(B) Provision of satisfactory working condition  
(C) Complete ban on labour unions  
(D) Providing Gratuity and Provident Fund benefits

[Sau. Uni., S.Y., Nov. 2012, 2014]

[Ans. : (C) Complete ban labour unions.]

8. Bhavna completes a work in 8 hours instead of 10 hours. Labour rate per hour is Rs. 15. What she will earn as per Rowan Plan ?

- (A) Rs. 150 (B) Rs. 120  
(C) Rs. 144 (D) Rs. 135

[Sau. Uni., S.Y., Nov. 2012]

[Ans. : (C) Rs. 144 (8  $\times$  15) + (120  $\times$  2/10) = 120 + 24 = 144.]





## DIRECT LABOUR

9. Standard time is 9 hours, Actual time taken is 6 hours and wage rate is Rs. 2 per hour. For a job material cost is Rs. 30 Wages are paid as per Rowan wage plan Factory expenses allocated 100% of wages.  
What would be the factory cost of the job ?

(A) Rs. 55 (B) Rs. 62  
(C) Rs. 75 (D) None of these

[Guj. Uni., S.Y., Nov. 2012]

[Ans. : (B) Rs. 62 (Time wages =  $6 \times 2 = 12$ , Bonus =  $12 \times 3/9 = 4$ , Total Wages =  $12 + 4 = 16$ . Factory Cost = Material 30 + Wages 16 + Overheads 16 = 62).]

10. Which of the following statements is true ?

(A) Per unit variable cost will vary with the volume of production.  
(B) Normal idle time is unavoidable and cannot be completely eliminated.  
(C) The LIFO method will produce 'lower' profit and 'high' valuation of closing stock when price are rising.  
(D) All direct and indirect expenses are include in factory (production) cost.

[Guj. Uni., S.Y., Nov. 2012]

[Ans. : (B) Normal idle time is unavoidable and cannot be completely eliminated.]

11. If management is efficient, labour turnover rate can –

(A) Increase (B) Can make zero  
(C) No effect (D) Can reduce

[Sau. Uni., S.Y., Nov. 2013, 2014]

[Ans. : (D) Can reduce.]

12. Standard time fixed for a job is 12 hours. A worker is paid Rs. 25 per hour. The actual time taken to complete the job is 10 hours. Total wages payable to worker according to piece wage system will be –

(A) Rs. 120 (B) Rs. 300  
(C) Rs. 250 (D) Rs. 50

[Guj. Uni., S.Y., Nov. 2014]

[Ans. : (B) Rs. 300 (12 hours  $\times$  Rs. 25).]

13. Accounting treatment for Abnormal idle time is –

(A) It is considered as a direct charge and added to the cost  
(B) It is charged to Costing Profit & Loss A/c  
(C) It is distributed to all the departments  
(D) None of the above

[Sau. Uni., S.Y., Nov. 2014]

[Ans. : (B) It is charged to Costing Profit & Loss A/c.]





14. A worker is allowed 8 hours to complete a job on time wages. He completes the job in 6 hours on piece wages. His time wage is Rs. 4 per hour. Material cost of a product is Rs. 30 and factory overheads are recovered at 150% of the total direct wages. Find out the factory cost of the product under Rowan Plan.
- (A) Rs. 105 (B) Rs. 120  
(C) Rs. 100 (D) Rs. 150

[Sau. Uni., S.Y., Nov. 2015]

[Ans. : (A) Rs. 105 (Direct wages as per Rowan Plan =  $24 + (24 \times 2/8) =$  Rs. 30, Factory Cost =  $30 + 30 + 45 =$  Rs. 105).]

15. In a department, standard time allowed for a job is 50 hours. Actual time taken to complete the job is 40 hours and wage rate is Rs. 50 per hour. The amount of bonus under the Halsey premium plan –
- (A) Rs. 200 (B) Rs. 250  
(C) Rs. 300 (D) Rs. 800

[Sau. Uni., S.Y., Nov. 2015]

[Ans. : (B) Rs. 250 (Bonus = Time Saved 10 hours  $\times$  Rs. 50 = Rs. 500  $\times$  50/100 = Rs. 250).]

16. In a factory 4,000 workers were working in the beginning of a year and 5,000 workers were working at the end of the year. 850 workers were relieved during the year and 900 workers were newly recruited, out of which 175 workers were recruited for the newly created posts. Find out the Labour Turnover rate as per Joint Method.
- (A) 10% (B) 15%  
(C) 35% (D) 15.5%

[Sau. Uni., S.Y., Nov. 2015]

[Ans. : (C) 35% ( $850 + 725 / 4,500 \times 100 = 35\%$ ).]

17. A worker is allowed 70 hours for a job. Actual time taken is 50 hours. Rate per hour is Rs. 10. Wage as per Halsey plan is –
- (A) Rs. 700 (B) Rs. 500  
(C) Rs. 200 (D) Rs. 600

[Guj. Uni., S.Y., Nov. 2016]

[Ans. : (D) Rs. 600 ( $50 \times 10 =$  Rs. 500 + Rs. 100 ( $20 \times 10 = 200 \times 50\%$ )).]

18. Basic salary of a worker is Rs. 5,000 and D.A. is Rs. 3,000 per month. Employer's contribution to Employee State Insurance (ESI) is 2% of basic salary plus D.A. Total monthly wages are –
- (A) Rs. 8,000 (B) Rs. 5,100  
(C) Rs. 5,160 (D) Rs. 8,160

[Guj. Uni., S.Y., Nov. 2016]

[Ans. : (D) Rs. 8,160 ( $5,000 + 3,000 = 8,000 + 160 (8,000 \times 2\%) = 8,160$ ).



19. "(Actual hours worked  $\times$  Rate per hour) + (Time saved  $\times$  50% rate per hour)".  
Out of the following in which system the amount of wages is calculated ?  
(A) Halsey plan (B) Rowan plan  
(C) Piece Rate system (D) Taylor's plan

[Sau. Uni., S.Y., Nov. 2011; Guj. Uni., S.Y., Nov. 2017]

[Ans. : (A) Halsey plan.]

20. Which wage system is proper where speed of the work depends on machine not on the man ?  
(A) Piece wages system (B) Halsey wages system  
(C) Rowan wages system (D) Time wages system

[Guj. Uni., S.Y., Nov. 2014, 2015, 2017]

[Ans. : (D) Time wages system.]

21. Recess time to worker during the day is –  
(A) Normal unproductive time  
(B) Abnormal unproductive time  
(C) Not considered as unproductive  
(D) None of the above.

[Sau. Uni., S.Y., Nov. 2013, 2014; Guj. Uni., S.Y., Nov. 2018]

[Ans. : (A) Normal unproductive time.]

22. Which of the following items is not taken into consideration while calculating labour turnover rate as per Flux method ?  
(A) No. of employees retired  
(B) No. of employees dismissed  
(C) No. of employees appointed on existing posts  
(D) No. of employees appointed under expansion plan

[Sau. Uni., S.Y., Nov. 2012; Guj. Uni., S.Y., Nov. 2018]

[Ans. : (D) No. of employees appointed under expansion plan.]

23. Which one of the following is not considered an Incentive Wage System ?  
(A) Rowan wage plan (B) Time wage plan  
(C) Halsey wage plan (D) Bonus wage plan

[Sau. Uni., S.Y., Nov. 2014; Guj. Uni., S.Y., Nov. 2012, 2018;  
North Guj. Uni., S.Y., Nov. 2019]

[Ans. : (B) Time wage plan.]



24. Bonus as per Halsey method is calculated at –  
 (A) 20% of time wages (B) 33% of time saved  
 (C) 50% of time saved (D) None of these.

[Sau. Uni., S.Y., Nov. 2013, 2014; Guj. Uni., S.Y., Nov. 2018;  
 North Guj. Uni., S.Y., Nov. 2019]

[Ans. : (C) 50% of time saved.]

25. Which one of the following is not considered as 'Incentive Wage System' ?  
 (A) Halsey plan  
 (B) Rowan plan  
 (C) Group bonus or Profit sharing plan  
 (D) Piece wages system with minimum guaranteed wages

[Sau. Uni., S.Y., Nov. 2015; Guj. Uni., S.Y., Nov. 2019]

[Ans. : (D) Piece wages system with minimum guaranteed wages.]

26. Dhruvin completes a work in 8 hours instead of 10 hours. Labour rate per hour is Rs. 5. What he will earn as per Rowan Plan ?  
 (A) Rs. 48 (B) Rs. 40  
 (C) Rs. 50 (D) Rs. 45

[Guj. Uni., S.Y., Nov. 2015; Guj. Uni., S.Y., Nov. 2019]

[Ans.: (A) Rs. 48  $(8 \times 5) + (40 \times \frac{2}{10}) = 40 + 8 = \text{Rs. } 48.$ ]

27. From which of the following incentive wage system, worker also gets share in the profit and management ?  
 (A) Profit Sharing (B) Halsey Plan  
 (C) Co-Partnership (D) Rowan Plan

[Guj. Uni., S.Y., Nov. 2018, 2019]

[Ans. : (C) Co-Partnership.]

28. The following information has been obtained from the production department of a factory :

No. of workers at the beginning of the year	3,400
No. of workers left during the year	600
Total appointment during the year	1,000
No. of workers newly recruited	200

Calculate Labour Turnover Rate by Replacement Method.

- (A) 21.22% (B) 23%  
 (C) 22.22% (D) 23.22%

[Guj. Uni., S.Y., Nov. 2019]





## DIRECT LABOUR

[Ans. : (C) 22.22% (No. of workers at the end of the year 3,800 (3,400 + 1,000 – 600); Average No. of workers 3,600 (3,400 + 3,800 = 7,200 ÷ 2); Labour turnover rate 22.22% ( $800 \times 100 / 3,600$ ).]

29. The standard time for a particular job is 10 hours. Actual time taken is 8 hours. Wage rate per hour Rs. 50. Direct material cost Rs. 200 and factory overheads are recovered at 80% of direct wages. Calculate Factory Cost according to Halsey Plan.

(A) Rs. 1,110

(B) 1,030

(C) Rs. 1,010

(D) 2,010

[Guj. Uni., S.Y., Nov. 2019]

[Ans. : (C) Rs. 1,010 [Wages Rs. 450 (8 hours × Rs. 50) + (2 × 50 × ½) = 400 + 50 = Rs. 450); Factory cost = Material Rs. 200 + Wages Rs. 450 + Factory Overheads Rs. 360 (80% of wages Rs. 450) = Rs. 1,010].

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**(C) Multiple Choice Questions**

**In the following sub-questions more than one answer is given, of which only one answer is correct. Select the correct answer supported by necessary explanation/working note.**

1. Which of the following statements is not correct ?
  - (A) The total cost of indirect materials, indirect labour and indirect expenses is called "Overheads."
  - (B) On the basis of behaviour, the overheads are classified into production overheads, administrative overheads and marketing overheads.
  - (C) Examples of indirect labour are salary and wages of foremen, supervisor, watchman, store-keeper, salesman etc.
  - (D) Examples of production overheads are factory rent, power, plant depreciation, supervisor's remuneration etc.

[Ans. (B) On the basis of behaviour, the overheads are classified into fixed and variable overheads.]
2. Which of the following statements is correct ?
  - (A) Research and Development overhead is a part of Marketing Overheads.
  - (B) Controllable costs are those which can be controlled by the management with proper care and efficient planning.
  - (C) Semi variable overheads vary in direct proportion with change in activity level.
  - (D) Though overheads are indirect costs, they are also identifiable with each unit produced.

[Ans. : (B) Failure to control these costs would indicate inefficient management.]
3. Which of the following statements is not correct ?
  - (A) Direct wages of service departments are not to be included in the "Primary Distribution Process" since they are not considered overheads.
  - (B) Repeated distribution method is one of the methods of dealing with "Reciprocal Services" between the service departments.
  - (C) "Trial and Error Method" is another variant of Reciprocal services method.
  - (D) Under "Direct Method", we ignore the services provided by the service departments to each other.

[Ans. : (A) All direct costs of service departments are overheads from the viewpoint of production departments and hence they are to be included in "Primary Distribution Process".]
4. Which one of the following methods is not a method of absorption of overheads ?
  - (A) Percentage of Direct Materials Method.
  - (B) Percentage of Direct Wages Method.
  - (C) Percentage of Prime Cost Method.





(D) Percentage of Total Cost Method.

[Sau. Uni., S.Y., Nov. 2014]

[Ans. : (D) Percentage of Total Cost Method is incorrect because without absorption of overheads, total cost cannot be ascertained.]

5. The canteen expenses incurred by a factory is apportioned in the ratio of :

- (A) Direct wages
- (B) Equally over all production departments
- (C) The number of employees in each department
- (D) None of the above.

[Ans. : (C) The canteen expenses are apportioned in the ratio of no. of employees in each department because the workers and other employees avail the benefit of such expenses.]

6. Machine hour rate is determined to –

- (A) Apportion service departments expenses to production department.
- (B) Apportion factory overheads.
- (C) Apportion administrative expenses.
- (D) Apportion the depreciation on machines to production departments.

[Ans. : (B) It is method of allocating factory overheads.]

7. In Jay Co. Ltd. the machine shop has a machine. The Power expense amounted to Rs. 52,000 which is 25% of total yearly expenses of the Machine. The machine consumes 16 units of power per hour at the cost of Re. 0.65 per unit. What would be the machine hour rate ?

- (A) Rs. 41.60
- (B) Rs. 13.70
- (C) Rs. 27.90
- (D) Rs. 26

[Ans. : (A) Machine hour rate Rs. 41.60, Total exp. Rs. 2,08,000 ( $52,000 \times 100 / 25$ ), 80,000 units ( $52,000 \div 0.65$ ), 5,000 hours ( $80,000 \div 16$  units), Machine hour rate Rs. 41.60 ( $2,08,000 \div 5,000$ ).]

8. Power expenses including surcharge Rs. 66,000, Consumption per hour 10 units, Rate of Power per unit Rs. 5 and surcharge 10%. What would be the machine hours ?

- (A) 6,000
- (B) 6,600
- (C) 1,200
- (D) 4,800

[Ans. : (C) Machine hours 1,200 (Power expenses per hour Rs. 50 (10 units  $\times$  Rs. 5) + 10% surcharge Rs. 5 = Rs. 55,  $\therefore 66,000 \div 55 = 1,200$  hours.)]

9. The following information have been received from the production department of a factory :

Estimated factory overheads for the year	Rs. 1,17,360
Estimated direct labour cost for the year	Rs. 1,95,600
Estimated machine hours	97,800

Find out overhead absorption rate using Direct labour cost percentage method.

- (A) Rs. 1.20
- (B) 60%
- (C) Re. 0.50
- (D) 40%

[Ans. : (B) 60% ( $1,17,360 \times 100 / 1,95,600$ ).]





10. Tools Department expenses incurred by a factory is apportioned in the ratio of :
- Direct wages
  - Equally over all production departments
  - In proportion to number of workers or number of tools issued.
  - None of the above

[Ans. : (C) Tools department expenses are apportioned to number of workers or number of tools issued.]

11. When every service department is useful to other service department, then apportionment of indirect cost can not be done by the method of –
- Direct redistribution method
  - Step-ladder method
  - Repeated distribution method
  - Simultaneous Equation method

[Ans. : (A) Direct redistribution method.]

12. If a machine costs Rs. 84,000, its scrap value is Rs. 18,000 and its useful life is 6 years then what will be the depreciation?
- Rs. 12,000
  - Rs. 14,000
  - Rs. 16,000
  - Rs. 10,000

[Guj. Uni., S.Y., Nov. 2017]

[Ans. : (A) Rs. 12,000.]

13. Which of the following method is not the method of Reciprocal Method in the Accounts of Overheads?

- Repeated Distribution Method
- Simultaneous Equation Method
- Step-ladder Method
- Trial and Error Method

[Ans. : (C) Step-ladder method.]

14. The simultaneous equation method is a method for –

- Apportionment of factory overheads.
- Apportioning service department expenses over production departments.
- Apportioning administrative expense to production
- Determining pre-determined recovery rate for overheads.

[Guj. Uni., S.Y., April, 2010, 2013]

[Ans. : (B) The simultaneous equation method is a method of apportioning service department expenses to production departments.]

15. The following information is given for a factory of the overheads costs and machine hours :

Machine Hours	35,000	40,000	20,000	30,000
Overheads costs (Rs.)	72,500	80,000	50,000	65,000

The fixed cost element included in the above data –

- Rs. 20,000
- Rs. 30,000
- Rs. 25,000
- Rs. 22,500

[Guj. Uni., S.Y., March, 2011]

[Ans. : (A) Rs. 20,000 (Overheads 80,000 – 50,000 = 30,000, Machine hours 40,000 – 20,000 = 20,000,  $\therefore$  Variable cost per machine hour Rs. 1.50

(Rs. 30,000 + 20,000 hours), Fixed Cost Rs. 20,000 (Total cost 80,000 – Variable cost 60,000 (40,000 × 1.50).]

16. Basis of overheads apportionment for the Employee state insurance and dearness allowance is –
- (A) Ratio of No. of workers  
(B) As per labour hours  
(C) In proportion of direct labour of each dept.  
(D) According to labour turn over

[Sau. Uni., S.Y., Nov. 2011]

[Ans. : (C) In proportion of direct labour of each dept.]

17. Basis of overheads apportionment for Plant repairing is –

- (A) Space occupied (B) Value of plant  
(C) Plant hours (D) Depreciation on plant

[Sau. Uni., S.Y., Nov. 2011, 2013]

[Ans. : (B) Value of plant.]

18. Out of the following which is included as service department for manufacturing of oil engine industry ?

- (A) Foundry dept. (B) Casting dept.  
(C) Moulding dept. (D) Stores dept.

[Sau. Uni., S.Y., Nov. 2011; Guj. Uni., S.Y., Nov. 2013]

[Ans. : (D) Stores dept.]

19. Basis of apportionment for Indirect labour is –

- (A) Direct labour ratio (B) No. of workers ratio  
(C) Labour hour ratio (D) As per machine hour rate

[Sau. Uni., S.Y., Nov. 2011, 2013]

[Ans. : (A) Direct labour ratio.]

20. Find out total indirect expense of Department A after all apportionment :

Particulars	Departments				
	A Production	B Production	C Production	D Service	E Service
Total expenses	60,000	30,000	10,000	10,000	9,000
% allocation of expenses of D Department	20%	30%	40%	—	10%
% allocation of expenses of E Department	30%	40%	30%	—	—

- (A) Rs. 63,100 (B) Rs. 64,400 (C) Rs. 65,000

[Guj. Uni., S.Y., April; 2012]

[Ans. : (C) Rs. 65,000 (60,000 + 2,000 + 3,000).]





## ACCOUNTS OF OVERHEADS

21. Monthly factory overheads of a factory are Rs. 60,000. 30 workers worked for 25 days in a month for daily 8 hours. What shall be the direct labour hour rate ?  
 (A) Rs. 10 (B) Rs. 20  
 (C) Rs. 50 (D) Rs. 60

[Sau. Uni., S.Y., Nov. 2012]

[Ans. : (A) Rs. 10 (Rs. 60,000 ÷ 6,000 hours (25 × 8 × 30).]

22. Factory expenses actually paid Rs. 10,000. Rate of recovery is 30% of direct labour. Direct labour is Rs. 25,000. It shall be –  
 (A) Over absorption Rs. 2,500 (B) Under absorption Rs. 2,500  
 (C) Actual absorption Rs. 10,000 (D) None of the above

[Sau. Uni., S.Y., Nov. 2012]

[Ans. : (B) Under absorption Rs. 2,500 (Rs. 10,000 Actual – Rs. 7,500 Recovered).]

23. Counting House expenses are considered as –  
 (A) Distribution expense (B) Selling overheads  
 (C) Administrative overheads (D) Factory overheads

[Sau. Uni., S.Y., Nov. 2012]

[Ans. : (C) Administrative overheads.]

24. Which of the following expenses is a periodical expense ?  
 (A) Depreciation of plant (B) Office rent  
 (C) Direct wages (D) Materials

[Guj. Uni., S.Y., Nov. 2012]

[Ans. : (B) Office rent.]

25. The canteen expense incurred by a factory is apportioned in the ratio of –  
 (A) Direct wages  
 (B) The number of employees in each department  
 (C) Equally  
 (D) None of the above

[Guj. Uni., S.Y., Nov. 2012, 2017; Sau. Uni., S.Y., Nov. 2014]

[Ans. : (B) The number of employees in each department.]

26. The overhead cost and machine hours of two months are as under :

	Total overhead cost (fixed and variable)	Machine hours
1st month	Rs. 25,000	1,000
2nd month	Rs. 30,000	1,500

What would be the fixed cost ?

- (A) Rs. 10,000 (B) Rs. 15,000  
 (C) Rs. 27,500 (D) Rs. 12,500

[Guj. Uni., S.Y., Nov. 2012]

[Ans. : (B) Rs. 15,000 (Variable Exps. = 5,000 / 500 = 10, Total fixed Exps. = 25,000 – Variable Exps. 1,000 × 10 = 10,000 = Fixed Exps. 15,000.)]





27. If a machine cost Rs. 83,000, its scrap value is Rs. 6,000. Installation charges are Rs. 3,000, and its useful life is 10 years, then what will be the depreciation ?  
 (A) Rs. 8,000 (B) Rs. 7,700  
 (C) Rs. 7,400 (D) Rs. 9,200

[Guj. Uni., S.Y., Nov. 2013]

[Ans. : (A) Rs. 8,000.]

28. The following information is given for a factory of the overheads costs and machine hours :

Machine hours	7,000	8,000	4,000	6,000
Overheads Costs (Rs.)	72,500	80,000	50,000	65,000

The fixed cost element included in the above data :

- (A) Rs. 20,000 (B) Rs. 30,000  
 (C) Rs. 35,000 (D) Rs. 17,500

[Guj. Uni., S.Y., Nov. 2013]

[Ans. : (A) Rs. 20,000.]

29. Which of the following expenses is not relevant to factory expenses ?

- (A) Power bill (B) Computer Expenses  
 (C) Plant Insurance (D) Direct Wages

[Sau. Uni., S.Y., Nov. 2013]

[Ans. : (B) Computer Expenses.]

30. Which expenses is not variable expense for calculation of Machine hour rate ?

- (A) Machine Depreciation (B) Machine Power  
 (C) Machine Repairing (D) Factory Electricity

[Sau. Uni., S.Y., Nov. 2013]

[Ans. : (D) Factory Electricity.]

31. Expense of workers welfare department are allocated on –

- (A) Direct Wages (B) Number of Workers  
 (C) Working Hours (D) None of these

[Sau. Uni., S.Y., Nov. 2013]

[Ans. : (B) Number of Workers.]

32. The following information is given for a factory of the overheads and machine hours :

Machine Hours	Overheads (Rs.)
20,000	90,000
25,000	1,00,000
15,000	80,000
18,000	86,000

What will be the fixed cost included in the above ?

- (A) Rs. 50,000 (B) Rs. 40,000  
 (C) Rs. 80,000 (D) None of the above

[Guj. Uni., S.Y., Nov. 2014]

[Ans. : (A) Rs. 50,000.]



33. When the factory overheads charged to cost is less than the actual factory expenses debited in financial accounts it is called –  
 (A) Over-recovery of overheads  
 (B) Under-recovery of overheads  
 (C) Transferred to Costing P & L A/c as an abnormal difference  
 (D) None of the above

[Guj. Uni., S.Y., Nov. 2014]

[Ans. : (B) Under-recovery of overheads.]

34. Power expenses (including 12% surcharge) is Rs. 6,720. Power consumption per hour is 10 units and rate per unit is Re. 0.10. Compute machine hours.

- (A) 6,720 hours (B) 8,360 hours  
 (C) 6,000 hours (D) 3,000 hours

[Ans. : (C) 6,000 hours (Rs. 6,720  $\times$  100 / 112 = Rs. 6,000,  $\therefore$  Machine hours = 6,000  $\div$  Re. 1 per hour = 6,000 hours).]

35. Which method is also a repeated distribution method ?

- (A) Average Method (B) Graphic Presentation Method  
 (C) Trial and Error Method (D) Indirect Method

[Sau. Uni., S.Y., Nov. 2014]

[Ans. : (C) Trial and Error Method.]

36. If a separate meter is not allocated, then electricity cost will be apportioned according to –

- (A) Horse power (B) Area occupied  
 (C) Direct cost (D) Direct material

[Guj. Uni., S.Y., Nov. 2018]

[Ans. : (B) Area occupied.]

37. The following information is given for one factory of the overhead costs and Machine hours.

Overhead Costs Rs.	Machine Hours
75,600	21,600
93,600	33,600
81,000	25,200
90,000	31,200

What would be the fixed cost element included in the above data ?

- (A) Rs. 3,600 (B) Rs. 18,000 (C) Rs. 25,200 (D) Rs. 43,200

[Guj. Uni., S.Y., March, 2010; Nov. 2013]

[Ans : (D) Variable overheads (per machine hour) = (93,600 – 75,600) / (33,600 – 21,600) = Rs. 1.50 and fixed overheads = Rs. 93,600 – Rs. 1.50  $\times$  33,600 = Rs. 43,200]

38. Which method is used for Segregation of Semi-Variable Overheads ?

- (A) Simultaneous Equation Method (B) High and Low Points Method  
 (C) Trial and Error Method (D) Indirect Method

[Guj. Uni., S.Y., Nov. 2019]

[Ans. : (A) High and Low Points Method.]



39. In a factory the fixed expenses allocated to a machine per month are Rs. 5,250 and the Variable expenses per hours is Rs. 5. Normally the Machine works for 150 hours during a month.

The Machine was used on a job for 100 hours.

Ascertain the overheads chargeable to the job.

- (A) Rs. 4,000 (B) Rs. 3,500  
(C) Rs. 500 (D) Rs. 3,000.

[Guj. Uni., S.Y., Nov. 2019]

[Ans. : (A) Overheads chargeable to the job Rs. 4,000 ( $40 \times 100$  hours), Fixed exps. per hour Rs. 35 ( $5,250 \div 150$ ) and Variable exps. per hour Rs. 5 = Total exps. per hour Rs. 40.]

40. In the Cost Accounts, delivery van expense are included in –

- (A) Factory Cost (B) Administrative cost  
(C) Selling Cost (D) None of the above

[Guj. Uni., S.Y., Nov. 2018; North Guj. Uni., S.Y., Nov. 2019]

[Ans. : (C) Selling Cost.]

41. In the Cost Accounts, cost of oil, grease is included in –

- (A) Direct Materials (B) Indirect Materials  
(C) Direct Labour (D) Indirect Labour

[Guj. Uni., S.Y., Nov. 2018; North Guj. Uni., S.Y., Nov. 2019]

[Ans. : (B) Indirect Materials.]

42. Contribution to Employees State Insurance Scheme will be apportioned according to –

- (A) Direct Labour (B) Number of workers  
(C) Direct Labour hour rate (D) None of the above

[Guj. Uni., S.Y., Nov. 2013, 2019; North Guj. Uni., S.Y., Nov. 2019]

[Ans. : (A) Direct Labour.]

43. If prime cost is Rs. 25,000 and Factory overheads are Rs. 5,000 then what will be percentage of factory overheads on prime cost?

- (A) 25 % (B) 20 %  
(C) 30% (D) 15 %

[Guj. Uni., S.Y., Nov. 2017, 2019]

[Ans. : (B) 20%.]

44. Which method is used for apportioning service expenses over production departments ?

- (A) Comparison Method (B) Direct Method  
(C) Graphic Presentation Method (D) Least Square Method

[Sau. Uni., S.Y., Nov. 2012; Guj. Uni., S.Y., Nov. 2018, 2019]

[Ans. : (B) Direct Method.]

