**UNIT-1**

1. Define cost.

An amount that has to be paid or given up in order to get something.

In business, cost is usually a monetary valuation of

(1 )effort,(2) material, (3)resources , (4)time and utilities consumed, (5) risks incurred , and(6) opportunity

2. What do you mean by the cost unit?

A cost unit is the defined as “a unit of quantity of product services or time (or a combination of these) in relation to which costs may be ascertained or expressed”. In other words, a cost unit is a standard or unit of measurement of the goods manufactured or service rendered.

3. How do you calculate prime cost?

Prime cost=Direct materials cost + Direct labour cost The formal of prime cost is just a sum of all the cost of production in current directly in regards to the manufacture of goods.

4. What is cost accounting?

Cost accounting is the classifying for the appropriate allocation of expenditure

For the determination of the cost of products or services and for the presentation of

Suitably arranged data the purposes of control and guidance of management

5. Explain the cost sheet?

A cost sheet is a repoervicerd on which is accumulated all of the costs associated with a product or production job. A cost sheet is used to compile the margin earned on a product or job and can form the basis for the setting of prices on similar product in the future.

**UNIT-2**

1. What is the material cost?

Material cost is the cost of material used to manufacture a product or provides a service. excluded from the material cost is all indirect materials, such as cleaning supplies used in the production process

2. Explain Inventory?

Inventory is an accounting term that refers to goods that are in various stages of

being made ready for sale, including :finished goods (that are available to be sold) Work –in progress

(meaning in the process of being made) raw materials

3. Expand ABC analysis?

ABC analysis is a type of Inventory categorization method in which inventory is divided into three categories A, B and C in descending value

4. Write short notes on EOQ?

The Economic order quantity [EOQ] is the number of unit that a company should add to inventory with each order to minimize the total costs of inventory. Such as holding costs order cost, and shortage cost.

5.Write a short note on FIFO & LIFO?

FIFO and LIFO are cost layering methods used to value of cost.

FIFO [“First in First Out”]

LIFO[“Last in First Out”]

**UNIT-3**

1.What is labour cost?

The cost of labour is the sum of all wages paid to employees, as well as the cost of employee benefits and payroll taxes paid by an employer. The cost of labour is broker into direct and indirect (overhead) costs.

2. Explain overtime?

Working time before or after one’s regularly scheduled working hours extra working time. Pay for such time (distinguished from straight time) in excess of a prescribed period.

3. What do you mean by ideal time?

Ideal time refers to time when an employee or a production machine is not producing anything (i.e.) not working ideal time may be due to any type of work stop page.

4. Define labour turnover.

Labour turnover also know as staffing turnover refers to the ratio of a number of employees who leaves a company through attrition, dismissal or resignation to the total number of employees on the payroll in that period.

5. What is incentive?

The incentive is something that makes some one want to do something or work hardest an example of incentive is extra money offered to those employees who work extra hours on a project.

**UNIT-4**

1.Define overheads.

The indirect costs of fixed express of operating a business (that is the cost not directly related to the manufacture of a product of delivery of a service).

2. What is absorption?

Absorption of overheads refers to changing of overhead to individual product or job. It is a process of distribution of overhead.

3. Explain cost reconciliation statement?

(1)A statement which is prepared for reconciling the profit between financial account and

(2) cost account is known as cost reconciling statement.

4. What do you mean by recovery rate?

Recovery rate is the extent to which principle and accrued interest on defaulted debt can be recovered, expressed as a percentage of face value.

5. Explain the allocation of cost ?

Cost allocation is process to providing relief to shared service organization’s cost centers that provide a product or service. In turn the associated expense is assigned to internal clients cost center’s that consume the product and service.

**UNIT-5**

1.Define job costing?

Job costing is accounting which tracks the costs and revenues by “job” and enables standardized reporting of profitability by job for an accounting system to support job costing, it must allow job number to be assigned to individual items of express and revenues.

2. What is process costing?

Process costing is an accounting methodology that tracts and accumulates direct costs and allocates indirect costs of a manufacturing process.

3. What do you mean by contract costing?

Contract costing is the tracking of costs associated with a specific contract with customer (i.e.) a company bids for a large construction project with a prospective, and the two parties agree in a contract.

4. Explain abnormal loss?

An abnormal loss refers to a situation where a business or firm is masking profits below the normal limits. In an abnormal loss situation the total revenue of a business does not cover total cost incurred for the business.

5. What is operating cost?

Operating costs are the expenses which are related to the operation of a business or to the operation of a device, component, piece of equipment or facility they are the cost of resources used by an organization just to maintain its existence.

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