



ST. LAWRENCE HIGH SCHOOL



A Jesuit Christian Minority Institution

Study Materials 1

Class: XII

Sub: Costing & Taxation

Chapter: Unit I: Introduction

Topic: Meaning & Concept

F.M.: 15

Date: 23/06/2020

Short Answer Type Question

1. What is meant by imputed cost?

If fixed asset is used in the production process, the cost of the fixed asset is not included in the cost of production, only depreciation is included in the cost of production, it is termed as imputed cost.

2. Write any one of the important features of cost accounting?

An important feature of cost accounting is that it acts as one of the controlling tool for the cost control.

3. Write one advantage of cost accounting.

Cost accounting assists to determine the production cost of goods and services.

4. State three elements of cost.

Three elements of cost are: materials, labour and overhead.

5. How cost of production is ascertained?

Initially the cost of different factors of production are ascertained individually and then different factor costs are added to get the total cost of the product or service.

6. What is cost centre?

A cost centre means a location, a person, an equipment or a group of persons or a group of equipments associated with an organisation in respect of which cost is ascertained and considered for the purpose of cost control.

7. What is cost unit?

A cost unit is a measuring unit, for example: Kg, Litre, Meter etc.

8. Give two examples of cost centre.

Two examples of cost centre are store department and production department.

9. What is the formula for ascertaining profit?

Profit = Selling Price – Cost Price.

10. State one objective of Cost Accounting.

One objective of cost accounting is to control cost.