



ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution



Study Materials 2

Class: XI

Sub: Costing & Taxation

Chapter: Unit I: Introduction

Topic: Meaning & Concept

Date: 24/06/2020

Short Answer Type Question

1. Give a few examples of production cost centre.

Examples of production cost centres are: welding department, assembling department, packing department etc.

2. Give an example of production cost centre.

An example of service cost centre is canteen.

3. What is cost?

The amount of expenses incurred for different factors of production required to produce an article or provision of a service is collectively termed as cost.

4. What are the advantages of cost accounting?

The advantages of cost accounting are:

- Determination of production cost
- Analysis of production cost
- Fixation of sale price of product
- Computation of manufacturing profit
- Helping the management through control over cost and making plan for the future.

5. What is cost accounting?

Cost accounting is the method of controlling of cost through recording, summarising, presenting and analysing production cost related data. In short, cost accounting is an integral system through which ascertainment of cost, recording of cost-related data and control over cost is performed.

6. What is service cost centre?

Service cost centre is that cost centre which is engaged in providing necessary services to the production cost centres. Examples of service cost centres are store house, canteen etc.

7. Define the term costing.

Method and process of ascertaining cost is known as costing. In other words, costing is the determination of cost of different elements and activities in the form of money, resources and services used in the production of a product or the provision of a service.

8. What is cost unit?

Cost unit refers to production unit or service unit, the ascertainment of the cost of which is the main objective of cost accounting. In other words, cost unit is the numerical unit of any product, service or time which is considered as base for the computation of cost.

9. Mention two limitations of cost accounting.

Some of the notable limitations of cost accounting are:

- Cost of implementation is high
- Inapplicability
- Lack of necessity
- Large number of conventions etc.

10. Show one difference between cost accounting and financial accounting.

Cost accounting is mainly based on future incidences, whereas financial accounting is based on past incidences.