

WB Board Costing and Taxation — Question Paper with Solutions

Time Allowed :3 Hours	Maximum Marks :100	Total questions :10
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1. Costing is mainly concerned with —

- (A) Calculation of profit
- (B) Determination of cost of production
- (C) Preparation of balance sheet
- (D) Recording financial transactions

Correct Answer: (B) Determination of cost of production

Solution:

Costing focuses on determining the total cost involved in producing goods or services.

Final Answer:

(B)

Quick Tip

Costing determines production cost

2. Which of the following is a direct cost?

- (A) Factory rent
- (B) Office salary
- (C) Direct labour

(D) Advertisement

Correct Answer: (C) Direct labour

Solution:

Direct labour is directly involved in the production process and can be traced to specific products.

Final Answer:

(C)

Quick Tip

Direct costs are directly attributable to production

3. Fixed cost is a cost that —

- (A) Changes with production level
- (B) Remains constant within a certain range
- (C) Depends on sales only
- (D) Varies every month

Correct Answer: (B) Remains constant within a certain range

Solution:

Fixed costs remain unchanged regardless of production within a certain activity level.

Final Answer:

(B)

Quick Tip

Examples: rent, insurance, salaries

4. GST stands for —

- (A) General Sales Tax
- (B) Goods and Service Tax
- (C) Goods and Services Tax
- (D) Government Service Tax

Correct Answer: (C) Goods and Services Tax

Solution:

GST means Goods and Services Tax, a comprehensive indirect tax system in India.

Final Answer:

(C)

Quick Tip

GST replaced many indirect taxes

5. Income tax is a —

- (A) Direct tax
- (B) Indirect tax
- (C) Service tax
- (D) Excise duty

Correct Answer: (A) Direct tax

Solution:

Income tax is paid directly by individuals or organizations on their income.

Final Answer:

(A)

Quick Tip

Direct tax burden cannot be shifted

6. Define cost. Explain the elements of cost with examples.

Solution:

Cost is the total expenditure incurred in producing goods or services. The elements of cost are direct materials, direct labour, and overheads.

Quick Tip

Elements = Material + Labour + Overheads

7. Distinguish between fixed cost and variable cost.

Solution:

Fixed costs remain constant irrespective of output, while variable costs change with production level.

Quick Tip

Fixed = constant, Variable = changes with output

8. What is GST? Explain its features and advantages.

Solution:

GST is a unified indirect tax on goods and services that simplifies the tax structure.

Quick Tip

GST reduces cascading of taxes

9. Explain the concept of direct tax and indirect tax with examples.

Solution:

Direct taxes are paid directly by taxpayers, while indirect taxes are collected through goods and services.

Quick Tip

Examples: Income tax (direct), GST (indirect)

10. Prepare a simple format of a cost sheet and explain its components.

Solution:

A cost sheet summarizes all costs of production including materials, labour, overheads, and total cost.

Quick Tip

Cost sheet helps determine selling price