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END SEMESTER EXAMINATION – APRIL/MAY 2026

COMMERCE – IV SEMESTER B.COM

25BCO44A: COSTING METHODS

Time: 3 Hours **Max. Marks: 80**

Instruction: *Answer should be written completely in English*

SECTION - A

1. Answer any **SEVEN** questions. Each question carries **TWO** marks. **(7X2=14)**
   a) State any four features of Job Costing.
   b) Give the meaning of Escalation Clause.
   c) What is Abnormal Loss?
   d) What is Split-off Point?
   e) Define Joint Cost.
   f) Give one example of operating costing in non-transport service.
   g) Distinguish between job costing and batch costing.
   h) State the names of four industries in which process costing can be used.
   i) What do you mean by work uncertified?
   j) What are standing costs.

SECTION – B

Answer any **THREE** questions. Each question carries **EIGHT** marks. **(3X8=24)**

2. Calculate the cost and selling price of the job after adding 20% profit on total cost.
   Material – Rs. 12,030
   Wages:
   Dept. A-60 hours at 50 per hour
   Dept B-40 hours at 30 per hour
   Dept C-20 hours at 25 per hour
   Variable overheads - 20 per hour
   Fixed overheads - 25,000 for 1000 hours.

3. The following information is given in respect of process A
   Materials- 1000 kg at Rs. 6 per Kg
   Labour – Rs. 5000
   Direct Expenses – Rs. 1000
   Indirect expenses allocated to Process A Rs. 1000. Normal wastage 10% of Input.
   Prepare process A account when:
   - Scrap value of Normal loss is Nil
   - Scrap arising out of Normal loss has a sale value of Rs.1 per Unit.

4. The following was the expenditure of a contract for ₹10,00,000 commenced in Jan 2025.

Material - 24,000
Wages - 32,000
Plant - 20,000
Overheads - 15,500
Cash received on account of the contract up to 31/12/2025 was ₹ 48,000, being 80% of work certified.
The value of materials in hand was ₹ 2,500
The plant had undergone 10% depreciation

Prepare Contract A/c.

5. A transport company is running a fleet of 6 buses between two towns, 75 Kms. Apart seating capacity of each bus is 40 passengers. The following information is available for the month of June 2025

Wages of the driver	₹ 3600
Salaries of office and other staff	₹ 1500
Diesel and other oils	₹ 10,320
Repairs and Maintenance	₹ 1,200
Taxation insurance	₹ 2,400
Depreciation	₹ 3,900
Interest on capital	₹3,000

Actual passengers carried were 80% of the seating capacity. All the buses run on all the days of the month. Each bus makes one round trip per day.

6. What is Joint Cost? Explain the various methods of allocation of joint cost.

SECTION - C

Answer any **THREE** questions. Each question carries **FOURTEEN** marks. **(3X14=42)**

7. From the following figures prepare a Job cost sheet showing cost per unit and profit for the period.
   - Opening Stock of Raw Material- ₹20,000
   - Purchases of Materials- ₹ 1,00,000
   - Closing Stock of Raw Material- ₹10,000
   - Direct Wages- ₹60,000
   - Machine hours worked- 10,000
   - Machine hour rate -1.25
   - Office Overhead: 25% of works cost
   - Selling overheads: 2 per unit
   - Units produced: 6,000
   - Units sold: 4,000
   - Rate of Profit: 20% on selling price

8. T.K. Construction Ltd. is engaged on two contracts A and B during the year. The following particulars are obtained at the yearend (December 31):

Particulars	Contract A (₹)	Contract B (₹)
Date of commencement	April 1	September 1
Contract price	6,00,000	5,00,000
Materials issued	1,60,000	60,000
Materials returned	4,000	2,000
Materials at site (Dec. 31st)	22,000	8,000
Direct Labour	1,50,000	42,000
Direct expenses	66,000	35,000
Establishment expenses	25,000	7,000
Plant installed at cost	80,000	70,000
Value of plant (Dec. 31st)	65,000	64,000
Cost of contract not yet certified	23,000	10,000
Value of contract certified	4,20,000	1,35,000
Cash received from contractees	3,78,000	1,25,000
Architect's fees	2,000	1,000

During the period, materials amounting to ₹9,000 have been transferred from Contract A to Contract B. You are required to show: Contract Accounts, Contractees' Accounts, Extracts from the Balance Sheet as on December 31st, clearly showing the calculation of WIP

9. The following details are extracted from the costing records of an Oil Mill, for the period ending 31st December 2021. Purchase of 500 tons costs ₹ 2,00,000 (Copra). Production being 300, 250 and 248tons respectively.

Particulars	Crushing (₹)	Refining (₹)	Finishing (₹)
Direct Labour	2,500	1,000	1,500
Electric Power	600	360	240
Sundry Materials	100	2,000	-
Repairs	80	30	140
Steam	600	450	450
Factory Expenses	1,320	660	220
Cost of Casks	—	—	7,500
Sacks Sold	—	400	—

Additional Information: tons of copra residue sold for ₹ 11,000. Loss of weight in crushing process is 25 tons. 45 tons of by-product was got in refining process, valued at ₹ 6,750. Prepare all process accounts and show cost per unit.

10. The following information relates to a building contract for ₹10,00,000.

Particulars	2021 (₹)	2022 (₹)
Materials used	3,00,000	84,000
Direct wages	2,30,000	1,05,000
Direct expenses	22,000	10,000
Indirect expenses	6,000	1,400
Work certified	7,50,000	10,00,000
Work uncertified	8,000	-
Materials at site	5,000	7,000
Plant issued	14,000	2,000
Cash received from contractee	6,00,000	10,00,000

The value of plant at the end of 2021 and 2022 was ₹7,000 and ₹5,000 respectively. Prepare Contract Account and Contractee account for two years.

11. Work out an appropriate cost sheet and find the unit cost i.e., per passenger km, for the year 2024–25, for a fleet of passenger buses run by a transport company.

The following information is extracted from its books.

a) 5 passenger buses of ₹50,000; ₹1,20,000; ₹45,000; ₹55,000 and ₹80,000 respectively.
b) Yearly depreciation on vehicle 20% of cost.
c) Annual repair charges, maintenance and spare parts 80% of depreciation.
d) Wages of 10 drivers at ₹100 per month.
e) Wages of 20 cleaners at ₹50 per month.
f) Director's fees ₹400 per month.
g) Office establishment ₹1,000 per month.
h) License and taxes at ₹1,000 per month.
i) Realization by sale of old tyres and tubes ₹3,200 for every 6 months.
j) Yearly rate of interest is 4% on capital.
k) Diesel expense per annum is ₹20,000
l) 900 passengers were carried over 1,600 kms during the year.
m) Rent of six garages at ₹50 each per month