Roll No:

Date: __/__/____

St. Claret College

Autonomous, Bengaluru

UG END SEMESTER EXAMINATION-MAY 2026

B.COM IV SEMESTER

BC4225: COSTING METHODS

26

TIME: 3 hours. **MAX. MARKS: 80**

This paper contains FIVE printed pages and FOUR parts

Instructions:

1. **Verify and ensure that the question paper is completely printed.**
2. **Any discrepancies or questions about the exam paper must be reported to the COE within 1 hour after the examination.**
3. **Students must check the course title and course code before answering the questions.**

PART-A

Answer ALL questions. Each answer carries ONE mark. **[10x1=10]**

1. Printing press, Interior decorators are an example of which of the following costing?
   a) Contract Costing b) Job Costing c) Operating Costing d) Process Costing
2. .....is a costing method adopted when production consists of limited repetition and a definite number of articles are produced.
   a) Contract Costing b) Job Costing c) Operating Costing d) Batch Costing
3. Contract price is ₹1,50,000, and total work certified is ₹1,00,000. What portion of the notional profit can be transferred to the Profit and Loss account?
   a) 1/3 b) 2/3 c) NIL d) 100% of Notional Profit
4. The part of the work in progress which has been approved by the contractor's engineer is called
   a) Work in Progress b) Work uncertified c) Work certified d) Approved Contract
5. Distinct stages of manufacture in a pre-determined sequence are called
   a) Process b) batch c) by-product d) Primary stage
6. Losses arise due to chemical reactions; evaporation is defined as:
   a) Chemical loss b) Ordinary loss c) Abnormal loss d) Normal loss.
7. The joint cost can be apportioned by working backward from sales under which of the following circumstances?
   a) When the product is sold at the split-off point
   b) When the product is not sold at the split-off point
   c) When the product does not require any further processing
   d) Both a and c
8. Reverse Cost Method is also called
   a) Net Realizable Value b) Profit method c) Estimated Profit method d) Reverse Sales method

9. Calculate cost per passenger Km when Total cost= 4,32,000 and no of passenger Km is 8,64,000km
   a) 20 paise b) 30 paise c) 40 paise d) 50 paise
10. In which of the following sectors operating costing cannot be adopted
   a) Saloon b) Cinemas c) Computer Centers d) Garments

PART-B

Answer any THREE questions. Each answer carries EIGHT marks. **[3x 8= 24]**

11. Sampangi Ltd is committed to supplying 24,000 bearings per year to Polar Fans Ltd on a consistent daily basis. The estimated inventory holding cost is ₹0.10 per bearing each month, and the setup cost for each manufacturing run of bearings is ₹324. What is the optimal run size for the bearing manufacturer, and how frequently should production runs be made?

12. From the following information relating to Process A, prepare the Process Account, Normal Loss A\c and the Abnormal Loss/Gain Account. Materials introduced into the process: 10,000 units @ ₹1 each, Labour cost: ₹15,000, Overhead: ₹20,000, Normal loss: 10% and Actual output: 8,500 units. Sale of scrap is ₹2.5

13. The following particulars relate to a contract:

• Materials issued ₹85,000 • Wages ₹74,000 • Plant at cost ₹15,000 • Direct expenses ₹13,000 • Establishment charges ₹4,000 • Materials returned to store ₹500	• Cost of work certified ₹2,00,000 • Cost of work uncertified ₹4,500 • Materials on hand (31 December) ₹1,800 • Wages outstanding ₹2,500 • Value of plant (31 December) ₹10,000

Additional Information: Contract price = ₹2,60,000, Cash received = ₹1,95,000.
Prepare Contract A/c and Contractee A/c.

14. A transportation service company is running 4 buses between two cities, which are 200 miles apart. Each bus has a seating capacity of 50 passengers. The following particulars were obtained for October 2025. You are required to prepare an operating cost sheet and calculate the cost per passenger-mile.

Expenses:	**Additional Information:**
Wages of drivers, conductors and cleaners – ₹9,600 Salaries of office and supervisory staff – ₹4,000 Diesel and oils – ₹16,000 Repairs and maintenance – ₹3,200 Taxation and insurance – ₹6,400 Depreciation – ₹10,400 Interest and other charges – ₹8,000	Actual passengers carried = 80% of seating capacity All buses ran for 30 days Each bus made one round trip per day

15. A) Difference between By-products and Joint product.

B) Two products oil and grease are obtained in a crude form and require further processing at a cost of ₹5 for oil and ₹4 for grease per unit before sale. Assuming a net margin of 25% on cost, their sale prices are fixed at ₹13.75 and ₹8.75 per unit, respectively. During the period, the joint cost was ₹ 88,000 and the outputs were: Oil 8,000 units, Grease 6,000 units . Ascertain the joint cost per unit.

PART-C

Answer any THREE questions. Each answer carries TWELVE marks **[3 x 12 =36]**

16. A product is obtained after it passes through three distinct processes. You are required to prepare Process A\c, Normal loss A\c and abnormal loss or gain A\c from the following information:

Particulars	Process A	Process B	Process C
Materials	7,300	6,060	7,900
Direct wages	6,750	8,750	10,750
Direct expenses	940	840	750
Manufacturing expenses	3,375	4,375	5,375

Additional Information:2,000 units @ ₹10 per unit were introduced in Process A

Process	Actual Output (Units)	Normal Loss (%)	Scrap Value per Unit (₹)
A	1,880	5	5
B	1,690	10	10
C	1,530	10	15

17. A transport company operates two trucks. The following is the data regarding the monthly cost of operating them:

Particulars	**Truck A (₹)**	**Truck B (₹)**
Drivers' salaries	250	275
Cleaners' wages	150	160
Petrol	300	350
Oil	25	30
Garage rent	125	125
Taxes and Insurance	50	50
Depreciation	560	620
Expenses of supervision	100	100
Repairs	120	140
Overheads	40	40

Additional Information:

- Each truck carried 150 tonnes of goods during the month of November 2025.
- Distance covered: Truck A = 3,500 km Truck B = 5,000 km

Prepare an Operating Cost Sheet for November from the above data and ascertain the cost per tons km.

18. From the following information of Job No. 1314 and Job No. 1425. Prepare job cost sheet.

Particulars	Job No. 1314 (₹)	Job No. 1425(₹)
Direct materials	2,400	1,200
Materials received from stores	16,800	14,400
Direct wages	9,600	5,000
Other direct expenses	1,000	500

Additional Information:

- Production overheads are to be taken at 100% of direct wages.
- Administration overheads are to be taken at 20% of production cost.
- Sales of Job No. 1314 (completed) is ₹55,000.
- Job No. 1425 is under progress (ascertain only the total cost)

19. The following information relates to two contracts of K.P. Contractors in 2025. 80% of the work certified was paid by the contractee to the contractor.

Particulars	**Contract A (₹)**	**Contract B (₹)**
Materials sent to the site	1,70,698	1,46,534
Labour	1,48,750	1,37,046
Plant	30,000	25,000
Direct expenses	6,334	5,718
Establishment charges	8,252	7,704
Materials returned to the store	1,098	1,264
Work certified	3,90,000	2,90,000
Work uncertified	9,000	6,000
Materials at site (31-12-2025)	3,766	3,472
Wages accrued	4,800	4,200
Direct expenses accrued	480	360
Value of plant (31-12-2025)	22,000	19,000
Contract price	5,00,000	4,00,000

Prepare Contract Account and Contractee's A/c

20. In manufacturing the main product Z, a company processes the resulting waste material into two by-products B_1 and B_2. Using the method of working back from sales value to an estimated cost, you are required to prepare a statement of apportionment of joint cost and comparative Profit and Loss Statement of the 3 products by using reverse cost method. Total cost up to the separation point = ₹1,36,000

Particulars	Z (₹)	B_1 (₹)	B_2 (₹)
Sales (all production)	3,28,000	32,000	48,000
Costs after separation	—	9,600	14,400
Estimated net profit (% of sales)	—	20%	30%
Estimated selling expenses (% of sales)	20%	20%	20%

PART-D

Answer the following question. It carries TEN marks **[1 x 10=10]**

21. ABC Constructions Ltd. entered into a contract to build a commercial complex on 1st January 2025. The contract price is ₹10,00,000. The following details are available for the year ending 31st December 2025:

• Materials sent to site = ₹2,50,000 • Labour paid = ₹2,00,000 • Plant installed = ₹1,00,000 • Direct expenses = ₹50,000 • Establishment charges = ₹40,000 • Work certified = ₹6,00,000 • Work uncertified = ₹50,000	• Materials returned to stores = ₹10,000 • Materials at site (closing) = ₹20,000 • Wages outstanding = ₹30,000 • Direct expenses outstanding = ₹5,000 • Value of plant on 31December = ₹80,000 • Cash received = 80% of work certified

ABC Constructions Ltd. is currently handling a large construction project. The management is reviewing the financial performance of the contract and is facing uncertainty in deciding how to treat profits of the incomplete contract. Based on the available data, assist ABC limited to take decisions.

a) ABC Constructions needs to decide how much profit from the ongoing contract should be recognized in the current year. As a cost accountant, advise the company on what portion of profit should be transferred to the Profit & Loss Account and what portion should be kept as reserve, giving suitable justification.

b) The management wants to understand the principles behind profit recognition in contract costing. State on what basis separate notional profit into profit and loss and reserve.

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