Q.P. Code: 32422

Fourth Semester B.Com. Degree Examination, May/June, 2026

(NEP Scheme)

COMMERCE

(NCD 0220) Costing Methods and Techniques

Time : 2 Hours Max. Marks : 60

Instructions to students:

1. **The students should legibly write section number along with question numbers.**
2. **The answers without section number and question numbers will not be valued.**
3. **Section - I Multiple choice questions should be answered in the first page of main answer book and some questions shall not be answered repeatedly.**
4. **Any identifications like marking, ticking, dots etc., in the options of MCQ Questions (Section-I) on the question paper is strictly prohibited. Do not write anything (except register number) on the question paper.**
5. **Ordinary calculator may be used.**

SECTION - I

I. Select the most appropriate answer from the options provided. ONE marks each. **(10x1=10)**

I-1. Contract costing usually applicable in _____

a) Textile mills b) Cement industries
c) Chemical industries d) Constructional works

I-2. Escalation clause aims at safeguarding the interest of the _____ against unforeseen rise in cost.

a) Contractor b) Contractee c) Builder d) Party

I-3. Unit cost is equal to _____

a) Total cost / Normal output b) Normal cost / Normal output
c) Normal output / Actual output d) Total cost / Total output

I-4. In process costing system loss might be _____.

a) Normal loss b) Abnormal loss
c) Both A & B d) None

I-5. 200 units were introduced in a process in which 20 units is the normal loss. If the actual output is 150 units, then there is: _____

a) No abnormal loss b) No abnormal gain
c) Abnormal loss of 30 units d) Abnormal gain of 30 units

I-6. The value of work certified ₹ 5,00,000, the cost of work to date ₹ 4,00,000, the cost of work uncertified ₹ 1,00,000, Notional profit is _____
a) ₹ 2,00,000 b) ₹ -1,00,000 c) Nil d) ₹ 1,00,000

I-7. Selling price per unit ₹ 10 ; variable cost ₹ 8 per unit ; Fixed cost ₹ 20,000 ; Break even sales in units are _____
a) ₹ 2,000 units b) ₹ 16,300 units
c) ₹ 10,000 units d) ₹ 2,500 units

I-8. Contribution margin is equal to _____
a) Profit + Variable cost b) Fixed cost + Profit
c) Sales - Fixed Cost d) Sales - Profit

I-9. No. of buses 4, days operated in a month 30 days, trip made by each bus 2, distance of route 100 kms apart. Total kms are _____
a) 32,000 kms b) 56,000 kms c) 48,000 kms d) 42,000 kms

I-10. Actual mix 20 kgs at Rs. 35 per kg and standard mix 40 kgs at Rs. 10 per kg, Material cost variance is _____
a) 200(A) b) 300(F) c) 300(A) d) 200(F)

SECTION - II

II. Answer any FIVE of the following questions. THREE marks each. (5x3=15)

II-1. Write short notes on : (a) Work - Certified (b) Work - Uncertified.

II-2. What is operating costing ? Name any five industries to which it is applicable.

II-3. Mention the advantages and disadvantages of process costing.

II-4. Calculate P/V ratio and the Break Even point from the following:

Sales	₹	5,00,000
Fixed Expenses	₹	1,00,000
Profit	₹	1,50,000

II-5. M/S Karthik Transport Co., runs the fleet of 4 buses between two cities from Bangalore to Mysore, which are 140 kms apart. Each bus makes 2 trips per day. The seating capacity of each bus is 50 passengers on an average passengers carried 80% of the capacity. All the buses operated 26 days in the month of June 2021.
Calculate the total passenger's kilometers.

II-6. A furniture company uses sunmica tops for tables. It provides the following data:

Standard quantity of sunmica per table	4 Sq ft.
Standard price per sq. ft of sunmica	₹ 5
Actual production of tables	1,000
Sunmica actually used	4,300 sq ft.
Actual price of sunmica per sq. ft.	₹ 5.50

Calculate Material cost variance (MCV)

II-7. Show how the work in progress is appear in the balance sheet.

Contract price	₹	20,00,000
Cash received (80% of work certified)	₹	10,80,000
Work uncertified	₹	1,20,000
Notional profit	₹	2,00,000

II-8. The fixed cost is ₹ 50,000, variable cost per unit ₹ 2 per unit, selling price per unit ₹ 10. Calculate selling price per unit BEP is 8,000 units.

SECTION - III

III. Answer any THREE of the following questions, FIVE marks each. **(3x5=15)**

III-1. State the difference between job costing and contract costing.

III-2. The following information is provided to you:

Selling price	₹ 40 per unit
Variable cost	₹ 24 per unit
Fixed cost	₹ 6 per unit
Profit	₹ 10 per unit

Present sales volume is 2,000 units. You are required to calculate:

a. P.V. Ratio

b. Break even sales in units as well as value.

III-3. Prepare process account I from the following:

Materials consumed 1,000 units	@ ₹ 200 per ton
Wages & overheads	26,000
Loss in weight	2% of total weight put in
Sale of scrap	55 of total weight put in @ Rs. 100 ton

Output transferred to next process 945 tons.

III-4. Write notes on:

(a) Normal Loss (b) Abnormal Loss

III-5. Calculate Total Kilometers and total passenger kilometers from the following information:

a. No. of buses	4 buses
b. No. of days operated	28 days
c. Distance covered	50 kms apart
d. Capacity	50 passengers
3. Passengers carried	75% capacity

SECTION - IV

IV. Answer the following questions. TEN marks each. **(2x10=20)**

IV-1. What is process costing ? State the features of process costing..

OR

Surya Construction Ltd. with a paid up share capital ₹ 40,00,000 undertook a contract to construct MIG apartments. The work commenced on the contract on 1st April 2009. The contract price was ₹ 60,00,000. Cash received on account of the contract upto 31st March 2010 was ₹ 18,00,000 (being 90% of work certified). Work completed but not certified was estimated at ₹ 1,00,000/-. As on 31st March 2010 materials at site was estimated at ₹ 30,000, machinery costing ₹ 2,00,000 was returned to stores on 31.03.2010 and wages outstanding were ₹ 5,000. Plant and Machinery at site to be depreciated at 5% p.a.

Trial Balance as on 31st March 2010 was as follows:

Particulars	Dr.(₹)	Cr. (₹)
Share Capital	-	40,00,000
Land & Building	23,00,000	-
Furniture	60,000	-
Cash at Bank	1,33,000	-
Contract A/c:		
Materials	14,00,000	-
Wages	2,50,000	-
Plant & Machinery	15,00,000	-
Fuel & Power	1,25,000	-
Direct expenses	5,000	-
Office expenses	12,000	-
Rates & Taxes	15,000	-
Cash received (Being 90% of work certified)	-	18,00,000
	58,00,000	**58,00,000**

Prepare contract account.

IV-2. The sales and profit for two years are given below:

Year	Sales (₹)	Profit (₹)
2011	1,50,000	20,000
2012	1,70,000	25,000

Calculate:

a) P/V ratio
b) Breakeven point
c) Fixed Cost
d) The sales required to earn a profit of ₹ 40,000
e) The profit made when sales are ₹ 2,50,000
f) Margin of safety at a profit of ₹ 50,000

OR

What is standard costing ? Discuss its advantages and limitations.

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