

Dr. Babasaheb Ambedkar Open University

Term End Examination July -2026

Course	: Diploma Course	Date	: 07/07/2026
Subject Code	: DACA-02	Time	: 11:30am to 01:45pm
Subject Name	: Various Forms of Costing	Duration	: 02.15 Hours
		Max. Marks	: 70

Q-1 Explain Process Costing in detail **14**

OR

From the following data, prepare a production statement of the Kajal stoves Ltd. for the current year ending March 31:

Opening materials inventory	Rs 70,000
Closing materials inventory	9,800
Purchase of materials	1,05,000
Factory wages	1,90,000
Factory expenses	35,000
Establishment expenses	20,000
Opening finished inventory	Nil
Closing finished inventory	70,000
Sales	3,78,000

The number of stoves manufactured during the year was 8,000. The company wants to quote for the supply of 2,000 stoves for the coming year. The stoves to be quoted are similar to those in the current year but cost of materials is expected to increase by 10 per cent and factory labour by 20 per cent.

Prepare a statement showing the price to be quoted so as to give the same percentage of profit on turnover as was realised during the current year assuming that other costs will be the same as in the previous year.

Q-2 Explain Contract Costing in detail **14**

OR

The Ramdev Ltd. produces a product that goes through three processing centres for mixing, moulding and finishing. During January, the following activity took place in the mixing process centre.

Detail	Materials		Processing	
	Kgs	Percentage completed	Kgs	Percentage completed
Opening stock	500	90	500	50
Weight of raw material issued to producing centre	9,000	-	9,000	-
Completed during the period and transferred to moulding	9,300	-	9,300	-
Closing stock	200	40	200	10

The following costs were collected from the mixing processing centre during the month: Materials, Rs 4,46,500; Processing costs, Rs 8,16,300 and Total, Rs 12,62,800. You are required to compute:

- Output for January, (in equivalent units of production) in the mixing centre;
- Unit cost for the mixing processing centre; and
- Material input cost per kg for the material transferred from the mixing centre to the moulding centre.

Q-3 Explain Singal or output Costing in detail **14**

OR

Anup, a practising chartered accountant now spends Rs 0.90 per km on taxi fare for his client's work. He is considering two other alternatives: the purchase of a new small car or an old big car. The estimated costs figure are:

Detail	New small car	Big old car
Purchase price	Rs 35,000	Rs 20,000
Sale price of car after 5 years	19,000	12,000
Repairs and servicing per year	1,000	1,200
Taxes and insurance per year	1,700	700
Petrol price per litre	3	3
Petrol consumption (kms/litre)	10	7

He estimates that he covers 10,000 kms annually. Which of these alternatives will be cheaper? If his practice expands and he has to cover 19,000 kms per annum, what should be his decision?

Q-4 Explain job Costing in detail

14

OR

From the following data calculate the cost per km of a vehicle for Janab Transport Ltd.

Value of vehicle	Rs 15,000
Road license for the year	500
Insurance charges per year	100
Garage rent per year	600
Driver's wages per month:	200
Cost of petrol per litre:	0.80
Proportional charge for tyre and maintenance per km:	0.20
Estimated life (kms):	1,50,000
Estimated annual mileage (kms):	6,000
Petrol consumption (kms/litre):	8

Q-5 (A) Short notes (Any three)

09

1. Explain Batch costing
2. Explain FIFO method
3. Explain Weighted Average cost method
4. Explain Escalation Clause
5. Write proforma of Contract account

(B) Choose the correct option for the questions given below and write the answer.

05

1. In which type of industries is Single or Output Costing primarily used?
 - (A) Industries where distinct jobs are performed according to customer specifications.
 - (B) Industries engaged in manufacturing exclusively one homogeneous product or a few grades of the same product.
 - (C) Industries that provide standardized services rather than goods.
 - (D) Industries that undertake long-duration construction contracts.
2. What is the main objective of Job Costing?
 - (A) To determine the cost of a continuous, mass-production process.
 - (B) To accumulate costs for a large, identical group of products produced as a batch.
 - (C) To determine the cost of a specific job undertaken according to a customer's special requirements.
 - (D) To track the average operation cost of a service rendering industry.

3. Which costing method is applied in service industries such as transport undertakings, electricity boards, and hospitals?
- (A) Process Costing (B) Job Costing
(C) Operating Costing (D) Batch Costing
4. Which specialized costing system applies to construction works and orders that are of a long duration?
- (A) Contract Costing (B) Operation Costing
(C) Output Costing (D) Batch Costing
5. Which costing system refers to the procedure of determining the average unit cost when a product passes through more than one stage of manufacturing?
- (A) Job Costing (B) Process Costing
(C) Single Costing (D) Contract Costing
