



GOA UNIVERSITY
B.Com Semester - V (CBCS)
Subject Name: Cost Accounting

Paper Title: **Cost Accounting: Major I**

Paper Code: **UCOD102**

Duration: **2:00** Hours

Total Marks: **80**

- Instructions:** 1. Question No. 1 is compulsory
 2. Answer any three questions from Question No. 2 to Question No. 6
 3. Figures to the right indicate marks

- Q.1** Two components, A and B, are used in AB Industries Ltd. for manufacturing a final product 'XEE' as follows: **(20 Marks)**

	Component A	Component B
Normal Usage (in units)	1500	1500
Maximum Usage (in units)	2250	2250
Minimum Usage (in units)	750	750
Re-Order Quantity (in units)	9000	15000
Re-Order period (in months)	4 to 6	2 to 4

Calculate the following stock levels for Component A and Component B:

- Re-order Level
- Maximum Level
- Minimum Level
- Average Stock Level

- Q.2. A.** A quotation is received from a supplier for the supply of Material P used in the production of Product 'A' in a company. The following are the details given in the quotation. **(10 Marks)**

The lot price for 9000 kgs is Rs. 5 per kg.
 The lot price for 12000 kgs is Rs. 4.50 per kg.
 The lot price for 20000 kgs is Rs. 4 per kg.

Trade discount is 20%, and cash discount is 5% if the payment is made within 15 days of the purchase.

One container is required for every 1000 kg of the material, and containers are charged at Rs. 100 each but credited Rs. 90 if returned within three months. Transportation charges for one order are Rs. 3570, and store charges are Rs. 400.

Calculate the material cost and cost per kg of material for 12000 kg of material when ordered by the manufacturing company.

- B.** What are the steps for the installation of a cost accounting system? **(10 Marks)**

Q. 3 From the following transactions, prepare a Store Ledger Account, using the First-In-First-Out (FIFO) method and the Last-In-First-Out (LIFO) method for the month of March 2025. **(20 Marks)**

March 2 Purchased 2500 units at Rs. 2.00 per unit
March 5 Purchased 750 units at Rs. 3.00 per unit
March 9 Issued 850 units
March 12 Purchased 1500 units at Rs. 6.00 per unit
March 15 Issued 650 units
March 18 Issued 450 units
March 20 Purchased 2500 units at Rs. 5.00 per unit
March 25 Purchased 750 units at Rs. 4.00 per unit
March 27 Issued 1450 units
March 30 Issued 350 units

Q. 4. A. What is cost accounting? Explain the role of cost accounting in managerial decisions. **(10 marks)**

B. What is material control? What are the essentials of material control? **(10 Marks)**

Q.5. A. The following is the record of receipts and issues of material for the month of May 2025. Prepare a Store Ledger Account using the Market Price Method. **(10 Marks)**

May 1 Opening balance 400 units at Rs. 70 per unit
May 5 Purchases 600 units at Rs. 80 per unit
May 7 Issues 100 units (Market price Rs. 76 per unit)
May 9 Purchases 300 units at Rs. 75 per unit
May 15 Purchases 600 units at 80 per unit
May 18 Issues 500 units (Market price Rs. 72 per unit)
May 20 Issues 300 units (Market price Rs. 81 per unit)
May 24 Purchases 400 units at Rs. 60 per unit
May 26 Purchases 200 units at Rs. 85 per unit
May 30 Issues 400 units (Market price Rs. 74 per unit)

B. From the following information relating to XY company, calculate the economic order quantity for product X and product Y. **(10 Marks)**

	X	Y
Quarterly consumption	75000 units	50000 units
Purchase price	Rs. 3 per unit	Rs. 100 per unit
Ordering cost is	Rs. 20 per unit	Rs.. 100 per unit
Carrying cost of inventory	25%	9%

Q. 6 Write short notes on (Any Four) **(20 Marks)**

A. Importance of cost accounting
B. Types of materials
C. Perpetual inventory system.
D. Accounting treatment of scrap
E. Average cost method of pricing issue.