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T.Y. B.Com. (CBCS) (Semester -V)
EXAMINATION NOVEMBER 2022
Major I: Cost Accounting –I

[Duration : 2 Hours]

[Total Marks : 80]

Instructions:

- 1) Question number **One** is compulsory.
- 2) All questions carry equal marks and figures to the right indicate maximum marks allotted to Questions/sub questions.
- 3) Answer any Three Questions from Question No. 2 to Question No. 6.

Q.1 Enrich Colors Limited from Usgao Industrial Estate, Manufactures Car Oil Paints as one of its products. They use two types of materials namely, Thinner and Dyes for this product. The weekly data with regards to the stock is made available to you as under. **(20 Marks)**

| Particulars | Thinner | Dyes |
|------------------------------|---------|--------|
| Normal usage (in liters) | 200 | 300 |
| Minimum usage (in liters) | 600 | 400 |
| Maximum usage (in liters) | 300 | 300 |
| Reorder quantity (in liters) | 450 | 560 |
| Reorder period (in weeks) | 1 to 3 | 2 to 4 |

Calculate for Thinner and Dyes used above, the following stock levels.

1. Reorder stock level
2. Minimum stock level
3. Maximum stock level
4. Average stock level

Q.2 a) A company named "Whiskers", is a pet food producing unit in Goa. It received a quotation **(10 Marks)** from a supplier of processed fish, which provides the following details about the supply.

The Lot Price for less than 4000 kilos is Rs. 12/- Per kilo.

The Lot Price for 4000 upto 10000 kilos is Rs. 10/- per kilo.

The Lot Price for more than 10000 kilos is Rs. 8/- Per kilo.

Transportation charges per order are Rs. 3500/- and Stores charges are Rs. 800/- per order.

Trade Discount is 15%. Cash Discount is 5% if payment is made within 15 days of the purchase.

A single container is required for every 1000 kilo of the material. Containers are charged at Rs. 350/- each. If the containers are returned within two months of purchases, a refund of Rs. 250/- is given to the client.

Calculate the material cost for 8000/- units of material ordered by a manufacturing company. Assume that the containers are returned after a month from the date of purchase of this

material and all the payments are settled before 15 days. Also calculate per unit cost of material.

b) Explain the Decentralized material purchase system. What are the merits and demerits associated with the Decentralized material purchase system? (10 Marks)

Q.3 Following are the receipts and issues of stock of flour in a food processing unit during the month of October, 2019. You are required to prepare stores ledger using FIFO and Simple Average Method. (20 Marks)

October 1st Opening balance of stock, 1200 KG @ Rs. 150/- per KG.

October 6th Issued stock, 1020 KG.

October 15th Purchased stock, 1250 KG @ Rs. 180/- per KG.

October 19th Issued stock, 1120 KG.

October 21st Purchased stock, 1500 KG @ Rs. 170/- per KG.

October 25th Issued stock, 850 KG.

October 30th Issued stock, 400 KG.

October 31st Purchased stock, 1180 KG @ Rs. 175/- per KG.

Q.4 (A) Explain the various objectives of cost accounting. (10 Marks)

(B) Differentiate between cost accounting and financial accounting. (10 Marks)

Q.5 A) The following transactions took place in regards to the material used to manufacture the steel plates during the month of September, 2019. Using the highest in first out method, prepare the stock register for this material. (10 Marks)

September 1, 2019 - opening balance , 200 tons @ 20/- per ton.

September 4, 2019 - purchased 400 tons @40/ per ton.

September 5, 2019 - issued 250 tons.

September 10, 2019 - purchased 500 tons @ 48/ per ton.

September 15, 2019 - issued 450 tons.

September 20, 2019 - purchased 300 tons @ 50/ per ton.

September 25, 2019 - purchased 600 tons @ 52/ per ton.

September 30, 2019-issued 650 tons.

B) Calculate the EOQ from the below given details with regards to two different materials used by a company. (10 Marks)

| Particulars | Material 'A' | Material 'B' |
|----------------------------------|--------------|--------------|
| Quarterly consumption (in units) | 35000 | 40000 |
| Purchase Price in rupees) | 15/- | 14/- |
| Ordering cost in rupees) | 200/- | 250/- |
| Carrying cost of inventory | 25% of cost | 20% of cost |

Q.6 Write short notes on Any Four from the below given.

(4*5 = 20)

- 1) Significance of cost accounting
- 2) Advantages of centralized purchase system
- 3) ABC method of stores control
- 4) Market price method of pricing
- 5) Functions of costing
- 6) Perpetual inventory control system