**M.E.S. COLLEGE OF ARTS & COMMERCE, ZUARINAGAR - GOA**

**B.Com (CBCS) Semester V End (Regular & Repeat) Examination, February 2022**

**DSE- I COST ACCOUNTING-Major I**

**Cost Accounting I (UCOD102)**

*INSTRUCTIONS: 1) Q1 is compulsory*

*2) Answer any three questions from Q2 to Q6*

*3) All Questions carry equal marks*

*4) Figures to the right indicate marks*

**Duration: 2 Hours Max. Marks: 80**

**Q 1**-Timex Watches Ltd. use two types of materials A and B for production of XY the final product. The relevant monthly data for the components are given below: **(20)**

|  |  |  |
| --- | --- | --- |
|  | A | B |
| Normal usage (in units)  Minimum usage (in units)  Maximum usage (in units)  Re - order quantity  Re- order period (in months) | 200  100  300  750  2 to 3 | 150  100  250  900  3 to 4 |

Calculate for each component:

1. Reorder Level
2. Minimum Level
3. Maximum Level
4. Average Stock Level

**Q.2A**) The following details are available in respect of a consignment of 1250 kg of Material

COAL QUALITY B of Verna Industrial Company. **(10)**

a. Invoice price including (GST – Rs 7)= Rs 27 per kg

b. Trade discount – 10 % on invoice price

c. Insurance – 1% of Aggregate Net Price

d. Delivery Charges- Rs 250

e. Cost of Container at Rs 60/- container for 50 kg of material

Rebate is allowed at Rs 40/- container if returned within 6 weeks, which is a normal feature.

f. One container load of materials was rejected on inspection and not accepted

g. Cost of unloading and handling at 0.25% of the cost of materials ultimately accepted.

- On the basis of the above, find out the Landed Cost of per kg of Material X

**B.** Explain the Purchase Procedure made by a Purchase Department. **(10)**

**Q 3 A)** The Complete Gardener is deciding on the EOQ for two brands of Lawn Fertilizer: Super

Grow and Nature Grow. **(05**)

Following information is collected.

|  |  |  |
| --- | --- | --- |
|  | SUPER GROW | NATURE GROW |
| Annual demand | 2,000 bags | 1,280 bags |
| Ordering cost per purchase order | Rs1,200 | Rs 1,400 |
| Annual Carrying cost per bag | Rs 480 | Rs 560 |

Compute EOQ for both the products and the number of deliveries per year for Super Grow and Nature Grow

**B)** Explain the concept of ABC Analysis as a technique of Inventory control. **(10)**

**C)** Write a note on Perpetual Inventory System  **(05)**

**Q4.A)** Explain the role of Cost Accounting in Managerial decisions. (**10)**

**B)** Briefly give Objectives and Limitations of Cost Accounting. **(10)**

**Q5**. The following particulars are extracted on respect of Material P. Prepare a Stores Ledger account pricing the material issue on the basis of LIFO Method and Weighted Average Method. **(20)**

|  |  |  |
| --- | --- | --- |
| RECEIPTS | | |
| 1 October 2020 | Opening Stock | 2000 units @ 3.50 P.U |
| 3 October 2020 | Purchased | 3000 units @ 4 P.U |
| 13 October 2020 | Purchased | 9000 units @ 4.30 P.U |
| 23 October 2020 | Purchased | 6000 units @ 3.80 P.U |

|  |  |  |
| --- | --- | --- |
| ISSUES | | |
| 5 October 2020 | Issues | 4000 units |
| 15 October 2020 | Issues | 6000 units |
| 25 October 2020 | Issues | 6000 units |

**Q 6** Write short notes on - **(4X5 =20)**

**a)** HIFO method of pricing the materials

**b)** Accounting for Spoilage

**c)** Centralised Purchasing

**d)** Cost Centre