

**SARASWAT VIDYALAYA'S
SRIDORA CACULO COLLEGE OF COMMERCE & MANAGEMENT STUDIES
KHORLIM, MAPUSA-GOA.**

B.COM FIFTH SEMESTER END EXAMINATION JANUARY, 2022

w.e.f 2019-20 CBCS

COST ACCOUNTING MAJOR I : COST ACCOUNTING I

DURATION: 2 HOURS

MAX MARKS: 80

INSTRUCTIONS:

- 1) *Question No.1 is compulsory.*
- 2) *Attempt Any Three questions from Question No.2 to Question No.6.*
- 3) *Each question carries 20 marks.*
- 4) *Give working notes wherever necessary.*

Q.1) M/s Air Cool Services Ltd, Verna manufacturing of Air Coolers give the following information in respect of two components namely *A* and *B* used in the manufacturing process

| | | |
|------------------|----------------------|-----------------|
| Normal Usage | : 200 units per week | |
| Maximum Usage | : 300 units per week | |
| Minimum Usage | : 100 units per week | |
| Reorder Quantity | : A- 1600 units | B- 2400 units |
| Reorder Period | : A- 2 to 4 weeks | B- 1 to 2 weeks |

Calculate for both *A* and *B* components:

- 1) Reorder Level
- 2) Minimum Stock Level
- 3) Maximum Stock Level
- 4) Average Stock Level **(20)**

Q.2) (A) Distinguish between Financial Accounting and Cost Accounting **(10)**

(B) Explain the various classification of cost in detail. **(10)**

Q.3) From the following Receipts and Issues of manufacturing company during the month of January 2021, prepare the store ledger using **FIFO Method** and **Weighted Average Method**

| | | |
|--------------|-----------------|--------------------------------|
| 1st January | Opening Balance | 2,000 units @ Rs. 4 per unit |
| 3rd January | Received | 250 units @ Rs 5 per unit |
| 6th January | Issued | 1,000 units |
| 8th January | Received | 3,000 units @ Rs 6 per unit |
| 12th January | Issued | 2,000 units |
| 15th January | Issued | 500 units |
| 20th January | Issued | 1,000 units |
| 25th January | Received | 2,250 units @ Rs 5.50 per unit |

On 29th January stock verifier found the shortage of 200 units **(20)**

Q.4)(A) Following quotation is received from supplier in respect of material ZEN

| <u>Lot Size</u> | <u>Rate per Kg</u> |
|-----------------|--------------------|
| 100 Kg | Rs 5 |
| 500 Kg | Rs 4.50 |
| 1000 Kg | Rs 4 |

Trade discount 20% and Cash discount 5% are allowed if payment is made within 15 days. One container is required for every 100 Kg of the material and containers are charged at Rs 10 each but credited as Rs 9 if returned within 3 months

Transportation charges is Rs 50 and storage charges is Rs 15.

Calculate the material cost for 500 Kg and per Kg cost of material when the purchaser decides to purchase 500 Kg of the material. **(10)**

(B) Explain in detail the material purchase procedure. **(10)**

Q.5)(A) The following transaction took place during the month of April 2021 relating to Material 'A-61'.

| | | |
|------------|-----------|----------------------------|
| 1st April | Purchased | 500 units @ Rs 22 per unit |
| 8th April | Purchased | 200 units @ Rs 25 per unit |
| 15th April | Issued | 100 units |
| 18th April | Purchased | 400 units @ Rs 20 per unit |
| 20th April | Issued | 400 units |
| 21st April | Issued | 150 units |
| 23rd April | Issued | 200 units |
| 25th April | Purchased | 250 units @ Rs 15 per unit |

Prepare store ledger account using **Highest In First Out Method (HIFO)** (10)

(B) (i) From the following information, calculate the EOQ using formula method (05)

| | |
|--------------------------|------------------|
| Annual Consumption | : 4,000 units |
| Cost of placing an order | : Rs 250 |
| Cost of material | : Rs 20 per unit |
| Annual carrying cost | : 10% |

(ii) Explain Carrying Cost. (05)

Q.6) Write short notes on **ANY FOUR** (20)

- 1) Advantages of Cost Accounting
- 2) Accounting for Spoilage
- 3) Classification & Codification of materials
- 4) ABC method of stores control
- 5) LIFO method of pricing
- 6) Essentials of material control