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**T.Y.B.Com. Courses (CBCS) Ordinance (Semester-V)**  
**EXAMINATION OCTOBER 2019**  
**Cost Accounting Major I - Cost Accounting I**

[Duration : Two Hours]

[Max. 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 Questions No.2 to Question No.6

Q.1 United Motors Limited from Verna Industrial Estate Manufactures table fans as one of its products. They use two types of materials namely, Super and Deluxe for this product. The monthly data with regards to the stock is made available to you as under. **(20 marks)**

Particulars	Super	Deluxe
Normal usage (in units)	200	150
Minimum usage (in units)	100	100
Maximum usage (in units)	300	250
Reorder quantity (in units)	750	900
Reorder period (in months)	2 to 3	3 to 4

Calculate for Super and Deluxe Material 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 quotation is received from a supplier for the supply of new packing material used by a mobile manufacturing company. Following are the details given in the quotation.

The Lot Price for 1000 units is Rs.5/- Per Unit.

The Lot Price for 6000 units is Rs.4.50/- Per Unit.

The Lot Price for 10000 units is Rs.4/- Per Unit.

Transportation charges per order are Rs.1340/- and Stores charges are Rs.400 per order.

Trade Discount is 20%. Cash Discount is 5% if payment is made within 15 days of the purchase.

A single container is required for every 1000 units of the material. Containers are charged at Rs.100/- each. If the containers are returned within three months of purchases, a refund of Rs.90/- is given to the client.

Calculate the material cost for 6000/- units of material ordered by the mobile manufacturing company. Assume that the containers are returned after a week from the date of purchase of this material however the payments are settled after three months.

(10 marks)

b) Elaborate the material purchase procedure in detail.

(10 marks)

- Q.3 Following are the receipts and issues of teak wood in a furniture manufacturing company during the half-month of October, 2019. You are required to prepare stores ledger using LIFO and FIFO method.

(20 marks)

October 1<sup>st</sup> Opening balance of stock, 200 tons @ Rs.460/- per ton.  
October 4<sup>th</sup> Issued stock, 140 tons.  
October 6<sup>th</sup> Purchased stock, 350 tons @ Rs.480/- per ton.  
October 9<sup>th</sup> Issued stock, 120 tons.  
October 11<sup>th</sup> Purchased stock, 250 tons @ Rs.470/- per ton.  
October 12<sup>th</sup> Issued stock, 120 tons.  
October 13<sup>th</sup> Issued stock, 100 tons.  
October 14<sup>th</sup> Purchased stock, 180 tons @ Rs.450/- per ton.  
October 15<sup>th</sup> Issued stock, 100 tons

- Q.4 (A) Explain the various cost classifications in detail.

(10 marks)

(B) What are the advantages and limitations of cost accounting?

(10 marks)

- Q.5 (A) The following transactions took place in regards to the material used to manufacture car wheels during the month of September, 2019. Using the Standard price method, prepare the stock register for this material.

(10 marks)

September 1, 2019 – opening balance, 500 tons @ 80/- per ton.  
September 4, 2019 – purchased 400 tons @ 82/ per ton.  
September 5, 2019 – issued 550 tons.  
September 10, 2019 – purchased 600 tons @ 85/ per ton.  
September 15, 2019 – issued 650 tons.  
September 20, 2019 – purchased 350 tons @ 90/ per ton.  
September 25, 2019 – purchased 400 tons @ 92/ per ton.  
September 30, 2019 – issued 650 tons.

The standard price to be considered is Rs.100/- per ton.

(B) What is EOQ? How EOQ is calculated and what is the significance of EOQ? (10 marks)

Q.6 Write short notes on **Any Four** from the below given. (4\*5=20marks)

- 1) Objectives of cost accounting
- 2) Accounting procedure for defectives
- 3) Functions of storekeeper
- 4) Bin card
- 5) Advantages of FIFO method of pricing
- 6) Advantages of material control