

Q. 3. Write Short notes on (Any Three)**(15)**

1. Benefits of Cost Accounting
2. Fixed Cost v/s Variable Cost
3. Tender
4. Stock Levels
5. Purchase Procedure

Q. 4. Answer in detail (Any Two)**(20)**

1. The following information prepare a cost sheet for the year ended 31st March 2023.

Particulars	Amt.Rs.
Cost Direct Material	2,00,000
Sales	4,00,000
Direct Wages	1,00,000
Office Indirect Materials	5,000
Cost of special patterns	40,000
Postage and Telegrams	2,000
Factory Rent and Insurance	5,000
Outstanding Chargeable Expenses	2,000
Carriage Outward	2,500
Interest on Loan	2,150
Printing and Stationery	500
Factory Indirect Wages	3,000
Selling on cost	4,000
Travelling salesman's salary	4,000
Factory Indirect Material	1,000
Royalties	8,000
General Works Overheads	2,000
Bad debts written off	1,000

2. From the following calculate a) Reorder Level b) Maximum Level c) Minimum Level d) Average Level e) Danger Level
Maximum days required for emergency purchases : 4 days
Ordering Quantity : 200 units

	Lead Time in days	Consumption per day
Average	10	15
Maximum	15	20
Minimum	6	10

3. Explain in detail the purchase procedure of materials along with the various documents prepared at each stage.

Q. 5. Case study

(15)

VIVAN & Company is engaged in manufacturing components required for three and four wheeler vehicles. The company purchases raw material from local market and stores the same in its warehouse. It keeps adequate stock to ensure smooth production operations. In July, due to sudden urgent order, the inventory went out of stock at the end of the month. Following is the summarized information related to the raw material purchased by the company.

Aug	Particulars	Quantity	Rate
2	purchased	2000	1000
6	purchased	300	1200
9	issue	1200	----
10	purchased	200	1400
12	Returned back	1000	----
20	purchased	300	1100
29	issue	200	----

The internal auditors after conducting the audit for the first quarter have observed that the inventory records were not properly maintained by the company. The management of the company wants you, the accounts executive to maintain the inventory records properly. The management wants you to prepare the records under first in first out as well as weighted average method of preparing the stock.
