(C) ₹ 12,51,200

(D) ₹ 12,72,800

5. *Value of closing WIP*

(A) ₹ 31,096

(B) ₹ 31,044

(C) ₹ 30,940

(D) ₹ 28,340

Case Scenario-II

FW Limited manufactures various types of footwear and covers a considerable market share. The footwear made by company are stylish and durable. The management calls for an urgent meeting because it has come to their notice that two of their old permanent customers have moved on to its competitors.

Marketing Manager has stated that there are circumstances when company cannot fulfill the demand of their customers due to shortage of supply and this is the main reason for move on.

Production Manager has stated that production team is working efficiently but workers have to wait long enough for raw material which leads to idle time and low production.

The cost accounts department of FW Limited has furnished the following data for the component B :

Purchase Price	₹ 4,800 per unit
Trade Discount	2% of purchase price
Total duties (No Credit availed)	8% of purchase price
Insurance Charges	₹ 62,000 per year
Units purchased during the year	60,000 units
Opening Stock	5,000 units @ ₹ 5,150 per unit
Closing Stock	4,500 units

Usages per week		*Delivery period*	
Minimum	*1,050 units*	*Minimum*	*5 weeks*
Maximum	*1,200 units*	*Maximum*	*9 weeks*
Average	*1,125 units*	*Average*	*7 weeks*

Lead time for emergency purchases is 2 weeks.

Additional Information :

- *Normal wastage during the storage is 80 units (no realizable value) and abnormal wastage is 40 units.*
- *Factory works for 365 days in a year.*

You are required to calculate the followings (MCQs 6 to 10):

6. *Calculate per unit cost of material by using Average Price Method.*

   (A) ₹ 5,100

   (B) ₹ 5,119

   (C) ₹ 5,094

   (D) ₹ 5,133

7. *Calculate minimum stock level.*

   (A) 10,800 units

   (B) 7,825 units

   (C) 5,250 units

   (D) 2,925 units

8. *What will be danger level of stock ?*

   (A) 2,400 units

   (B) 7,875 units

   (C) 2,250 units

   (D) 2,240 units

9. *Calculate average number of days (round off) for which average inventory level to be held.*

(A) 27 days

(B) 29 days

(C) 26 days

(D) 30 days

10. *Calculate amount of Abnormal Loss during storage to be transferred to Costing Profit & Loss Account (based on average price)*

(A) ₹ 2,04,000

(B) ₹ 2,04,760

(C) ₹ 2,03,760

(D) ₹ 2,05,320

11. *PS Limited is facing downfall in its demand. Marketing team has suggested to reduce the selling price by 5% to compete in the market. Variable cost is 76% of the current selling price.*

You are required to find out the PN Ratio after reducing the price by 5%

(A) 20%

(B) 24%

(C) 25.26%

(D) 19%

12. *In the automotive machine manufacturing sector, a component is manufactured. The Economic Order Quantity (EOQ) for the component is 1,500 units. The cost of placing an order is ₹ 100, and the carrying cost per annum is 10%. The cost per unit of component is ₹ 20.*

Calculate the annual demand for this specific automotive component.

(A) 45,500 units

(B) 75,000 units

(C) 36,000 units

(D) 22,500 units