

SEBI Grade A 2020 Live Quiz #2

Material Costing

Q1. Which of these is not a Material control technique:

- (a) ABC Analysis
- (b) Fixation of raw material levels
- (c) Maintaining stores ledger
- (d) Control over slow moving and non moving items



Q2. Economic order quantity is that quantity at which cost of holding and carrying inventory is:

- a) Maximum and equal
- b) Minimum and equal
- c) It can be maximum or minimum depending upon case to case.
- d) Minimum and unequal



$$\text{Economic Ordering Quantity} = \sqrt{\frac{2AO}{C}}$$

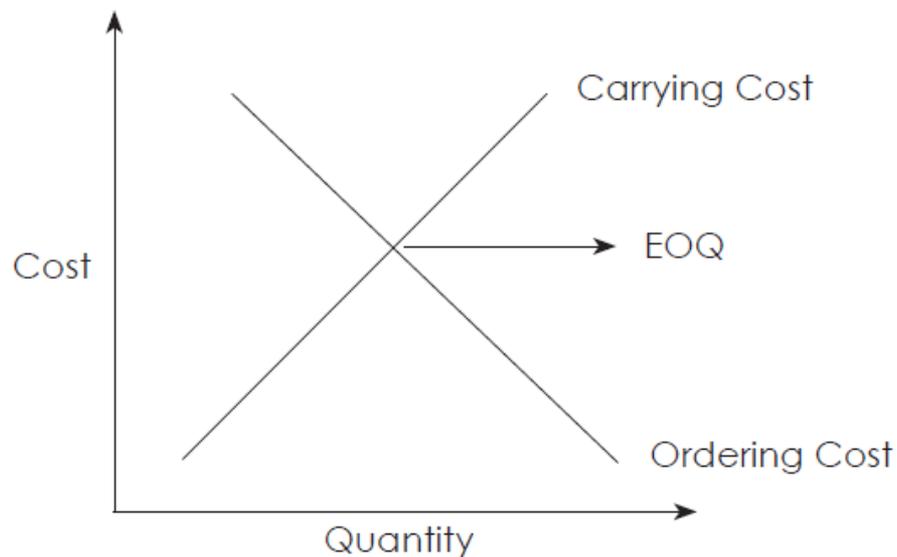
Where,

A = Annual demand /Consumption

O = Ordering Cost per order

C = Carrying Cost per unit per annum.

Graphical representation of EOQ:



Q.3. Calculate EOQ (approx.) from the following details:

Annual Consumption: 24000 units

Ordering cost: Rs. 10 per order

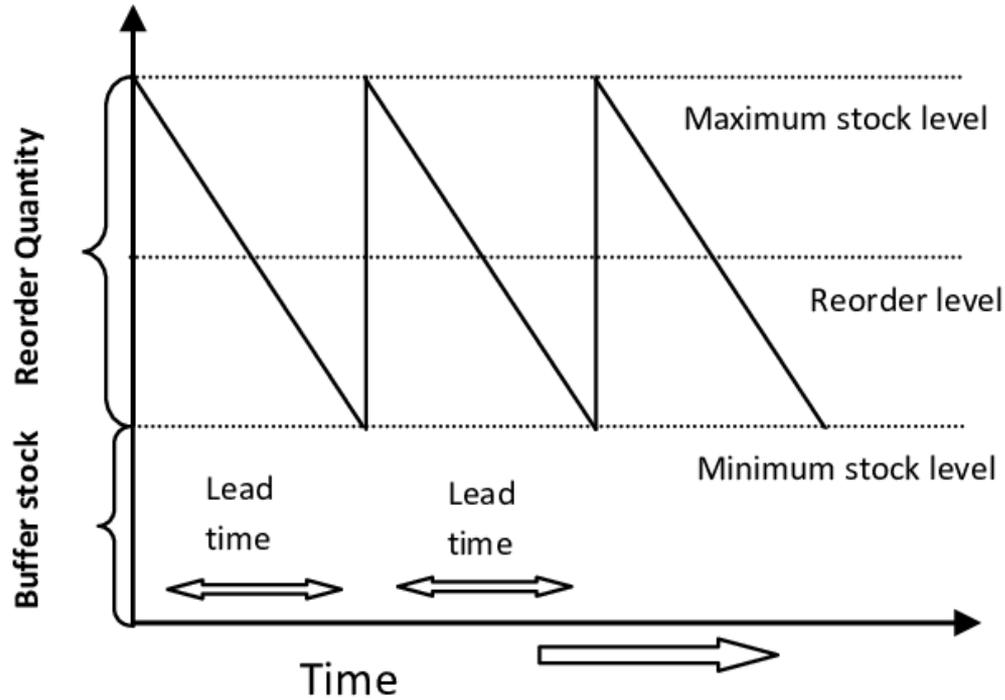
Purchase price: Rs. 100 per unit

Carrying cost: 5%

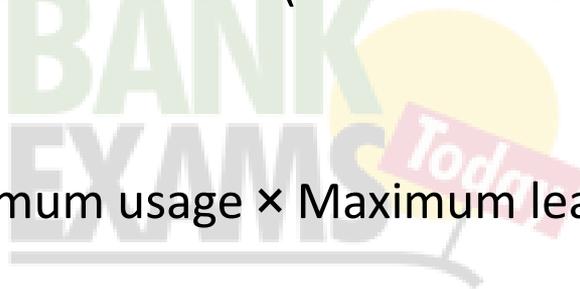
- a) 310
- b) 400
- c) 290
- d) 300



Control of the Stores



- **Maximum Level** = Re-Order Level + Re-Order Qty – (Minimum Rate of Consumption X Minimum Re- Order Period)
- **Minimum Level** = Re-Order level – (Normal Rate of Consumption X Normal Re-Order Period)
- **Reorder level** = (Maximum usage × Maximum lead time) + Safety stock



Q.4. Re-order level is calculated as:

- a) Maximum consumption x Maximum Lead period
- b) Minimum consumption x Maximum Lead period
- c) $1/2$ of (Minimum + Maximum consumption)
- d) Maximum level - Minimum level



Q.5. Calculate Re-order level from the following:

Consumption per week: 100-200 units

Delivery period: 14-28 days

- (a) 5600 units
- (b) 800 units
- (c) 1400 units
- (d) 200 units



Q.6. ABC analysis is an inventory control technique in which:

- a) Inventory levels are maintained
- b) Inventory is classified into A, B and C category with A being the highest quantity, lowest value.
- c) Inventory is classified into A, B and C Category with A being the lowest quantity, highest value
- d) Either b or c.



Q.7. Which one out of the following is not an inventory valuation method?

- a) FIFO
- b) LIFO
- c) Weighted Average
- d) EOQ

