

Section - B

[Question No. 1]

Q Write a short note on carrying cost and ordering cost?

Ans Ordering cost:

Ordering cost are the expenses incurred to create and process and order to a supplier. These costs are included in the determination-inventory item.

Examples are:

- Cost to prepare a purchase requisition

- DATE: / /
- Cost to prepare a purchase order. etc.

Carrying Cost :

Carrying Cost, also known as holding costs and inventory carrying costs, are the costs a business pays for holding inventory in stock.

A business can incur a variety of carrying costs including taxes, insurance, employee costs, depreciation, the cost of keeping items in shortage, the cost of replacing perishable items and opportunity costs.