

S.A JAIPURIA COLLEGE (MORNING)

SEM II- COST AND MANAGEMENT ACCOUNTING -1

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VALUES OF STOCK UNDER DIFFERENT METHODS OF PRICING MATERIAL ISSUES

1 The following details are supplied by JK Coporation in respect of the raw materials for Dec

Date	Receipts		Issues
	Units (Kg)	Price per unit (Rs.)	Units (Kg)
1.12.11 (op)	2000	5.00	
7.12.11	1000	6.00	
10.12.11			2500
15.12.11	2000	6.50	
31.12.11			2200

On 31.12.2011, a shortage of 100 units was found . Find out the values of closing stock on methods using :(i) FIFO, (ii) LIFO and (iii) Simple average method

Solution

STORES LEDGER ACCOUNT (FIFO METHOD)

Date	Receipts			Issues			QNTY (Kg)		
	G.R.NO.	QNTY (Kg)	Rate (Rs)	Amount	S.R.No.	QNTY (Kg)		Rate (Rs)	Amount
1.12.11								2000	
7.12.11		1000	6.00	6000				2000 1000	
10.12.11						2000 500	5.00 6.00	10000 3000	500
15.12.11		2000	6.50	13000					500 2000
31.12.11						500 1700	6.00 6.50	3000 11050	

31.12.11						100	6.50	650	200
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STORES LEDGER ACCOUNT (LIFO METHOD)

Date	Receipts				Issues				QNTY (Kg)
	G.R.NO.	QNTY (Kg)	Rate (Rs)	Amount	S.R.No.	QNTY (Kg)	Rate (Rs)	Amount	
1.12.11									2000
7.12.11		1000	6.00	6000					2000 1000
10.12.11						1000 1500	6.00 5.00	6000 7500	500
15.12.11		2000	6.50	13000					500 2000
31.12.11						2000 200	6.50 5.00	13000 1000	
31.12.11						100	5.00	500	200

STORES LEDGER ACCOUNT [SIMPLE AVERAGE METHOD(ASSUMING F

Date	Receipts				Issues				QNTY (Kg)
	G.R.NO.	QNTY (Kg)	Rate (Rs)	Amount	S.R.No.	QNTY (Kg)	Rate (Rs)	Amount	
1.12.11									2000
7.12.11		1000	6.00	6000					3000
10.12.11						2500	5.50	13750	500
15.12.11		2000	6.50	13000					2500
31.12.11						2000 100	6.25 6.50	13750 650	200

Notes :

1 Rate of stock issued on 10.12.2016 $6+5/2 = \text{Rs. } 5.50$

2 Rate of stock issued on 31.12.2016 $6+6.50/2 = \text{Rs. } 6.25$

3 Rate applied for shortage: Since the remaining lot of materials received on 7.12.11 has been on 31.12.2011. Valuation of shortage has been done @Rs.6.50 i.e. at the cost of the latest a

2 The following details are supplied by Maclin Coporation in respect of the raw materials fr

Date	Receipts		Issues
	Units (Kg)	Amount (Rs)	Units (Kg)
1.11.2011	1000(OP)	6000	
10.11.2011	500	3500	
15.11.2011			1200
20.11.2011	1000	8000	
30.11.2011			1100

On 30.11.2011, a shortage of 50 units was found . Find out the values of issues and closing Weighted Average Method

Solution

STORES LEDGER ACCOUNT [WEIGHTED AVERAGE METHOD]

Date	Receipts				Issues				
	G.R.NO.	QNTY (Kg)	Rate (Rs)	Amount	S.R.No.	QNTY (Kg)	Rate (Rs)	Amount	QNTY (Kg)
1.11.11									1000
10.11.11		500	7.00	3500					1500
15.11.11						1200	6.333	7600	300
20.11.11		1000	8.00	8000					1300
30.11.11						1100	7.615	8377	
						50	7.615	381	150

c 2011.

different

Balance		Remarks
Rate (Rs)	Amount	
5.00	10000	
5.00	10000	
6.00	6000	
6.00	3000	
6.00	3000	
6.50	13000	

6.50	1300	shortage
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Balance		Remarks
Rate (Rs)	Amount	
5.00	10000	
5.00	10000	
6.00	6000	
5.00	2500	
5.00	2500	
6.50	13000	
5.00	1000	shortage

IFO]]

Balance		Remarks
Rate (Rs)	Amount	
5.00	10000	
	16000	
	2250	
	15250	
4.25	850	Shortage

n issued
arrival.

or Nov 2011

; stock using

Balance		Remarks
Rate (Rs)	Amount	
6.00	6000	
6.333	9500	
6.333	1900	
7.615	9900	
7.613	1142	Shortage