



# RAMA UNIVERSITY

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**FACULTY OF COMMERCE AND MANAGEMENT**

**COURSE: MBA III SEM..**

**SUBJECT: WORKING CAPITAL MANAGEMENT**

**SUBJECT CODE: MBAFM02**

**LECTURE: 27**

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## LECTURE-27



### Last-in-First Out:

Under this method, it is assumed that the materials purchased are issued in the reverse order to FIFO, i.e., the last receipt is the first issue or the latest lots of inventories are exhausted first. In short, inventories are valued at earlier purchase price.

### Illustration:

In a factory, stores are issued and accounted for on LIFO method. If the stock of a particular material on 1st Jan. 1992 is 1,000 units valued at Rs. 5 per unit and the particulars of purchases and issues during the month of Jan. 1992 are as follows, prepare a statement showing how the value of issues should be arrived at:

### Solution:

#### Store Ledger Account LIFO Method

Name of Material -  
Specification -  
Code No -  
Unit of Measurement —

Bill No -  
Location -

Folio No -  
Maximum level -  
Minimum level -  
Re-ordering level -

Date	Receipts			Issues			Balance			Remarks		
	G.R. No.	Quantity	Rate	Amount	S.R. No.	Quantity	Rate	Amount	Quality		Rate	Amount
1992 Jan. 1.				Rs.				Rs.	1,000	5	5,000	
3.		200	5.5	1,100					1,000	5	5,000	
									200	5.5	1,100	
9.						200	5.5	1,000				
						800	5	4,000	200	5	1,000	
15.		1,400	6	8,400					200	5.5	1,100	
									1,400	6	8,400	
17.						1,000	6	6,000	200	5	1,000	
									400	6	2,400	
21.		800	6.5	5,200					200	5	1,000	
									400	6	2,400	
									800	6.5	5,200	
23.						800	6.5	5,200				
						200	6	1,200	200	5	1,000	
									200	6	1,200	