

CA Inter CMA - Version 2 Batch

Chapter 2 : Material Cost : Q. 41 - Page 52

Query : How we got present order size of 7,500 units ?

Solution :

Annual consumption is 30,000 units for one year i.e. 12 months.

At present company is ordering 3 month's consumption requirement.

For 12 months consumption you need 30,000 units then

For 3 months consumption, how much ? i.e. 7,500 units [$30,000 \times \frac{3}{12}$]