

Practice Test- 07 (Subjective)

Sampurna June 2024

Accounting

Time- 1 hour

Accounts from incomplete Records , Inventory

Date- 25-02-2024

Q 1 Mr. Prakash furnishes following information for his readymade garments business:

Receipts and Payments during 2022-23:

Receipts	Amount	Payments	Amount
Bank Balance as on 1-4-22	16,250	Payment to Sundry Creditors	3,43,000
Received from Sundry Debtors	4,81,000	Salaries	75,000
Cash sales	1,70,800	General Expenses	22,500
Capital brought in the business during the year	50,000	Rent and Taxes	11,800
Interest on Investment received	9,750	Drawings	96,000
		Cash Purchases	1,22,750
		Balance at Bank on 31-03-23	36,600
		Cash in hand on 31-03-23	20,150
	7,27,800		7,27,800

Particulars of other Assets and Liabilities are as follows:

	1st April, 2022	31st March, 2023
	(₹)	(₹)
Machinery	85,000	85,000
Furniture	24,500	24,500
Trade Debtors	1,55,000	?
Trade Creditors	60,200	?
Stock	38,600	55,700
12% Investment	85,000	85,000
Outstanding Salaries	12,000	14,000

Additional information:

1. 20% of Total sales and 20% of total purchases are in cash.
2. Of the Debtors, a sum of 7,200 should be written off as Bad debt and further a reserve for doubtful debts is to be provided @ 2%.
3. Provide depreciation @ 10% p.a. on Machinery and Furniture.

You are required to prepare Trading and Profit & Loss account for the year ended 31st March, 2023, and Balance Sheet as on that date.

(10 marks)

Q 2 Ramesh had ₹ 3,30,000 in the bank account on 1st January, 2021 when he started his business. He closed his accounts on 31st March, 2022. His single-entry books (in which he did not maintain any bank account for the bank) showed his position as follows:

Particulars	31.3.2021	31.3.2022
Stock	20,900	31,900
Debtors	1,100	3,200
Cash	2,200	3,300
Creditors	5,500	4,300

On and from 1st February, 2021, he began drawings at ₹ 770 per month for his personal expenses from the cash box of the business. His account with the bank had the following entries:

Particular	Deposits	Withdrawals
1.1.2021 to 31.3.2021	-	2,45,300
1.4.2021 to 31.3.2022	2,53,000	2,97,000

1. The above withdrawals included payment by cheque of ₹ 2,20,000 and ₹ 66,000 during the period from 1st January, 2021 to 31st March, 2021 and from 1st April, 2021 to 31st March, 2022 respectively for the purchase of Machines for the business.
2. The deposits after 1st January, 2021 consisted wholly of sale proceeds received from the customers by cheques.
3. One customer (Suresh) had directly deposited a cheque of ₹ 2,700 on 25th March, 2022 into bank account of Ramesh. Ramesh has no knowledge of this and this cheque is not included in the deposits for the period 1st April 2021 to 31st March 2022 given above.

You are required to draw up Ramesh's Statement of Affairs as at 31st March, 2021 and 31st March, 2022 respectively and work out his Profit or Loss for the year ended 31st March, 2021 and 31st March, 2022. **(10 marks)**

Q 3 A manufacturer has the following record of purchase of a condenser which he uses while manufacturing radio sets:

Purchases were as follows

Date	Quantity (Units)	Price per (Unit)
Dec-4	900	5.00
Dec-10	400	5.50
Dec-11	300	5.50
Dec-19	200	6.00
Dec-28	800	4.75
	2600	

Issues were made as follows

Date	Quantity (Units)
Dec-5	600
Dec-12	400
Dec-29	600

Value the closing stock under different methods . (10 Marks)

Q 4 (A) From the following information, ascertain the value of stock as on 31.3.2023:

	₹
Value of stock on 1.4.2022	11,00,000
Purchases during the period from 1.4.2022 to 31.3.2023	43,50,000
Manufacturing expenses during the above period	10,00,000
Sales during the same period	53,20,000

At the time of valuing stock on 31.3.2023 a sum of ₹60,000 was written off a particular item which was originally purchased for ₹1,50,000 and was sold for ₹1,60,000. But for the above transaction the gross profit earned during the year was 25% on cost. (5 Marks)

(B) Raj Ltd. prepared their accounts for the financial year ending on 31st March 2019. Due to unavoidable circumstances actual stock has been taken on 10th April 2019, when it was ascertained at ₹1,25,000. It has been found that;

(i) Sales are entered in the Sales Book on the day of dispatch and return inwards in the Returns Inward Book on the day of the goods received back.

(ii) Purchases are entered in the Purchase Book on the day the Invoices are received.

(iii) Sales between 1st April 2019 to 9th April 2019 amounting to ₹ 20,000 as per Sales Day Book.

(iv) Free samples for business promotion issued during 1st April 2019 to 9th April 2019 amounting to ₹4,000 at cost.

(v) Purchases during 1st April 2019 to 9th April 2019 amounting to ₹10,000 but goods amounting to ₹ 2,000 were not received till the date of stock taking.

(vi) Invoices for goods purchased amounting to Rs. 20,000 were entered on 28th March 2019 but the goods were not included in stock.

Rate of Gross Profit is 25% on cost.

Ascertain the value of Stock as on 31st March 2019.

(5 Marks)

Answer Key

Q1 Subjective
Q2 Subjective

Q3 Subjective
Q4 Subjective



Hints & Solutions

Note: scan the QR code to watch video solution

Q 1 Text Solution:

Trading and P & L A/c for the year ended 31/3/2023

Particulars	Amount	Particulars	Amount
To Opening Stock	38,600	By Sales	8,54,000
To Purchases	6,13,750	By Closing Stock	55,700
To Gross Profit c/d	2,57,350		
	9,09,700		9,09,700
To General Expenses	22,500	By Gross profit b/d	2,57,350
To Salaries (75,000+14,000-12,000)	77,000	By Interest on Investment (9750+450 Accrued)	10,200
To Rent & Taxes	11,800		
To Depreciation (Machinery)	8,500		
To Depreciation (Furniture)	2,450		
To Bad Debts	7,200		
To Provision for Doubtful Debts (3,50,000*2%)	7,000		
To Net Profit (Bal. Fig.)	1,31,100		
	2,67,550		2,67,550

Balance Sheet as at 31/3/2023

Liabilities	Amount	Assets	Amount
Creditors	2,08,200	Machinery	76,500
O/s Salaries	14,000	Furniture	22,050
Capital 3,32,150		Stock	55,700
Add Net Profit 1,31,110		Debtors 3,50,000	3,43,000
		Less: Provision (7,000)	
Add: Introduction 50,000		Cash	20,150
Less Drawings (96,000)	4,17,250	Bank	36,600
		12% Investment	85,000
		Accrued Interest on Investment	450
	6,39,450		6,39,450

Working Notes :

Cash Sales = 1,70,800 = 20% of total Total Sales = 1,70,800/20%
= 8,54,000

Credit Sales = 8,54,000 – 1,70,800 = 6,83,200

Cash Purchases = 1,22,750 = 20% of total Total Purchases =
1,22,750/20% = 6,13,750

Credit Purchases = 6,13,750 – 1,22,750 = 4,91,000

Debtors A/c

Particulars	Amount	Particulars	Amount
To Balance b/d	1,55,000	By Cash /Bank	4,81,000
To Credit Sales	6,83,200	By Bad Debts	7,200
		By Balance c/d (Bal Fig.)	3,50,000
	8,38,200		8,38,200

Creditors A/c

Particulars	Amount	Particulars	Amount
To Cash /Bank	3,43,000	By Balance b/d	60,200
To Balance c/d (Bal. fig.)	2,08,200	By Purchases	4,91,000
	5,51,200		5,51,200

Balance Sheet as at 1/4/2022

Liabilities	Amount	Assets	Amount
Creditors	60,200	Machinery	85,000
O/s Salaries	12,000	Furniture	24,500
Capital (Bal. Fig.)	3,32,150	Stock	38,600
		Debtors	1,55,000
		Cash & Bank	16,250
		12% Investment	85,000
	4,04,350		4,04,350

Q 2 Text Solution:

Statement of Affairs as on 31st March, 2021

Liabilities	₹	Assets	₹

Capital (bal. fig.)	3,23,400	Machinery	2,20,000
Sundry creditors	5,500	Inventory	20,900
		Debtors	1,100
		Cash at bank (W.N.1)	84,700
		Cash in hand	2,200
	3,28,900		3,28,900

Calculation of loss for 3 months (1.1.2021 to 31.3.2021)

	₹
Capital as on 31.3.2021	3,23,400
Add: Drawings for 2 months	1,540
	3,24,940
Less: Capital as on 1.1.2021	(3,30,000)
Loss for 3 months	5,060

Statement of Affairs as on 31st March, 2022

Liabilities	₹	Assets		₹
		Machinery	2,20,000	
Sundry Creditors	4,300	Add: Additions	66,000	2,86,000
		Inventory		31,900
Capital (Bal. fig.)	3,60,800	Debtors (3,200 – 2,700)		500
		Cash at bank (W.N.2)		43,400
		Cash in hand		3,300
	3,65,100			3,65,100

Statement of Profit and Loss for the year ended 31.3.2022

Particulars	₹
Capital as on 31.3.2022	3,60,800
Add: Drawings (₹ 770 x 12)	9,240
	3,70,040
Less: Capital as on 31.3.2021	(3,23,400)
Net profit for the year ended 31.3.22	46,640

Working Notes:

	₹
1. Bank balance as on 31.3.2021	
Balance as on 1.1.2021	3,30,000
Less: Withdrawals during 1.1.2021 to 31.3.2021	(2,45,300)
Balance as on 31.3.2021	84,700
2. Bank Balance as on 31.3.2022:	
Balance as on 1.4.2021	84,700
Add: Deposits during the year (2,53,000 + 2,700)	2,55,700
	3,40,400
Less: Withdrawals during the year	(2,97,000)
Bank Balance as on 31.3.2022	43,400

Q 3 Text Solution: Item- Condenser FIFO Method

Date	Particulars	V.No	Receipts			Issue			Balance		
			Qty	Rate	Amt	Qty	Rate	Amt	Qty	Rate	Amt
01-Dec	Opening bal										
04-Dec	Purchase		900	5	4500			900	5	4500	
05-Dec	Issue					600	5	3000	300	5	1500
10-Dec	Purchase		400	5.5	2200			400	5.5	2200	
11-Dec	Purchase		300	5.5	1650			300	5.5	1650	
12-Dec	Issue					400	300*5 100*5.5	1500 550	600	5.5	3300
19-Dec	Purchase		200	6	1200			200	6	1200	
28-Dec	Purchase		800	4.75	3800			800	4.75	3800	
29-Dec	Issue					600	5.5	3,300	200	6	1200
	Total		2600		13350	1600		8350	1000		5000

	Quantity	Value
Purchases	2600	13,350
Consumption	1600	8,350
Closing stock (by FIFO Method)	1,000	5,000

LIFO Method

Date	Particulars	V.No	Receipts			Issue			Balance		
			Qty	Rate	Amt	Qty	Rate	Amt	Qty	Rate	Amt
01-Dec	Opening bal										
04-Dec	Purchase		900	5	4500			900	5	4500	
05-Dec	Issue					600	5	3000	300	5.5	1500
10-Dec	Purchase		400	5.5	2200			400	5.5	2200	
11-Dec	Purchase		300	5.5	1650			300	5.5	1650	
12-Dec	Issue					400	5.5	2,200	300	5	1500
19-Dec	Purchase		200	6	1200			200	6	1200	
28-Dec	Purchase		800	4.75	3800			800	4.75	3800	
29-Dec	Issue					600	4.75	2,850	200	4.75	950
	Total		2600		13350	1600		8050	1000		5300

	Quantity	Value
Purchases	2600	13,350
Consumption	1600	8,050
Closing stock (by LIFO Method)	1,000	5,300

Weighted Average Method

Date	Particulars	V.No	Receipts			Issue			Balance		
			Qty	Rate	Amt	Qty	Rate	Amt	Qty	Rate	Amt
01-Dec	Opening bal										
04-Dec	Purchase		900	5	4500			900	5	4500	
05-Dec	Issue					600	5	3000	300	5	1500
10-Dec	Purchase		400	5.5	2200			700	5.286	3700	
11-Dec	Purchase		300	5.5	1650			1000	5.35	5350	
12-Dec	Issue					400	5.35	2,140	600	5.35	3210
19-Dec	Purchase		200	6	1200			800	5.5125	4410	
28-Dec	Purchase		800	4.75	3800			1600	5.131	8210	
29-Dec	Issue					600	5.131	3,079	1000	5.131	5131

	Quantity	Value
Purchases	2600	13,350
Consumption	1600	8,219
Closing stock (by Weighted Average Method)	1,000	5,131

Q 4 Text Solution:**(A) Statement of Valuation of Stock as on 31st****March, 2020**

PARTICULARS	₹	₹
Value of stock as on 1st April, 2022		11,00,000
ADD : Purchases during the period from 1.4.2022 to 31.3.2023	43,50,000	
Manufacturing expenses during the above period	10,00,000	53,50,000
		64,50,000
LESS : Cost of sales during the period: Sales	53,20,000	
LESS : Gross profit (WN1)	11,02,000	42,18,000
Value of stock as on 31.3.2023		28,32,000

Working Notes**CALCULATION OF GROSS PROFIT**

	₹
Gross profit on normal sales (53,20,000 - 1,60,000) x 25/125	10,32,000
Gross profit on the abnormal item { 1,60,000 - (1,50,000 - 60,000)}	70,000
	11,02,000

25% on cost*(B)****Calculation of Value of Stock as on 31st March 2019**

Particulars	Amount (₹)
Stock as on 10th April 2019	125000
Add: Cost of Goods Sold (20000 * $\frac{80}{100}$)	16000
(Note: Profit 25% on cost = 20% on sales)	
Add: Free samples	4000
Add: Invoices entered but goods not included in stock	20000
Less: Goods purchased & received (10000 - 2000)	8000
	1,57,000

[Android App](#)[iOS App](#)[PW Website](#)