

Ex-

Potato 1000 kg -	20000
+ freight inward	500
+ Production cost	6000
+ Pack. Exp	500
1000 packets	27000
Sold 800 packets @40	32000
Profit =	5000 X

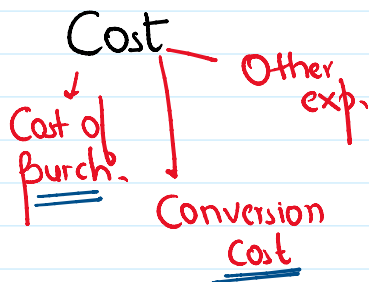
Trading A/c		
Dr.		Cr.
To op. stock xxx		By sale 32000 ↑
To purch. 20000		By cl stock 5400
To freight 500		(27000 x 200 / 1000) ↓
To prod. exp 6000		
To pack exp 500		
To GP ↑		

1000 packet
(-) 200 packets

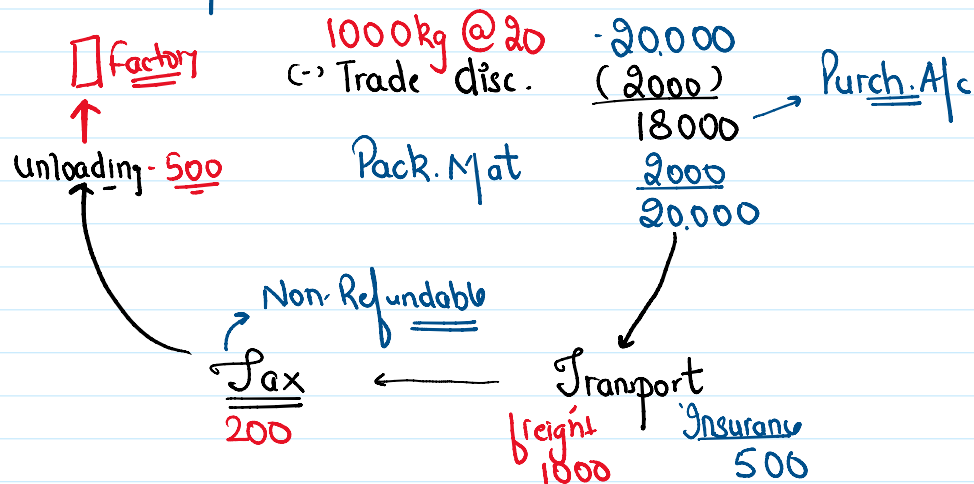
* Valuation of Inventories

Prudence

Cost or NRV. Which ever is lower.



1. Cost of purchase:



2. Cost of Conversion

- Labour
- factory expenses

* NRV

Net Realisable Value

Ex- Sell. price 55
(-) Sell. exp. (5)
50

1. Finished Goods

NRV: Selling price
(-) Sell. exp. _____

NRV: Selling price
(-) sell. exp

2. WIP

Cost incurred till date \rightarrow 2000 000 ✓

NRV:

1. Estimated sell price - 3000
(-) est. cost of comp - (800) } 2200 ✓

Cost: 2000 + 800 NRV: 3000 - 800
 \rightarrow 2200 ✓

NRV:

Est. sell price
(-) est cost of comp
(-) sell. exp

3. Raw Mat

Cost - £1000

NRV - Replacement cost

* Significance of Inv. valuation

1) Determination of Profit & Loss

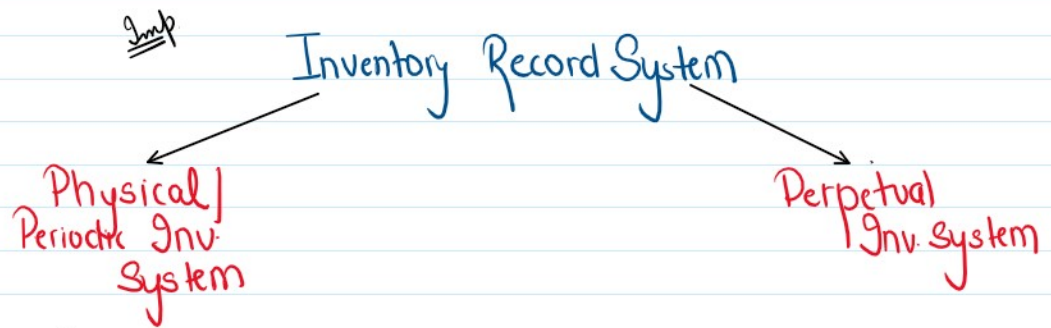
* If cl. stock is overstated: Profit will be overstated

2) Financial position.

3) Liquidity Analysis

4) Statutory compliance

4) Statutory compliance



1. Periodic Inv. System

- Physical counting

Ex-
$$\begin{array}{rcl} \text{Op. stock} & - & ₹20000 \\ \text{Purchases} & - & ₹16000 \\ \hline & & \text{Cost of goods av. for sale} \end{array}$$

↖ Sale → cost ?

Cost of Goods Sold Closing stock - ₹4000

$$\begin{array}{rcl} \text{Cost of goods av. for sale} & - & \text{COGS} & = & \text{cl stock} \\ 36000 & & - \cancel{x} & & = 4000 \\ & & \underline{32000} & & \end{array}$$

$$\text{Op. stock} + \text{Purch} - \text{Cl. stock} = \text{COGS}$$

This system calculates COGS as a bal. fig.

Bal. fig.

Ex-

$$\begin{array}{rcl} \text{Op stock} & : & 20000 \\ \text{Purch.} & & 16000 \\ & & \underline{36000} \\ \text{Normal loss} & & (6000) \rightarrow \text{इसको Record nahi karte.} \\ & & \underline{4000} \\ \Rightarrow \text{COGS} & = & 32000 \\ & \swarrow \text{Bal. fig.} & \searrow \text{Includes Loss} \end{array}$$

↓ Bal. fig.

→ Includes Loss

COGS Includes loss of loss

2. Perpetual Inv. System
↓
Continuous

Stock Req.

Ex- Op. Stock 20,000
+ Purch 16,000
36,000
(-) COGS (30,000)
Cl. Stock 6,000 Bal. fig.

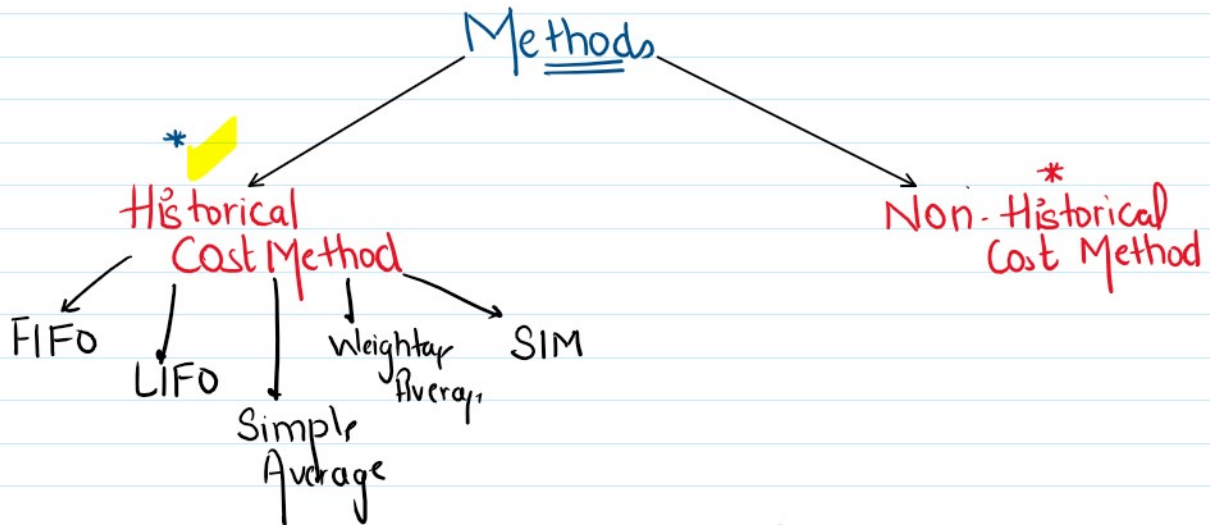
Inv. of goods is calc. as bal. fig.

Ex- Op. Stock 20,000
+ Purch 16,000
36,000
Normal Loss- 2,000
COGS 30,000
Cl. Stock = 6,000
→ Includes loss

1 kg App - 200
1 Apple - Normal - 200g
800g - 200

S. No.	Periodic Inventory System	Perpetual Inventory System
1.	This system is based on physical verification.	It is based on book records.
2.	This system provides <u>information</u> about inventory and cost of goods sold at a <u>particular date</u> .	It provides <u>continuous information</u> about inventory and cost of sales.
3.	This system determines inventory and takes cost of goods sold as residual figure.	It directly determines cost of goods sold and computes <u>inventory as balancing figure</u> .
4.	<u>Cost of goods sold includes loss of goods</u> as goods not in inventory are assumed to be sold.	<u>Closing inventory includes loss of goods</u> as all unsold goods are assumed to be in Inventory.
5.	Under this method, <u>inventory control</u> is not possible.	<u>Inventory control can be exercised</u> under this system.

5.	Under this method, <u>inventory control</u> is not possible.	Inventory control can be exercised under this system.
6.	This system is <u>simple and less expensive</u> .	It is <u>costlier method</u> .
7.	Periodic system requires <u>closure of business</u> for counting of inventory.	Inventory can be determined <u>without affecting the operations of the business</u> .



1. SIM - Specific Identification Method

	<u>Mach. #1</u>	<u>Mach. #2</u>	<u>Mach. #3</u>
<u>Stock</u>	1 cr. 2 unit	2 cr. 4 unit	5 cr 1 unit
	Cl. Stock	2 cr 8 cr 5 cr <u>15 cr.</u>	

Surekha Ltd deals in 3 products P, Q & R, which are neither similar nor interchangeable. At the end of a financial year, the Historical Cost and NRV of items of Closing Stock are given below. Determine the value of Closing Stock.

Items	Historical Cost (in ₹ Lakhs)	Net Realisable Value (in ₹ Lakhs)
P	38	42
Q	29	29
R	17	14

Cost or NRV, whichever is lower

Cost 84 ~~NRV 85~~ ~~Cl. Stock 84~~

~~Cost~~ ~~NRV~~ ~~Cl. Stock~~
~~84~~ ~~85~~ ~~84~~

<u>Items</u>	<u>Cost</u>	<u>NRV</u>	<u>Cl. Stock</u>
P	38	42	38
Q	29	29	29
R	17	14	14
			<u>81</u>

2. FIFO
 First in First out

Ex-

<u>Date</u>	<u>Qty.</u>	<u>₹</u>	
1/7/23	100	@100	10000 ✓
10/7/23	50	@120	6000 ✓ - <u>30</u>
15/7/23	20	@100	2000 ✓

Sold 130 units on 18/7/23

Cl. Stock:
 Recently purch.
 20 unit @120- 2400
 20 unit @100- 2000
4400

x==x

Comment

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Methods (2)

18 October 2023 10:59

The following are the details of a spare part of Sriram mills:

1-1-2020 ✓	Opening Inventory	Nil
1-1-2020	Purchases	100 units @ ₹ 30 per unit
15-1-2020	Issued for consumption ✓	50 units ✓
1-2-2020	Purchases	200 units @ ₹ 40 per unit
15-2-2020 ✓	Issued for consumption	100 units
20-2-2020	Issued for consumption ✓	100 units

Find out the value of Inventory as on 31-3-2020 if the company follows First in first out basis.

Receipts				Issue						Balance		
Date	Units	Rate	Amount	Units	Rate	Amount	Units	Rate	Amount	Units	Rate	Amount
1-1-20	op Inv											
1-1-20	100	30	3000				100	30	3000			
15-1-20				50	30	1500	50	30	1500			
1-2-20	200	40	8000				50	30	1500 ✓			
							200	40	8000			
15-2-20				50	30	1500						
				50	40	2000	150	40	6000			
20-2-20				100	40	4000	50	40	2000			

closing stock

3) LIFO - (Last in first out)
 ↳ Accounting Standards does not permit the usage LIFO.

LIFO

A manufacturer has the following record of purchases of a condenser, which he uses while manufacturing radio sets:

Date	Quantity (units)	Price per unit
Dec. 4 ✓	900 ✓	50
Dec. 10 ✓	400	55
Dec. 11 ✓	300	55
Dec. 19 ✓	200	60
Dec. 20 ✓	100	47

Closing stock
 900 unit @ 50
 100 unit @ 55

Dec. 11 ✓	300	55
Dec. 19 ✓	- 200	60
Dec. 28 ✓	800	47
	2,600	

Total 1,600

100 unit @ 55 =

Record of issues

Date	Quantity (units)
Dec. 5 ✓	500
Dec. 20 ✓	600
Dec. 29 ✓	500
Total	1,600

Receipts				Issue		Balance			
Date	Units	Rate	Amount	Units	Rate	Amount	Units	Rate	Amount
Dec 4	900	50	45000				900	50	45000
Dec 5				500	50	25000	400	50	20000
Dec 10	400	55	22000				400	50	20000
							400	55	22000
									42000
Dec 11	300	55	16500				400	50	20000
							400	55	22000
							300	55	16500
Dec 14	200	60	12000				✓ 400	50	20000
							✓ 400	55	22000
							300	55	16500
							200	60	12000
Dec 20				200	60	12000			
				300	55	16500			
				100	55	5500	400	50	20000
							300	55	16500
Dec 28	800	47	37600				400	50	20000
							300	55	16500
							800	47	37600
Dec 29				500	47	23500	400	50	20000
							300	55	16500
							300	47	14100

Closing stock - £50600 ✓

4) Simple Average Method

1/10/23 - 100 units @ 25 - 2500

1/11/23 - 100 units @ 25 - 2500

1/10/23 - 100 units @ 25 = 2500

6/10/23 - 500 units @ 30 = 15000

15/1/23 200 units @ 20 = 4000

600 units sold

Closing stock = 200 units @ 25 = 5000

Average price = $\frac{25 + 30 + 20}{3} = 25$ ✓

A manufacturer has the following record of purchases of a condenser, which he uses while manufacturing radio sets:

Date	Quantity (units)	Price per unit
Dec. 4	900	50
Dec. 10	400	55
Dec. 11	300	55
Dec. 19	200	60
Dec. 28	800	47
	2,600	

1,600 units were issued during the month of December till 18th December.

Closing Stock = 1000 units @ Avg. price

Avg. price = $\frac{50 + 55 + 55 + 60 + 47}{5} = 53.4$

Cl. stock = 1000 @ 53.4 = 53400

5) Weighted Avg. Method

		Amt
Ex-		
1/10/23 -	100 units @ 25	2500
6/10/23 -	500 units @ 30	15000
15/1/23	200 units @ 20	4000
	<u>800</u>	<u>21500</u>

Weighted Avg. price = $\frac{21500}{800}$ - Total cost / Total units

→ 26.875

→ 26.875

(b) The following are the details of the spare parts of an Oil Mill:

1-1-2021	Opening Inventory	Nil
1-1-2021, ✓	Purchases	10 units @ ₹ 300 per unit
✓ 15-1-2021	Issued for consumption	5 units
✓ 1-2-2021	Purchases	20 units @ ₹ 400 per unit
15-2-2021	Issued for consumption ✓	10 units
20-2-2021	Issued for consumption ✓	10 units

Find out the value of Inventory as on 31.3.2021, if the company follows Weighted Average Method. (4 Marks)

Date	Receipts		Issue		Balance		Rate	Amount
	Units	Rate	Amount	Units	Rate	Amount		
1-1-21	balanu							
1-1-21	10	300	3000			10	300	3000
15-1-21				5	300	1500	5	300
1-2-21	20	400	8000			25	380	9500
15-2-21				10	380	3800	15	380
20-2-21				10	380	3800	5	380

* Non-Historical cost Methods

↳ Adj. Selling price Method

Ex- op. stock - 100,000
Purch - 300,000
Direct exp - 50,000

① Cost of goods available for Sale

450,000

Sale ✓

unsold cl stock ✓

Selling value

Sales - ✓ ₹ 400,000 ✓

SP = CP + P

Sales - ₹400,000 ✓
 Cl. Stock - ₹200,000 ✓
 Selling Price

$$\begin{aligned} SP &= CP + P \\ CP &= SP - P \end{aligned}$$

Profit X

② Total Sale value of goods available = ₹600,000

Profit = 600,000 - 450,000
 = ₹150,000

③ Profit % on Total Sale = $\frac{150,000}{600,000} \times 100$
 = 25%

④ Closing stock (cost) = 200,000 - $\frac{25}{100} \times 2,00,000$
 = 150,000

M/s X, Y and Z are in retail business, following information are obtained from their records for the year ended 31st March, 2020:

Goods received from suppliers

(subject to trade discount and taxes)

₹ 15,75,500

Trade discount 3% and sales tax 11%

Packaging and transportation charges - D.E.

₹ 87,500

Sales during the year

₹ 22,45,500

Sales price of closing inventories

₹ 2,35,000

Find out the historical cost of inventories using adjusted selling price method.

1] Cost of goods available for Sale

Good. Rec. from Supp.	1575500
Less: Trade disc.	(47265)
	1528235
Add: Sales Tax @ 11%	1696341
Add: pack & tran	87500
	1783841 ✓

2] Total Sale value of goods available

Sales	2245500	Cost
Sales price of cl. stock	235000	
	2480500	

$$3) \text{ Gross Margin} = 2480500 - 1783841 = 696659$$

$$\% = \frac{696659}{2480500} \times 100 = 28.09\%$$

$$4) \text{ Closing Stock (cost price)} = 235000 - \left(\frac{28.09}{100} \times 235000 \right) = \underline{\underline{168989}}$$

Ex- op. stock - ₹100,000
 Purch. - ₹400,000
 Direct exp. - ₹50,000

Sale during the year ₹500,000 Cost

Cost of Goods av. for Sale - 550,000 ✓

? (-) Cost of Goods Sold - 313750

CL stock ✓

Cost of Goods av. for Sale = op. st + Purch + Direct exp

COGS = op. st + Purch + D.E - cl. stock

⇒ [op. st. + Purch + Direct exp] - [op. st. + Purch + D.E - cl. stock]

⇒ op. st - op. st + Purch - Purch + Direct - Direct + cl. st.

* $\text{COGS} = \text{Sales} - \text{Gross Profit}$

Sold goods costing ₹10,000 for ₹15,000.
 GP ratio is 25%

Total Sales - 500,000 ✓

Ab. Sales Cost

15,000 (10,000) = 5,000

485,000 (121,250) = 363,750

10,000 + 363,750 = 373,750 ✓

From the following particulars ascertain the value of Inventories as on 31st March, 2020:

	₹
Inventory as on 1.4.2019 ✓	1,42,500
Purchases ✓	7,62,500

Inventory as on 1.4.2019 ✓	1,42,500
Purchases ✓	7,62,500
Manufacturing Expenses ✓	1,50,000
Selling Expenses ✗	60,500
Administrative Expenses ✗	30,000
Financial Charges ✗	21,500
Sales	12,45,000

At the time of valuing inventory as on 31st March, 2019, a sum of ₹ 17,500 was written off on a particular item, which was originally purchased for ₹ 50,000 and was sold during the year for ₹ 45,000. Barring the transaction relating to this item, the gross profit earned during the year was 20 percent on sales. Ab Sales

1) Cost of Goods av. for Sale

op Inv. - 142500
 + Purch - 762500
 + Mfg. exp - 150,000
 1055000

Cost: 50000
 ↓ 17500
 32500 ✓

Less: Cost of Goods Sold (WN) 992500
 Cl. stock 62500

WN
 Total Sales - ₹1245000
 (-) Gross Profit
 a) Ab. Sales - (45000 - 32500) 12500
 b) Normal Sales (1200000 × $\frac{20}{100}$) 240000 (252500)
 992500

X — X

Inventory Taking (Physical counting)

Pinku (26th Mar - 5th Apr)

Before end of FY	After the end of FY
<p>25th Mar. 2023 - ₹100,000 (Physical stock)</p> <p>+ Purchases - ₹30,000</p> <p>(-) COGS (45,000)</p> <p>Sales - 50,000</p> <p>(-) GP (5,000)</p> <p>31st Mar. 2023 - <u> </u></p> <p>(Book stock)</p>	<p>6th Apr - ₹150,000</p> <p>(-) Purchases - ₹40,000</p> <p>Add COGS</p> <p>Sales - 100,000</p> <p>(-) GP (40,000)</p> <p>31st March - <u> </u></p>

A trader prepared his accounts on 31st March, each year. Due to some unavoidable reasons, no inventory taking could be possible till 15th April, 2020 on which date the total cost of goods in his godown came to ₹5,00,000. The following facts were established between 31st March and 15th April, 2020.

- (i) Sales ₹4,10,000 (including cash sales ₹1,00,000)
- (ii) Purchases ₹50,340 (including cash purchases ₹19,900)
- (iii) Sales Return ₹10,000.

Goods are sold by the trader at a profit of 20% on sales.

You are required to ascertain the value of inventory as on 31st March, 2020.

Value of physical stock as on 15 th Apr 2020 -	500,000
Add: Cost of Goods Sold	320,000
[Net Sales - 4,00,000]	
[(-) Gross Prof. (80,000)]	
Less: Purchases	(50,340)
Value of Inv. as on 31/3/20	<u>769,660</u>

A trader prepared his accounts on 31st March, each year. Due to some unavoidable reasons, no stock taking could be possible till 15th April, 2021 on which date the total cost of goods in his godown came to ₹1,50,000. The following facts were established between 31st March and 15th April, 2021.

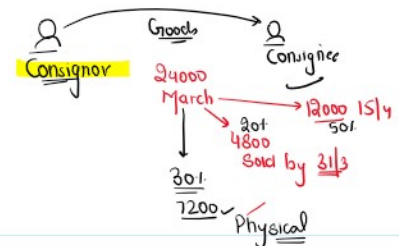
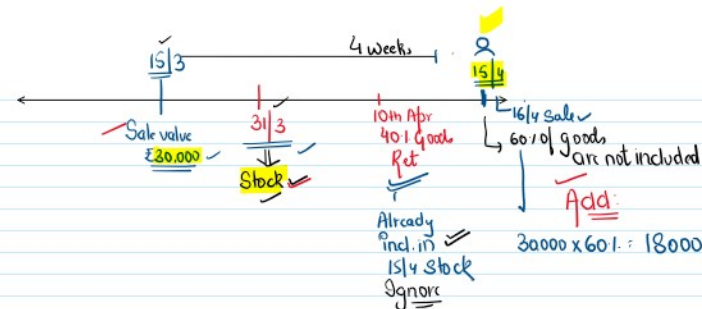
- (i) Sales ₹1,23,000 (including cash sales ₹30,000)
- (ii) Purchases ₹15,102 (including cash purchases ₹5,970)
- (iii) Sales Return ₹3,000.

On 15th March, goods of the sale value of ₹30,000 were sent on sale or return basis to a customer, the period of approval being four weeks. He returned 40% of the goods on 10th April, approving the rest; the customer was billed on 16th April.

(v) The trader had also received goods costing ₹24,000 in March, for sale on consignment basis; 20% of the goods had been sold by 31st March, and another 50% by the 15th April. These sales are not included in above sales.

Goods are sold by the trader at a profit of 20% on sales.

You are required to ascertain the value of Inventory as on 31st March, 2021.



Valuation of Inventory as on 15 th Apr -	₹ 150,000
Add: COGS	
[Net Sales - 1,20,000]	
Less: GP (24,000)	96,000
Add: Cost of goods with customer -	14,400
[18,000 - 3,600]	
Less: Purchases	(15,102)
Less: Goods Rec on Consignment (24,000 x 30%)	(7,200)
Value of Inv. as on 31/3/2021	<u>238,098</u>

31 Mar - 15/4

6. Stock taking of ABC Stores for the year ended 31st March, 2023 was completed by 10th April, 2023, the valuation of which showed a stock figure of ₹3,35,000 at cost as on the completion date. After the end of the accounting year and till the date of completion of stock taking, sales for the next year were made for ₹13,750, profit margin being 33.33 percent on cost. Purchases for the next year included in the stock amounted to ₹18,000 at cost less trade discount 10 percent. During this period, goods were added to stock of the mark-up price of ₹600 in respect of sales returns. After stock taking it was found that there were certain very old slow moving items costing ₹2,250 which should be taken at ₹1.00 to avoid disposal to an interested customer. Due to heavy floods, certain

$$\frac{1}{3} \times \text{cost} = \frac{1}{4} \times \text{Sales}$$



SP

percent on cost. Purchases for the next year included in the stock amounted to ₹ 18,000 at cost less trade discount 10 percent. During this period, goods were added to stock of the mark-up price of ₹ 600 in respect of sales returns. After stock taking it was found that there were certain very old slow moving items costing ₹ 2,250 which should be taken at ₹ 1,050 to ensure disposal to an interested customer. Due to heavy floods, certain goods costing ₹ 3,100 were received from the supplier beyond the delivery date of customer. As a result, the customer refused to take delivery and net realizable value of the goods was estimated to be ₹ 2,500 on 31st March, 2023.

You are required to calculate the value of stock for inclusion in the final accounts for the year ended 31st March, 2023. Closing stock is valued by ABC Stores on generally accepted accounting principles.

3
Sales
Ret

4



cost 2250
000
NRV
(1050)
↓ 1200

Value of physical stock as on 10 th Apr, 23-	335000
Add: Cost of Good Sold	9862
Less: Purchases (18000 - 1800)	(16200)
Less: Revaluation of old slow items	(1200)
Less: Loss on valuation of inventory	(600)
	<u>326862</u>

x → x

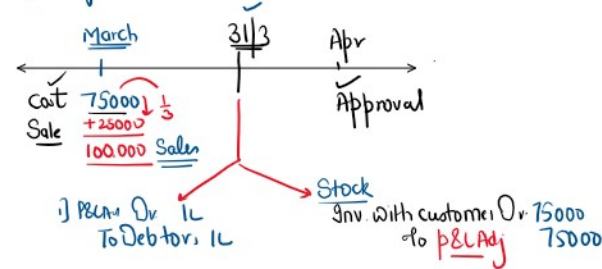
P03

The Profit and loss account of Hanuman showed a net profit of ₹ 6,00,000, after considering the closing stock of ₹ 3,75,000 on 31st March, 2020. Subsequently the following information was obtained from scrutiny of the books:

- (i) Purchases for the year included ₹ 15,000 paid for new electric fittings for the shop. Assets → Elect fitting To P&L Adj A/c
- (ii) Hanuman gave away goods valued at ₹ 40,000 as free samples for which no entry was made in the books of accounts. Nominal Adv. Dr. To purch. A/c
- (iii) Invoices for goods amounting to ₹ 2,50,000 have been entered on 27th March, 2020, but the goods were not included in stock. Record - Purch. Cl stock Dr. ↑ 250,000 To P&L Adj A/c
- (iv) In March, 2020 goods of ₹ 2,00,000 sold and delivered were taken in the sales for April, 2020. Debtor Dr. 2L To P&L Adj 2L
- (v) Goods costing ₹ 75,000 were sent on sale or return in March, 2020 at a margin of profit of 33-1/3% on cost. Though approval was given in April, 2020 these were taken as sales for March, 2020.

Calculate the value of stock on 31st March, 2020 and the adjusted net profit for the year ended on that date.

P&L Adj. A/c		Cr	
To Debtor	100,000	by Net Profit	6,00,000
To Adj Net Prof	1,04,000	by electric fitting	15,000
		by stock	2,50,000
		by debtor	2,00,000
		by Inv. with cus	75,000



→ Value of Stock as on 31st Mar.

Given - 3,75,000
Add: Goods purch but not incl. 2,50,000

Add: Inv. With cus 75,000
10,00,000

HW

June 23

- (c) The Profit and Loss account of Ram showed a net profit of ₹ 5,75,000 after considering the closing stock of ₹ 2,55,000 on 31st March 2022. Subsequently the following information was obtained from scrutiny of the books.

- (i) Purchases for the year included ₹ 10,500 paid for electrical fittings of the shop.
- (ii) Ram gave goods worth of ₹ 25,000 as free samples for which no entry was made.
- (iii) Invoices for goods amounting to ₹ 1,85,000 have been entered on 29th March 2022 but were not included in the stock.
- (iv) Sales amounting to ₹ 2,05,000 were dispatched on 27th March but were included in sales of April, 2022.
- (v) Goods costing ₹ 55,000 were sent on sale or return basis in March, 2022 at a margin of profit of 33 1/2 % on cost. Approval was given in April, 2022 but these were considered as sales in March, 2022.

Calculate the value of stock as on 31st March, 2022 and the adjusted net profit for the year ended on that date. (5 Marks)

6. Raj Ltd. prepared their accounts financial year ended on 31st March 2022. Due to unavoidable circumstances actual stock has been taken on 10th April 2022, when it was ascertained at ₹ 5,00,000. 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 2022 to 9th April 2022 amounting to ₹ 80,000 as per Sales Day Book.
- (iv) Free samples for business promotion issued during 1st April 2022 to 9th April 2022 amounting to ₹ 16,000 at cost.

Cr - Purch.
+ CoGS

Apr - Stock - 40,000

(iii) Sales between 1st April 2022 to 31st April 2022 amounting to ₹ 80,000 as per Sales Day Book.

(iv) Free samples for business promotion issued during 1st April 2022 to 9th April 2022 amounting to ₹ 16,000 at cost.

(v) Purchases during 1st April 2022 to 9th April 2022 amounting to ₹ 40,000 but goods amounts to ₹ 8,000 not received till the date of stock taking.

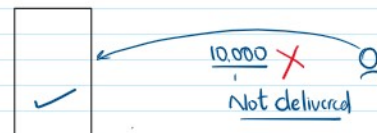
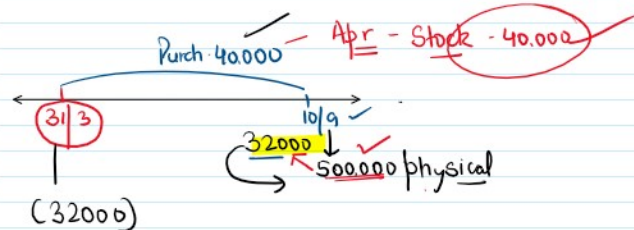
(vi) Invoices for goods purchased amounting to ₹ 80,000 were entered on 28th March 2022 but the goods were not included in stock.

Rate of Gross Profit is 25% on cost. Ascertain the value of Stock as on 31st March, 2022.

$$\frac{1}{4} \times \text{cost} = \frac{1}{5} \times \text{Sales}$$

Trading A/c

Value of Physical Stock as on 31/3	
Add: COGS	500,000
[Sales - 80,000]	
[Cost GP - 16,000]	64,000
Add: Free Samples	16,000
Less: Purchases	(32,000)
Add: Goods purch. but not incl. in stock	80,000
	<u>628,000</u>



POI

X who was closing his books on 31.3.2020 failed to take the actual stock which he did only on 9th April, 2020, when it was ascertained by him to be worth ₹ 2,50,000.

It was found that sales are entered in the sales book on the same day of dispatch and return inwards in the returns book as and when the goods are received back. Purchases are entered in the purchases day book once the invoices are received.

It was found that sales between 31.3.2020 and 9.4.2020 as per the sales day book are ₹ 17,200. Purchases between 31.3.2020 and 9.4.2020 as per purchases day book are ₹ 1,200, out of these goods amounting to ₹ 500 were not received until after the stock was taken.

* Goods invoiced during the month of March, 2020 but goods received only on 4th April, 2020 amounted to ₹ 1,000. Rate of gross profit is 33-1/3% on cost. $\frac{1}{3} \times \text{cost} = \frac{1}{4} \times \text{Sales}$

Ascertain the value of physical stock as on 31.3.2020.

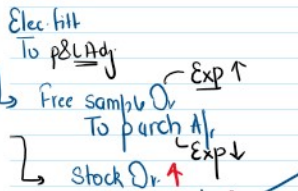
Value of physical Stock as on 9/4	
Add: Cost of Goods Sold	250,000 ✓
[Sales - 17,200]	
[Cost Profit - 4,300]	12,900
Less: Purchases (1,200 - 500)	(700)
Less: Goods purch but not Rec. till 31/3	(1,000)
Value of physical st. as on 31/3/20	<u>261,200</u>

X — X

10 marks

(c) The Profit and Loss account of Ram showed a net profit of ₹ 5,75,000 after considering the closing stock of ₹ 2,55,000 on 31st March 2022. Subsequently the following information was obtained from scrutiny of the books.

- (i) Purchases for the year included ₹ 10,500 paid for electrical fittings of the shop. X → Elec. Fitt To P&L Adj
- (ii) Ram gave goods worth of ₹ 25,000 as free samples for which no entry was made. X → Free sample To purch A/c
- (iii) Invoices for goods amounting to ₹ 1,85,000 have been entered on 29th March 2022 but were not included in the stock. Stock ↑
- (iv) Sales amounting to ₹ 2,05,000 were dispatched on 27th March but were included in sales of April 2022. Stock (-) Debtor ↑



(iii) Invoices for goods amounting to ₹ 1,00,000 have been entered on 29th March 2022 but were not included in the stock. Stock ↑

(iv) Sales amounting to ₹ 2,05,000 were dispatched on 27th March but were included in sales of April, 2022. Stock (-) Debtor To P&L Adj ↑

(v) Goods costing ₹ 55,000 were sent on sale or return basis in March, 2022 at a margin of profit of 33½ % on cost. Approval was given in April, 2022 but these were considered as sales in March, 2022.

Calculate the value of stock as on 31st March, 2022 and the adjusted net profit for the year ended on that date. (5 Marks)

Stock (-)

(✓) Mar Debtor 73,333
To Sales 73,333

G.P. $\frac{1}{3} \times \text{cost}$
 $\frac{1}{3} \times 55000$

Monday

31/3

P&L Adj Dr. 73,333
To Deb 73,333

⇒ Inv. with cust Dr. 55000
To P&L Adj 55000

Free sample Dr
To purch Adj
Exp ↓
Stock Dr ↑
To P&L Adj ↑

Trading A/c ↑
by Sales
by cl stock