

Bhagya Achievers Test Series

CA Foundation

Paper 1: Accounting

Chapter 4: Inventories

Total Marks: 30

Time: 54min.

Question1. (6 Marks)

The Profit and loss account of Hanuman showed a net profit of Rs 6,00,000, after considering the closing stock of Rs 3,75,000 on 31st March, 2022. Subsequently the following information was obtained from scrutiny of the books:

- (i) Purchases for the year included Rs 15,000 paid for new electric fittings for the shop.
- (ii) Hanuman gave away goods valued at Rs 40,000 as free samples for which no entry was made in the books of accounts.
- (iii) Invoices for goods amounting to Rs 2,50,000 have been entered on 27th March, 2022, but the goods were not included in stock.
- (iv) In March, 2022 goods of Rs 2,00,000 sold and delivered were taken in the sales for April, 2022.
- (v) Goods costing Rs 75,000 were sent on sale or return in March, 2022 at a margin of profit of 33-1/3% on cost. Though approval was given in April, 2022 these were taken as sales for March, 2022.

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

Question2. (5 Marks)

The Profit and Loss account of Ram showed a net profit of Rs 5,75,000 after considering the closing stock of Rs 2,55,000 on 31st March 2022.

Subsequently the

following information was obtained from scrutiny of the books.

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

Question3. (4 Marks)

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 @ Rs 300 per unit
15-1-2021	Issued for consumption	5 units
1-2-2021	Purchases	20 units @ Rs 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.

Question4. (10 Marks)

Physical verification of stock in a business was done on 23rd February, 2020. The value of the stock was Rs 28,00,000. The following transactions took place between 23rd February to 29th February, 2020:

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- (i) Out of the goods sent on consignment, goods at cost worth Rs 2,30,000 were unsold.
- (ii) Purchases of Rs 3,00,000 were made out of which goods worth Rs 1,20,000 were delivered on 5th March, 2020.
- (iii) Sales were Rs 13,60,000, which include goods worth Rs 3,20,000 sent on approval. Half of these goods were returned before 29th February, 2020, but no information is available regarding the remaining goods.
- (iv) Goods are sold at cost plus 25%. However goods costing Rs 2,40,000 had been sold for Rs 1,50,000.

You are required to determine the value of stock on 29th February, 2020.

Question 5. (5 Marks)

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

Inventory as on 1 st April, 2019	Rs 3,50,000
Purchase made during the year	Rs 12,00,000
Sales	Rs 18,50,000
Manufacturing Expenses	Rs 1,00,000
Selling and Distribution Expenses	Rs 50,000
Administration Expenses	Rs 80,000

At the time of valuing inventory as on 31st March, 2019, a sum of Rs 20,000 was written off on a particular item which was originally purchased for Rs 55,000 and was sold during the year for Rs 50,000.

Except the above mentioned transaction, gross profit earned during the year was 20³ on sales.

