

Problem No. 3 Solution

Thursday

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Problem No. 3

From the following particulars ascertain the value of the stock on the date of fire

Particulars	1983	1984	1985	upto date of fire
opening stock	15000	?	?	?
purchases Less Returns	50,000	75,000	90,000	60,000
sales Less Returns	60,000	80,000	130,000	84,000
Factory exp.	3000	5000	6,000	4000
closing stock	20,000	40,000	50,000	?

During the year 1985 closing stock included goods purchased but not recorded Rs. 5000/. The salvage is Rs. 11,000. It is the practice of the firm to insure the goods at 90% cost.



Dr →			Trading A/c			Cr		
Particulars	1983	1984	1985	Particulars	1983	1984	1985	
To opening stock	15,000	20,000	40,000	By sales less return	60,000	80,000	180,000	
To purchases less return	50,000	75,000	95,000	By closing stock	20,000	40,000	50,000	
To factory exp.	3,000	5,000	6,000					
To gross profit cd	12,000	20,000	39,000					
	(20%)	(25%)	(30%)					
	<u>80,000</u>	<u>120,000</u>	<u>180,000</u>		<u>80,000</u>	<u>1,20,000</u>	<u>1,80,000</u>	

1983	1984	1985
$\frac{12,000}{60,000} \times 100$	$\frac{20,000}{80,000} \times 100$	$\frac{39,000}{130,000} \times 100$
= 20%	= 25%	= 30%

Current profit ratio upto the date of fire

$$20 + 25 + 30 = 75$$

$$\therefore \frac{75}{3} = \underline{25\%}$$

Dr.		Trading A/c		Cr	
		up to the date of fire			
Particulars	Amount	Particulars	Amount		
To opening stock	50,000	By sales less return	84,000		
To purchase less return	60,000	By closing stock	51,000		
To factory expenses	4,000	(Bal. figure)			
To gross profit cd	21,000				
	<u>1,35,000</u>				<u>1,35,000</u>

	stock as on the date of fire	=	51,000
Less	salvaged stock	=	11,000
	Loss of stock		<u>40,000</u>
Less:	10% Amount which is not insured		<u>4,000</u>
	Insurance claim		<u>36,000</u>

Thank u