

# Problem No. 4

## Solution

Monday

I.M.P

### Problem No. 4

A fire occurred in a business premises of M/s. Punawala on 15th Oct 1989 from the following particulars ascertain the loss of stock and prepare a claim for Insurance.

Particulars	Rs.
Stock on 1.1.88	30,600
Purchases from 1.1.88 to 31.12.88	1,22,000
Sales from 1.1.88 to 31.12.88	1,80,000
Stock on 31.12.88	27,000
Purchases from 1.1.89 to 14.10.89	1,47,000
Sales from 1.1.89 to 14.10.89	1,50,000

The stock were always valued at 90% of cost. The stock was saved worth Rs. 18000/- . The amount of policy was Rs. 63000/- . There was an Average clause in the policy.

→ ~~Stock~~ Convention of stock is to at cost.  
10% Less cost.  
It means cost is 100 - 10 (loss) = 90  
∴ 90 : 100       $\frac{30,600}{90} \times 100$   
30,600 :            = 34,000

90 : 100       $\frac{27,000}{90} \times 100$   
27,000 : ?        = 30,000

Dr	Trading A/c		Cr.
Particulars	Amount	Particulars	Amount
To opening stock	34,000	By sales	1,80,000
To purchases	1,22,000	By closing stock	30,000
To Gross profit @ (30%)	54,000		
	<u>2,10,000</u>		<u>2,10,000</u>

## Trading Alc

Cr.

for the year 1.1.1989 to 15.10.1989

Particulars	Amount	Particulars	Amount
To opening stock	30,000	By sales	1,50,000
To purchases	1,47,000	By closing stock	72,000
To Gross profit (10 (30% on sales))	45,000	(Bal. figure)	
	<u>2,22,000</u>		<u>2,22,000</u>

	stock as on the date of fire	72000
Less	salvaged stock	18000
	Loss of stock	<u>54000</u>

$$\text{Average clause} = \frac{\text{Sum Insured}}{\text{stock as on } 14.10.89 \text{ date of fire}} \times \text{Loss of stock.}$$

$$= \frac{63000}{72000} \times 54000$$

$$\text{Insurance claim.} = 47,250$$

**Thank u**