PANCHAKSHARI'S PROFESSIONAL ACADEMY PVT. LTD.

CPT Account Test: Final A/C, Inventory, Sale on Approval

Marks: 60 **Timing: 1hrs.**

1. **Consider the following data pertaining to N Ltd for the month of March 2005:**

Date	Purchases		Issues	Balance	
	Quantity (kgs)	Rate (kgs)		Quantity (kgs)	Rate (kgs)
01.03.2005				500	22.80
02.03.2005	400	24			
10.03.2005	600	25			
25.03.2005			1,000		

If the company uses weighted average method for inventory valuation, the value of inventory as on March 31, 2005 is

a) Rs. 11,967
b) Rs. 12,000
c) Rs. 12,500
d) Rs. 11,400

2. **On April 07, 2005, i.e. a week after the end of the accounting year 2004-05 a company undertook physical stock verification. The value of stock as per physical stock verification was found to be Rs. 35000**
The following details pertaining to the period April 01, 2005 to April 07, 2005 are given
a. Goods costing Rs. 5,000 were sold during the week
b. Goods received from consignor amounting to Rs. 4,000 included in the value of stock
c. Goods earlier purchased but returned during the period amounted to Rs. 1000
d. Goods earlier purchased and accounted but not received Rs. 6000
After considering the above the value of stock held as on March 31, 2005 was

a) Rs. 27,000
b) Rs. 19,000
c) Rs. 43,000
d) Rs. 51,000

3. **What will be the value of closing stock on 31.12.06 under FIFO method from the following details of receipts and issues:**

Date	**Receipt**	**Rate**	**Issue**
1.10.05	10,000	Rs. 5.10	
10.10.05	5,000	Rs. 6.0	
15.10.05			8000
29.10.05	6000	Rs. 6.10	
24.11.05			10000
15.12.05			2000
18.12.05	4000	Rs. 5.10	
24.12.05			2000

a) Rs. 15,300
b) Rs.16,560
c) Rs. 16,500
d) Rs. 14,900

4.

22.07.2004	Opening Stock	7000 toys @ Rs. 21000
23.07.2004	Purchases	10000 toys @ Rs. 15 each

The value of closing stock on 23.07.2004 on FIFO basis is

a. Rs. 150000
b. Rs. 21000
c. Rs. 172000
d. Rs. 151000

5. **D & company Ltd., does not maintain continuous stock records but rather values stock at the end of every month based on physical verification. The books of accounts during the month of Jan. 2005 reflect the following :**
1st Jan. 2005 stock in hand 50 units @ Rs. 10 per unit.
10th Jan. 2005 Acquisition 75 units @ Rs. 11 per unit
15th Jan. 2005 Acquisition 60 units @ Rs. 10 per unit
20th Jan. 2005 Acquisition 80 units @ Rs. 12 per unit
25th Jan. 2005 physical examination of stock reflects 250 units in hand The quantity issued during the month was

a) 50 units
b) 15 units
c) 80 units
d) 10 units

6. **"Inventories should be out of godown in the sequence in which they arrive" is based on**

a) HIFO
b) LIFO
c) FIFO
d) Weighted average

7. **E Ltd, a dealer in second-hand cars has the following five vehicles of different models and makes**
in their stock at the end of the financial year 2004-2005

Car	Fiat	Ambassador	Maruti-Esteem	Maruti 800	zen
Cost	90,000	1,15000	275000	100000	210000
Net realisable value (Rs.)	95000	155000	265000	125000	200000

The value of stock included in the balance sheet of the company as on March 31, 2005 was

a) Rs. 762,500
b) Rs. 770,000
c) Rs. 790,000
d) Rs. 870,000

8. **L whose accounting year ends on 30th June, had to take stock on 21st June, 2003 which amounted to Rs. 67,460. The firm sells goods at cost plus 25%. The following transaction took place between 21st June and the 30th June : There was one lot of goods which had cost Rs. 2800 but sold on 22nd June for Rs. 1200 only due to damage caused by train. The stock on 21st June included these goods at cost. While computing the closing stock to be brought into books –**

a) Rs. 1600 will be deducted from Rs. 67,460
b) Rs. 1200 will be added to Rs. 67,460
c) Rs. Will be deducted from Rs. 67,460
d) Rs. 4000 will be added to Rs. 67,460

9. **Calculate Closing Stock using FIFO Method :**

Particulars	Units	rate
Opening stock	100	Rs 50
Purchases	50	Rs 40
issues	125	

a) Rs 5,000
b) Rs 1,000
c) Rs 1,250
d) Rs 6,250

10. **Hindustan Ltd has furnished the following details:**

Date	Particulars	Units	Rate (Rs)
01.03.2006	Opening Stock	100	1.75
05.03.2006	Purchased	150	1.50
12.03.2006	Purchased	300	1.60
08.03.2006	Issued	200	-
18.03.2006	Issued	250	-

the value of issues using LIFO method

a) Rs. 712.50
b) Rs. 515.50
c) Rs. 620
d) Rs. 575.50

11. **Q**

Date	Receipts			Issues			Balance		
	Units	Price	Amount	Units	Price	Amount	Units	Price	Amount
01.07.03	10	20.00	200	-	-	-	10	-	-
01.09.03	20	26.00	520	-	-	-	30	-	-
01.10.03	-	-	-	20	-	-	10	-	-
01.11.03	30	32.00	960	-	-	-	10 30	-	-
10.11.03	-	-	-	30	-	-	10	-	-

Answer on the assumption that weighted average basis method is followed. The value of closing stock on 1.11.2003 is

a) Rs. 1200
b) Rs. 1220
c) Rs. 1040
d) Rs. 1160

12. **Four Washing Machines are in stock with a dealer:**

	Model a	Model b	Model c	Model d
Cost	15000	20000	22500	30000
Realizable value	13,500	22,000	20,500	32,500

Find out the value of stock for balance sheet as per AS-2

a) Rs 88,500
b) Rs 87,500
c) Rs 92,000
d) Rs 84,000

13. **A firm dealing in cloth has 15000 meters of cloth on April 1, 2012 valued at Rs.1,50,000 according to LIFO. The firm purchased 20000 meters @ Rs.12 per meter during the year ending 31st March, 2013 and sold 30,000 meters @Rs.25 per meter during the same period. As per LIFO the closing stock will be valued at:**

a) Rs. 60,000
b) Rs. 125,000
c) Rs. 50,000
d) None of these

14. An overvaluation of current year's opening inventory will……..
a) Causes current year's net income to be overstated
b) Causes previous year's net income to be understated
c) Causes previous year's net income to be overstated
d) Have no affect

15. A company is following weighted average cost method for valuing its inventory. The details of its purchase and issue of raw materials during the week are as follows1.12.2005 opening stock 50 units value Rs. 2,2002.12.2005 purchased 100 units @ Rs.47.4.12.2005 issued 50 units5.12.2005 purchased 200 units @ Rs. 48.The value of inventory at the end of the week and the unit weighted average cost is
a) Rs. 14143-47.14
b) Rs. 14300-47.67
c) Rs. 14000-46.66
d) Rs. 14400-48.00

16. At the time of stock taking conducted on 31st March 2009, there were goods costing Rs 1,000 that were lying in stock in the godown. These goods were billed for Rs 1,200 on March 15, 2009. What should be included for calculating inventory for the year ended on 31.3.2009?
a) Exclude the goods from calculating inventory
b) Include the goods in inventory at sales price Rs 1,200
c) Include the goods inventory at cost price Rs 1,000
d) None of the above

17. Record of purchase of goods:

Date	Quantity Units	Price per unit Rs.
Mar. 4	900	5
Mar. 10	400	5.50
Record of issues		
March 5	600	
March 12	400	

The value of T.V. sets on 15 March, as per LIFO will be
a) Rs. 1,500
b) Rs. 1,650
c) Rs. 1,575
d) None of three

18. K whose accounting year ends on 30th June, had to take stock on 21st June, 2003 which amounted to Rs. 67,460. The firm sells goods at cost plus 25%. The following transactions took place between 21st June and the 30th June : Sales during the above period amounted to Rs. 16800. This included Rs. 3600 for goods sent on approval half of which was still returnable on 30th June. While computing the closing stock to be brought into books –
a) Rs. 16800 will be deducted from Rs. 67,460
b) Rs. 1800 will be added to Rs. 67,460
c) Rs. 12000 will be deducted from Rs. 67,460
d) RS. 4820 will be added to Rs. 67,460

19. Consider the following data pertaining to R Ltd for the month of June 2004:

Particulars	Rs
Opening stock	30,000
Closing stock	40,000
Purchases	5,60,000
Returns outward	15,000
Returns inward	20,000
Carriage inward	5,000

If the Gross Profit is 20% of net sales, the gross sales for the month of June 2004 is
a) Rs. 695,000
b) Rs. 675,000
c) Rs. 540,000
d) Rs. 668,750

20. Average stock = Rs. 12,000. Closing stock is Rs. 3,000 more than Opening stock. The value of closing stock = ___________
a) Rs. 12,000
b) Rs. 24,000
c) Rs. 10,500
d) Rs. 13,500

21. According to Companies Act 1956 Balance Sheet is prepared as per
a. Part II schedule VI
b. Part I schedule VI
c. Part II schedule VII
d. Part I schedule VII

22. In order to prepare final accounts, all nominal accounts will be transferred to Trading and Profit & Loss A/c by passing journal entries which are called as they close the nominal accounts.
a. Opening entries
b. Adjustment entries
c. Closing entries
d. None of the above

23. Goods purchased from creditors have been received but omitted to be recorded in accounts. In such a case, which of the following adjustment entry should be passed?

a)

Purchases A/c	Dr.
To Creditors A/c	

b)

Creditors A/c	Dr.
To Purchases A/c	

c)

Trading A/c	Dr.
To Creditors	

d)

Trading A/c	Dr.
To Purchases	

24. .... are those that are meant to be converted into cash in short term.
a) Fictitious Assets

b) Intangible Assets
c) Fixed Assets
d) Current or Floating Assets

25. If gross profit ratio is 33.33% sales, it is ... % on cost.

a) 33.33%
b) 20%
c) 25%
d) 50%

26. Nidhi started her business with capital of Rs.45,000 on 1 st January ,2010. Interest on drawings Rs.5,000 and the interest on capital Rs.2,000 were appearing in the profit and Loss A/c for the year ended st December ,2010. Nidhi withdrew RS.14,000 during

a) Rs. 67,000
b) RS.47000
c) Rs45000
d) RS.43000

27. Prepaid expenses of Rs.1000/- shown in the trial balance will appear in ___

a) Liabilities side of balance sheet
b) Dr. Side of P & L A/c
c) Dr. Side of P & L Appropriation A/c
d) Assets side of Balance Sheet.

28. XYZ Company's trial balance shows trading purchase A/c Rs. 240000 and suspense A/c Rs. 20,000. while conducting internal audit of the interim accounts of the company the following facts were noticed
a) Goods worth Rs. 5000 were omitted to be recorded in the purchase day book
b) Goods worth Rs. 2000 were purchased for the personal use of the proprietor.
c) Purchase day book for the month of June 05 was under cast by Rs. 5000
d) Rs. 5000 being purchase of office table was included in purchase day book of December 05 From the above details, the net purchase to be shown in Trading A/c will be

a) Rs. 240,000
b) Rs. 243,000
c) Rs. 250,000
d) Rs. 265,000

29. An amount which is allowed for the prompt settlement of debt arising out of a sale within a specified time and calculated on a percentage basis is known as

a) Trade discount
b) Special discount
c) Cash discount
d) None of the above

30. Net profit before charging managerial commission Rs. 65,000 if the managerial commission is 11% of net profit before charging such commission, what will be managerial commission?

a) Rs. 6,946
b) Rs. 7,230
c) Rs. 7,150
d) Rs. 6,860

31. Incoming partner paying for goodwill is to be shared by old partners according to

a) profit sharing ratio
b) sacrificing ratio
c) capital ratio
d)

32. Fixed assets are

a) Kept in the business for use over a long time for earning income
b) Meant for resale
c) Meant for conversion into cash as quickly as possible
d) All of the above

33. Opening Stock = Rs 50,000 Purchases = Rs 1,00,000 Purchase Return = Rs 29,000 Sales =Rs 2,00,000 Find the Gross Profit

a) Rs 1,21,000
b) Rs 79,000
c) Rs 21,000
d) None of the above

34. Sales are equal to

a) Cost of goods sold – Gross profit
b) Cost of goods sold + Gross profit
c) Gross profit – Cost of goods sold
d) Cost of goods sold + Net profit

35. Capital introduced in beginning by Ram Rs 40,000. Further capital introduced during the year Rs 1000. Drawings Rs 200 per month and closing capital is Rs 53,600. The amount of profit or loss for the year is :

a) Rs 15,000 profit
b) Rs 5000 Loss
c) Rs 20,000 profit
d) Can't say

36. From the following particulars, calculate the amount of income to be credited to profit and loss accountfor the year ended 31st March, 2012:

	31.3.2011	31.3.2012
Outstanding income	1,500	1,200
Income received in advance	900	540

A sum of Rs. 14,670 was received as income during the year 31 st March , 2012.

a) 15,930

b) 14,010
c) 15,330
d) 14,730

37. If sales are Rs. 40,000; cost of goods sold is Rs. 31,000 and operating expenses are Rs. 6,000, the gross profit is ....
a) 3,000
b) 9,000
c) 3,400#d] 6,000
d)

38. Mr. A Sold Goods for Rs.50,000 which includes a sale to a customer for Rs.5,500 at cost + 10%, but these goods were still in godown at the risk of buyer. The Total Sales to be recorded is ___
a) Rs.50,000
b) Rs.50,500
c) Rs.49,450
d) Rs.49,400

39. Carriage outwards appears in.............................,whereas carriage inwards appears in...........
a) Trading A/c, Profit & Loss A/c
b) Profit & Loss A/c, Trading A/c
c) Trading A/c, Balance Sheet
d) Balance Sheet, Profit & Loss A/c

40. Goodwill is
a) A current asset
b) An intangible fixed asset
c) A tangible fixed asset
d) An investment

41. On 1.12.05 A sent some goods costing Rs. 3500 at a profit of 25% on sales to B on sales or returns basis. On 3.12.05, B returned goods costing Rs. 800. At the end of the accounting year i.e. on 31.12.05, the remaining goods were neither returned nor approved by B. A records goods on approval as normal sales. On 31.12.05, for goods sent but not yet approved, in the books of A

a)

No.	Particulars	Dr. Rs.	Cr. Rs.
1.	Sales Dr. To Debtors	4667	4667

b)

No.	Particulars	Dr. Rs.	Cr. Rs.
1.	Sales Dr. To Debtors	3600	3600

c)

No.	Particulars	Dr. Rs.	Cr. Rs.
1.	Sales Dr. To Debtors	3500	3500

d)

No.	Particulars	Dr. Rs.	Cr. Rs.
1.	Sales Dr. To Debtors	4375	4375

42. Closing stock was physically verified on 31st March, 2006 and was valued at Rs. 200000. Goods are normally sold at a profit of 25% on cost. On 21st March, 2006 goods having sale value of Rs. 100000 were sent on sale or return basis to a customer. The period of approval was two weeks. Indicate the value of the closing stock to be taken to the balance sheet as on 31.3.2006 if the customer approved 80% of the goods on 31st March 2006
a) 216000
b) 280000
c) 300000
d) 180000

43. Umesh sends goods on approval basis as follows The stock of goods sent on approval basis on 31st January will be:

Date	Customer's Name	Sale price of	Goods Accepted	Goods Returned
Jan-06		Goods sent Rs.	Rs.	Rs.
8	Anna	3,500	3,000	500
10	Babu	2,800	2,800	-
15	Chandra	3,680	-	3680
22	Desai	1,260	1,000	260

a) Rs. 500
b) Nil
c) Rs. 260
d) None of the above

44. Total sales of Star Limited for the year ended 31st March 2008 was Rs. 5,00,000, which includes goods sold to R for Rs. 5,500 at a profit of 10% on cost. Such goods are still lying in the Godown of Star Limited at the buyer's risk. In the books of Star Limited sales would be shown as:-
a) Rs. 500,000
b) Rs. 505,000
c) Rs. 494,500
d) Rs. 495,000

45. Mr. X sends the goods costing Rs. 55,000 on approval basis. Goods of Rs. 5,000 were damaged in transit and claim of Rs. 3,000 was received. The amount of goods sent on approval to Mr. Y is:-
a) Rs. 57,000
b) Rs. 53,000
c) Rs. 52,000
d) Rs. 50,000

46. Closing stock was physically verified on 31st March, 2006 and was valued at Rs. 200000. Goods are normally sold at a profit of 25% on cost. On 21st March, 2006 goods having sale value of Rs. 100000 were sent on sale or return basis to a customer. The period of approval was

two weeks. Indicate the value of the closing stock to be taken to the balance sheet as on 31.3.2006 if the customer approved 80% of the goods on 31st March 2006

a) Rs. 216000
b) Rs. 280000
c) Rs. 300000
d) Rs. 180000

47. On 1.12.05 A sent some goods costing Rs. 3500 at a profit of 25% on sales to B on sales or returns basis. On 3.12.05, B returned goods costing Rs. 800. At the end of the accounting year i.e. on 31.12.05, the remaining goods were neither returned nor approved by B. A records goods on approval as normal sales. On 31/12/05, for goods sent but not yet approved and lying with B, in the balance sheet of A

a) Rs. 2700 will be added to closing stock
b) Rs. 3500 will be added to closing stock
c) Rs. 2700 will be deducted from closing stock
d) Rs. 3500 will be deducted from closing stock

48. A company sends its cars to dealers on 'Sale or return' basis. All such transactions are however treated like actual sales and are passed through the sales day book. Just before the end of the financial year, two cars which had cost Rs. 55,000 each have been sent on 'sale or return' and have been debited to customers at Rs. 75,000 each, cost of goods lying with the customers will be

a) Rs. 110,000
b) Rs. 55,000
c) Rs. 75,000
d) None of the above

49. On 1.12.05 A sent some goods costing Rs. 3500 at a profit of 25% on sales to B on sales or returns basis. On 3.12.05, B returned goods costing Rs. 800. At the end of the accounting year i.e. on 31.12.05, the remaining goods were neither returned nor approved by B. A records goods on approval as normal sales. On 1.12.05, when goods are sent by A to B, in the books of A

a) No entry will be passed by A
b)

No.	Particulars	Dr. Rs.	
	B Dr.	4667	4667
1.			
	To Sales		

c)

No.	Particulars	Dr. Rs.	
	B Dr.	3500	3500
1.			
	To Sales		

d)

No.	Particulars	Dr. Rs.	
	B Dr.	4375	4375
1.			
	To Sales		

50. Under sales or return or approval basis, the ownership of goods is passed only

a) When the retailer gives his approval
b) If the goods are not returned within specified period.
c) Both 1 and 2
d) None of the above

51. Mr. X send the goods costing Rs.55,000 to Mr. Y on approval basis. Goods costing Rs.5,000 were damaged during transit. X claims Rs.3,000 from insurance company. Then cost of goods sent on approval to Y will be:

a) Rs.57,000
b) Rs.53,000
c) Rs.52,000
d) Rs.50,000

52. Varun Ltd. sends goods to its customers on Sale or Return basis recording it as a sale at the time of sending it for approval. During 2012, Varun Ltd. sent goods to customers for Rs.1,00,000 on sale or return basis, at cost plus 33.33%. ON September 2012 a letter of approval was received from a customer for RS.40,000. IN this respect, entry will be:

a) Debtors account debited and sales account credited with Rs.40,000
b) Sales account debited and debtors account credited with rs.40,000
c) No entry is required for receiving the letter of approval from the customer
d) Entry will be made at the end of the year.

53. On 1.12.05 A sent some goods costing Rs. 3500 at a profit of 25% on sales to B on sales or returns basis. On 3.12.05, B returned goods costing Rs. 800. At the end of the accounting year i.e. on 31.12.05, the remaining goods were neither returned nor appro

a) Rs. 2700 will be added to closing stock
b) Rs. 3500 will be added to closing stock
c) Rs. 2700 will be deducted from closing stock
d) Rs. 3500 will be deducted from closing stock

54. On 31st December, 2005 goods sold at a sale price of Rs. 30,000 were lying with customer, Mohan to whom these goods were sold on 'Sale or return basis' and recorded as actual sales. Since no consent was received from Mohan, the adjustment entry was made presuming goods were sent on approval at a profit of cost plus 20%. In the balance sheet, the stock with customers account will be shown at Rs.

a) 30,000
b) 24,000
c) 20,000
d) 25,000

55. Under Sales on Return or approval basis when the transactions are few and the customer accepts the goods, the accounting treatment will be-

a) No journal entry

b) Entry in Sales or Return Journal

c) Entry in Sales or Return Day Book

d) Sundry Debtors A/c Dr To Sales A/c

56. On 1.12.05 A sent some goods costing Rs. 3500 at a profit of 25% on sales to B on sales or returns basis. On 3.12.05, B returned goods costing Rs. 800. At the end of the accounting year i.e. on 31.12.05, the remaining goods were neither returned nor approved by B. A records goods on approval as normal sales. On 31.12.05, for goods sent but not yet approved and lying with B, in the books of A

a)

No.	Particulars	Dr. Rs.	
1.	Closing stock Dr.	2700	
	To Trading A/c		2700

b)

No.	Particulars	Dr. Rs.	
1.	Stock Appoval Dr.	3500	
	To Trading A/c		3500

c)

No.	Particulars	Dr. Rs.	
1.	Stock Appoval Dr.	2700	
	To Trading A/c		2700

d)

No.	Particulars	Dr. Rs.	
1.	Trading A/c Dr.	2700	
	To Stock Appoval		2700

57. Mr. Z sent goods worth Rs. 50,000 on 21st March on reject or approval basis. Goods worth Rs. 25,000 were still pending with the customer on 31st March and the remaining were accepted by the customer. How would you deal with the goods lying with the customer as on 31st March. Assuming that the goods were invoiced at 25% above the cost price?

a) Deduct Rs. 25,000 from sales and Debtors and include goods worth Rs. 20,000 in closing stock

b) Deduct Rs. 50,000 from sales and debtors and include goods worth Rs. 25,000 in closing stock

c) Deduct Rs. 50,000 from sales and debtors and include goods worth Rs. 20,000 in closing stock.

d) Deduct Rs. 25,000 from sales and debtors and include goods worth Rs. 25,000 in closing stock

58. On 1.12.05 A sent some goods costing Rs. 3500 at a profit of 25% on sales to B on sales or returns basis. On 3.12.05, B returned goods costing Rs. 800. At the end of the accounting year i.e. on 31.12.05, the remaining goods were neither returned nor approved by B. A records goods on approval as normal sales. On 3.12.05, when goods are returned, in the books of A

a) No entry will be passed by A

b)

No.	Particulars	Dr. Rs.	
1.	Sales Dr.	800	
	To B		800

c)

No.	Particulars	Dr. Rs.	
1.	Sales Dr.	1067	
	To B		1067

d)

No.	Particulars	Dr. Rs.	
1.	Sales Dr.	1000	
	To B		1000

59. Under sales on return or approval basis, when transactions are few, the sellers, while sending the goods, treats them as

a) An ordinary sale but no entry is passed in the books

b) An ordinary sale and entry for normal sale is passed in the books

c) Approval sale and no entry is passed

d) None of the above

60. When a large number of articles are sent on a sale or return basis, it is necessary to maintain

a) Sale journal

b) Goods returned journal

c) Sale or return journal

d) None of the above