

CA Foundation Account Test Inventories

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Instruction for Question 1 To 50 MCQ

- Qn.1) Bharat Indian Oil is a bulk distributor of petrol. A periodic inventory of petrol on hand is taken when the books are closed at the end of each month. The following summary of information is available for the month: Sales Rs. 9,45,000 General information cost Rs. 25,000 Opening stock: 1,00,000 litres @ Rs. 3 per litres Rs. 3,00,000 Purchases (including freight inward) June 1 2,00,000 litres @ Rs. 2.85 per litre June 30 1,00,000 litres @ Rs. 3.03 per litre June 30 Closing stock 1,30,000 Litres. Compute the value of inventory on June 30 using weighted average method of inventory costing:
A. Rs. 375,000 B. Rs. 381225 C. Rs. 280,000 D. Rs. 410,000 [1]

- Qn.2) Consider the following data pertaining to credit purchases made by K Ltd, a dealer in electronic goods, for the month of March 2005: [1]

Date	Particulars	No. of units	Rate per unit Rs	Trade discount
March 1	Black & White TVs	50	3,000	10%
	Colour TVs	10	6,000	10%
March 9	Tape Recorders	10	1,000	10%
	Two-in-one	10	1,500	10%
March 19	Audio Cassettes	100	30	5%

On March 22, 2005 the company purchased from LM stationers on credit for office use 10 dozens of carbon papers at the rate of Rs. 35 per dozen and 10 dozens of ball pens at the rate of Rs. 25 per dozen.

At the time of making payment on March 31, 2005, the suppliers have allowed a cash discount of 10% on the above purchases.

The total of purchases for the month of March 2005, was

- A. Rs. 214,350 B. Rs. 238,000 C. Rs. 192,915 D. Rs. 238,600

- Qn.3) study the following table and answer : [1]

Date	Receipts		Issues		Balance	
	Units	Amount	Units	Amount	Units	Amount
01.03.04	Opening	-	-	-	2000	56000
06.03.04	-	-	1300	36400	700	19600
11.03.04	1800	48600	-	-	2500	68200
15.03.04	-	-	1400	38500	1100	29700
18.03.04	-	-	700	18900	400	10800
21.03.04	1700	42500	-	-	2100	53300
29.03.04	-	-	1100	28300	-	-

The value of the closing stock on the basis of valuation adopted

- A. 1000 units – Rs. 16867 B. Rs. 2000 units – Rs. 56000 C. 1000 units – Rs. 25000 D. Rs. 2100 units – Rs. 53300

- Qn.4) Consider the following for Q Co. for the year 2005-06 [1]

Cost of goods available for sale Rs. 1,00,000
 Total Sales Rs. 80,000
 Opening stock of goods Rs. 20,000
 Gross profit margin 25%
 Closing stock of goods for the year 2005-06 was
 A. Rs. 80,000 B. Rs. 60,000 C. Rs. 40,000 D. Rs. 36,000

Qn.5) 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? [1]
 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

Qn.6) The opening stock is overstated by Rs 10,000 and closing stock is understated by Rs 15,000. The impact of these on net profit for the current year is: [1]
 A. Rs 5,000 overstated B. Rs 25,000 overstated C. Rs 25,000 understated D. Rs 5,000 understated

Qn.7) Find out value of Closing Stock : [1]
 Opening Stock Rs 70,000
 Purchase Rs 4,16,000
 Sales Rs 5,22,000
 Gross profit earned 25% of cost
 A. Rs 68,400 B. Rs 36,000 C. Rs 94,500 D. None

Qn.8) Study the following table and answer questions on the assumption that FIFO method is followed [1]

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	-	-

The value of closing stock on 1.11.2003 is
 A. Rs. 1220 B. Rs. 1280 C. Rs. 1040 D. Rs. 1160

Qn.9) Hindustan Ltd has furnished the following details: [1]

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	-

Find the value of closing stock as per weighted average method:

A. Rs. 160 B. Rs. 175.50 C. Rs. 150 D. Rs. 225.50

Qn.10) The following information is available showing the stock position in the books of MN traders, a dealer in bicycles and Tricycles as on 1st April 2005 [1]

Opening stock of bicycle	- 50@ Rs. 2000 each
Opening stock of tricycles	- 75 @ Rs. 500 each

During the month, he sold 25 bicycles and purchased 30 bicycles @ Rs. 2200 each while he was able to sell 15 tricycles only @ Rs. 750 each.

Value of closing inventory of Tricycle under FIFO method of inventory valuation as on 30th April 2005 :

A. Rs. 30000 B. Rs. 45000 C. Rs. 120000 D. Rs. 37500

Qn.11) Which method of stock valuation matches current cost with current Revenue ? [1]
A. FIFO B. LIFO C. Weighted Average Method D. Specific identification method

Qn.12) 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 : [1]
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 handThe rate used for valuation of issues during the month under FIFO was
A. Rs. 10 B. Rs. 11 C. Rs. 12 D. Rs. 10.50

Qn.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: [1]
A. Rs. 60,000 B. Rs. 125,000 C. Rs. 50,000 D. None of these

Qn.14) 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 : [1]
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 value of the closing stock on the basis of FIFO valuation adopted comes to
A. Rs. 2705 B. Rs. 2500 C. Rs. 2735 D. Rs. 3000

Qn.15) Which of these is not an objective of inventory valuation? [1]
A. To determine true profit and Loss B. To show true financial position of the business C. To properly value closing stock D. To evade tax liability

Qn.16) D Ltd. Took stock on 31.03.2004, the last day of its accounting year. The stock was valued at Rs. 50000. A customer refused to accept goods worth Rs. 1000 and returned the same on 29.03.2004. The credit note is yet to be raised. The average gross profit is 20% on sales. Which computing the value at which the closing stock is to be brought in the books – [1]
A. Rs. 1000 will be deducted from Rs. 50000 B. Rs. 800 will be deducted from Rs. 50000 C. Rs. 1000 will be added to Rs. 50000 D. Rs. 800 will be added to Rs. 50000

Qn.17) Opening Inventory Rs. 1,00,000, Purchases Rs. 4,00,000, Sales Rs. 3,00,000. Selling price – 33 1/3% on cost. Goods costing Rs. 25,000 destroyed by fire. The estimated cost of closing inventory is: [1]
A. Rs. 175,000 B. Rs. 275,000 C. Rs. 250,000 D. Rs. 200,000

Qn.18) In the books of manufacturing concern, opening stock consists of: [1]
A. Raw materials B. Work in progress C. Finished goods D. All of the above

Qn.19) AS - 2 Prescribes the use of which method of stock valuation? [1]
A. FIFO B. LIFO C. Weighted Average Cost D. Both 1 and 3 above

Qn.20) Study the following table and answer questions on the assumption that FIFO method is followed [1]

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	-	-

The value of closing stock on 10.11.2003 is –
 A. Rs. 300 B. Rs. 260 C. Rs. 320 D. Rs. 290

Qn.21) A new trading company has given the following data regarding the purchase of goods. [1]

November 2003	40000 units @ Rs. 6 each
December 2003	25000 units @ Rs. 8 each
January 2004	15000 units @ Rs. 10 each
February 2004	35000 units @ Rs. 9 each
March 2004	20000 units @ Rs. 9.5 each

Company sells 85000 units till March 2004. The value of closing stock under FIFO is –
 A. Rs. 475000 B. Rs. 460000 C. Rs. 808000 D. Rs. 590000

Qn.22) Consider the following data pertaining to a company for the month of March 2005: [1]

Particulars	Rs
Opening stock	22,000
Closing stock	25,000
Purchases less returns	1,10,000
Gross profit margin (on sales)	20%

The sales of the company during the month are
 A. Rs. 141,250 B. Rs. 135,600 C. Rs. 133,750 D. Rs. 128,400

Qn.23) Hindustan Ltd has furnished the following details: [1]

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	-

Find the value of closing stock as per LIFO method

A. Rs. 172.50 B. Rs. 225 C. Rs. 160 D. Rs. 167.50

Qn.24)

20.02.2004	Opening Stock	50 units valued at Rs. 1900
01.03.2004	Purchases	150 units for Rs. 7500
15.03.2004	Issued for consumption	100 units

[1]

The value of closing stock on 15.03.2004 on weighted average cost basis is

A. Rs. 5000 B. Rs. 3800 C. Rs. 4400 D. Rs. 4700

Qn.25)

The stock taking of M/s RDX for the year ended 31.12.2003 was made on 6.1.2004 when the value of stocks found in the premises was Rs. 35970. You are given the following further information :

[1]

1. Sales during the period from 1st January to 6th January : Rs. 5000
2. Purchases during this period as per purchases Day book : Rs. 4000
3. The average rate of gross profit on turnover is 30%

The value of stocks as on 31.12.2003 is –

A. Rs. 35470 B. Rs. 34,070 C. Rs. 35,500 D. Rs. 34,970

Qn.26)

Bharat Indian Oil is a bulk distributor of petrol. A periodic inventory of petrol on hand is taken when the books are closed at the end of each month. The following summary of information is available for the month: Sales Rs. 9,45,000 General information cost Rs. 25,000 Opening stock: 1,00,000 litres @ Rs. 3 per litres Rs. 3,00,000 Purchases (including freight inward) June 1 2,00,000 litres @ Rs. 2.85 per litre June 30 1,00,000 litres @ Rs. 3.03 per litre June 30 Closing stock 1,30,000 Litres. Compute the profit or loss for June using FIFO method of inventory costing.

[1]

A. Rs. 160,000 B. Rs. 115,500 C. Rs. 125,000 D. Rs. 135,500

Qn.27)

Consider the following information pertaining to G & sons as on March 31, 2005

[1]

Particulars	Rs
Opening inventory	15,00,000
Purchases during the year 2004-05	45,00,000
Sales during the year 2004-05	50,00,000

As per physical inventory taken on March 31, 2005 the closing inventory was Rs. 20,90,000. Gross profit on sales has remained constant at 25%. The management of the firm suspects that some inventory might have been taken away by a new employee. The estimated cost of missing inventory on the close of the financial year and the cost of goods sold during the year respectively are

A. Rs. 2,65,000; Rs. 37,50,000 B. Rs. 2,10,000; Rs. 39,10,000 C. Rs. 1,75,000; Rs. 50,00,000 D. Rs. 1,60,000; Rs. 37,50,000

Qn.28)

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

[1]

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

Qn.29) Find the value of closing stock : [1]

	A	B	C	D
Historical Cost:	20,000	18,000	24,000	25,000
NRV:	18,000	24,000	23000	26000

A. Rs 93,000 B. Rs 83,000 C. Rs 84,000 D. Rs 1,08,000

Qn.30) If the opening stock is overstated by Rs.10,000 and closing stock is understated by Rs.15,000, the effect on profit will be [1]

A. Understated by Rs.5,000 B. Understated by Rs.25,000 C. Overstated by Rs.25,000 D. Overstated by Rs.5,000

Qn.31) C. Ltd. Took stock on 31.03.2004, the last day of its accounting year. The stock was valued at Rs. 50000. A purchase bill of Rs. 4000 was accounted without the goods being received. The average gross profit is 20% on sales. While computing the value at which the closing stock is to be brought in the books – [1]

A. Rs. 4000 will be deducted from Rs. 50000 B. Rs. 3200 will be deducted from Rs. 50000 C. Rs. 3200 will be added to Rs. 50000 D. Rs. 4000 will be added to Rs. 50000

Qn.32) Closing stock is generally valued at: [1]

A. Cost Price B. Market price C. Cost price or market price whichever is lower D. Cost price or market price whichever is higher

Qn.33) A Ltd., took stock on 31.03.2004, the last day of its accounting year. The stock was valued at Rs. 50000. A sales Invoice for Rs. 2000 was not raised though the goods were delivered on 25.03.2004. the average gross profit is 20% on sales. While computing the value at which the closing stock is to be brought in the books – [1]

A. Rs. 1600 will be deducted from Rs. 50000 B. Rs. 2000 will be deducted from Rs. 50000 C. Rs. 1600 will be added to Rs. 50000 D. Rs. 2000 will be added to Rs. 50000

Qn.34) Which one of the following methods of Inventory Valuation matches current cost with Current Revenues? [1]

A. Last in first out B. First in First Out C. Simple Average D. Weighted Average

Qn.35) Bharat Indian Oil is a bulk distributor of petrol. A periodic inventory of petrol on hand is taken when the books are closed at the end of each month. The following summary of information is available for the month: Sales Rs. 9,45,000 General information cost Rs. 25,000 Opening stock: 1,00,000 litres @ Rs. 3 per litres Rs. 3,00,000 Purchases (including freight inward) June 1 2,00,000 litres @ Rs. 2.85 per litre June 30 1,00,000 litres @ Rs. 3.03 per litre June 30 Closing stock 1,30,000 Litres, compute the amount of cost of goods sold for June using FIFO principle. [1]

A. Rs. 784,500 B. Rs. 685,000 C. Rs. 388,500 D. Rs. 758,000

Qn.36) Closing stock was not taken on 31.03.2012 but only on 07.04.2012. Following transactions had taken place during the period from 01.04.2012 to 07.04.2012. sales Rs.2,50,000, purchases Rs.150000, Stock on 07.04.2012 was Rs.1,80,000 and the rate of gross profit on sales was 20% Closing stock on 31.03.2012 will be [1]

A. Rs. 380,000 B. Rs. 400,000 C. Rs. 230,000 D. None

Qn.37) Mr. Vijay's financial year ends on 30th June 2004, but actual stock is not take until the following 8th July 2004, when it is ascertained at Rs. 7425. [1]

You find that :

1. Purchases are entered in the purchases day book as the invoices are received.
2. Purchases between 30th June 2004 and 8th July 2004 as per the purchases day book are Rs. 660 but of these goods amounting to Rs. 60 are not received until after the stock was taken.
3. Goods billed during June (before 30th June), but not received until after 30th June amounted to Rs. 500 of which Rs. 350 worth are received between 30th June 2004 and 8th July 2004
4. Rate of Gross profit is 331/3 on cost.

The value of stock on 30th June, 2004 was –

A. Rs. 6975 B. Rs. 13425 C. Rs. 7265 D. Rs. 8600

Qn.38) The following data has been provided by Omega Ltd : [1]

Item No	Units	Cost per unit	Realization
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			Value per unit
1	2	10	11
2	10	5	4
3	2	2	2

A. Rs 40 B. Rs 64 C. Rs 66 D. Rs 66

Qn.39) Opening stock Rs 10,000 Purchases Rs 1,10,000 Closing Stock Rs 20,000 Find out total sales if profit margin is 30% on cost of sales : [1]

A. Rs 1,20,000 B. Rs 1,30,000 C. Rs 1,10,000 D. Rs 1,25,000

Qn.40) From the following details calculate the value of closing stock at cost using adjusted selling price method. [1]

a. Gross purchases (excluding discount and sales tax) Rs. 320,000

b. Trade discount @ 10%

c. Sales tax 4%

d. Freight and insurance Rs. 4680

e. Net sales Rs. 3,60,000

f. Closing stock at selling price Rs. 20250

A. Rs. 17,200 B. Rs. 16,200 C. Rs. 18,500 D. Rs. 15,900

Qn.41) 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 [1]

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

Qn.42) The success of perpetual inventory system depends upon [1]

A. Placing order for materials an regular intervals B. Exercising control over the issue of materials C. Recording the receipts and issue of materials immediately after transaction D. Recording the receipt of material at fixed interval

Qn.43) [1]

01.07.2004	Opening Stock	12000 toys @ Rs. 3 each
22.07.2004	Sales	5000 toys @ Rs. 20 each

The value of issue on 22.07.2004 on FIFO basis is

A. Rs. 36000 B. Rs. 100000 C. Rs. 15000 D. Rs. None of the above

Qn.44) Goods purchased Rs. 1,00,000. Sales Rs. 90,000. Margin 20% on cost. Closing stock = ? [1]

A. -10,000 B. 10,000 C. 25,000 D. 28,000

Qn.45) M whose accounting year ends on 30th June, had to take stock on 21st June, 2003 which [1]

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 : Unsold goods in the hands of consignee on 30th June, 2003 were valued at Rs. 3200. The stock on 21st June included these goods at cost. While computing the closing stock to be brought into books –

A. Rs. 3200 will be deducted from Rs. 67,460 B. Rs. 3200 will be added to Rs. 67,460 C. Rs. 2400 will be deducted from Rs. 67,460 D. Rs. 4000 will be added to Rs. 67,460

Qn.46) Calculate Closing Stock [1]

Opening stock	60,000
Purchases	90,000
Sales	1,20,000

Gross Profit on Cost $33\frac{1}{3}\%$ Cost of goods lost in Rs.15000. Insurance Claim Received Rs.5000
 A. Rs.40,000 B. Rs.45,000 C. Rs.55,000 D. Rs.60,000

Qn.47) The following are the details supplied by Agni Ltd in respect of its raw materials for the month of December 2005: [1]

Date	Receipts (Units)	Price per unit (Rs.)	Issues (units)
01.12.2005	2,000 (Opening)	5.00	-
07.12.2005	1,000	6.00	-
10.12.2005	-	-	2500
15.12.2005	2000	6.50	
31.12.2005	-	-	2200

Find the value of issues in the month of December 2005 using FIFO method
 A. Rs. 27,050 B. Rs. 35,500 C. Rs. 19,500 D. Rs. 21,300

Qn.48) [1]

20.02.2004	Opening Stock	150 units valued at Rs. 6000
20.02.2004	Issued for consumption	100 units
01.03.2004	Purchases	150 units for Rs. 7500
15.03.2004	Issued for consumption	100 units

The value of closing stock on 15.03.2004 on FIFO basis is
 A. Rs. 6000 B. Rs. 13500 C. Rs. 7500 D. None of the above

Qn.49) J whose accounting year ends on 30th June, had to take stock on 21st June, 2003 which amounted to Rs. 67460. The firm sells goods at cost plus 25%. The following transactions took place between 21st June and the 30th June : purchases from 21st June to 30th June amounted to Rs. 4820 out of which goods worth Rs. 1900 were received and billed in July 2003. While computing the closing stock to be brought into books – [1]

A. Rs. 1900 will be deducted from Rs. 67,460 B. Rs. 2920 will be added to Rs. 67,460 C. Rs. 6720 will be deducted from Rs. 67,460 D. Rs. 4820 will be added to Rs. 67,460

Qn.50) An undervaluation of current year's closing inventory will..... [1]

A. Causes current year's net income to be overstated B. Causes subsequent year's net income to be overstated C. Causes previous year's net income to be overstated D. Causes subsequent year's income to be unaffected