

Q4. Calculate Closing Stock from the following details:

| | | | |
|----------------------|---------------|-------------------------------------|----------------|
| Opening Stock | 20,000 | Credit Sales | 40,000 |
| Cash Sales | 60,000 | Rate of Gross Profit on Cost | 33x1/3% |
| Purchases | 70,000 | | |

Solution –

$$\begin{aligned}\text{Total Sales} &= \text{Cash Sales} + \text{Credit Sales} \\ &= 60,000 + 40,000 \\ &= 1,00,000\end{aligned}$$

$$\text{Cost Assume} = 100$$

$$\text{Gross Profit of Cost} = 33 \times \frac{1}{3} \%$$

$$\text{Selling Price} = 100 + 33 \times \frac{1}{33} \%$$

$$\text{Selling Price} = 133 \times \frac{1}{3} \%$$

$$\begin{aligned}\text{Formula of Profit on Selling Price} &= \frac{\text{Profit}}{\text{Selling Price}} \times 100 \\ &= \frac{33 \times \frac{1}{3}}{133 \times \frac{1}{3}} \times 100 \\ &= \frac{100/3}{400/3} \times 100 \\ &= 100/3 \times 3/400 \times 100 \\ &= 25\%\end{aligned}$$

$$\text{Gross Profit} = 1,00,000 \times 25\% = 25,000$$

$$\begin{aligned}\text{Cost of Goods Sold} &= \text{Sales} - \text{Gross Profit} \\ &= 1,00,000 - 25,000 \\ &= 75,000\end{aligned}$$

$$\begin{aligned}\text{Cost of Goods Sold} &= \text{Opening Stock} + \text{Purchase} - \text{Closing Stock} \\ 75,000 &= 20,000 + 70,000 - \text{Closing Stock} \\ 75,000 &= 90,000 - \text{Closing Stock} \\ \text{Closing Stock} &= 90,000 - 75,000 \\ &= 15,000\end{aligned}$$

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