

$$\frac{1}{3}C = \frac{1}{4}S$$

Memorandum Khadi Stock A/c

op Stock 10500  
 Markup 3500 14000  
  
 Purchase 75900  
 Markup 25300  
 101200

Sales 95600  
 + 1260  
 + 360 97220  
  
 Top to silk 6900  
 Markup 2300  
 9200  
  
 Ab lrs 390  
 Markup 130 520  
  
 C Stock 6195  
 ↑ 2065 8260

Mem. Khadi Markup a/c

Mem Stock 1260  
 " 2300  
 " 360  
 " 130  
 " 2065  
  
 Profit 22685

Mem. Stock 3500  
 " 25300

$$\frac{1}{2}C = \frac{1}{3}S$$

Memorandum Silk Stock A/c

Mem. Silk Markup a/c

Op Stk 18600  
 Markup 9300 27900

Sales 125000  
 + 1000  
126000

Mem Stk (sold) 1000

Mem Stock 9300  
 " 46700

Markup 1000  
 C/stock 34900

" (unsold) 1000

" 3450

Purchases 93400  
 Markup 46700 140100

16450  
51350

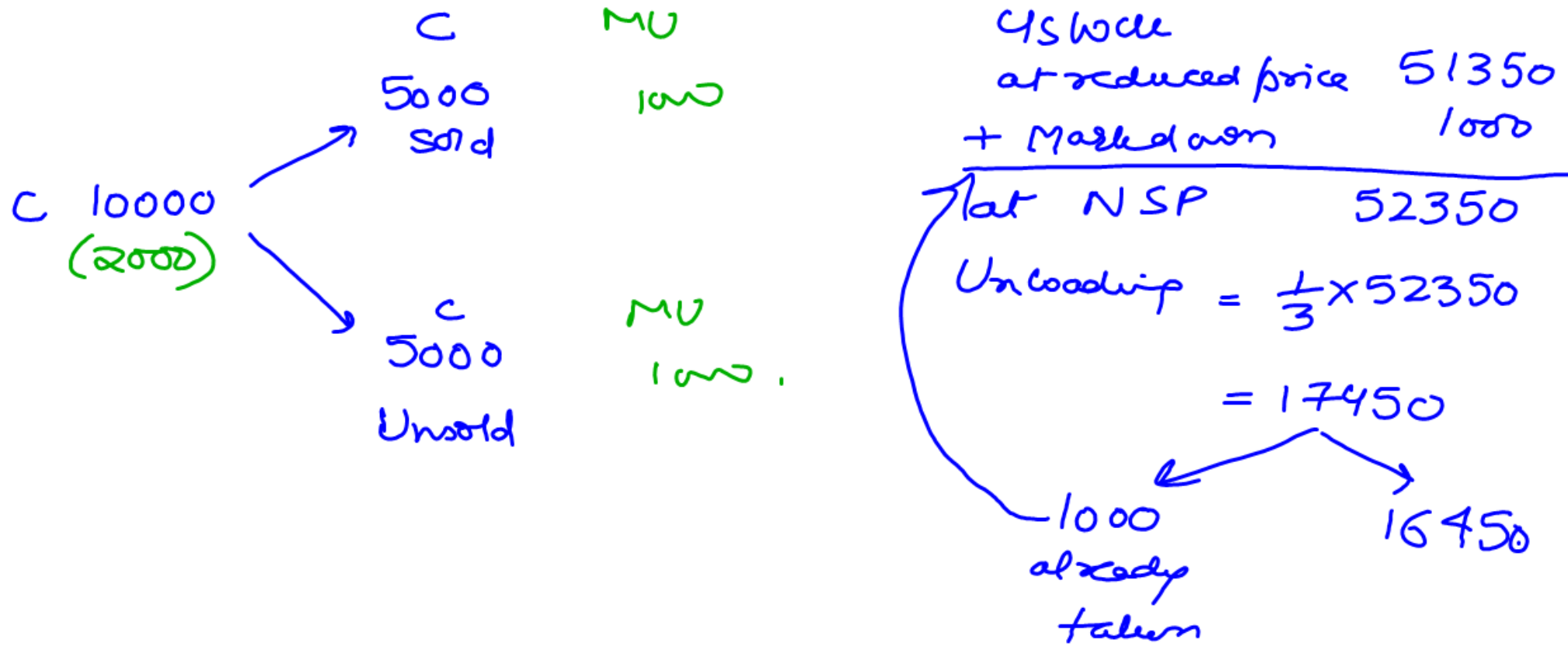
Mem Stk (custo) 16450

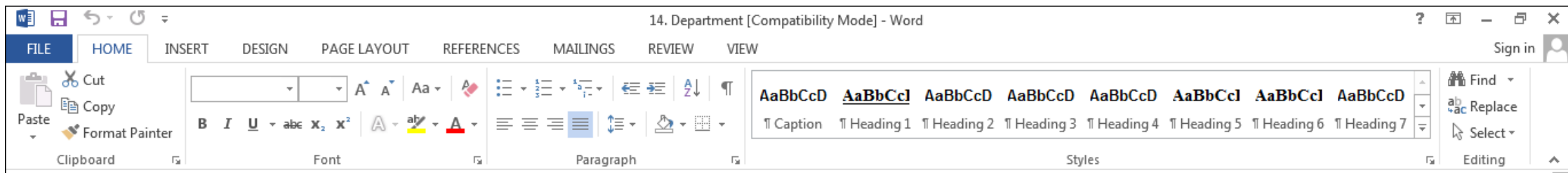
Top from Khadi 6900  
 Markup 3450 10350

~~52350~~

P







**Question 18.** Southern Store Ltd. is a retail store operating two departments. The company maintains Memorandum Stock account and Memorandum Mark-up account for each of the departments. Supplies issued to the department are debited to the Memorandum Stock account of the department at cost plus the Mark-up, and departmental sales are credited to this account. The mark-up on supplies issued to the departments is credited to the Mark-up account for the department. When it is necessary to reduce the selling price below the normal selling price, i.e. cost plus Mark-up, the reduction (mark down) is entered in the Memorandum Stock account and in the mark-up account. Department Y has a Mark-up of 33-1/3% on cost, and Department Z 50% on cost. The following information has been extracted from the records of Southern Store Ltd. for the year ended December 31, 2004.

|  | <b>Department Y</b> | <b>Department Z</b> |
|--|---------------------|---------------------|
| Stock, 1 <sup>st</sup> January, 2004 at cost | 24,000              | 36,000              |
| Purchases                                    | 1,62,000            | 1,90,000            |
| Sales  | 2,10,000            | 2,85,000            |

$$\begin{array}{r}
 \text{Cost} \quad 21000 \\
 + \text{P} \quad 10500 \\
 \hline
 \text{NSP} \quad 31500 \\
 - \text{Markedown} \quad 4100 \\
 \hline
 \end{array}$$

Value is  
marked down  
to

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27400

If Marked down to 27400, Markedown 4100

If Marked down to 2300, Markedown  $\frac{4100}{27400} \times 2300$   
(unsold)

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= 344.

Sold.

Markedown 3756.

AS-29

Provisions, Contingent Liability & Contingent Assets

