

# **Rizvi College of Arts Science and Commerce**

## **Departmental Account Accountancy & Financial Mgmt -I**

**FY.Bcom Sem – I**

**Prof Nadeem Parve**

**Assistant Professor in Accountancy**

**Department of Accountancy**

# **Syllabus of Accountancy and Financial Management**

- 1. Accounting Standards issued by ICAI & Inventory Valuation**
- 2. Final Account**
  - Expenditure – Capital & Revenue**
  - Receipts - Capital & Revenue.**
  - Final Account of manufacturing concern**
- 3. Departmental Account.**
- 4. Accounting for hire purchase**

# Syllabus split into modules

## **1. Modules 1 - Accounting Standards issued by ICAI & Inventory Valuation.**

- **Accounting Standard 1- Disclosure of Accounting Policies.**
- **Accounting standards-2-Valuation of inventories (Stock)**
- **Accounting standards 9- Revenue Recognition.**
- **Inventory valuation.**

## **2. Modules 2 –Final Account**

- **Capital & Revenue: Expenditure & Receipts**
- **Final Account of manufacturing concern**

- **3.Module -3- Departmental Account. (Prof Nadeem Sir)**
- **4.Module 4- Accounting for Hire purchase**

# Departmental Account

- There are departments in an organisation.
  - Manufacturing dept. (Expenses/Income)
  - Administration dept (Expenses/Income)
  - Selling & Distribution dept (Expenses/Income)
  - Finance dept. (Expenses/Income)
  - Financial statements to be prepared to find out Profit and loss.
- 
- In exam this chapter for 20marks. Qts1)a.10 marks b.10marks.
  - Qts no 2) Full fledge question 20marks.

Qts no1-From the following particular's you are required to prepare departmental Profit/loss A/c for department A & B

• Particular's.	Department A.	Department B.	Total
• Opening Stock.	60,000.	90,000	
• Purchase.	3,60,000.	5,40,000	
• Sales	6,00,000.	8,00,000	
• Closing stock.	20,000.	80,000	
• Salaries.	25,000.	30,000	
• Advertisement Expenses.			28,000
• Rent.			20,000
• General Expenses.			60,000

- **Advertisement Expenses should be apportioned in the ratio of Sales.**
- **Rent equally**
- **General Expenses in the ratio of 2:3 between dept A & B.**

# Departmental Trading & Profit/Loss Account for the year ended.....

- Particular's. DeptA. DeptB
- To op stock 60,000. 90,000
- To purchase 3,60,000 5,40,000
- Total. 4,20,000. 6,30,000

- Particular's. DeptA. DeptB
- By Sales 6,00,000 8,00,000

- By closing stock 20,000 80,000
- To gross profit 2,00,000 2,50,000
- Total. 6,20,000. 8,80,000. Total. 6,20,000. 8,80,000



# Profit and loss Account for the year ended.....

Dr.

Cr

• Particular's.	DeptA.	Dept B.	Particular's.	Dept A.	Dept B
• To salaries.	25,000.	30,000.	By Gross profit	2,00,000.	2,50,000
• To gen Exp.	24,000.	36,000			
• To Rent.	10,000.	10,000			
• To advt.	<u>12,000.</u>	<u>16,000</u>			
• Total	<u>71,000.</u>	<u>92,000</u>			
• To net prof	<u>1,29,000</u>	<u>1,58,000</u>			
• Total.	<u>2,00,000.</u>	<u>2,50,000.</u>	Total.	<u>2,00,000.</u>	<u>2,50,000</u>

Working columns Gen Exp 2:3=5. ,rent equally means  $\div 2$

- Gen Exp. Dept A  $60,000 \times 2 \div 5 = 24,000$
- Dept B  $60,000 \times 3 \div 5 = 36,000$
- Rent dept A  $20,000 \div 2 = 10,000$
- .       Dept B  $20,000 \div 2 = 10,000$
- Sales Ratio.  $6,00,000 : 8,00,000 = 6:8 = 3:4$
- Advt exp Dept A  $28,000 \times 3 \div 7 = 12,000$
- .           DeptB  $28,000 \times 4 \div 7 = 16,000$

Departmental Stores has prepared the following Trading and Profit and Loss Account for the year ended 31st March, 2014.

Particulars	₹	Particulars	₹
Opening Stock		By Sales	
Dept. : H	45,000	Dept. : H	3,02,600
Dept. : M	60,000	Dept. : M	4,53,900
Dept. : T	27,800	Dept. : T	1,51,300
Purchases		By Closing Stock	
Dept. : H	2,24,000	Dept. : H	35,000
Dept. : M	3,55,000	Dept. : M	64,000
Dept. : T	1,54,000	Dept. : T	75,000
Salaries	60,000		
Rent/Taxes	45,000		
Discount	12,000		
Advertisement	34,500		
Trade Expenses	9,000		
Depreciation	15,000		
Electricity	18,300		
Carrage Outward	6,600		
Net Profit	15,600		
	10,81,800		10,81,800

Prepare Departmental Trading and Profit and Loss Account for the year ended 31st March, 2014

after considering the following data :-

Rent/Taxes to be allocated in the ratio of area occupied which was 1:2:1 respectively.

Depreciation to be charged equally.

Of the 2 salesmen employed, one worked in Dept. M alone. The other works in Dept. H and T.

His salary be allocated equally between Dept. H and T. Salary of each salesman is ₹ 2,500 p.m.

# Departmental Trading Account for the year ended 31.03.2014

Dr.

Cr

Particulars.	H.	M.	T.	Particular's.	H.	M.	T
• To op stock	45,000.	60,000	27,800.	By Sales.	302600.	453900	151300
• To purch.	2,24,000.	3,55,000.	1,54,000				
•							
• Total	<u>269000</u>	<u>415000</u>	<u>181800</u>				
•				By closing stock.	35,000	64,000	75,000
• To GP c/d	<u>68,600</u>	<u>1,02,900</u>	<u>44,500</u>				
• Total.	<u>3,37,600</u>	<u>5,17,900.</u>	<u>2,26,300.</u>	Total.	<u>3,37,600</u>	<u>5,17,900.</u>	<u>2,26,300</u>

# Profit /loss A/c.for the year ended 31.03.2014

Dr.

Cr

• Particulars.	H.	M.	T.	Particular's.	H.	M.	T
• .				By GP b/d	68,600	1,02,900	44,500
• To salaries.	15,000.	30,000	15,000				
• To rent/taxes.	11,250.	22,500	11,250				
• To discount.	4,000.	6,000.	2,000				
• To advertise	11,500.	17,250.	5,750				
• To trade exp.	3,000.	4,500.	1,500				
• To depreciat.	5,000.	5,000	5,000				
• To electric	6,100.	9,150.	3,050				
• To carriage o/w	2,200.	3,300	1,100				

• To net profit 10,550. 5,200. Nil. By net loss. 150

• Total. 68,600. 1,02,900 44,650. Total 68,600. 1,02,900 44,650

# Working columns

- **Rent/taxes. Dep H.  $45,000 \times 1/4 = 11,250$   
Dep M.  $45,000 \times 2/4 = 22,500$   
Dept T.  $45,000 \times 1/4 = 11,250$**
- **Depreciation to be charged equally. Dep H, M,T  $= 15,000 \div 3 = 5,000$  each**
- **Salaries  $2500 \times 12 = 30,000$**
- **Salaries is given  $60,000 - 30,000 = 30,000$**
- **30,000 is distributed equally dept H and T  $= 15,000$  each**
- **Sales Ratio 3,02,600 4,53,900. 1,51,300**
- **Reduce by 100. 3026:4539:1513. i.e 2:3:1**

- Discount ₹ 12,000 in sales Ratio 2:3:1.
- Dept H  $12,000 \times \frac{2}{6} = 4,000$ .
- Dept M.  $12,000 \times \frac{3}{6} = 6,000$ .
- Dept T  $12,000 \times \frac{1}{6} = 2,000$
- Advertisement Expenses 34,500 in Sales Ratio. 2:3:1
- Dept H  $34,500 \times \frac{2}{6} = ₹ 11,500$
- Dept M  $34,500 \times \frac{3}{6} = ₹ 17,250$
- Dept T.  $34,500 \times \frac{1}{6} = ₹ 5,750$



- Trade Expenses ₹ 9,000 in sales Ratio 2:3 :1
- Dep H  $9,000 \times 2/6 = ₹ 3,000$       Dept M  $9,000 \times 3/6 = ₹ 4,500$
- Dept T  $9,000 \times 1/6 = ₹ 1,500$
- Electricity ₹ 18,300 in the sales Ratio 2 :3 :1
- Dept H ₹  $18,300 \times 2/6 = ₹ 6,100$       Dept M ₹  $18,300 \times 3/6 = ₹ 9,150$
- Dept T ₹  $18,300 \times 1/6 = ₹ 3,050$
- Carriage outward. ₹ 6,600 in the sales Ratio 2: 3 :1
- Dept H ₹  $6,600 \times 2/6 = ₹ 2,200$
- Dept M ₹  $6,600 \times 3/6 = ₹ 3,300$
- Dept T ₹  $6,600 \times 1/6 = ₹ 1,100$



Prepare Department Trading and Profit and Loss Account for two departments, viz. Chairs Department and Dolls Department for the year ended 31st March, 2014 :

Particulars	
Opening Stock :	
Chairs	75,000
Dolls	25,000
Raw Materials consumed :	
Dolls plus Chairs	1,80,000
Stores Consumed	45,000
Wages :	
Dolls	15,000
Chairs	30,000
Advertisement	7,500
Packing Expenses (Dolls)	3,000
Office Expenses	24,000
Depreciation :	
On Factory Equipment	16,000
On Building	8,000
Sales :	
Chairs	4,50,000
Dolls	90,000
Closing Stock :	
Chairs	60,000
Dolls	30,000

Dolls	₹
2. Advertising	₹
Chairs	₹
Dolls	₹
	₹

**Illustration 9 :**  
Trading and Profit and Loss Account for the months ended 31st March, 2014

Particulars	
Purchases :	
- Radios (A)	
- Gramophones (B)	
- Spare Parts (C)	
Salaries and Wages	
Rent	
Sundry Expenses	
Profit	
Total	



## Departmental Accounts

Given that :

1. Doll making does not require any equipment.
2. Only  $\frac{1}{8}$ th of building is occupied by Dolls Department.
3. Divide office expenses in the ratio of 5 : 1 between Chairs and Dolls Department.
4. Value of raw material used by Dolls Department is ₹ 10,000.
5. Divide stores consumed on the basis of raw materials used.
6. Advertisement expenses be allocated appropriately.

(F.Y.B.Com., Apr.)

Solution :

Dr. Departmental Trading and Profit and Loss Account for the year ended 31-

Particulars	Chairs	Dolls	Total	Particulars	Chairs	Dolls
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## Departmental trading account for the year ended 31.03.2014

Dr.

Cr

Particular's.	Chairs.	Dolls.	Particular's.	Chairs.	Dolls
• To open stock	75,000.	25,000.	By Sales.	4,50,000.	90,000
• To Raw mater	1,70,000.	10,000			
• To wages.	<u>30,000.</u>	<u>15,000.</u>	By closing stock.	60,000.	30,000
• Total.	<u>2,75,000</u>	<u>50,000</u>			
• To gross profit	<u>2,35,000.</u>	<u>70,000</u>			
• Total.	<u>5,10,000.</u>	<u>1,20,000.</u>	Total.	<u>5,10,000.</u>	<u>1,20,000</u>

# Departmental Profit and loss Account for the year ended 31.03.2014

Dr. particulars.	Chairs.	Dolls.	Particular's.	Chairs.	Cr Dolls
• To stores Cons.	42,500.	2,500.	By Gross profit. b/d.	2,35,000.	70,000
• To advt.	6,250.	1,250			
• To packing exp.	Nil.	3,000			
• To office Exp.	20,000.	4,000			
• To <u>depreciation</u>					
• Equipment.	16,000.	Nil			
• Building.	7,000.	1,000			
• To Net profit c/d	<u>1,43,250</u>	<u>58,250</u>			
• Total.	<u>2,35,000.</u>	<u>70,000.</u>	Total.	<u>2,35,000.</u>	<u>70,000.</u>

# Working columns

1. Doll making does not require any equipment.

2. Only 1/8 of building occupied by doll dept

- Doll dept ₹ 8,000 x 1/8 = ₹ 1,000.      Chairs dept. ₹ 8,000 x 7/8 = ₹ 7,000

3. Divide the office exp in the ratio of 5:1 between chair and doll.

- Chair dept ₹ 24,000 x 5/6 = ₹ 20,000.      Doll dept. ₹ 24,000 x 1/6 = ₹ 4,000

- 4 value of raw materials of doll dept is 10,000

- Raw material doll and chairs 1,80,000.      Doll 10,000.      Chair 1,70,000

- 5 Divide the store consumed in the ratio of raw material

- 1,70,000:10,000 = 17:1      chair ₹ 45,000 x 17/18 = ₹ 42,500

- doll ₹ 45,000 x 1/18 = ₹ 2,500

- Advt exp allocated appropriately (sales Ratio)
- $4,50,000:90,000=45:9=5:1$
- Chair ₹ 7,500  $\times 5/6 =$  ₹ 6,250
- Doll. ₹ 7,500  $\times 1/6 =$  ₹ 1,250



	Compressors ₹	Radiators ₹	Total ₹
Opening Stock	1,50,000	2,10,000	3,60,000
Purchases	4,50,000	5,50,000	10,00,000
Carriage Inwards	--	--	20,000
Salaries	15,000	20,000	35,000
Sales	6,00,000	7,00,000	13,00,000
Discount Received	--	--	4,000
Rent and Rates	--	--	60,000
Travelling Expenses	--	--	26,000
Carriage Outwards	--	--	6,500
General Expenses	--	--	30,000
Advertising	--	--	6,500
Discount Allowed	--	--	7,800
Insurance	--	--	3,600
Selling Commission	--	--	13,000

Further information is relevant :

1. General expenses and insurance are to be allocated in the ratio 2 : 3.
2. The area occupied is Compressors  $\frac{3}{5}$  and Radiators  $\frac{2}{5}$ .
3. The closing stock of the two departments were compressors ₹ 2,50,000, Radiators ₹ 1,85,000.

**Solution :**

### Departmental

General Exp  
Advertising  
Discount Allo  
Insurance  
Selling Com

Further info

1. General
2. The area
3. The clos
4. Apportio

**Solution :**

**Dr. Depar**

### Particulars

To Opening S  
To Purchase  
To Carriage In  
To Gross Pro

To Salaries

# In the books of Abhijeet Coolers

## Departmental Trading Account for the year 31.12.15

Particular's.	Dept C.	Dept R.	Particular's.	Dept C.	Dept R
To opening.	1,50,000.	2,10,000	By Sales.	6,00,000.	7,00,000
To purchase.	4,50,000.	5,50,000.	By closing st.	2,50,000.	1,85,000
To carr inward.	<u>9,000.</u>	<u>11,000</u>			
Total.	<u>6,09,000.</u>	<u>7,71,000</u>			

To GP c/d.	<u>2,41,000</u>	<u>1,14,000</u>			
Total.	<u>8,50,000.</u>	<u>8,85,000.</u>	Total.	<u>8,50,000.</u>	<u>8,85,000</u>

# Departmental Profit and loss Account for the year ended 31.12.2015

<u>Particular's.</u>	<u>Dept C.</u>	<u>Dept. R.</u>	<u>Particular's.</u>	<u>Dept C.</u>	<u>Dept R</u>
• To salaries.	15,000.	20,000.	By Gross profit.	2,41,000	1,14,000
• To Rent & Rates.	36,000.	24,000.	By Disct recd.	1,800.	2,200
• To Traveling.	12,000.	14,000			
• To carr outw.	3,000.	3,500			
• To Gen Exp.	12,000.	18,000			
• To Advt.	3,000.	3,500			
• To Disct allowed.	3,600.	4,200			
• To insurance.	1,440.	2,160			
• To selling exp.	<u>6,000.</u>	<u>7,000</u>			
• Total	<u>92,040</u>	<u>96,360</u>			

• To Net profit c/d. 1,50,760. 19,840

• Total. 2,42,800. 1,16,200 Total. 2,42,800. 1,16,200

# Working column

- Carriage inward 20,000 in the ratio of Purchase
- Purchase 4,50,000:5,50,000=45:55=9:11
- Dept C ₹ 20,000  $\times$  9/20= ₹ 9,000. Dept R. 20,000  $\times$  11/20= ₹ 11,000
- Discount received in the ratio of Purchase
- Dept C ₹ 4,000  $\times$  9/20= ₹ 1,800. Dept R. 4,000  $\times$  11/20= ₹ 2,200
- General Expenses and Insurance in the ratio of 2:3
- Dept C ₹ 30,000  $\times$  2/5= ₹ 12,000. Dept R. 30,000  $\times$  3/5= ₹ 18,000
- Dept C ₹ 3,600  $\times$  2/5= ₹ 1,440. Dept R. 3,600  $\times$  3/5= ₹ 2,160

- Sales Ratio 6,00,000 :7,00,000 = 6:7
- Rent & Rates in the ratio of 3:2 . Dept C ₹ 60,000 × 3/5 = ₹ 36,000
- Dept R ₹ 60,000 × 2/5 = ₹ 24,000
- Travelling expenses in the ratio of 6:7. Dept C 26,000×6/13= ₹ 12,000
- Dept R ₹26,000×7/13= ₹ 14,000.
- Carriage outward in the ratio of 6:7 dept C ₹6,500×6/13= ₹ 3,000
- Dept R ₹6,500×7/13= ₹ 3,500
- Discount allowed in the ratio of 6:7 dept C ₹ 7,800×6/13= ₹ 3,600
- Dept R ₹ 7,800×7/13= ₹ 4,200

- Selling Expenses in the ratio of 6:7 dept C ₹  $13,000 \times 6/13 = ₹ 6,000$
- . Dept R ₹  $13,000 \times 7/13 = ₹ 7,000$



**Illustration 12 :**

From the following particulars of Spices and Flavours, prepare Trading and Profit and Loss Account of the two departments Snacks and Cold Drinks for the year ended 31st December 2016.

	Snacks	Cold Drinks	Total
	₹	₹	₹
Opening Stock	58,600	46,800	1,05,400
Purchases	6,78,000	4,52,000	11,30,000
Carriage Inwards	12,400	8,400	20,800
Salaries	46,800	31,200	78,000
Sales	9,60,000	7,20,000	16,80,000
Discount Received	--	--	5,450
Rent and Rates	--	--	18,600
Travelling Expenses	--	--	35,700
Carriage Outwards	--	--	7,280



## Departmental Accounts

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General Expenses	...	...	36,000
Advertising	...	...	28,350
Discount Allowed	...	...	7,140
Insurance	...	...	4,600
Selling Commission	...	...	16,800

Further information is relevant :

1. General expenses and insurance are to be allocated equally.
2. The area occupied of Snacks  $\frac{2}{5}$  and Cold Drinks  $\frac{3}{5}$ .
3. The closing stock of the two departments were Snacks ₹ 2,58,500, Cold Drinks ₹ 2,35,600.
4. Apportion other expenses on suitable basis.

(F.Y.B.Com., IDOL, April 2017, adapted)

Solution :

Dr. Departmental Trading and Profit & Loss Account for the period ended 31-12-2016 Cr.

	Snacks	Cold Drinks	Total	Particulars	Basis	Snacks	Cold Drinks	Total
	₹	₹	₹			₹	₹	₹

## Departmental Trading Account for the year ended 31.12.2016

Dr.

Cr

<u>Particular's.</u>	<u>DeptS.</u>	<u>Dept C.</u>	<u>Particular's.</u>	<u>Dept S.</u>	<u>DeptC</u>
• To open stock.	58,600.	46,800.	By Sales.	9,60,000.	7,20,000
• To purchase.	6,78,000.	4,52,000.	By closing st	2,58,500	2,35,600
• To carriage.	<u>12,400.</u>	<u>8,400</u>			
• Total.	<u>7,49,000</u>	<u>5,07,200</u>			
• To Gross Profit	<u>4,69,500</u>	<u>4,48,400</u>			
• Total	<u>12,18,500</u>	<u>9,55,600</u>	total.	<u>12,18,500.</u>	<u>9,55,600</u>

## Departmental Profit and loss Account for the year ended 31.12.2016

<u>Particular's.</u>	<u>DeptS.</u>	<u>Dept C.</u>	<u>Particular's.</u>	<u>Dept S.</u>	<u>DeptC</u>
• To salaries.	46,800.	31,200.	By Gross Profit	4,69,500	4,48,400
• To Rent/Rates	7,440.	11,160	By Disct recd.	3,270.	2,180
• To Travelling.	20,400.	15,300			
• To carr outw.	4,160.	3,120			
• To Gen Exp.	18,000.	18,000			
• To Advt.	16,200.	12,150			
• To Disct allow.	4,080.	3,060			
• To Insurance.	2,300.	2,300			

- To selling Exp     9,600.   7,200
- TOTAL.             1,28,980.   1,03,490

- To Net Profit.     3,43,790 \_ 3,47,090
- Total.               4,72,770   4,50,580 Total.               4,72,770   4,50,580

# Working columns

## 1. General Expenses and Insurance are to be allocated equally

- General Expenses ₹ 36,000 ÷ 2 = ₹ 18,000 each dept
- Insurance. ₹ 4,600 ÷ 2 = ₹ 2,300 each dept

## 2 The Area occupied by snacks and cold drink is 2: 3 Rent ₹ 18,600

- dept S ₹ 18,600 × 2/5 = ₹ 7,440
- dept C ₹ 18,600 × 3/5 = ₹ 11,160
- 3 Sales Ratio 9,60,000:7,20,000. = 96:72 = 8:6 = 4:3
- 4. Purchase Ratio 6,78,000: 4,52,000 = 678:452 = 3:2



General Profit & Loss Account		
Dr.	or	
To Net loss tfd. from deptts.	xxxx	By Net profits tfd. from deptts.
- department A	xxxx	- department A
- department B		- department B
To Stock Reserve (op. st.)	xxxx	By Interest on loans given
- department A	xxxx	By Dividends on shares received
- department B	xxxx	By Profit on sale of assets / inv.
To General admin. expenses	xxxx	By Stock Reserve (cl. st.)
To Audit/Legal fees	xxxx	- department A
To Interest & bank charges paid	xxxx	- department B
To Depreciation (general assets)	xxxx	
To Loss on goods destroyed/damaged	xxxx	
To Loss on sale of assets / inv.	xxxx	
To Income-tax	xxxx	
To Transfer to Reserves	xxxx	
To Net profit tfd. to capital	xxxx or	By Net loss tfd. to capital
Total	xxxx	Total

#### 4. ILLUSTRATIONS : ALLOCATION OF EXPENSES



#### Illustration 14 :

Vyas is the proprietor of a Departmental Store having two departments, A & B. The following balances have been extracted from his books as on 31-3-2014.

Particulars	A ₹	B ₹
Opening Stock	2,500	2,000
Purchases	1,18,000	82,000
Sales	1,50,000	1,00,000
Salaries of Sales Staff	10,000	7,500

Common expenses are as follows :

Office Salaries - ₹ 7,500, Lighting ₹ 1,200, Repairs to premises ₹ 250, Audit Fees - ₹ 2,500, Purchase Expenses ₹ 600. The proportion of the total area occupied by A two-fifths and B three-fifths.

Prepare Trading and Profit & Loss Account (Department and General) for current year apportioning the overhead expenses wherever necessary to show the departmental profit or loss. Show clearly the basis on which the expenses are apportioned. (F.Y.B.Com., IDOL - Mar. 2000, adapted)

**Solution :**

Dr. Departmental Trading and P & L Account for the year ended 31-3-2014

Particulars	Basis	Dept. A	Dept. B	Total	Particulars	Dept. A	Dept. B	Total
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# In the books of Mr Vyas

## Departmental Trading Account for the year 31.03.2014

<u>Particular's.</u>	<u>DeptA.</u>	<u>DeptB.</u>	<u>Particular's.</u>	<u>DeptA.</u>	<u>DeptB.</u>
• To opening st.	2,500.	2,000.	By Sales.	1,50,000.	1,00,000
• To purchase.	1,18,000.	82,000			
• To purc Exp	<u>354.</u>	<u>246</u>			
• Total.	<u>1,20,854</u>	<u>84,246</u>			
• To gross profit	<u>29,146.</u>	<u>15,754</u>			
• <u>Total.</u>	<u>1,50,000.</u>	<u>1,00,000.</u>	Total.	1,50,000.	1,00,000



# Working columns

- Purchase Expenses allocated ₹ 600 in Purchase Ratio
- Purchase. 1,18,000:82,000. = 118:82=59:41=100
- Dept A ₹  $600 \times 59/100 = ₹ 354,.$
- Dept B ₹  $600 \times 41/100 = ₹ 246$
- Sales Ratio 1,50,000: 1,00,000=15:10=3:2
- Office salary 7,500 dept A ₹  $7,500 \times 3/5 = ₹ 4,500$
- Dept B ₹  $7,500 \times 2/5 = ₹ 3,000$
- Repair and lighting to be allocated in 2:3

# Departmental Profit and loss Account for the year 31.03.2014

<u>Particular's.</u>	<u>DeptA.</u>	<u>DeptB.</u>	<u>Particular's.</u>	<u>DeptA.</u>	<u>DeptB</u>
• To salaries.	10,000.	7,500.	By Gross profit	29,146.	15,754
• To office salary.	4,500.	3,000			
• To lightning.	480.	720			
• To repairs.	<u>100.</u>	<u>150</u>			
• Total.	<u>15,080.</u>	<u>11,370</u>			
• To Net profit.	<u>14,066.</u>	<u>4,384</u>			
• Total.	<u>29,146.</u>	<u>15,754</u>	Total.	<u>29,146,.</u>	<u>15,754</u>

# General Profit and loss Account

<u>Particular's.</u>	<u>₹.</u>	<u>Particular's.</u>	<u>₹</u>
• To Audit fees.	2,500.	By Net profit.	18,450
• To net profit TRF to B/s	<u>15,950</u>		
• Total.	<u>18,450</u>	total.	<u>18,450</u>

Prepare Departmental Trading and Profit and Loss Account and General Profit and Loss Account from the following particulars :

	Dept. A	Dept. B	Dept. C	Total
	₹	₹	₹	₹
Purchases	90,000	60,000	30,000	
Sales	1,60,000	1,28,000	64,000	
Wages	30,000	24,000	20,000	
Closing Stock	44,000	32,000	28,000	
Salaries	13,000	7,000	9,000	
Rent				7,000
Insurance				4,700
Motor Van Expenses				4,400
Advertising				6,600
Travelling Expenses				3,300
Damage Inwards				12,000
Discount Received				3,600
Bad Debts				1,100
Audit Fees				1,800
Discount Allowed				2,200

**Additional Information :**

- (1) There was no Opening Stock.
- (2) The floor space occupied by the three departments A, B and C is the ratio of 3:2:2.
- (3) The Motor Van Expenses are to be divided equally between Departments B and C.
- (4) The Insurance premium is on a comprehensive policy and cannot be allocated.

(FYBCom, Nov. 2017, adapted)

Solution :

Profit & Loss Account for the year ending ....

Cr.

Departmental trading account for the year ended.....

Particular's DeptA. Dept B. Dept C. Particular's DeptA. Dept B. Dept C

To Purchase 90,000. 60,000. 30,000. By Sales 160,000. 1,28,000 64000

To wages. 30,000. 24,000. 20,000 By closin St 44,000 32,000 28,000

To carriage. 6,000. 4,000. 2,000

Total. 1,26,000. 88,000. 52,000

To Gross Prof 78,000 72,000 40,000

Total. 2,04,000. 1,60,000. 92,000. Total 2,04,000. 1,60,000. 92,000

## Profit and loss Account for the year ended.....

Particular's DeptA. Dept B. Dept C. Particular's DeptA. Dept B. Dept C

To salaries	13,000.	7,000.	9,000.	By Gross Profit	78,000	72,000	40,000
To Rent	3,000.	2,000.	2,000	By Disct recd	1,800.	1,200.	600
To motor Exp.	Nil .	2,200.	2,200				
To Advt.	3,000.	2,400.	1,200				
To Travel Exp	1,500.	1,200.	600				
To Bad debts.	500.	400.	200				
To Disct allow.	<u>1,000</u>	<u>800.</u>	<u>400</u>				
Total.	<u>22,000</u>	<u>16,000</u>	<u>15,600</u>				
To Net profit.	<u>57,800.</u>	<u>57,200.</u>	<u>25,000</u>				
Total.	<u>79,800.</u>	<u>73,200.</u>	<u>40,600.</u>	Total.	<u>79,800.</u>	<u>73,200 .</u>	<u>40,600.</u>

# Working columns

- Floor space occupied by the Dept 3:2:2 Rent ₹ 7,000
- Dept A ₹  $7,000 \times \frac{3}{7} = ₹ 3,000$
- Dept B ₹  $7,000 \times \frac{2}{7} = ₹ 2,000$
- Dept C ₹  $7,000 \times \frac{2}{7} = ₹ 2,000$
- Motor van exp divided equally between B & C ₹ 4,400
- Dep B & C ₹ 2,200 each
- Purchase Ratio  $90,000:60,000:30,000=9:6:3= 3:2:1$
- Sales Ratio  $1,60,000:1,28,000: 64,000= 160:128:64=10:8:4= 5:4:2$

# Dr    General Profit and loss Account.    Cr

• <u>Particular's.</u>	<u>₹.</u>	<u>Particular's.</u>	<u>₹</u>
• To Insurance.	4,700	By Net profit b/d.	1,40,000
• To Audit fees.	<u>1,800</u>		
• To Net profit trf B/s	<u>1,33,500</u>		
• Total	<u>1,40,000.</u>	<u>Total.</u>	<u>1,40,000</u>



A firm has two departments X and Y. From the following figures prepare the Departmental Trading and Profit and Loss Account for the year ended 31st December, 2013.

Particulars	₹
General Salaries	20,000
Carriage Inward	10,000
Carriage Outward	16,000
Advertising	12,000
Rent and Rates	18,000
Interest on Bank Loan	5,000
Lighting	2,400
Discount Received	3,000
Insurance	2,000

(FYBCom, April 2003, adapted)

(2) Sales Ratio (SR)

**Illustration 17 :**

Following figures are extracted from the accounts of the departments namely Allocation for 2013.

Particular	
Stock of Goods on 1st April	
Stock of Goods on 31st March	
Purchases	
Sales	
Return Inward	
Return Outward	
Wages	
Additional Information :	
No. of Employees	
Area Occupied	
Expenses incurred during the year	
Rent	
Salaries	

# Departmental Trading Account for the year ended 31.12.2013

Particular's.	X.	Y.	Particular's.	X.	Y
• To opening stock	40,000	50,000.	By Sales.	2,50,000.	1,50,000
• To purchase.	1,50,000.	1,00,00.	By closing stock	36,000.	40,000
• To carriage	<u>6,000.</u>	<u>4,000</u>			
• Total.	<u>1,96,000</u>	<u>1,54,000</u>			
• To Gross Profit.	<u>90,000.</u>	<u>36,000</u>			
• Total.	<u>2,86,000.</u>	<u>1,90,000.</u>	Total.	<u>2,86,000.</u>	<u>1,90,000</u>

# Departmental Profit and Loss Account for the year ended 31.12.2013

• Particular's.	X.	Y.	Particular's.	X.	Y
• To salaries.	16,800.	12,000.	By Gross profit.	90,000.	36,000
• To Gen salary	10,000.	10,000	By Disct recd.	1,800	1,200
• To carriage o/w	10,000	6,000			
• To Advt.	7,500.	4,500			
• To Rent Rates.	12,000.	6,000			
• To Lighting.	<u>1,600.</u>	<u>800</u>			
• Total.	<u>57,900</u>	<u>39,300</u>			

• To net profit.	33,900	Nil.	By net loss.	Nil	<u>2,100</u>
• <u>Total</u>	<u>91,800.</u>	<u>39,300.</u>	Total.	<u>91,800.</u>	<u>39,300</u>

# Dr      General Profit and Loss Account      Cr

• Particular's.	₹.	Particular's.	₹
• To interest on loan.	5,000.	By Profit/loss.	33,900
• To Insurance.	2,000		
• To net loss.	2,100		
• To Net profit trf B/S.	<u>24,800</u>		
• Total.	<u>33,900.</u>	Total.	<u>33,900</u>

# Working columns

1. Purchase Ratio 1,50,000:1,00,000=15:10=3:2.

- Carriage inward ₹ 10,000. Dept X ₹  $10,000 \times \frac{3}{5} = ₹ 6,000$

- Dept Y ₹  $10,000 \times \frac{2}{5} = ₹ 4,000$

2. Area occupied in the ratio 2:1,. Rent ₹ 18,000. Lighting ₹ 2,400

Dept X ₹  $18,000 \times \frac{2}{3} = ₹ 12,000$     Dept Y ₹  $18,000 \times \frac{1}{3} = ₹ 6,000$ .

Dept X ₹  $2,400 \times \frac{2}{3} = ₹ 1,600$ .    Dept Y ₹  $2,400 \times \frac{1}{3} = ₹ 800$

3. General salaries are to be allocated equally ₹ 20,000

Dept X & Y = ₹  $20,000 / 2 = ₹ 10,000$  each

4. Sales ratio 2,50,000:1,50,000= 25:15= 5:3(carriage outward,advt)

- Carriage outward ₹ 16,000
- Dept X ₹  $16,000 \times 5/8 = ₹ 10,000$
- Dept Y ₹  $16,000 \times 3/8 = ₹ 6,000$
- Advertisement ₹ 12,000
- Dept X ₹  $12,000 \times 5/8 = ₹ 7,500$
- Dept Y ₹  $12,000 \times 3/8 = ₹ 4,500$



Illustration 17 :

Following figures are extracted from the books of Chandrama Super Market, Pune having three departments namely Aloo Tikki, Bun Maska and Chutney Sandwich for the year ending 31st March 2013.

	Department Aloo Tikki	Department Bun Maska	Department Chutney Sandwich
	₹	₹	₹
Stock of Goods on 1st April 2012	42,500	35,620	43,560
Stock of Goods on 31st March 2013	93,450	99,230	53,420
Purchases	2,35,680	3,43,260	4,12,610
Sales	2,62,450	3,91,200	5,24,130
Return Inward	2,450	1,200	4,130
Return Outward	5,680	3,260	2,610
Wages	7,650	8,250	3,240
Additional Information :			
No. of Employees	2	3	5
Area Occupied	500 Sq. Ft.	800 Sq. Ft.	200 Sq. Ft.

Expenses incurred during the year :

Rent	₹ 15,000
Salaries	₹ 26,800
Office Expenses	₹ 18,000
Printing and Stationery	₹ 6,000
Advertising	₹ 18,000
Discount Received	₹ 9,800
Discount Allowed	₹ 4,500

You are required to prepare departmental Trading Profit and Loss A/c in columnar form of Chandrama Super Market for the year ended 31st March 2013 allocating all the expenses on suitable basis among the different departments.

(F.Y.B.Com., IDOL, Oct. 2014, 2015, adapted)



# Departmental Trading Account for the year ended 31.03.2014

Particular's.	A.	B.	C	Particular's.	A.	B	C
To opening stock	42,500	35,620	43,560				
To Net purchase.	2,30,000.	3,40,000	4,10,000				
To wages.	7,650.	8,250.	3,240				
				By Net Sales	2,60,000	3,90,000.	5,20,000
				By cl stock.	93,450.	99,230.	53,420
Total.	<u>2,80,150.</u>	<u>3,83,870.</u>	<u>4,56,800</u>				
To GPc/d	<u>73,300.</u>	<u>1,05,360.</u>	<u>1,16,620</u>				
Total.	<u>3,53,450.</u>	<u>4,89,230.</u>	<u>5,73,420</u>	Total.	<u>3,53,450.</u>	<u>4,89,230.</u>	<u>5,73,420</u>

# Departmental Profit/loss Account for the year ended 31.03.2014

Particular's.	A.	B.	C	Particular's.	A.	B	C
To Rent	5,000.	8,000	2,000	By GP	<u>73,300.</u>	<u>1,05,360.</u>	<u>1,16,620</u>
To Salaries.	5,360.	8,040.	13,400	By Disct recd.	2,300	3,400.	4,100
To office Exp.	4,000.	6,000.	8,000				
To Advt.	4,000.	6,000.	8,000				
To Disct allow.	1,000.	1,500.	2,000				
To Printing/Sta	1,333.	2,000.	2,667				
Total.	<u>20,693.</u>	<u>31,500.</u>	<u>36,067</u>				
To Net profit	<u>54,907.</u>	<u>77,260.</u>	<u>84,653</u>				
Total.	<u>75,600</u>	<u>1,08,760.</u>	<u>1,20,720</u>	Total	<u>75,600</u>	<u>1,08,760.</u>	<u>1,20,720</u>

# Working columns

1. Rent ₹ 15,000. Area 500:800:200 =5:8:2

- Dept A ₹  $15,000 \times 5/15 = ₹ 5,000$
- Dept B ₹  $15,000 \times 8/15 = ₹ 8,000$
- Dept C ₹  $15,000 \times 2/15 = ₹ 2,000$
- Salaries ₹ 26,800. No.of employee 2:3:5
- Dept A ₹  $26,800 \times 2/10 = ₹ 5,360$
- Dept B ₹  $26,800 \times 3/10 = ₹ 8,040$
- Dept C ₹  $26,800 \times 5/10 = ₹ 13,400$

- Sales Ratio. 2,60,000: 3,90,000:5,20,000= 26:39:52=2:3:4
- Office Exp ₹ 18,000 ,Advt ₹ 18,000 , Printing & Stationary ₹ 6,000 ,  
Disct allowed ₹ 4,500.
- Office Exp & Advt ₹ 18,000                      printing and stationary ₹ 6,000
- Dept A ₹ 18,000  $\times 2/9 =$  ₹ 4,000.      Dept A ₹ 6,000  $\times 2/9 =$  ₹ 1,333
- Dept B ₹ 18,000  $\times 3/9 =$  ₹ 6,000      Dept B ₹ 6,000  $\times 3/9 =$  ₹ 2,000
- Dept C ₹ 18,000  $\times 4/9 =$  ₹ 8,000.      Dept C ₹ 6,000  $\times 4/9 =$  ₹ 2,667

- Discount allowed ₹ 4,500
- Dept A ₹  $4,500 \times 2/9 = ₹ 1,000$
- Dept B ₹  $4,500 \times 3/9 = ₹ 1,500$
- Dept C ₹  $4,500 \times 4/9 = ₹ 2,000$
- Discount Received ₹ 9,800
- Purchase Ratio 2,30,000: 3,40,000 : 4,10,000. 23: 34:41= 98
- Dept A ₹  $9,800 \times 23/98 = ₹ 2,300$
- Dept B ₹  $9,800 \times 34/98 = ₹ 3,400$
- Dept C ₹  $9,800 \times 41/98 = ₹ 4,100$

**4.3 FINAL ACCOUNTS****Illustration 19 :**

From the following information of Mr. Apte a proprietor having three departments X, Y, and Z, prepare Departmental Trading and Profit & Loss A/c for the year ended 31st December 2013 and Balance Sheet on that date.

**Trial Balance as on 31st December, 2013**

Particulars	Debit ₹	Credit ₹
Mr. Apte's Capital		1,00,000
Stock :		
X	20,000	
Y	15,000	
Z	10,000	
Purchases :		
X	90,000	
Y	70,000	
Z	50,000	
Sales :		
X		1,00,000
Y		75,000
Z		50,000
Salaries	25,000	
Rent & Rates	5,000	
Selling & Distribution Expenses	9,000	
Land & Building	25,000	
Furniture & Fixtures	10,000	
Cash in Hand	5,000	
Cash at Bank	10,000	
Sundry Debtors	25,000	
Sundry Creditors		44,000
	3,69,000	3,69,000

**Other Information :**

- (1) Stock in Trade as on 31st December, 2013 was X - ₹ 35,000, Y - ₹ 25,000 and Z - ₹ 20,000.
- (2) Salaries are to be allocated in the ratio of 40%, 30%, 30% amongst all the departments.
- (3) The Floor Space occupied by each department is in the proportion of 40%, 30% and 30%.
- (4) Selling and distribution expenses are to be allocated on the basis of sales of each department.

**Solution :**

(F.Y.B.Com., IDOL - Nov. 2000, April 2005, adapted)

Dr.

**Departmental Trading and Profit & Loss Account  
for the year ending 31-12-2013**

Particulars	Debit	Dept. X	Dept. Y	Dept. Z	Total	Particulars	Debit	Dept. X	Dept. Y	Dept. Z	Total
To Opening Stock	Given	20,000	15,000	10,000	45,000	By Sales	Given	1,00,000	75,000	50,000	2,25,000
To Purchases	Given	90,000	70,000	50,000	2,10,000	By Cl. Stock	Given	35,000	25,000	20,000	80,000
To Gross Profit		25,000	15,000	10,000	50,000						
		1,35,000	1,00,000	70,000	3,05,000			1,35,000	1,00,000	70,000	3,05,000
To Salaries	4:3:3	10,000	7,500	7,500	25,000	By Gross Profit b/d		25,000	15,000	10,000	50,000
To Rent & Rates	4:3:3	2,000	1,500	1,500	5,000	By Net Loss b/d				1,000	1,000
To Selling & Distribution	Sales	4,000	3,000	2,000	9,000						
To Net Profit c/d		9,000	3,000	-	12,000						
		25,000	15,000	17,000	57,000			25,000	15,000	11,000	51,000



# Trading Account for the year ended 31.12.2013

<u>Particular's.</u>	<u>X.</u>	<u>Y.</u>	<u>Z.</u>	<u>Particular's.</u>	<u>X</u>	<u>Y.</u>	<u>Z</u>
To op stock	20,000.	15,000.	10,000.	By Sales	1,00,000.	75,000	50,000
To purchase	<u>90,000.</u>	<u>70,000.</u>	<u>50,000.</u>	By cl stock	35,000.	25,000.	20,000
Total.	<u>1,10,000.</u>	<u>85,000.</u>	<u>60,000</u>				

To GP c/d 25,000. 15,000. 10,000

Total. 1,35,000. 1,00,000. 70,000. Total. 1,35,000. 1,00,000. 70,000

# Profit and Loss Account for the year ended 31.12.2013

<u>Particular's.</u>	<u>X.</u>	<u>Y.</u>	<u>Z.</u>	<u>Particular's.</u>	<u>X</u>	<u>Y.</u>	<u>Z</u>
• <u>To salaries.</u>	10,000	7,500.	7,500.	<u>By GP c/d</u>	25,000.	15,000.	10,000
• <u>To Rent</u>	2,000.	1,500.	1,500				
• <u>To S &amp; D Exp</u>	4,000.	3,000	2,000				
• <u>Total</u>	<u>16,000.</u>	<u>12,000.</u>	<u>11,000</u>				
• <u>To net profit</u>	<u>9,000</u>	<u>3,000.</u>		<u>By Net loss.</u>		<u>1,000</u>	
• <u>Total</u>	<u>25,000.</u>	<u>15,000.</u>	<u>11,000</u>	<u>Total.</u>	<u>25,000.</u>	<u>15,000</u>	<u>11,000</u>

## Balance sheet as on 31.12.2013

<u>Liabilities.</u>	<u>₹.</u>	<u>₹.</u>	<u>Assets.</u>	<u>₹.</u>	<u>₹</u>
<u>Mr. Apte's capital.</u>	1,00,000.		Land & building	25,000	
Net Profit.	+ <u>11,000</u>	1,11,000	Furniture & Fixtures.	10,000	
Sundry Creditors.		44,000.	Sundry Debtors.	25,000	
			Closing stock	80,000	
.			Cash in hand.	5,000	
			Cash at Bank.	10,000	
<u>Total.</u>		<u>1,55,000.</u>	<u>Total.</u>	<u>1,55,000</u>	

## Working columns

- Salaries are to be allocated in the ratio 40%,30%,30%.
- Dept X ₹ 25,000  $\times 40\% = ₹ 10,000$
- Dept Y ₹ 25,000  $\times 30\% = ₹ 7,500$
- Dept Z ₹ 25,000  $\times 30\% = ₹ 7,500$
- Floor space occupied by each department 40%,30%,30%.
- Dept X ₹ 5,000  $\times 40\% = ₹ 2,000$
- Dept Y ₹ 5,000  $\times 30\% = ₹ 1,500$
- Dept Z ₹ 5,000  $\times 30\% = ₹ 1,500$

# Working columns

- Sales Ratio  $1,00,000 : 75,000 : 50,000 = 100 : 75 : 50 = 4:3:2$
- *Selling and distribution Expenses ₹ 9,000 in the ratio 4:3:2*
- *Dept X ₹  $9,000 \times 4/9 = 4,000$*
- *Dept Y ₹  $9,000 \times 3/9 = 3,000$*
- *Dept Z ₹  $9,000 \times 2/9 = 2,000$*

## Interdepartmental transfer at Cost

### 5. INTER DEPARTMENTAL TRANSFERS AT COST

#### 5.1 DEPARTMENTAL P & L A/C

##### Illustration 23 :

From the following balances prepare Departmental Trading and Profit and Loss Account for the year ended 31-12-2013.

Particulars	Dept. X ₹	Dept. Y ₹	Total ₹
Opening Stock	15,000	14,000	29,000
Purchases	35,000	30,000	65,000
Sales	60,000	50,000	1,10,000
Wages	6,000	4,000	10,000
Salaries			9,360
Lighting and Heating			3,100
Discount allowed			650
Discount received			2,200
Advertising			3,680
Carriage Inwards			2,340
Furniture & Fittings			5,000
Rent, Rates, Taxes & Insurance			2,100

The following information is also provided :

- (1) Internal Transfer of goods from Department X to Department Y ₹ 2,000.
- (2) The items Rent, Rates and Insurance; Lighting & Heating; Salaries and Carriage Inward to be apportioned 2/3 to Department X and 1/3 to Department Y.
- (3) Advertising to be apportioned equally.
- (4) Discount allowed and discount received are apportioned on the basis of departmental sales & purchases.

##### Notes:

- (1) Discount (Exp.) is allocated in sales Ratio 6 : 5.
- (2) Discount Received is allocated in Purchase Ratio 35 : 30.

##### Illustration 24 :

Dadar Departmental Stores has three departments X, Y, and Z. The three departments are given :

##### Particulars

Opening Stock  
Purchases  
Sales  
Closing Stock

The following expenses were also incurred :-

Rent and Taxes  
General Expenses  
Discount Allowed  
Sales Promotion Expenses  
Salesman's Salary  
Discount Received  
Commission Received

- a) Goods worth ₹ 8,000 were transferred from
  - b) Allocate General Expenses and Rent and
  - c) Commission received is to be divided in 1
- Prepare Departmental Trading and Profit and Loss Account for the year ended 31-12-2013.



- ***5. Depreciation at 10%p.a. On furniture and fittings to be charged  $\frac{3}{4}$  to dept X and  $\frac{1}{4}$  to dept Y***
- ***6. Stock at 31.12.2013 dept X ₹ 17,000 and dept Y ₹ 15,000***

# Departmental Trading and for the year ended 31.12.2013

<u>Particular's.</u>	<u>Dept X.</u>	<u>Dept Y.</u>	<u>Particular's.</u>	<u>Dept X.</u>	<u>Dept Y</u>
• <u>To op stock</u>	15,000.	14,000.	By Sales.	60,000.	50,000
• <u>To Purchase.</u>	35,000.	30,000.	By transfer.	2,000	
• <u>To wages.</u>	6,000.	4,000.	By close stock.	17,000.	15,000
• <u>To carriage. In</u>	1,560.	780			
• <u>To Transfer.</u>		2,000			
• <u>Total.</u>	<u>57,560.</u>	<u>50,780</u>			
• <u>To gross profit.</u>	21,440.	14,220			
• <u>Total.</u>	<u>79,000.</u>	<u>65,000.</u>	<u>Total.</u>	<u>79,000.</u>	<u>65,000</u>

# Departmental Profit and Loss Account for the year ended 31.12.2013

<u>Particular's.</u>	<u>Dept X.</u>	<u>Dept Y.</u>	<u>Particular's.</u>	<u>Dept X.</u>	<u>Dept Y</u>
• To salary.	6,260.	3,130	By Gross Profit	21,440.	14,220
• To light & Heat	2,067.	1,033	By Disct recd.	350.	300
• To Discount.	1,200.	1,000			
• To Advt.	1,840.	1,840			
• To Rent Rates.	1,400.	700			
• To depreciation.	375.	125			
• Total	<u>13,142.</u>	<u>7828</u>			
• To net profit.	<u>8,648.</u>	<u>6,692</u>			
• <u>Total.</u>	<u>21,790.</u>	<u>14,520.</u>	<u>Total.</u>	<u>21,790.</u>	<u>14,520</u>

# Working columns

- Carriage inward ₹ 2,340, Rent Rates ₹ 2,100, light Heat ₹ 3,100
- Dept X ₹  $2,340 \times \frac{2}{3} = ₹ 1,560$
- Dept Y ₹  $2,340 \times \frac{1}{3} = ₹ 780$
- Rent Rates Dept X ₹  $2,100 \times \frac{2}{3} = ₹ 1,400$  Dept Y ₹  $2,100 \times \frac{1}{3} = ₹ 700$
- Light Heat Dept X ₹  $3,100 \times \frac{2}{3} = ₹ 2,067$  Dept Y ₹  $3,100 \times \frac{1}{3} = ₹ 1,033$

## 2. Advertising to be apportioned equally

- Dept X ₹  $3,680 \times \frac{1}{2} = ₹ 1,840$
- Dept Y ₹  $3,680 \times \frac{1}{2} = ₹ 1,840$

- ***Discount allowed and discount received in the ratio of sales and purchase.***
- **Purchase Ratio  $35,000:30,000=35:30=7:6$**
- ***Sales Ratio  $60,000:50,000= 6:5$***
- ***Disct allow dept X ₹  $2,200 \times 6/11= 1,200$ . Dept Y ₹  $2,200 \times 5/11=1,000$***
- ***Disct recd dept X ₹  $650 \times 7/13= ₹ 350$  Dept Y ₹  $650 \times 6/13=₹ 300$ .***
- ***Depreciation  $5,000 \times 10%= 500$  in the ratio 3:1***
- ***dept X ₹  $500 \times 3/4= 375$ . Dept Y ₹  $500 \times 1/4=125$ .***

***Thank You***