

B. Com I (Hons) Sub - Financial Accounting

Departmental Accounts

Inter-departmental Transfer

Q:-> A business is carried on in three departments. Expenses not directly chargeable to any department are apportioned, one half to X, three tenths to Y and one fifth to Z. From the following particulars prepare Trading and Profit & Loss Account of the three departments (in columns form), showing the Gross and net profit.

	Dept X	Dept Y	Dept Z
Stock in hand, 1st April	35640	11200	2500
Stock in hand 31st March	38720	9420	6320
Outside Sales for the year	223480	112260	97020
Wages	54800	2650	18300
Outside Purchase -	80820	30740	25120
Salaries	18900	11440	8320

Interdepartmental Sales:-

X to Y Rs 18080; X to Z Rs 9640; Y to X Rs 22520; Y to Z Rs 4380; Z to X Rs 6960. Salaries Rs 24000; Water Rent & Taxes Rs 29200. Insurance Rs 4200; Horses, Vants etc. Expenses Rs 17400; Postage and Telegrams Rs 2200. Bad debts: X Rs 5520; Y Rs 2860; Z Rs 4480. Sundry Expenses Rs 10600; Depreciation written off Rs 14800. Stationery and Printing Rs 5200 and Advertising Rs 9000.

Solution: Departmental Trading and P/L A/c (for the year ending 31st March 2013)

Dr	Dept X	Dept Y	Dept Z	Particulars	Dept X	Dept Y	Dept Z
Particulars							
To opening stock	35640	11200	2500	By sales	223480	112260	97020
To Purchase	80820	30740	25120	By Goods trans-ferred to		22520	6960
To Wages	54800	2650	18300	X	18080	-	-
To Goods trans-ferred from				Y	-	-	-
X		18080	9640	Z	9640	4380	-
Y	22520	-	4380	By closing stock	38720	9420	6320
Z	6960	-	-				
To G/P old	89180	62000	50360				
	289920	148580	110300		289920	148580	110300

Dr				Cr			
Particulars	x	y	z	Particulars	x	y	z
To Salaries (incl. dividend Dept)	18,000	11,440	9,320	By G.P. Bd	89,180	62,000	50,360
To Salaries (Coffee Ex)	12,000	7,200	4,800				
To Rent & Taxes	14,600	8,760	5,840				
To Insurance	2,100	1,260	840				
To Horse & Vans Exp	9,700	5,220	3,480				
To Postage & Telegrams	1,100	660	440				
To Bad debts	5,520	2,860	1,960				
To Sundry Exp	5,300	3,180	2,120				
To Depreciation	7,400	4,440	2,960				
To Stationery & Printing	2,400	1,560	1,040				
To Advertising	4,800	2,700	1,800				
To Net Profit	6,460	12,220	14,240				
	<u>89,180</u>	<u>62,000</u>	<u>50,360</u>		<u>89,180</u>	<u>62,000</u>	<u>50,360</u>

Expenses are divided in the ratio = 5 : 3 : 2

Salaries:  $24,000 \times \frac{5}{10} = 12,000$ ,  $24,000 \times \frac{3}{10} = 7,200$ ,  $24,000 \times \frac{2}{10} = 4,800$

Rent & Taxes:  $29,200 \times \frac{5}{10} = 14,600$ ,  $29,200 \times \frac{3}{10} = 8,760$ ,  $29,200 \times \frac{2}{10} = 5,840$

Insurance:  $4,200 \times \frac{5}{10} = 2,100$ ,  $4,200 \times \frac{3}{10} = 1,260$ ,  $4,200 \times \frac{2}{10} = 840$

Horses:  $17,400 \times \frac{5}{10} = 8,700$ ,  $17,400 \times \frac{3}{10} = 5,220$ ,  $17,400 \times \frac{2}{10} = 3,480$

Postage & Telegrams:  $2,200 \times \frac{5}{10} = 1,100$ ,  $2,200 \times \frac{3}{10} = 660$ ,  $2,200 \times \frac{2}{10} = 440$

Sundry Exp:  $10,600 \times \frac{5}{10} = 5,300$

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