

Q. → Q. → Preparation of Departmental Trading and Profit & Loss Account.

The following balances as on 31st March 2013 have been extracted from the books of A.B. & Co. which has two departments

Particulars	Dept A Rs	Dept B Rs
Opening stock (1.4.2012)	25,000	20,000
Purchases	230,000	190,000
Purchase Returns	2,000	1,000
Sales	606,000	402,000
Sales return	6,000	2,000
Wages	200,000	1,00,000
Miscellaneous expenses	30,000	29,000

Additional Information:—

- (i) office and selling expenses Rs - 12,000
- (ii) Depreciation on Assets Rs 30,000
- (iii) closing stock on 31.3.2013 Dept A - Rs 26,000, Dept B - Rs 24,000.

UN allocated expenses are to be apportioned in the ratio of the net sales of each department.

Prepare in columns from the Trading and Profit & Loss A/c of the two departments.

Solution:—

A Bc & Co.
 Solution:- Departmental Trading and Profit & Loss A/c
 for the year ended 31st March, 2019

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Particulars	Dept A	Dept B	Particulars	Dept A	Dept B
To Purchase	25,000	20,000	By Sales Less Returns	6,00,000	4,00,000
To Purchase less returns	225,000	1,89,000	By closing stocks	26,000	24,000
To Wages	2,00,000	1,00,000			
To Gross Profit Transferred to P/L A/c	1,73,000	1,15,000			
	6,26,000	4,24,000		6,26,000	4,24,000
			By Gross Profit	1,73,000	1,15,000
To Misc Exp	30,000	28,000			
To Selling Exp	72,000	48,000			
To Depreciation on Assets	18,000	12,000			
To Net Profit	53,000	27,000			
	1,73,000	1,15,000		1,73,000	1,15,000

Working :-

	Dept A	Dept B
1 Sales	Rs. 6,06,000	Rs. 4,02,000
- Less returns	6,000	2,000
	6,00,000	4,00,000

2 Net sales Ratio :-

Dept A : Dept B : 6,00,000 : 4,00,000 = 6 : 4

3 Apportionment of unallocated Exps :- = 3 : 2

Items	24,000	24,000
(i) office & selling Exps = $1,20,000 \times \frac{3}{5} = 72,000$	6,000	$1,20,000 \times \frac{2}{5} = 48,000$
(ii) Depreciation Assets - $30,000 \times \frac{3}{5} = 18,000$	30,000	$30,000 \times \frac{2}{5} = 12,000$

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