C.A. I.P.C.C

Time 2Hrs. ***Departmental Accounts*** ***Max.Marks:60***

Q.1 **CA Ltd.** has three departments CPT, IPCC, Final. The following information is provided for the year ended 31.3.2012:

	CPT Rs.	IPCC Rs.	FINAL Rs.
Opening Stock	5,000	8,000	19,000
Opening Reserve for unrealized profit	---	2,000	3,000
Materials consumed	16,000	20,000	---
Direct labour	9,000	10,000	---
Closing Stock	10,000	15,000	35,000
Sales	---	---	1,00,000
Area occupied (sq. mtr.)	2,500	1,500	1,000
No. of employees	30	20	10

Stocks of each department are at costs to the department concerned. Stocks of CPT are transferred to IPCC at cost plus 25% and stocks of IPCC are transferred to FINAL at a Gross Profit of 25% on sales. Other common expenses are Salaries and Staff Welfare Rs.18,000, Rent Rs.6,000.

Prepare Departmental Trading, Profit and Loss Account for the year ending 31.3.2012. [10]

Q.2 You are given the following particulars of **gaapbright** having three departments:

Department	Purchases	Opening Stock	Closing Stock
A	1,500 units	200 units	100 units
B	1,000 units	300 units	160 units
C	2,000 units	150 units	200 units

Additional Information:

(i) Purchases were made at a total cost of Rs. 90,000.

(ii) The percentage of gross profit on turnover is the same in each case.

(iii) Selling price per unit:

Department	Rs.
A	20
B	25
C	40

You are required to prepare Department Trading Account. [10]

Q.3 **SSP Ltd.** is a retail store operating two departments. The company maintains a memorandum stock account and memorandum mark up account for each of the departments. Department Y has a mark up of 25% on cost, and Department Z 33 1/3% on cost. The following information has been extracted from the records of Southern Store Ltd. for the year ended 31st December 2012:-

	Department Y	Department Z
Stock, 1st January, 2012 at cost	Rs.24,000	Rs.36,000
Purchases	1,62,000	1,92,000
Sales	2,10,000	2,85,000

The stock of department Y at 1st January 2012 includes goods costing Rs.4,000 on which the selling price has been marked down by 6% of normal selling price. These goods were sold in January, 2012 at the reduced price.

Certain goods purchased in 2012 for Rs.3,000 for department Y, were transferred during the year to Department Z, and sold for Rs.3,600. Purchase and sale are recorded in the purchases of department Y and the sales of department Z respectively, but no entries in respect of the transfer have been made.

Goods purchased in 2012 were marked down as follows:-

	Department Y (Rs.)	Department Z (Rs.)
Cost	8,000	21,000
Mark down	800	5,000

At the end of the year there were some items in the stock of department Z, which had been marked down to Rs.4,800. With this exception all goods marked down in 2012 were sold during the year at the reduced prices.

During stock taking at 31st December 2012, goods which had cost Rs.400 were found to be missing in the department Z. It was determined that the loss should be regarded as irrecoverable.

The closing stocks in both departments are to be valued at cost for the purpose of the annual accounts.

You are requested to prepare for each department for the year ended 31st Dec.2012:-

(a) a trading account
(b) a Memorandum Stock Account and
(c) a memorandum Mark up Account. [14]

Q.4 **Systematic** Limited has three departments. They are Alpha Beta and Gamma. The profit of these departments are Rs.28,800; Rs.32,300 and Rs.20,900 respectively (after charging manager's commission @10%, 15% & 5% resp.) and before unrealized profit on stock transfers.

Department Alpha transfers its goods @ 25% profit on cost to other departments while Beta transfers its goods @ 20% profit on cost. However, department Gamma transfers its goods @ 33 1/3% of Transfer price to other departments. However, respective Dept.'s original goods are only transferred. **On Scrutiny of records you find:**

(i) Sale made for Alpha Deptt. Rs.10,000 has been credited to Beta Deptt. Account.

(ii) Goods sent on 'Sale or return basis' by Beta Deptt. @ 125% have been recorded as regular Sale at Rs. 12,000.

(iii) General expenses amounting to Rs.2,100 have been excessively charged in Gamma Deptt. instead of Beta Deptt.

(iv) The following transfers were made:

Deptt. Alpha	To Beta	Rs. 24,000	(Rs. 12,000 still in closing stock)
	To Gamma	Rs. 3,600	
Deptt. Beta	To Gama	Rs. 11,000	(Rs. 4,400 still in closing stock)
Deptt. Gamma	To Alpha	Rs. 7,700	(Rs. 3,000 still in closing stock)

Find correct Net Profit of the Departments and the commission payable to the Managers. [10]

Q.5 Beta Ltd. has 3 departments A, B & C. The following information is provided:

	A	B	C
Opening Stock	Rs.3,000	Rs.6,000	Rs.2,000
Consumption of direct materials	8,000	12,400	---
Wages	5,000	6,000	---
Closing Stock	4,000	18,000	4,400
Sales	---	---	32,000
Area occupied (sq. mtr.)	2,500	1,500	1,000
No of employees	30	20	10
No of Light points	10	6	4
Value of Machinery	20,000	25,000	15,000

Stock of each department is valued at cost to the department concerned. Stocks of A department are transferred to B at a margin of 30% above department cost. Stocks of B department are transferred to C department at a margin of 16 2/3 % of Transfer Price. Other expenses were:

Labour welfare	Rs.2,400
Printing & Stationery	1,800
Fire insurance	6,000
Lighting	4,800
Depreciation @ 5%	3,000

Allocate Printing & Stationery expenses in the ratio of department gross profit. Opening figures of reserves for unrealized profits on department stock were:

Department B Rs.700.

Department C Rs.1,000.

Prepare Departmental Trading and Profit & Loss Accounts for the year ending March 31, 1999. {16}