C.A. I.P.C.C

Time 1Hr. 15 min. ***Departmental Accounts*** ***Max.Marks:45***

Q.1 CA Ltd. has 3 departments. The following information is provided:

	CPT	IPCC	FINAL
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 CPT department are transferred to IPCC at a margin of 30% above department cost. Stocks of IPCC are transferred to FINAL 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 IPCC Rs.700. Department FINAL Rs.1,000.

<u>Prepare</u> Departmental Trading and Profit & Loss Accounts for the year ending March 31, 2016. {12}

Q.2 You are given the following particulars of **gaap-bright** 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

<u>You are required to</u> prepare Department Trading Account. [6]

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 sales value of 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.

<u>You are requested</u> 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. [12]

Q.4 On the basis of the following trial balance and additional information provided to you thereafter, ***prepare*** departmental trading and P & L account and general profit and loss account for the year ended 31st March, 2015 and balance sheet as at that date:

TRIAL BALANCE AS AT 31st MARCH, 2015

	Debit	**Credit**
Capital account	---	`5,00,000
Land and building	`3,70,000	---
Furniture	90,000	---
Opening stock:		
Department – A	1,20,000	---
Department – B	2,40,000	---
Purchases:		
Department – A	12,00,000	---
Department – B	17,00,000	---
Sales:		
Department – A	---	20,00,000
Department – B	---	32,00,000
General expenses	14,00,000	---
Debtors	2,10,000	---
Creditors	---	96,700
Drawings	2,80,000	---
Provision for doubtful debts	---	3,300
Bank	1,90,000	--
	58,00,000	58,00,000

Additional information:

(i) Closing stock of Department A is `1,80,000 which includes goods purchased from Department – B and invoiced at `70,000. Department- B transfers goods to Department – A at cost plus 25%.

(ii) Closing stock of Department – B is `2,60,000 which includes goods transferred by Department - A at an invoice price of `1,50,000 which is arrived at by Department – A by adding 20% to the cost of the goods.

(iii) Sales of Department - A and Department – B include goods transferred to the other department at `3,50,000 and `4,60,000 respectively.

(iv) Machinery costing Rs.20,000 purchased on 1-7-2014 for Dept. A wrongly treated as ordinary purchase.

(v) Sales of Dept. A includes Goods Costing Rs.20,000 with sales value of Rs.30,000 sent on approval basis.

(vi) Create Provision for Doubtful debts @ 5% and provision for discount @ 2% on debtors.

(vii) Sale proceeds of Furniture amounted to `11,200 credited to Furniture a/c. The book value on 1-4-2014 was `7,000 & furniture was sold on 1-10-2014.

(viii) stock reserve on opening stock is Rs.12,000 & Rs.10,000 of Dept. A & B respectively.

(ix) Depreciation is to be provided on land and building @ 8% per annum and on machinery and furniture @ 10% per annum. [15]