

- 1 Dellow and Coucom are in partnership in a business which has three retail departments, Television, Computing and Telephones. The following balances were extracted from the business accounts at 30 April 2002:

		Dr \$	Cr \$
Purchases and Sales	Television	120 000	214 000
	Computing	220 000	428 000
	Telephones	40 000	107 000
Wages		56 000	
Stocks at 1 May 2001	Television	8 000	
	Computing	19 000	
	Telephones	3 000	
Sales staff salaries		147 000	
General expenses		5 000	
Office salaries		35 000	
Advertising		14 000	
Rent		40 000	
Electricity		9 000	
Insurance		5 000	
Motor Vehicles at cost		45 000	
Furniture & Fittings at cost		30 000	

#### NOTES

The following must now be taken into consideration.

Stocks at 30 April 2002:	Television	\$17 000
	Computing	\$40 000
	Telephones	\$5 000

Stock-taking is computerised and is based solely on sales and purchases – no physical stock check has been taken.

Accruals at 30 April 2002:	General expenses	\$2 000
	Electricity	\$1 000
	Rent	\$2 000

Number of sales staff employed	Television	3
	Computing	4
	Telephones	1

Commission is paid to sales staff at 1% of Sales.

Depreciation is charged to Motor Vehicles and Furniture & Fittings at 20% per annum on cost.

Floor space (square metres)	Television	2 000
	Computing	2 500
	Telephones	500

<u>Expense</u>	<u>Basis of apportionment</u>
Wages	Sales
General expenses	Sales
Office salaries	Sales
Sales staff salaries	Number of sales staff
Advertising	Sales
Rent and rates	Floor area
Electricity	Floor area
Insurance	Floor area
Depreciation	Equally between departments

Dellow: \$60 000    Coucom: \$40 000.

Cash drawings for the year were Dellow, \$15 000 and Coucom, \$4 000.

Coucom is paid a Partnership salary of \$7 600.

**(a)** Prepare, in columnar format, Departmental Trading and Profit and Loss Accounts for the year ended 30 April 2002.

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- (c) It has been suggested that any department that is making a loss should be closed. Comment on this suggestion.

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