**Unified Exam Bookkeeping and Accounts Past Year Papers Collection – Year 2018 Question 6**

Baba Stores has a trading business with two departments. The following information was extracted from its books on 31 December 2017:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Souvenir** | **Toys** | **Total** |
|  |  | **RM** | **RM** | **RM** |
|  | Inventory, 1 January 2017 | 8,400 | 3,890 |  |
|  | Inventory, 31 December 2017 | 16,700 | 5,710 |  |
|  | Purchases | 87,000 | 69,400 |  |
|  | Cash Sales | 52,000 | 150,000 |  |
|  | Credit Sales | 120,000 |  |  |
|  | Salaries and Wages | 8,400 | 7,200 |  |
|  | Water and Electricity |  |  | 4,800 |
|  | Insurance Expenses |  |  | 6,400 |
|  | Advertising Expenses |  |  | 3,600 |
|  | Bad Debts |  |  | 200 |
|  | Fixtures and Fittings |  |  | 60,000 |
|  | Cash at Bank |  |  | 33,500 |
|  | Cash on Hand |  |  | 4,750 |
|  | Capital |  |  | 98,090 |
|  | Accounts Receivable |  |  | 25,000 |
|  | Accounts Payable |  |  | 11,200 |
|  | Allowance for Doubtful Debts |  |  | 1,250 |
|  | Property |  |  | 110,000 |

**Additional information:**

1. Cells in Slovenia department deal in cash and credit terms. An allowance for doubtful debts of 2% on account receivable is to be charged.
2. Fixtures and fittings are charged at depreciation of 10% per annum.
3. Commissions are paid to the departmental managers based on 5% of the gross profit of their respective departments.
4. Electricity bill for December 2017 amounted to RM 420 will be paid in early January 2018.
5. Unexpired insurance expenses amounted to RM1,500 at the year end.
6. All other expenses are to be apportioned equally between the two departments.
7. You are required to prepare a Department Income Statement with 3 columns (namely “Souvenir”, “Toys” and “Total”) for the year ended 31 December 2017.
8. Mark operates a departmental store. You’re required to suggest how the following indirect expenses are to be allocated according to the most appropriate bases (e.g., floor space, number of employees, number of salesmen, total sales, credit sales, purchases, etc.)

Copy of the following table and feel your answers in the blanks.

|  |  |  |
| --- | --- | --- |
|  | Indirect Expenses | Apportionment Bases |
| (i) | Rental |  |
| (ii) | Bad Debts |  |
| (iii) | Commission on Sales |  |
| (iv) | Salaries |  |