

Apportionment

The following data is to be used for questions 1 – 3

Katarlo Ltd has incurred the following overheads:

Rent 18,000

Heating 9,200

Rates 7,000

Information relating to the 3 departments is as follows:

	Dept 1	Dept 2	Dept 3	
Floor	4,000 +	6,000 +	8,000	= 18,000.
<u>Volume</u>	5,000 +	7,000 +	11,000	= 23,000
Book value of Plant	8,000 +	65,000 +	85,000	= 158,000.

1. Heating overheads apportioned to Dept 3 are:

- A. 5,100
- B. 5,304
- C. 4,400
- D. 4,000

$$\begin{array}{ccc} \text{Dept} & \text{Factory} & \text{Cost} \\ 11,000 / 23,000 \times 9,200 & = & 4,400. \end{array}$$

2. Rent overheads apportioned to Dept 1 are:

- A. 4,000
- B. 4,400
- C. 4,600
- D. 4,800

$$\begin{array}{ccc} \text{Dept} & \text{Factory} & \text{Cost} \\ 4,000 / 18,000 \times 18,000 & = & 4,000. \end{array}$$

3. Rent overheads apportioned to Dept 3 are:

- A. 8,000
- B. 8,500
- C. 8,600
- D. 8,700

$$\begin{array}{ccc} \text{Dept} & \text{Factory} & \text{Cost} \\ 8,000 / 18,000 \times 18,000 & = & 8,000 \end{array}$$

Take care to choose an appropriate basis of apportionment.