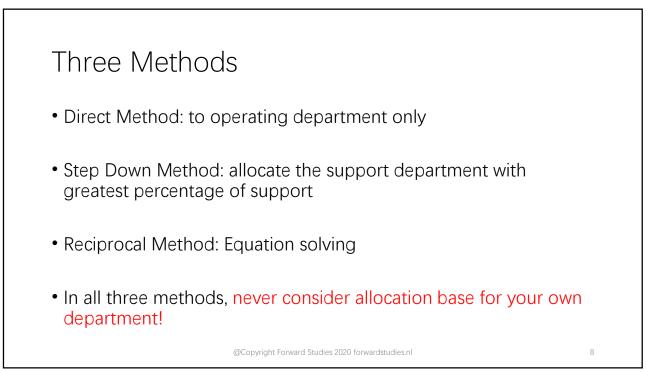


An online book seller has two operating departments, **corporate sales and consumer sales**, and two support departments, **human resources and information systems**. Each sales department conducts merchandising and marketing operations independently. This book seller uses **number of employees** to allocate human resources costs and **processing time to allocate information systems costs**. The following data are available for year 2018

	Human Resources	Information Systems	Corporate Sales	Consumer Sales
Department Costs	15000	21000	50000	60000
Number of Employees	10	20	40	40
Number of Processing hours	10	50	70	80
Total Organization (Cost			146000
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Direct Method

• Only care about allocation base in operating department

	Human Resources	Information Systems	Corporate Sales	Consumer Sales
Department Costs	15000	21000	50000	60000
Number of Employees	10	20	40	40
Number of Processing hours	50	10	70	80
Department cost after allocation				
Total Organization	Cost			146000

	Human Resources	Information Systems	Corporate Sales	Consumer Sales	
Department Costs	15000	21000	50000	60000	
Number of Employees	10	20	40	40	
Number of Processing hours	50	10	70	80	
Department cost after allocation					
Total Organization	Cost				

Step Dowr	n Metho	d			
 Find the support of the			•	rcentage	
• Step by Step	Human Resources	Information Systems	Corporate Sales	Consumer Sales	
Department Costs	15000	21000	50000	60000	
Number of Employees	10	20	40	40	
Number of Processing hours	50	10	70	80	
Total Organization (Cost			146000	
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	Human Resources	Information Systems	Corporate Sales	Consumer Sales
Department Costs	15000	21000	50000	60000
Number of Employees	10	20	40	40
Number of Processing hours	50	10	70	80
Department cos after allocation				
Total Organization	Cost			

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Reciprocal	Metho	d			
• Find the corre	ct equation				
 Directly times 	the relative	percentage	<u>}</u>		
	Human Resources	Information Systems	Corporate Sales	Consumer Sales	
Department Costs	15000	21000	50000	60000	
Number of Employees	10	20	40	40	
Number of Processing hours	50	10	70	80	
Total Organization	Cost			146000	
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	Human Resources	Information Systems	Corporate Sales	Consumer Sales	
Department Costs	15000	21000	50000	60000	
Number of Employees	10	20	40	40	
Number of Processing hours	50	10	70	80	
Department cos after allocation					
Total Organization	Cost				

-								
IT department costs are allocated ba								
the HRM department costs are alloc	ated bas	ed on the	num	ber of emp	loyees	S.		
					Wh	olesale		Retail
		IT		HRM	Ba	anking	Ba	anking
Budgeted costs (€, mln)	€	5.175	€	1.800	€	3.525	€	2.580
Number of processing hours (in								
thousands)		1.000		400		1.500		3.000
Number of employees (in full time								
equivalents)		2.000		500		6.000		8.000

department with the highest percentage of interdepartmental support service is allocated first?

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a)	Step down method	ІТ		5175	Wholesale banking	Retail banking
	HR to other dept		€ 1.800	225	675	90
			0,081632653		0,306122449	0,61224489
			422,4489796	5400,0	1.800,00	3.600,0