

FINAL
Alternative Assessment

(COVER PAGE)

Session : April 2020

Programme : Diploma in Culinary Arts (DCAN)
Diploma in Hotel Management (DHM/DHMN)

Course : ACC1103: Business Accounting

Date of Examination : 4 August 2020 (Tuesday)

Time : 8:00am – 10:30am Reading Time : Nil

Duration : 2 hours and 30 minutes

Special Instructions :

Section A: Answer any **THREE (3)** out of **FOUR (4)** questions.

Section B: Answer any **ONE (1)** out of **TWO (2)** questions.

Materials permitted : Nil

Materials provided : Nil

Examiner (s) : Ms. Punitha Asirvatham, Ms. Chang Yaw Yun

Moderator : Mr. Cheah Kong Yong

This paper consists of 6 printed pages, including the cover page.

DIPLOMA IN CULINARY ARTS (DCAN)
 DIPLOMA IN HOTEL MANAGEMENT PROGRAMME (DHM/DHMN)
 ACC1103: BUSINESS ACCOUNTING
 FINAL ALTERNATIVE ASSESSMENT: APRIL 2020 SESSION

SECTION A : Answer any **THREE (3)** out of **FOUR (4)** questions.

Question 1

Mini Monitors Ltd. is in the retail business of computer accessories. The following unadjusted trial balance as at 31 December 2016 is provided:

Mini Monitors Ltd Unadjusted Trial Balance as at 31 December 2016		
	Debit (RM)	Credit (RM)
Bank Balance	208,900	
Trade Receivables and Trade Payables	38,100	17,200
Inventory, 1 January 2016	14,200	
Capital		167,100
Office Equipment, at cost	20,000	
Accumulated Depreciation-Office Equipment		4,000
Purchases and Sales	75,650	220,010
Sales Return & Purchases Return	3,000	450
Provision for Doubtful Debts		1,000
Salary Expense	35,900	
Rent Expense	12,000	
General Expense	2,010	
	409,760	409,760

The following additional information were provided as at 31 December 2016:

- Rental of RM1,000 was prepaid.
- Salaries of RM4,000 remained accrued.
- General expense of RM800 is accrued.
- Office equipment was depreciated at 10% per annum based on the straight-line method of depreciation.
- Provision for doubtful debts is to be increased to RM2,100.
- Inventory on hand as at 31 December 2016 was RM7,900.

Required:

- a) Prepare the Statement of Comprehensive Income for Mini Monitors Ltd for the year ended 31 December 2016. (14 marks)
- b) Prepare the Statement of Financial Position for Mini Monitors Ltd as at 31 December 2016. (11 marks)

(Total: 25 marks)**Question 2**

Martin is running a retailer business. Following are the Accounts Receivable balances for past four years :

Accounts Receivable at 31 December 2016	RM25,000
Accounts Receivable at 31 December 2017	RM20,000
Accounts Receivable at 31 December 2018	RM30,000
Accounts Receivable at 31 December 2019	RM35,000

The allowance for doubtful debts is estimated to be 5% of accounts receivable each year, after bad debts are written off

Following are the Bad debts for past two years :

31 December 2017	RM2,500
31 December 2018	RM3,000

Required:

Prepare the following accounts :

- a) Bad Debts for year ended 31 December 2017 and 2018 (4 marks)
- b) Allowance for Doubtful Debts for year ended 31 December 2016, 2017, 2018 and 2019 (7 marks)
- c) Income Statement (Extract) for year ended 31 December 2016, 2017, 2018 and 2019 (6 marks)
- d) Statement of Financial Position (extract) for year ended 31 December 2016, 2017, 2018 and 2019 (8 marks)

(Total: 25 marks)

Question 3

- (a) Alexa Soap has two production departments, Mixing and Moulding and two service departments, maintenance and store. The following are the budgeted overhead for the year ending 31 December 2016:

Overhead		RM
Indirect labour	Mixing department	35,600
	Moulding department	24,800
	Maintenance department	8,400
	Store department	2,000
Supervision		12,500
Electricity		3,500
Rent		5,000
Plant insurance		1,200

Additional information:

	Mixing department	Moulding department	Maintenance department	Store department
Floor area (square ft.)	1,500	1,200	300	500
No. of employees	50	120	15	15
Maintenance hours	600	500	-	-
Plant value (RM)	45,000	20,000	-	-
No. of materials requisition	400	300	200	-
Machine hours	3,000			
Labour hours		2,000		

Required:

- i. Prepare an overhead analysis statement for the year ending 31 December 2016. (20 marks)
- ii. Calculate the overhead absorption rate for the production departments:
 - a. Mixing department using machine hours as a base
 - b. Moulding department using labour hour as a base

(5 marks)

(Total: 25 marks)

Question 4

Company XYZ purchased the following non current assets:

- a) Office Equipment costing RM20,000 on 1 January 2017.
- b) Motor Vehicle costing RM50,000 on 1 July 2018.

The assets are depreciated as follows :

- a) Office Equipment depreciates using straight line method at 20% per annum.
- b) Motor Vehicle depreciates using reducing balance method using 10% per annum.

All the assets were bought by paying cheque. Depreciation is provided from the date of purchases. The company's financial year ends at 31 December.

Required to prepare :

- a) Office Equipment account for the year ended 31 December 2017, 2018 and 2019.
(4 marks)
- b) Motor Vehicle Account for the year ended 31 December 2017, 2018 and 2019.
(3 marks)
- c) Accumulated Depreciation For Office Equipment for the for the year ended 31 December 2017, 2018 and 2019.
(7 marks)
- d) Accumulated Depreciation for Motor Vehicle for the year ended 31 December 2017, 2018 and 2019.
(6 marks)
- e) Statement of Financial Position (extract) for the year ended 31 December 2017, 2018 and 2019.
(5 marks)

(Total: 25 marks)

SECTION B : Answer any ONE (1) out of TWO (2) questions.

Question 5

- a) Explain the prudence concept in relation to allowance for doubtful debt. (5 marks)
- b) Explain the consistency concept in relation to depreciation. (5 marks)
- c) Explain business entity concept in relation to drawings. (5 marks)
- d) Explain accrual (matching) concept in relation to the financial accounts. (5 marks)
- e) Explain historical cost concept in relation to non-current assets. (5 marks)

(Total: 25 marks)

Question 6

- a) Brezza Company manufactures office furniture. Recently the company decided to develop a formal cost accounting system and classify all costs into three categories. Categorize each of the following items as being appropriate for (1) cost tracing to the finished furniture, (2) cost allocation of an indirect manufacturing cost to the finished furniture, or (3) as a non manufacturing item.

Item	Cost Tracing	Cost allocation	Non manufacturing
Carpenter Wages			
Depreciation – office building			
Glue for assembly			
Lathe department supervisor			
Lathe maintenance			
Lathe operator wages			
Lumber			
Samples for trade shows			
Metal brackets for drawers			
Factory washroom supplies			

(11 marks)

- b) Define the following cost term and explain one example each:

- i) Step-fixed costs
- ii) Opportunity costs
- iii) Semi-variable cost

(9 marks)

- c) Briefly explain THREE (3) criteria of relevant cost.

(5 marks)

(Total: 25 marks)

--THE END--