

**FINAL**  
**ALTERNATIVE ASSESSMENT**  
Examination Paper

(COVER PAGE)

Session : January 2021

Programme : Diploma In Hotel Management (DHMN)  
Diploma In Culinary Arts (DCAN)

Course : ACC1103: Business Accounting

Date of Examination : March 10, 2021 (Wednesday)

Time : 12:00 pm – 2:30 pm Reading Time : Nil

Duration : 2 Hours : 30 Minutes

**Note:** 30 minutes is added into the duration of the examination to factor in any connectivity matters and for you to scan and upload your scripts.

**Special Instructions :**

Answer ALL the questions. Write ALL your answers in the foolscap papers.

Materials permitted : Nil

Materials provided : Nil

Examiner(s) : Alex Chang Yaw Yun and Henry Ooi

Chief Moderator : Mr Cheah Kong Yong

DIPLOMA IN HOTEL MANAGEMENT PROGRAMME (DHMN)  
 DIPLOMA IN CULINARY ARTS PROGRAMME (DCAN)  
 ACC1103: BUSINESS ACCOUNTING  
 FINAL ALTERNATIVE ASSESSMENT: JANUARY 2021 SESSION

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

**Question 1**

Question 1: The following were the balances of Eve Beautiful Enterprise as at 31 March 2020:

	<b>RM</b>
Sales	500,000
Rent	5,600
Insurance	2,900
Purchases	356,000
Salaries and wages	34,000
Courier and postage	5,600
Rates	2,100
Sundry expenses	3,900
Carriage inwards	1,100
Carriage outwards	2,050
Inventory as at 1 April 2019	78,000
Accounts receivable	84,000
Accounts payable	39,000
Cash at Bank	8,960
Cash in Hand	800
Freehold premises	200,000
Machinery	60,000
Motor Vehicles	39,800
Drawings	45,000
Capital	390,810

*Additional Information:*

- (i) Inventory as at 31 March 2020 was RM 96,650.
- (ii) Expenses owing for carriage inwards amounted to RM 330.
- (iii) Insurance prepaid was RM 140, rent prepaid was RM 400 and postage paid in advance was RM 240.
- (iv) To provide for provision for depreciation as follows:
  - Motor vehicles at 20% straight line method.
  - Machinery at 10% per annum using the reducing balance method.
- (v) Provision for doubtful debts is at 5% of the accounts receivable balance as at end of year.

**Required:**

- (a) Prepare the income statement for the year ended 31 March 2020. (13 marks)
- (b) Prepare the statement of financial position as at 31 March 2020. (12 marks)

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

Adrian uses reducing balance method to charge depreciation for the assets in his business.

Required: calculate the following for each type of non-current asset

- (a) Annual depreciation and net book value until the date of disposal. (Round your answers to the nearest RM) (19 marks)
- (b) Profit or loss for each of the disposal of non-current asset. (6 marks)

Assets	Cost (RM)	No. of useful life (years)	Rate of depreciation (%)	Basis of depreciation	Date of Purchase	Date of disposal	Disposal Value (RM)
Furniture	88,188	5	Reducing balance @ 3% p.a.	Full year	1/8/2015	1/1/2019	75,321
Machinery	240,567	8	Reducing balance @ 5% p.a.	Full year	1/2/2016	1/1/2020	179,182
Office equipment	381,511	6	Reducing balance @ 8% p.a.	Monthly	1/6/2016	1/8/2019	232,612

**(Total: 25 marks)**

**Question 3**

A business started trading on 1 January 2018. During the two years ended 31 December 2018 and 2019 the following debts were written off to the Bad Debts Account on the date stated:

2018	30 June	Gillian	RM620
	31 November	Denver	RM540
2019	31 January	Leon	RM750
	31 May	Kim	RM1,000
	31 October	Jonathan	RM350

On 31 December 2018 the total of trade receivables before bad debts was RM12,600.

On 31 December 2019 the total of trade receivables before bad debts was RM15,500.

The provision for doubtful debts at each year end is at 5% of trade receivables after written off bad debts.

**Required**

- (a) State reasons why a business may make a provision for doubtful debts. (3 marks)
- (b) Prepare the bad debts account for the year ended 31 December 2018 and 2019 respectively. (6 marks)
- (c) Prepare the provision for doubtful debts account for the year ended 31 December 2018 and 2019 respectively. (6 marks)
- (d) Show the relevant extract in the income statement for the year ended 31 December 2018 and 2019. (4 marks)
- (e) Show the relevant extract in the statement of financial position as at 31 December 2018 and 2019. (6 marks)

**(Total: 25 marks)**

**Question 4**

Collathen Sdn Bhd manufactures canned fruits. The company uses absorption costing. The business has two production departments: machining and assembly and one service department: Store

The budgeted overhead costs for the year ended 30 June 2020 are as follow.

Overhead costs	RM
Factory rent	60,000
Depreciation of machinery	36,000
Lighting and heating	18,400
Supervision	27,200
Power	23,500

The following budgeted information is also available:

Overhead items	Total	Production department		
		Machining	Assembly	Store
Floor area ( square meters)	1,500	750	600	150
Kilowatt hours	7,250	5,800	1,450	-
Machinery at cost (\$'000)	1,800	1,260	540	-
Number of employees	400	120	260	20
Store requisition	100	20	80	
Direct labour hours	17,500	1,500	16,000	-
Machine hours	21,000	18,000	3,000	-

**Required**

- (a) Apportion the overhead costs to the three departments and re-apportion the service department's overhead cost to production departments using a suitable basis. (21 marks)
- (b) Calculate, correct to two decimal places, appropriate overhead absorption rate for each of the production department. (4 marks)

**(Total: 25 marks)**

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

**Question 5**

- (a) Explain the concept of prudence in relation to the recognition of profits and losses. (4 marks)
- (b) “The historical cost convention looks backwards but the going concern convention looks forwards.” Explain. (5 marks)
- (c) In addition to the accounting concept, the accounting profession is also guided by the international framework for the preparation and presentation of financial reports. The **four** qualitative characteristics are as follows:
- (i) Relevance (4 marks)
  - (ii) Reliability (4 marks)
  - (iii) Comparability (4 marks)
  - (iv) Understandability (4 marks)

**Required:**

Define and explain each of the qualitative characteristics with suitable examples.

**(Total: 25 marks)**

**Question 6**

- (a) Maya, the Group Chief Financial Officer of HG Bhd has faced the following situations in the past two weeks:
- (i) Pritam, the factory manager, is contemplating whether it is cost-effective to outsource components partially assembled or to buy individual components and assemble them in-house.
  - (ii) For the forth coming shareholders meeting, the chairman of HG Bhd wants Maya to prepare a presentation showing the income statement and financial position for last year.

- (iii) Maya found that the actual raw materials used in production were significantly higher than the budgeted figure. She called for a meeting with the factory manager to discuss the negative difference.
- (iv) Maya is concerned with the rising costs at the factory. She has asked the factory manager and the cost accountant to ascertain the total costs and determine the unit costs of each product manufactured by the company.

Required:

Examine each of the scenarios above and determine whether it is the role of costing/management accounting or financial accounting with brief explanations. (12 marks)

- (b) Explain the following terms with examples.
  - (i) Sunk cost (4 marks)
  - (ii) Opportunity cost (4 marks)
- (c) Contrast between relevant cost and irrelevant cost with examples. (5 marks)

**(Total: 25 marks)**

**~THE END~**

*ACC1103 (F)/ January 2021 Session/ formatted*