



FINAL
Examination Paper

(COVER PAGE)

Session : August 2014

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

Course : ACC1103 : Business Accounting

Date of Examination : December 9, 2014 (Tuesday)

Time : 200 pm – 4:00 pm Reading Time: Nil

Duration : 2 Hours

Special Instructions :

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

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

Materials permitted : Non-programmable Calculator

Materials provided : Nil

Examiner (s) : Mr Alex Chang Yaw Yun, Ms Lim Li Lin

Moderator : Ms Chou Chee Ling

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

INTI INTERNATIONAL COLLEGE SUBANG
 DIPLOMA IN HOTEL MANAGEMENT (DHMN)
 DIPLOMA IN CULINARY ARTS (DCA)
 ACC1103 : BUSINESS ACCOUNTING
 FINAL EXAMINATION : AUGUST 2014 SESSION

This paper consists of **TWO (2)** sections. Answer **THREE (3)** questions in **Section A** and **ONE (1)** question in **Section B**. All questions carry equal marks.

Section A : Answer any **THREE (3)** questions.

Question 1

Mr. Chiang's trial balance as at 31 December 2013.

	DR	CR
	RM	RM
Sales		587,320
Purchases	294,270	
Sales returns	7,590	
Purchases returns		3,250
Opening inventory	218,500	
Allowance for doubtful debts		2,540
Discounts allowed and discounts received	110	80
Salaries and wages	67,530	
Insurance	5,370	
Rent	22,500	
Equipment at cost	74,000	
Accumulated depreciation on equipment		3,600
Motor vehicle at cost	42,000	
Accumulated depreciation on motor vehicle		2,400
Receivables and payables	28,450	16,820
Bad debts	2,510	
Capital		194,460
Cash	5,770	
Bank	33,440	
Drawings	8,430	
	810,470	810,470

The following additional information as at 31 December 2013 is available:

1. Closing inventory of business was valued at RM124,000.
2. Insurance prepaid was RM2,700.

3. Salaries and wages accrued were RM9,820.
4. The allowance for doubtful debts is to be adjusted to 10% of receivables.
5. Rent account has an outstanding amount of RM4,300.
6. Depreciation of equipment and motor vehicle were at 10% and 20 % per annum on cost respectively.

Required:

- (a) Prepare the statement of income of Mr. Chiang for the year ended 31 December 2011.
(12 marks)
 - (b) Prepare the statement of financial position as at 31 December 2011.
(9 marks)
 - (c) Discuss any **TWO (2)** generally accepted accounting concepts.
(4 marks)
- (Total: 25 marks)

Question 2

- (a) Alistair bought a machine on 1 January 2009 for RM90,000. It's estimated scrap value is RM5,000 at the end of four years. Alistair has two options of depreciating the machinery:

Option 1: Depreciate for 40% per year on reducing balance.

Option 2: Depreciate four equal years using the straight line method.

Required:

Calculate the depreciation expense per year and book value of each year under each depreciation method.

- (i) The reducing balance method.
- (ii) The straight line method.

(17 marks)

- (b) Assume that all the assets below are depreciated according to the straight line method. Calculate the item (i), (ii), (iii), (iv), (v), (vi), (vii) & (viii) in the following table:

Fixed Asset	Cost	Estimated life of assets in years	Estimated scrap value	Annual depreciation	Rate of depreciation as a percentage of cost price
	RM		RM	RM	
Van	50,000	(ii)	10,000	(i)	20%
Limousine	120,000	5	30,000	(iii)	(iv)
Banquet tables	4,000	(v)	0	400	(vi)
Computer	(vii)	3	1,000	500	(viii)

(8 marks)
(Total: 25 marks)

Question 3

- (a) Describe the difference between bad debts and doubtful debts with examples. (6 marks)
- (b) A business started trading on 1 January 2012. During the two years ended 31 December 2012 and 2013 the following debts were written off to the bad debts account on the dates stated:

28 February 2012	Chiang	RM325
30 June 2012	Joseph	RM896
30 November 2012	Pamela	RM267
31 January 2013	Michelle	RM448
31 May 2013	Rosli	RM1,523
31 October 2013	Krishnan	RM739

On 31 December 2012 the total trade receivables were RM62,400. It was decided to make an allowance for doubtful debts of 1.5%.

On 31 December 2013 the total trade receivables were RM72,400. It was decided that the allowance for doubtful debts should increase to 2%.

Required:

- (i) Prepare the bad debts account and the allowance for doubtful debts account for the years 2012 and 2013.

(12 marks)

(ii) Prepare the following extracts;

- Statement of income; and
- Statement of financial position for the year ended 31 December 2012 and 2013.

(7 marks)

(Total: 25 marks)

Question 4

Clarke manufacturing company manufactures one product, Apex. The following forecast information for Apex is available for the year ending 31 December 2015:

	Per unit:
	RM
Selling price	45.50
Direct material (\$4 per metre)	14.00
Direct labour (\$12 per hour)	18.00
Variable production overhead	3.00

Sales demand 4 000 units

Fixed overheads are forecast to be RM23 100 for the year.

Required :

- (a) Calculate the contribution per unit for Apex. (5 marks)
- (b) Calculate the breakeven point in units for Apex. (5 marks)
- (c) Calculate the margin of safety in terms of quantity and revenue. (5 marks)
- (d) Calculate the forecast profit for the year ending 31 December 2015. (5 marks)
- (e) Calculate the number of units to be sold if the target profit is RM25,200. (5 marks)

(Total: 25 marks)

Section B : Answer any ONE (1) question.

Question 5

- (a) Identify **FIVE (5) external** users of accounting information and their primary interest. (10 marks)
- (b) Explain the following accounting terms:
- (i) Owner's Equity
 - (ii) Returns Inwards
 - (iii) Discount Received
 - (iv) Assets
 - (v) Liabilities
- (10 marks)
- (c) The final accounts of your company include a note which states: 'these accounts have been prepared on the going concern basis'. Briefly explain what is meant by the 'going concern basis'. (5 marks)
(Total: 25 marks)

Question 6

- (a) Describe any three differences between financial accounting and cost accounting. (6 marks)
- (b) Explain the following costing terms. Give an example for each term:
- (i) Fixed costs
 - (ii) Variable costs
 - (iii) Prime costs
 - (iv) Product costs
 - (vi) Period costs
- (15 marks)
- (c) Explain the term "contribution" used in marginal costing (4 marks)
(Total: 25 marks)

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