

**FINAL**  
Examination Paper  
(COVER PAGE)

Session : April 2016

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

Course : ACC1103: Business Accounting

Date of Examination : July 27, 2016 (Wednesday)

Time : 8:00 am – 10:00 am

Duration : 2 Hours Reading Time : Nil

Special Instructions :

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

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

Materials Permitted : Nil

Materials Provided : Answer Booklet

Examiner(s) : Ms. Norhasni Abdul Razak, Mr Alex Chang Yaw Yun

Moderator : Ms Chou Chee Ling

*This paper consists of 7 printed pages, including the cover page.*

DIPLOMA IN HOTEL MANAGEMENT PROGRAMME (DHMN)  
 DIPLOMA IN CULINARY ARTS PROGRAMME (DCA/DCAN)  
 ACC1103: BUSINESS ACCOUNTING  
 FINAL EXAMINATION: APRIL 2016 SESSION

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

(75 marks)

**Question 1**

Mr Chai has been trading for some years as a wine merchant. The following list of balances has been extracted from his ledger as at 30 April 2016, the end of his most recent financial year.

	RM
Capital	83,887
Sales	259,870
Trade creditors	19,840
Returns outwards	13,407
Provision for doubtful debts	512
Discount allowed	2,306
Discount received	1,750
Purchases	135,680
Returns inwards	5,624
Carriage outwards	4,562
Drawings	18,440
Carriage inwards	11,830
Rent, rates and insurance	25,973
Heating and lighting	11,010
Postage, stationery and telephone	2,410
Advertising	5,980
Salaries and wages	38,521
Bad debts	2,008
Cash in hand	534
Cash at bank	4,440

Stock as at 1 May 2015	15,654
Trade debtors	24,500
Fixtures and fittings-at cost	120,740
Provision for depreciation on fixtures and fittings	63,020
Depreciation	12,074

The following additional information as at 30 April 2016 is available :

- Stock at the close of business was valued at RM17,750
- Insurances have been prepaid by RM1,120
- Heating and lighting is accrued by RM1,360
- Rates have been prepaid by RM5,435
- The provision for bad debts is to be adjusted so that it is 3% of trade debtors.

Required :

Draw up the:

- Income statement for the year ended 30 April 2016
- Statement of Financial Position as at 30 April 2016

(25 marks)

### Question 2

Below are the Cash Book transactions of an office supply shop.

June 2016

- Balances brought forward: Cash RM420; Bank RM4,940
- Received cheque from the following, in each case deducting a 5% cash discount;  
Braga RM820, Pine RM320, Hodd RM440, Rae RM1,040  
*get space*
- Cash sales paid direct into the bank RM740.  
*2 1/2 %*
- Paid rent by cash RM340
- Paid the following accounts by cheque, in each case deducting 2 1/2 % cash discount: M Peters RM360; G Graham RM960; F Bell RM400; ~~from the bank for~~  
*business use RM400.* *delete*
- Withdrew cash from the bank for business use RM400. ✓
- Cash sales RM1,260
- B Age paid their accounts of RM280 by cheque less RM4 cash discount.
- Paid wages by cash RM540
- Paid the following accounts by cheque: R Todd RM310 less cash discount RM15; F Dury RM412 less cash discount RM12.
- Bought fixtures by cheque RM4,320
- Bought lorry paying by cheque RM14,300
- Received RM324 cheque from A Line.
- Cash sales RM980.
- Bought stationery paying by cash RM56

**Required:**

Enter the above in a three-column cash book. Balance off the cash book at the end of the month and show the discount accounts in the general ledger.

(25 marks)

**Question 3**

Bee Bhd maintains its non-current assets at cost. Each type of asset used one provision for depreciation account. Machinery is to be depreciated at the rate of 15% per annum, and fixtures at the rate of 5% per annum, using reducing balance method. Depreciation is to be calculated on assets in existence at the end of each year, giving a full year's depreciation even though the asset was bought part of the way through the year. The following transactions in assets have taken place :

2012 1 January Bought machinery RM2,800, fixtures RM290  
1 July Bought fixtures RM620

2013 1 October Bought machinery RM3,500  
1 December Bought fixtures RM130

The financial year end of the business is 31 December.

**Required:**

Prepare the following accounts relating to the above transactions (please rounding decimals to the nearest whole number):

- (a) Machinery account (3 marks)
  - (b) Fixtures account (4 marks)
  - (c) Provision for depreciation for Machinery account (4 marks)
  - (d) Provision for depreciation for Fixtures account (6 marks)
  - (e) Show the particulars that should appear on the Balance Sheet at the end of each year 2012 and 2013 (8 marks)
- (25 marks)

## Question 4

- (a) An order for 500 pax dinner is received with menu attached. The banquet manager is asked to quote for the 500 pax.

Below is a cost card:

**COSTING SHEET**

**Menu item: Lamb stew**  
**Costing for: 5 portions**

**Date :**

Quantity	Ingredients	Unit price (RM)
2.0 kg	Lamb	20.00/kg
150 g	Flour	2.50/kg
200 g	Butter	6.00/kg
750 g	Mushrooms	10.00/kg
250 g	Onions	3.00/kg
0.1 litre	Olive oil	20.00/litre
	Seasoning	1.00

Many staff is involved in a single operation like food preparation, and they are all transferable and interchangeable, it is not practical to add labour cost to the standard material cost.

Note : Labour and overheads are not specifically included but lumped under the profit margin. For the banquet, food and labour are all direct costs.

Required: Calculate the following:

- (i) Total costs for the 5 portion (7 marks)
- (ii) Cost per portion (2 marks)
- (iii) The selling price per portion if the gross profit is 40% (2 marks)
- (iv) If food cost is RM2,000, labour cost is RM500, the overhead is 25% and net profit is 15%. How much would be the quotation for the banquet. (4 marks)

- (b) McDeen Company, a manufacturer of canned food, has prepared the following list of accounts and their balances:

	RM
Advertising	7,200
Assemblers' wages	26,840
Depreciation of machinery	1,840
Factory utilities	11,120
Lathe operators' wages	23,280
Machinery repairs	4,520
Office salaries	22,760
Purchases of cans	320
Purchases of special paper	160
Purchases of fish	60,000
Purchases of secret ingredients	33,800
Supervisors' salaries	38,280

There were no beginning or ending inventories.

Required: Calculate the following :

- (i) Direct materials used
- (ii) Direct labor
- (iii) Factory overhead

(10 marks)

Total :(25 marks)

**Section B : Answer any ONE (1) essay question.**

### Question 5

- (a) Explain the difference between a product cost and a period cost. What potential problems does an inaccurate classification of product and period costs cause? (10 marks)
- (b) While business, hospitality and academic studies have debunked the long-held myth of a nearly 90 percent failure rate for restaurants, the actual figure of one in four new restaurants failing in the first year of operation still points to the importance of careful budgeting and financial planning for restaurant owners and operators. Monthly restaurant budgets must take into account both fixed and variable operating costs.

Required:

What are the variable and fixed costs in a Restaurant Operation? For each cost, list five (5) examples and explain why you classified those costs as fixed or variable.

(15 marks)

Total: (25 marks)

**Question 6**

- (a) State **TWO (2)** users of accounting information and briefly explain their purpose for using the information. (4 marks)
- (b) Define and distinguish between capital and liability. (6 marks)
- (c) List four (4) reasons that might lead you to write-off a debt as bad. (4 marks)
- (d) Explain clearly what is meant by :
- (i) The historical cost convention (2 marks)
  - (ii) The going concern convention (2 marks)

Do you think traditional financial accounting, using the historical cost convention, make the going concern convention looks forwards? Discuss.

(7 marks)

Total: (25 marks)

**-THE END-**

*ACC1103(F)/Apr2016/formatted*

