

 **INTI International
University & Colleges**

**FINAL
Examination Paper**

(COVER PAGE)

Session : April 2018

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

Course : ACC1103 : Business Accounting

Date of Examination : July 27, 2018 (Friday)

Time : 5:00 pm- 7:00 pm

Duration : 2 hrs Reading Time : Nil

Special Instructions :

This paper consists of TWO (2) sections. Answer THREE (3) questions in SECTION A and ONE (1) question in SECTION B in the answer booklet provided. All questions carry equal marks.

IMPORTANT NOTE : **THIS PAPER SHOULD NOT BE TAKEN OUT OF THE EXAMINATION HALL**

Materials Permitted : Calculator

Materials Provided : Nil

Examiner(s) : Chang Yaw Yun & Calvin Lim

Moderator : Ms Chou Chee Ling

This paper consists of 6 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 2018 SESSION

SECTION A : Answer any **THREE (3)** out of **FOUR (4)** questions in the answer booklet provided.

Question 1

The following trial balance was extracted from the books of ALAM BHD as at 30 June 2017:

Trial balance as at 30 June 2017		
	Debit RM	Credit RM
Sales and purchases	162,400	189,300
Capital		80,100
Drawings	6,990	
Premises	70,850	
Accumulated depreciation - premises		6,100
Furniture	5,200	
Accumulated depreciation - furniture		870
Returns inwards	5,400	
Returns outwards		6,030
Carriage inwards	815	
Carriage outwards	925	
Electricity	1,220	
Sundry expenses	545	
Discounts	6,250	5,930
Advertising expenses	2,550	
Inventory: 1 July 2016	5,300	
Rent expenses	10,200	
General expenses	365	
Office equipment	7,200	
Accounts receivable	12,840	
Accounts payable		10,200
Cash	2,550	
Bank overdraft		3,550
Allowance for doubtful debt		1,450
Insurance expenses	420	
Salaries and wages	5,320	
Commission received		3,810
	307,340	307,340

Additional information on 30 June 2017:

- Inventory was valued at RM7,050
- Electricity accrued by RM360
- Rental have been prepaid by RM2,320
- Depreciation to be made on all fixed assets 10% per annum on cost.
- The allowance for doubtful debts to be adjusted to 5% of accounts receivable.

Required:

- (a) Prepare the Income Statement for the year ended 30 June 2017. (14 marks)
- (b) Prepare the Statement of Financial Position as at 30 June 2017. (11 marks)

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

AeroFlow Berhad commenced its transport business on 1 January 2015 and had purchased the following motor vehicles:

- (i) A new truck on 1 January 2015, costing RM 80,000.
- (ii) A new truck on 1 April 2016, costing RM 90,000.
- (iii) A new car on 1 July 2017, costing RM 20,000.

The depreciation policies of the company are as follow:

- (i) Depreciates truck at 40% each year using the reducing-balance method,
- (ii) Depreciates cars at 25% each year using the straight-line method.
- (iii) If a vehicle is owned for part of a year, calculate depreciation according to full year depreciation for the vehicle.

All the above transactions were paid by cheque. Depreciation is to be provided on a yearly basis. The year end of the company is 31 December.

You are required to prepare:

- (a) Motor vehicle account for the year ended 31 December 2015 to 31 December 2017.
(Hint: Write up both trucks and car in the same Motor Vehicle Account) (6 marks)
- (b) Accumulated depreciation accounts for motor vehicle. (10 marks)
- (c) Statement of Financial Position (extract) as at 31 December 2015, 2016 and 2017 respectively. (9 marks)

(Total: 25 marks)

Question 3

XYZ Company has three production departments, A, B, and C, and two service departments, Stores and Maintenance.

For the forthcoming period, the total budgeted overhead costs are as follows:

Allocated costs:

Department	Indirect material	Indirect labour
A	RM13,000	RM10,000
B	11,000	5,000
C	9,000	4,000
Stores	4,000	6,000
Maintenance	3,000	5,000

Other costs:

Heat and light	RM18,000
Rent and rates	20,000
Plant insurance	14,000
Building insurance	12,000
Canteen costs	7,200

The following information is also available:

Department	A	B	C	Stores	Maintenance
Employees	60	50	40	20	10
Machine hours	10,000	12,000	10,000		
Direct labour hours	5,000	6,000	7,000		
Area (square metres)	7,500	6,000	4,500	3,000	3,000
Plant valuation (RM)	50,000	60,000	50,000	300,000	20,000
Material requisitions	1,000	800	900		

The company absorbs its overhead using Machine hour rates for departments A and B, and a Direct Labour hour rate for department C.

Required:

- (a) Prepare an overhead analysis sheet for the forthcoming period, showing clearly the bases of apportionment used. (Work to the nearest RM)
- (19 marks)
- (b) Calculate overhead absorption rates for each of the production departments. (Work to two decimal places.)
- (6 marks)

(Total: 25 marks)

Question 4

Caines Industries provided you with the following information:

Commenced operations on 1 January 2016

- Provision established on 31 December 2016 for Doubtful Debts at 5% of trade receivables
- On 1 June 2016 debtors' accounts totaling RM850 are to be written off as bad (irrecoverable)
- Trade receivables balance 31 December 2016 was RM 90,000

At the end of the second year of operations, at 31 December 2017

- Balance of Trade Receivables was RM 110,850 (before write off of Bad Debts)
- It was decided that RM4,850 owing by several debtors were not recoverable and were to be written off as bad.
- Provision for doubtful debts to be maintained at 5% of trade receivables

Required:

- (a) Prepare the following accounts for year ended 31 December 2016 and 2017:
- (i) Bad debts. (6 marks)
- (ii) Allowance for doubtful debts. (6 marks)
- (iii) Prepare extracts of the Income Statement and Statement of financial position at 31 December 2016 and 2017. (9 marks)
- (b) Explain the difference between bad debts and doubtful debts. (4 marks)

(Total: 25 marks)

SECTION B : Answer any ONE (1) out of TWO (2) questions in the answer booklet provided.

Question 5

- (a) Explain clearly the difference between capital expenditure and revenue expenditure (5 marks)
- (b) Define the following terms:
- (i) Business entity assumption (2 marks)
- (ii) Historical cost principle (2 marks)
- (iii) Consistency concept (2 marks)
- (iv) Going concern assumption (2 marks)

(c) Explain the following accounting terms:

- (i) Accruals
- (ii) Prepayments
- (iii) Bad debts
- (iv) Capital
- (v) Carriage inwards
- (vi) Discount allowed

(12 marks)

(Total: 25 marks)

Question 6

(a) Identify the differences between direct cost and indirect cost with examples. (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
- (v) Period costs

(15 marks)

(c) List **FOUR (4)** purposes of using fixed and variable costs.

(4 marks)

(Total: 25 marks)

-THE END-

ACC1103 (F)/Apr2018/formatted