



**FINAL**  
Examination Paper

(COVER PAGE)

Session : August 2017

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

Course : ACC1103 : Business Accounting

Date of Examination : December 13, 2017 (Wednesday)

Time : 2:00 pm – 4:00 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) : Calvin Lim & 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: AUGUST 2017 SESSION

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

**Question 1**

Jack Low, a sole trader, had the following list of ledger balances as at 31 December 2017:

	RM
Capital at 1 January 2017	88,676
Accounts receivable	45,737
Cash in hand	1,712
Accounts payable	31,069
Fixtures and fittings at cost	42,200
Discount allowed	1,009
Discount received	846
Inventory at 1 January 2017	16,491
Sales	398,644
Purchases	327,110
Motor vehicles at cost	45,730
Heating and lighting	6,206
Motor expenses	2,862
Rent	8,802
General expenses	6,500
Bank (Debit)	7,800
Accumulated depreciation	
- Fixtures	2,200
- Motor vehicles	15,292
Drawings	24,568

**Additional information:**

- RM218 is owing for motor expenses
- RM880 has been prepaid for rent
- Depreciation is to be provided for the year as follows:
  - Motor vehicles – 20% on cost
  - Fixtures and fittings – 10% reducing balance method
- Inventory at the close of business was RM 16,248

**REQUIRED :**

- (a) Prepare Jack Low’s income statement for the year ended 31 December 2017. (15 marks)
- (b) Prepare Jack Low’s statement of financial position as at 31 December 2017. (10 marks)

**Question 2**

- (a) Virgo Ltd bought machineries at RM 50,200 and office equipment at RM 33,000 on 1 Jun 2012. These assets are charged depreciation using straight line method on a monthly basis. The scrap values are RM 24,200 and RM 20,800 respectively. Both assets have useful life of 5 years. On 31 Dec 2014, the management decided to dispose both assets and the disposal values are RM 44,800 and RM 28,600 respectively. Determine whether the company enjoys a profit or suffer a loss on disposal. (16 marks)
- (b) Fill in the missing figures:

Asset: Machinery

Date	Descriptions	Amount (RM)
1/1/13	Cost	88,185
31/12/13	(-) Depreciation	(i) ?
	<b>Net Book Value (NBV)</b>	<b>85,542</b>
31/12/14	(-) Depreciation	(2,566)
	<b>Net Book Value (NBV)</b>	<b>(ii) ?</b>
31/12/15	(-) Depreciation	(2,489)
	<b>Net Book Value (NBV)</b>	<b>(iii) ?</b>
31/12/16	(-) Depreciation	(iv) ?
	<b>Net Book Value (NBV)</b>	<b>78,073</b>

(9 marks)  
(Total: 25 marks)

**Question 3**

Harith has a textile company that he runs in the local area. The accounts receivables balance for each year is given below.

Accounts receivables at 31 December 2014	RM 30,000
Accounts receivables at 31 December 2015	RM 25,000
Accounts receivables at 31 December 2016	RM 35,000
Accounts receivables at 31 December 2017	RM 40,000

The allowances for doubtful debts at each year end is estimated to be 5% of accounts receivables, after bad debts written off.

Bad debts to be written off are as follows:

31 December 2015	RM 3,000
31 December 2016	RM 2,000

**REQUIRED:**

Prepare the following accounts for each of the years:

- |   |                   |
|---|-------------------|
| (a) Bad Debts account                         | (4 marks)         |
| (b) Allowances for doubtful debts account     | (10 marks)        |
| (c) Income statement (extract)                | (5 marks)         |
| (d) Statement of financial position (extract) | (6 marks)         |
|   | (Total: 25 marks) |

**Question 4**

Dragon is a manufacturing business divided into **THREE** separate departments namely machining, finishing and store.

The total estimated costs for the three months ending 31 October 2016 are as follows:

	<b>RM</b>
Depreciation of plant	6,000
Lighting and heating	4,500
Plant insurance	4,800
Rent	18,000
Supervision	25,000

The following information is available for the three departments:

	Machining	Finishing	Stores
Floor area (sq meters)	5,000	4,500	500
Number of employees	12	8	5
Value of plant	86,000	8,000	2,000
Number of orders from stores	3,600	1,480	-
Budgeted machine hours	4,250	820	-
Budgeted direct labour hours	1,200	4,950	-

**REQUIRED:**

- (a) Apportion the costs to the three departments using the most suitable basis. Clearly state the basis you have used. (20 marks)
- (b) Re-appropriation stores cost to each production department on the basis of the number of orders. (5 marks)
- (Total: 25 marks)

**SECTION B:** Answer any **ONE (1)** essay question in the answer booklet provided.

**Question 5**

- (a) Explain the following accounting concepts and provide an example for each:
- (i) Consistency (5 marks)
  - (ii) Prudence (5 marks)
  - (iii) Accruals (5 marks)
  - (iv) Going Concern (5 marks)
- (b) Define the term 'Bad debt' and give three reasons why a debt might be considered as a bad debt. (5 marks)

**Question 6**

- (a) Define fixed and variable costs in terms of its effect on the volume of production, with example. (7 marks)
- (b) Describe any **FOUR** differences between financial accounting and cost accounting. (8 marks)
- (c) Pedalmania Ltd has a large factory in East Kilbride which produces bicycles. Below is a list of some of the costs that the company has incurred in the last accounting period.

Classify each item of expenses as one of the following :

- Direct labour
- Direct materials
- Direct expenses
- Indirect production overheads
- Other indirect overheads

Cost Incurred	Cost Classification
Material for bicycle seat	
Metal for bicycle wheels	
Advertising expenditure	
Machine oil	
Electricity bill for factory	
Wages of assembly line workers	
Wages of factory canteen staff	
Wages of assembly line supervisor	
Rent on factory	
Cost of replacement of machine parts	

(10 marks)  
(Total: 25 marks)

**-THE END-**

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