

FINAL
Examination Paper

(COVER PAGE)

Session : January 2016

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

Course : ACC1103: Business Accounting

Date of Examination : March 9, 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.

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 6 printed pages, including the cover page.

DIPLOMA IN HOTEL MANAGEMENT PROGRAMME (DHMN)
 DIPLOMA IN CULINARY ART PROGRAMME (DCA)
 ACC1103 : BUSINESS ACCOUNTING
 FINAL EXAMINATION: JANUARY 2016 SESSION

Section A: Answer any **THREE (3)** out of **FOUR (4)** questions. (75 marks)

Question 1

The following trial balance was extracted from the books of Indah Chalet at the close of business on 28 February 2016.

	Debit	Credit
	RM 000	RM 000
Revenue		2,321
Cash at bank	114	
Cash in hand	21	
Capital account 1/3/2015		990
Drawings	285	
Office equipment	144	
Rent	102	
Wages and salaries	258	
Discounts	69	36
A/c receivables and A/c payables	492	249
Purchases of food and beverages	1,425	
Van	240	
Van running costs	45	
Fixtures and fittings for chalet's room	200	
Bad Debts written off	81	
Insurance	<u>120</u>	<u> </u>
	<u>3,596</u>	<u>3,596</u>

Notes:

- (a) Food and beverage inventory as at 28 February 2016 was RM 351,000
- (b) Wages and salaries accrued at 28 February 2016, RM9,000
- (c) Rent prepaid at 28 February 2016, RM14,000
- (d) Van running costs owing at 28 February 2016 was RM6,000
- (e) Allowance for depreciation was as follows :
 Straight line method: Office Equipment at 10% per annum
 Reducing Balance Method: Van and Furniture and Fittings are at 20% per annum.

Required :

Draw up the :

- (i) Income statement for the year ending 28 February 2016
- (ii) Statement of Financial Position as at 28 February 2016

(25 marks)

Question 2

A business started trading on 1 January 2014. During the two years ended 31 December 2014 and 2015 the following debts were written off to the bad debts account on the dates stated:

28 February 2014	Nicklaus	RM342
30 June 2014	Danny	RM872
30 November 2014	Christie	RM456
31 January 2015	Penny	RM934
31 May 2015	Kuan	RM1174
31 October 2015	Abby	RM1531

On 31 December 2014 the total account receivables were RM80,200. It was decided to make an allowance for doubtful debts of 2%.

On 31 December 2015 the total account receivables were RM91,300. It was decided that the allowance for doubtful debts to increase to 2%.

Required:

- (a) Prepare the bad debts account and the allowance for doubtful debts account for the years 2014 and 2015. (13 marks)
- (b) Prepare the following extracts;
 - (i) Income statement for the year ended 31 December 2014 and 2015 respectively.
 - (ii) Statement of financial position as at 31 December 2014 and 2015 respectively.

(12 marks)
Total : (25 marks)

Question 3

ABC Bhd starts business on 1 January 2013, the financial year end being 31 December. The machinery bought was:

2013	1 January	1 machine costing RM1,400
2014	1 July	2 machines costing RM600 each
	1 October	1 machine costing RM1,000
2016	1 April	1 machine costing RM400

Depreciation is over ten years, using the straight line method, machines being depreciated for the proportion of the year that they owned.

Required:

(a) Prepare the ledger accounts for 2013, 2014, 2015 and 2016:

(i) Machinery account

(ii) Allowance/Provision for depreciation account

(13 marks)

(b) Balance Sheet (extract) for each of the years 2014, 2015 and 2016

(6 marks)

(c) Explain briefly **THREE (3)** reasons why company depreciates its fixed assets.

(6 marks)

Total: (25 marks)

Question 4

(a) John Peter has a small business with three departments: Welding, Fitting and Stores.

The following budgeted information is provided:

Department	Total	Stores	Welding	Fitting
Indirect labour		RM1,801	RM3,259	RM4,380
Rent	RM1,800			
Depreciation	RM480			
Heat and light	RM180			
Machine insurance	RM360			
Power	RM1,000			
Personnel and administration	RM2,700			
Area (square metres)		2,000	16,000	22,000
Value of machinery			RM24,000	RM16,000
Power used (kilowatt hours)			310,000	190,000
Number of employees		6	262	332
Number of stores requisitions			500	465
Direct labour hours			18,400	17,200

Required:

Prepare Overhead Analysis Sheet and calculate overhead absorption rates for :

- (i) The Welding Department
- (ii) The Fitting Department

(20 marks)

- (b) Define the terms overhead allocation and overhead apportionment

(5 marks)

Total: (25 marks)

Section B : Answer any ONE (1) essay question. (25 marks)

Question 5

- (a) Butler Hospital wants to estimate the cost for each patient stay. It is a general health care facility offering only basic services and not specialized services such as organ transplants.

Required:

- (a) Classify each of the following costs as either direct or indirect with respect to each patient.
- (b) Classify each of the following costs as either fixed or variable with respect to hospital costs per day.

	<u>Direct</u>	<u>Indirect</u>	<u>Fixed</u>	<u>Variable</u>
Electronic monitoring	_____	_____	_____	_____
Meals for patients	_____	_____	_____	_____
Parking maintenance	_____	_____	_____	_____
Nurses' salaries	_____	_____	_____	_____
Security	_____	_____	_____	_____

(10 marks)

- (b) Why is it possible that a raw material such as glue might be considered as an indirect material for one furniture manufacturer and as a direct material for another furniture manufacture?

(10 marks)

- (c) Describe a variable cost. Describe a fixed cost. Explain why the distinction between variable and fixed costs is important in cost accounting.

(5 marks)

Total: (25 marks)

Question 6

(a) Explain the following accounting concept:

- (i) Business entity concept (3 marks)
- (ii) Historical cost concept (3 marks)
- (iii) Conservatism concept (3 marks)

(b) Mr Lam, the owner of a small business selling and repairing cars which you patronize has just received a copy of his accounts for the current year. He is rather puzzled by some of the items and, as he regards you as a financial expert, he has asked you to explain certain points:-

- (i) 'What is meant by the term "assets"? My mechanical knowledge and skill is an asset to the business but it does not seem to have been included in the financial statement.' (5 marks)
- (ii) 'Why do amounts for "vehicles" appear under both non-current asset and current asset headings?' (5 marks)
- (iii) Can you please explain the following accounting terms:
 - (i) Depreciation (2 marks)
 - (ii) Carriage inwards (2 marks)
 - (iii) Expenses (2 marks)

Required :

Answer Mr Lam's questions

Total : (25 marks)

-THE END-
ACC1103(F)/Jan2016