

FINAL  
Examination Paper

(COVER PAGE)

Session : APRIL 2017

Programme : Diploma in Business (DIB)

Course : ACC1102 : Business Accounting

Date of Examination : 31 July, 2017 (Monday)

Time : 5:00pm – 7:00pm Reading Time : Nil

Duration : 2 hours

Special Instructions :

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

**SECTION B:** Answer any **ONE (1)** question.

Materials permitted :

Non-programmable calculator

Materials provided :

Nil

Examiner(s) : Doris Koh Pin Pin, Cheah Kong Yong, Elaine Ng. Bee Lay

Moderator : Dr Chee Hong Kok

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

DIPLOMA IN BUSINESS PROGRAMME (DIB)  
ACC 1102: BUSINESS ACCOUNTING  
FINAL EXAMINATION: APRIL 2017 SESSION

**Section A: (75 marks)**

**Instruction:** Answer any **THREE (3)** questions.

**Question 1**

The following is the trial balance of Giant Builder as at 31 December 2016.

	Debit (RM)	Credit (RM)
Land & Buildings at cost	300,000	
Provision for depreciation for Land & Buildings		90,000
Purchases and Sales	85,000	275,000
Discounts Received		4,550
Debtors and Creditors	18,000	19,000
Carriage inwards	2,000	
Returns	3,500	
Salaries	16,000	
Discounts Allowed	2,350	
Maintenance Expenses	6,900	
Bad debts	1,000	
Stock as at 1 Jan 2016	24,000	
Capital		23,900
Drawings	1,500	
Bank overdraft		8,000
Cash in hand	5,600	
Rent	9,600	
Bank loan		55,000
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	<u>475,450</u>	<u>475,450</u>

The following information as at 31 December 2016:

- (a) Salaries was accrued by RM3,500; rental was prepaid RM1,200.
- (b) Stock as at 31 December 2016 had been valued at RM12,000.
- (c) Depreciation for Land & Buildings were provided at 5% on cost.

**Required:**

- (i) Prepare Giant Builder's Income Statement for the year ended 31 December 2016.  
(13 marks)
  - (ii) Prepare Giant Builder's Statement of Financial Position for the year ended 31 December 2016.  
(12 marks)
- (Total: 25 marks)**

**Question 2**

(a) Outstanding bought a machine on 1 January 2012 for RM80,000. It's estimated scrap value is RM4,000 at the end of five years. Outstanding has two options of depreciating the machinery.

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

Option 2: Depreciate five years using straight line method.

**Required:**

Calculate the depreciation expense per year and book value per year for 5 years under each depreciation method below:

(i) The reducing balance method. (10 marks)

(ii) The straight line method. (10 marks)

(20 marks)

(b) Assume that all the assets below are depreciated according to the straight line method.

Calculate the items (i), (ii), (iii), (iv) and (v) in the following table:

Fixed Asset	Cost	Estimated life of assets	Estimated scrap value	Annual Depreciation	Rate of depreciation as a percentage of cost price
	RM	Years	RM	RM	
Van	80,000	4	16,000	(i)	20%
Equipment	240,000	5	60,000	(ii)	(iii)
Computer	8,000	(iv)	0	800	10%
Furniture	(v)	3	1,000	500	20%

(5 marks)

**Question 3**

- (a) Azeem Trading, offers generous credit terms to its customers. The following information shows its Account Receivable, Bad debts and Allowance for Doubtful debts for the last three accounting years:

Year	2014	2015	2016
Account Receivable (after writing off bad debts)	RM180,000	RM202,000	RM176,000
Bad debts written off (Before allowing for bad debts)	RM8,000	RM11,000	RM16,000
Allowance for Doubtful debts	5%	5%	5%

Required: Show the following T-accounts for the years ending 31 December 2014, 2015 and 2016:

- (i) Bad debts (4 marks)  
(ii) Allowance for doubtful debts (9 marks)

- (b) A set of sofa is sold for RM5,800. The product costs include:

Fixed costs RM200,000

Variable costs per set RM3,200

**Required:**

- (i) Calculate the break-even point in set? (3 marks)  
(ii) Calculate the number of sets sold to breakeven if fixed cost is increased to RM250,000. (3 marks)  
(iii) Calculate the profit when 80 sets of sofa are sold. (3 marks)  
(iv) Calculate the break-even point (in sales value) if the fixed cost increases by RM20,000 and variable cost is increased to RM3,800. (3 marks)

**Question 4**

Eve Liner Production is a manufacturing company, located at Shah Alam, with three production departments: Fixing, Cleaning and Packing and two service departments: Stores and Maintenance.

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

Allocated costs:

Department	Fixing Materials (RM)	Indirect Labor (RM)
Fixing	3,180	7,900
Cleaning	5,690	6,950
Packing	3,650	5,760
Stores	2,130	1,130
Maintenance	3,100	970

The following details were obtained from the accounts relating to the period:

Plant Insurance	RM20,000
Rental	RM18,000
Electricity	RM9,800
Canteen	RM10,300

The following information is also available:

Department	Fixing	Cleaning	Packing	Stores	Maintenance
Number of Employees	10	18	12	5	5
Machine Hours	1600	2400	100		
Direct labor hours	50	30	240		
Area (square metres)	400	600	400	350	250
Plant's values (RM)	1,000	2,400	2,000	600	500
Material requisitions	25	60	35		

Eve Liner Production absorbs its overhead based on Machine hour for Fixing and Cleaning Departments and Direct labor hours for Packing Department.

**Required:**

Prepare an overhead analysis statement showing the allocation and apportionment of overheads to the three production departments. (25 marks)

**Section B: (25 marks)**

**Instruction:** Answer any ONE (1) question.

**Question 5**

Fill in the following table as to:

- (a) Type of normal balance (Debit/Credit)
- (b) What accounts are they (Assets/ Liabilities/ Capital/ Revenue/ Expenses)?
- (c) Which Financial Statement is the account listed in (Statement of Financial Position / Income Statement)

Items	(a)	(b)	(c)
Rental received			
Land			
Creditors			
Drawings			
Long-term loan			
Account Receivables			
Prepaid Insurance			
Carriage outwards			
Utilities			

**Question 6**

- (a) Describe any three differences between financial accounting and cost accounting. (6 marks)
- (b) Describe, sketch a graph and give one example for each of the following:
  - (i) Variable cost
  - (ii) Fixed cost
  - (iii) Semi variable cost
  - (iv) Step fixed cost (16 marks)
- (c) Define the term of Conversion cost and provide its formula. (3 marks)