



FINAL
Examination Paper

(COVER PAGE)

Session : April 2013

Programme : Diploma in Business

Course : ACC1102: Business Accounting

Date of Examination : July 30, 2013

Time : 2:00pm – 4:00pm Reading Time : _____

Duration : 2 Hours

Special Instructions :

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

Materials permitted : Non-Programmable Calculator

Materials provided : Nil

Examiner(s) : Mr. Remeo Dass, Varaletchumi Sumathri, Cheah Kong Yong, Jaya Kumar.

Moderator : Dr. Chee Hong kok

This paper consists of 6 printed pages, including the cover page

INTI INTERNATIONAL COLLEGE SUBANG
DIPLOMA IN BUSINESS PROGRAMME (DIB)
ACC 1102: BUSINESS ACCOUNTING
FINAL EXAMINATION: APRIL 2013 SESSION

Instructions: This paper consists of **TWO (2)** sections. Answer any **THREE (3)** questions from **SECTION A** and any **ONE (1)** question in **SECTION B** in the answer booklet provided.

SECTION A: Answer any THREE (3) questions.

Question 1

Fernandes, a sole trader, extracted the following trial balance from his books at the close of business on 30 June 2013:

	RM	RM
Office Equipment	8,000	
Accumulated Depreciation: Equipment		800
Inventory 30 June 2012	4,600	
Rates, insurance and electricity	13,400	
Wages and salaries	19,000	
Accounts Receivable/Accounts Payable	13,000	9,000
Bank	6,100	
Discounts allowed	400	
Drawings	6,000	
Capital		12,280
Purchases	39,000	
Sales		88,000
Cash in hand	440	
Returns Outwards		420
General expenses	560	
	110,500	110,500
	110,500	110,500

The following information is made available:

- (1) Inventory as at 30 June 2013 was RM4,200.
- (2) Depreciation on equipment is charged at 20% per annum using a reducing-balance method.
- (3) There was insurance prepayment of RM450 at 30 June 2013.
- (4) An allowance for doubtful debts of 2% of debtors is to be made.

REQUIRED: Prepare the following:

- (a) Income statement for the year ended 30 June 2013. (13 marks)
 - (b) Statement of financial position (balance sheet) as at 30 June 2013. (12 marks)
- (Total = 25 marks)

Question 2

- (a) Charles King Berhad maintains its Motor Vehicle Accounts at cost and depreciation provision accounts for machinery are kept to take account of the decline in the value of fixed assets. The rate of depreciation is 20 percent, using the straight-line basis, calculated on the assets in existence at the end of each financial year irrespective of date of purchase. At 30 June 2012 the position was as follows:

Total cost to date – RM 53,590

Total depreciation to date – RM 27,670

During the financial year ended 30 June 2013, new vehicle was purchased for RM3,480 and some old vehicle bought in August 2009 for RM 2,800 was sold for RM850.

REQUIRED:

- i) Prepare the Motor Vehicle Account for the year ended 30 June 2013. (4 marks)
- ii) Prepare Provision for depreciation Account for the year ended 30 June 2013. (4 marks)
- iii) Prepare Motor Vehicle Disposal Account. (4 marks)
- iv) Show the entries in the Statement of financial position as at 30 June 2013. (3 marks)

- (b) Francis' financial year ends on 31 December annually. The following information has been extracted from his books at 31 December 2012.

Rates

At 31 December 2011, there was a balance of prepayment for rates of RM150 and at 31 December 2012, the balance still owed amounted to RM200. During the year total payment of RM2,500 has been made for rates.

Rent receivable

Francis rents out a portion of his building to Chow (tenant). At 31 December 2011, Chow had owed Francis RM350 for rent. However, at 31 December 2012, Chow had paid Peter rent in advance of RM200. During the year ended 31 December 2012, Peter received a total of RM4,400 in rent.

REQUIRED:

Write up the (i) Rates Account and the (ii) Rent receivable Account to record the above transactions and show the amount charged to the Income Statement for the year ended 31 December 2012.

(10 marks)

(Total = 25 marks)

Question 3

ABC Bhd gives the following standard cost statement which relates to product S. The standard cost is determined based on a budgeted output level of 150,000 units.

	Unit cost (RM)
Direct material	2
Direct wages	1
Direct expenses	1
Variable production overhead	1
Fixed production overhead	1
	<u>6</u>

The expected selling price of product S is RM8.

REQUIRED:

- (a) Calculate the break-even point in units and value. (4 marks)
- (b) Calculate the margin of safety in value if output is at the current output level. (4 marks)
- (c) Calculate the number of units required to achieve a profit of RM21,000. (4 marks)
- (d) Calculate the extra units to be sold if the company wishes to maintain the existing profit level if the present selling price is reduced by 10%. (6 marks)
- (e) Sketch a break-even chart up to output level of 160,000 units. Label all the lines and indicate the break-even point, margin of safety (in units), net profit area and net loss area. (7 marks)

(Total = 25 marks)

Question 4

M Bhd is a manufacturing company in which it has four production departments: machining, assembly, painting and packing. The following data relates to the four departments:

	Machining	Assembly	Painting	Packing
Floor area (Sq. Meters)	4,000	3,000	2,000	1,000
Plant at cost (RM 000)	180	60	40	20
No. of stores requisitions	600	400	500	100

During the three months to March 31, M Ltd incurred the following expenditure:

Indirect labor	–	Machining Department	RM 8,200
		Assembly Department	10,000
		Painting Department	9,400
		Packing Department	6,800
Factory rent			30,000
Factory insurance			2,000
Factory depreciation			6,000
Heating			5,000
Plant depreciation			18,000
Storekeeping costs			6,400

REQUIRED:

Prepare an overhead analysis statement showing the allocation and apportionment of overheads to the four production departments.

(Total=25 marks)

SECTION B: Answer any ONE (1) question.**Question 5**

Explain the meaning of any **FIVE** of the following accounting terms and concepts

- | | | |
|-----|-------------------------|-----------|
| (a) | Overhead Apportionment | (5 marks) |
| (b) | Materiality | (5marks) |
| (c) | Business entity concept | (5 marks) |
| (d) | Going concern concept | (5 marks) |
| (e) | Bad debts | (5 marks) |
| (f) | Trade discounts | (5 marks) |
| (g) | Duality concept | (5 marks) |

(Total = 25 marks)

Question 6

(a) Classify the following into variable costs / fixed costs; and direct / indirect costs:-

	<i>Cost Item</i>	<i>Cost Behavior</i>		<i>To Units of Product</i>	
		<i>Variable</i>	<i>Fixed</i>	<i>Direct</i>	<i>Indirect</i>
1.	Electricity to run production equipment				
2.	Wages of laborers assembling a product				
3.	Property taxes on the factory				
4.	Wages of workers painting a product				
5.	Depreciation on cafeteria equipment				
6.	Insurance on a building used in producing helicopters.....				
7.	Cost of rotor blades used in producing helicopters.....				

(7 marks)

(b) Explain **TWO** limitations of Cost-Volume- Profit analysis. (6 marks)

(c) Give **TWO** differences between financial and cost accounting. (6 marks)

(d) Define the term 'depreciation' and explain the causes of depreciation. (6 marks)

(Total = 25 marks)

-THE END-

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