

**INTI**INTERNATIONAL COLLEGE PENANG (507232-U)  
LAUREATE INTERNATIONAL UNIVERSITIESFINAL  
Examination Paper

(COVER PAGE)

Session : April 2013

Programme : Diploma in Business Administration Programme

Course : **ACC2101 : Business Accounting 2**

Date of Examination : 29 July 2013

Time : 8a.m. – 10a.m. Reading Time : Nil

Duration : 2 Hours

Special Instructions :

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

Materials permitted : Nil

Materials provided : Nil

Examiner(s) : **Leon Siew Lin**

Moderator : **Dr. Phua Lim Kee**

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

INTI INTERNATIONAL COLLEGE PENANG  
DIPLOMA IN BUSINESS ADMINISTRATION  
ACC2101: BUSINESS ACCOUNTING 2  
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)** from **SECTION B** in the answer booklet provided. All questions carry equal marks.

**Section A** : This section consist of **FOUR (4)** questions. Answer any **THREE (3)** questions in the answer booklet provided. All questions carry equal marks.

**Question 1 (25 marks)**

- (a) Beng Sdn Bhd currently sells 20,000 units of a product at \$25 each per year. The variable cost of the product cost of the product is \$8 per unit. Annual fixed costs are \$272,000.

**REQUIRED:**

How many units would Beng Sdn Bhd have to sell to earn a profit of \$85,000? Show your workings. (5 marks)

- (b) Chong Sdn Bhd has sales of \$500,000 and total costs of \$300,000. Variable costs are 60% of total costs.

**REQUIRED:**

- (i) Calculate the contribution margin as a percentage of sales. Show your workings. (5 marks)
- (ii) Calculate the break-even point in sales revenue. Show your workings. (2 marks)
- (c) Heng Sdn Bhd supplies you with the following profit information:

Contribution margin (12,500 units @ \$26)	\$325,000
Net profit	\$52,000

**REQUIRED:**

What is the break-even point in units for Heng Sdn Bhd? Show your workings. (5 marks)

- (d) Heng Sdn Bhd has break-even sales of \$500,000 and a contribution margin percentage of 30%.

**REQUIRED:**

- (i) Determine the total amount of fixed costs. Show your workings. (4 marks)
- (ii) Calculate the net profit that Heng Sdn Bhd would earn if sales increase by 10%. Show your workings. (4 marks)

**Question 2 (25 marks)**

Tin Tin Sdn Bhd started a foaming agent business. The following are the stock movements for the month of May 2013.

Opening balance		350 litres	\$7,000
Purchases for May:			
Received	6 <sup>th</sup> May	200 litres @	\$25.00/litre
Received	13 <sup>th</sup> May	200 litres @	\$27.00/litre
Received	28 <sup>th</sup> May	200 litres @	\$30.00/litre
Issues to Production:			
Issued	4 <sup>th</sup> May	120 litres	
Issued	8 <sup>th</sup> May	80 litres	
Issued	12 <sup>th</sup> May	110 litres	
Issued	14 <sup>th</sup> May	220 litres	
Issued	21 <sup>st</sup> May	80 litres	
Issued	30 <sup>th</sup> May	120 litres	

**REQUIRED:**

Prepare Stores Ledger Account (Stock Card) to record the receipts and issues of foaming liquid for May 2013 showing the value of closing stock on the following basis:

- (a) FIFO (First-In-First-Out) Method.
- (b) Weighted Average Method.

**Question 3**

The Kong Sdn Bhd provides the following product cost, expense and revenue information:

Production Cost per unit:	
Direct Material	\$ 7.00
Direct Labour	\$ 8.00

Variable Factory Overhead	\$5.00
Fixed Production Costs:	
Fixed Factory Overhead	\$20,000 per annum
Normal Production Capacity	5,000 units per annum
Selling and Administrative Expenses:	
Variable	\$ 3.00 per unit
Fixed	\$ 10.00 per annum
Selling price per unit	\$ 40.00

Production and Sales information:

	Period 1
Sales	5,000
+ Closing inventory	1,000
Total Requirement	6,000
- Opening inventory	0
Production	6,000

**REQUIRED:**

Prepare an Income Statement for Period 1 under:

- (a) Marginal Costing
- (b) Absorption Costing

**Question 4**

- (a) Define the following costs and give an example of each.
  - (i) Fixed costs (3 marks)
  - (ii) Variable costs (3 marks)
  - (iii) Direct cost (3 marks)
  - (iv) Indirect cost (3 marks)
  
- (b) Classify each of the following costs as EITHER a product cost OR a period cost.
  - (i) Insurance on factory building
  - (ii) Salary of the cost accountant
  - (iii) Wages of assembly line workers
  - (iv) Interest on bank overdraft

(4 marks)

- (c) Classify the following as Direct Material, Direct Labour or Factory Overhead
- (i) Timber used in a furniture factory
  - (ii) Paint used in the manufacture of aircraft
  - (iii) A supervisor's wages
  - (iv) Wages of process line workers
- (4 marks)
- (d) Discuss reasons for the distinction between product costs and period costs.
- (5 marks)

### Question 5

Sean Sdn Bhd has three production departments and two service departments. The overhead analysis sheet provides the following totals of the overheads analysed to production and service departments:

Production department:	Cutting	\$ 154,482
	Sewing	64,316
	Packaging	58,452
Service department:	Personnel	56,000
	Maintenance	<u>34,000</u>
		<u>\$ 367,250</u>

The expenses of the service department are apportioned as follows:

	Production Departments			Service Departments	
	Cutting	Sewing	Packaging	Personnel	Maintenance
Personnel	20%	45%	25%	-	10%
Maintenance	55%	10%	20%	15%	-

### REQUIRED:

- (a) Allocate the two(2) support department costs to the three(3) operating departments using:
- (i) Repeated Distribution Method.
  - (ii) Simultaneous Equation Method.

**Question 6 (25 marks)**

- (a) What is "labour Turnover Rate"? (3 marks)
- (b) Discuss two (2) implications of a high labour turnover rate. (4 marks)
- (c) Give three (3) reasons for labour turnover. (6 marks)
- (d) What is costs of labour in factory setting? (3 marks)
- (e) List two (2) and briefly explain the common method of remuneration calculation. (6 marks)
- (f) Define conversion costs. (3 marks)