



**INTI**  
International College Subang  
LAUREATE INTERNATIONAL UNIVERSITIES'

**FINAL**  
Examination Paper

(COVER PAGE)

Session : August 2014

Programme : Diploma in Business/Finance/Entrepreneurship  
(DIB/DIF/DENT)

Course : ACC1102 : Business Accounting

Date of Examination : December 8, 2014

Time : 8:00am – 10:00am 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) : Ms. Lim Li Lin, Cheah Kong Yong, Alicia White, Kamal Singh,  
Liew Wenn Hing, Mohamad Nor Bin Haron, Arazmi Yusof,  
Suzanne Binti Atin.

Moderator : Dr. Chee Hong Kok

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

INTI INTERNATIONAL COLLEGE SUBANG  
DIPLOMA IN BUSINESS/FINANCE/ENTREPRENEURSHIP  
ACC 1102 : BUSINESS ACCOUNTING  
FINAL EXAMINATION : AUGUST 2014 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.

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

**Question 1**

The following is a list of balances extracted from the ledger of Orion Traders as at 31 December 2013:

	RM
Capital at 1 January 2013	200,000
Inventory at 1 January 2013	49,500
Drawings	38,000
Bank Overdraft	13,740
Accounts payable	26,200
Loan due on 30 October 2014	7,000
Loan due on 30 June 2015	40,000
Cash in hand	21,210
Accounts Receivable	98,400
Motor Vehicles	30,000
Office Equipment	160,000
Accumulated depreciation at 1 January 2013	
- Motor Vehicles	12,000
- Office Equipment	32,000
Provision for doubtful debts	5,000
Sales	372,670
Purchases	266,000
Advertising expenses	26,000
Heating and lighting	14,700
Insurance	7,800
Discounts Received	13,000
Discounts Allowed	10,000

Additional information on 31 December 2013:

- (1) Advertising expenses still owing amounted to RM2,000.
- (2) Depreciation is to be provided on Motor Vehicles at 5% straight line, and Office Equipment at 20% on reducing balance.
- (3) Provision for doubtful debts is to be provided at 5% of accounts receivables.
- (4) Insurance prepaid is RM2,800.
- (5) Closing inventory is RM20,800.

**Required:**

- (a) Prepare an Income Statement for the year ended 31 December 2013. (10 marks)
- (b) Prepare a Statement of financial position as at 31 December 2013. (15 marks)

**Question 2**

Karipap Enterprise started business on 1 January 2011 and its financial year end is 31 December annually. The accounts receivable balance and bad debts written off for the past three years are as follows:

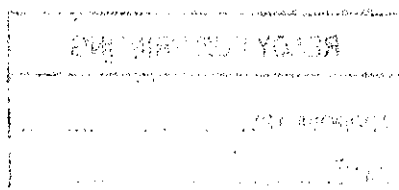
Year to 31 December	Bad debts written off during the year	Accounts receivable at the end of year (after bad debts written off)
	RM	RM
2011	423	6,000
2012	510	7,000
2013	604	7,750

The company estimates doubtful debts at two (2) percent of accounts receivable at the end of the respective years.

**Required:**

From the above information, prepare:

- (a) The bad debts account including the closing entries for the years ended 31 December 2011, 2012 and 2013. (6 marks)
- (b) Allowance (Provision) for doubtful debts account showing the transactions for the 3 years from 2011 to 2013. (8 marks)
- (c) Income Statement (extract) for the year ended 31 December 2013. (3 marks)
- (d) Statement of financial position (Balance Sheet) (extract) as at 31 December 2013. (3 marks)
- (e) Describe 2 reasons why allowance for doubtful debts is needed. (5 marks)
- (Total: 25 marks)



**Question 3****Part A**

USA Pizza started in business on 1 January 2011. Its financial year ends on 31 December. The pizza maker bought a truck costing RM140,000 by cheque on 1 January 2011. It is decided that the truck's useful life is estimated at 5 years and its scrap value is estimated at RM30,000. (Assume 25% is adopted for reducing balance method)

**Required:**

- (a) What is depreciation? (3 marks)
- (b) Prepare a Schedule (table) of Depreciation as shown below for reducing balance method for 2011 and 2012

Date	Cost (RM)	Depreciation (RM)	Acc. Depreciation(RM)	Net book value (RM)
2011				
2012				

(3 marks)

- (c) For straight-line method, prepare an accumulated depreciation account (**T-account**) for the year 2012. (3 marks)

**Part B**

Sentosa Factory is a manufacturing company with four production departments: Machining, Assembly, Painting and Packing. The following data relates to the four departments:

	Machining	Assembly	Painting	Packing
Floor area (Sq. Metres)	2,000	1,500	1,000	500
Plant at cost(RM'000)	90	30	20	10
No. of Store requisitions	300	200	250	50

During the three months to March 31, Sentosa Factory. incurred the following expenditure: RM

Indirect labour	Machining Department	4,100
	Assembly Department	5,000
	Painting Department	4,700
	Packing Department	3,400
Heating		2,500
Plant depreciation		9,000
Factory Storekeeping costs		6,400

**Required:**

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

(16 marks)

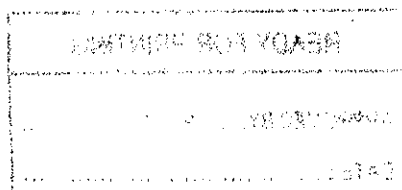
**Question 4**

A firm has the following income statement for a month:

	RM
Sales: 3,000 units at RM80/unit	240,000
Less:	
Cost of Goods Sold	
Variable Production Cost	180,000
Fixed Production Cost	<u>19,800</u>
Gross Margin	40,200
Selling and Administrative Expenses	
Variable Selling Cost	21,000
Fixed Selling Expenses	<u>7,500</u>
Net Income	<u>11,700</u>

Required:

- (a) Calculate the firm's break-even output. (5 marks)
- (b) If it wishes to have a monthly net income of RM 18,000 and its cost structure remains as above, calculate the quantity of output it will need to sell? (5 marks)
- (c) If its variable production costs increase by RM4 per unit, calculate its break-even output? (5 marks)
- (d) After the increase in costs in part (c), calculate the output it will need to sell if it wishes to have the RM 18,000 monthly income stated earlier? (5 marks)
- (e) Given the variable production cost increase but no change in fixed costs, calculate the firm's monthly income if it sells 4,000 units of output per month? (5 marks)



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

**Question 5**

- (a) Identify **FIVE (5) external** users of accounting information and their primary interests. (10 marks)
- (b) Differentiate between the followings terms:  
(i) Current liabilities and Long-term liabilities  
(ii) Returns inwards and Returns outwards  
(iii) Discounts received and Discounts allowed  
(iv) Carriage inwards and Carriage outwards (12 marks)
- (c) Bookkeeping is a very important aspect of accounting. Explain bookkeeping. (3 marks)

**Question 6**

- (a) Describe any three differences between financial accounting and cost accounting (6 marks)
- (b) Explain the following costing terms. Give an example for each term:  
(i) Fixed costs and Variable costs (6 marks)  
(ii) Product costs and Period costs (6 marks)  
(iii) Prime costs (3 marks)
- (c) Explain the term "contribution" as used in marginal costing (4 marks)