

FINAL  
Examination Paper

(COVER PAGE)

Session : August 2015

Programme : Diploma In Business/ Entrepreneurship (DIB/ DENT)

Course : ACC1102: Business Accounting

Date of Examination : December 6, 2015

Time : 8.00am – 10.00am 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) : Mr. Cheah Kong Yong, Mr. Remeo Dass, Ms. Grace Morris,  
Mr. James Lu Chee Peng, Ms. Norhasni Abdul Razak,  
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Moderator : Dr. Chee Hong Kok

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

DIPLOMA IN BUSINESS (DIB)  
DIPLOMA IN ENTREPRENEURSHIP (DENT)  
ACC1102: BUSINESS ACCOUNTING  
FINAL EXAMINATION: AUGUST 2015 SESSION

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

**(75 marks)**

**Question 1**

Horestco Industries Enterprise, a sole trader of furniture, extracted the following information from its ledger as at 31 December 2014;

	Dr (RM)	Cr (RM)
Returns inwards and outwards	3,120	1,920
Building at cost	730,400	
Discounts allowed and received	530	330
<u>Inventory at 1 January 2014</u>	<u>134,940</u>	
Bank overdraft		294,310
Cash	4,800	
Carriage inwards	6,840	
Maintenance expenses	33,580	
Salaries and wages	130,400	
Loan from bank		95,000
Carriage outwards	14,400	
<u>Purchases and Sales</u>	<u>469,500</u>	<u>991,540</u>
Lifting equipment	324,200	
Electricity bills	18,200	
Rent and rate	304,200	
General expenses	1,910	
<u>Bank</u>	<u>92,600</u>	
Accounts receivable and payable	121,840	290,800
Accumulated depreciation -		
- Building		22,400
Drawings	31,600	
Capital		<u>726,760</u>
	<u>2423060</u>	<u>2423060</u>

The following information as at 31 December 2014 are also available:

1. Carriage outwards was prepaid RM1,950; maintenance was accrued RM6,100.
2. Depreciations are to be provided for the year as follows:  
Lifting equipment – RM44,840.  
Building – RM29,216.
3. Inventory at cost was RM191,400.

**Required:**

- (a) Prepare Horestco Industries Enterprise's income statement for the year ended 31 December 2014 (13 marks)
  - (b) A Statement of Financial Position at that date. (12 marks)
- (Total = 25 marks)**

## Question 2

## PART I

Kia Motor Business purchased a truck on 1 January 2013 for RM560,000 by cheque. It has an estimated useful life of seven years and a scrap value of RM70,000.

## Required:

- (a) Prepare the schedule of depreciation and calculate the depreciation at the end of each of the first **FOUR (4)** year; using the straight-line method. (Rounded to the nearest RM) (6 marks)
- (b) Record the above depreciation into the accumulated depreciation T-account for 2013 and 2014. (4 marks)
- (c) Prepare the Statement of Financial Position (extract) for 2013 and 2014. (4 marks)

## PART II

Fujibakery Enterprise starts in business on 1 January 2012 and its financial year-end being on 31 December. The following information has been provided;

The commercial ovens bought were:

2012	1 January	An oven costing RM25,000
2014	1 April	An oven costing RM30,000
	1 December	Sold the oven bought on 1 January 2012 for RM9,900 by cheque.

Depreciation is over 5 years on all ovens, using reducing balance method of 40% per annum. The business's policy states that **full year depreciation** is charged in the year of purchase and **no depreciation** is provided in the year of disposal.

## Required:

- (a) The Accumulated depreciation account for years 2012, 2013 and 2014. (4 marks)
- (b) The disposal of oven account. (4 marks)
- (c) Prepare the Income Statement (extract) for the year ended 2014. (3 marks)

(Total=25 marks)

**Question 3****Part I**

An office drinking system is sold for RM13,000 each. The product costs include:

Fixed production overhead is RM210,000.

Fixed selling and administration expenses is RM32,000.

Variable costs per unit is RM3,200.

**Required:** (Show your workings)

- (i) Calculate the break-even point in units. (3 marks)
- (ii) Calculate the number of units sold to break-even if fixed cost is increased by RM61,000. (3 marks)
- (iii) Calculate the profit when 40 units are sold. (3 marks)

**Part II**

Pink Triangle, a non-governmental organization (NGO) and is located at Off Jalan Raja Laut, is involved in community-based work pertaining to the welfare of young adult. It operates on a non-profit making basis. A new rehabilitation centre has recently been opened in SS15, Subang and permanent staff were engaged. Estimates have been prepared as follows:

Staff salaries	RM52,800 per annum
Rent and rates	RM48,000 per annum
Food/electricity costs	RM50 per resident per week
Miscellaneous costs	RM15 per resident per week

The center can accommodate maximum 80 residents and it is proposed to charge each resident RM100 per week.

**Required:** (Show your workings)

- (a) Assuming the center is fully occupied each week
  - (i) How many weeks must the center be opened each year to break-even? (4 marks)
  - (ii) If the center were to open for 30 weeks in the year, what price would have to be charged to each resident to break-even? (4 marks)
- (b) If the average occupancy were only 75 residents per week at RM90 each
  - (i) How many weeks must the center to open to break-even? (4 marks)
  - (ii) What profit/loss would be incurred if the center is opened for 60 weeks? (4 marks)

**(Total: 25 marks)**

**Question 4**

LOPEZ, a furniture manufacturing company, operates with **THREE** production departments: Assembly, Finishing, and Packing and **TWO** service departments: Stores and Maintenance. For the forthcoming period, the total budgeted overhead costs are as follows:

Allocated costs:

Departments	Fabrication (RM)	Indirect labor (RM)
Assembly	1,310	2,950
Finishing	2,510	1,650
Packing	1,980	3,950
Stores	-	1,540
Maintenance	-	1,640

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

Heating and lighting	20,180
Rent and rate	36,000
Production supervisors' salary	56,000
Plant depreciation	29,000
Lubricant	5,830
Office insurance	7,600
Direct labour	15,000
Direct materials	21,000

The following information is also available:

Department	Assembly	Finishing	Packing	Stores	Maintenance
Number of Employees	20	12	8	6	4
Floor Area (sq. metre.)	1150	1800	1250	1350	350
Machine hours	1200	2140	60		
Direct labour hours	120	30	50		
Plant's value (RM'000)	210	190	50	13	17

**Required:**

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

(Total 25 marks)

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

**Question 5**

- (a) Describe and sketch a chart for each of the followings:
- |                          |           |
|--------------------------|-----------|
| (i) Variable cost        | (3 marks) |
| (ii) Fixed cost          | (3 marks) |
| (iii) Semi variable cost | (3 marks) |
| (iv) Step Fixed cost     | (3 marks) |
- (b) Differentiate between 'Prime cost' and 'Conversion cost'. (3 marks)
- (c) Define the term 'management accounting'. (3 marks)
- (d) Explain the importance of relevant range when estimating cost. (7 marks)

**(Total = 25 marks)**

**Question 6**

- (a) Describe each of the following:
- |                          |           |
|--------------------------|-----------|
| (i) Trial balance        | (3 marks) |
| (ii) Depreciation        | (3 marks) |
| (iii) Non-current assets | (3 marks) |
| (iv) Current liabilities | (3 marks) |
- (b) Differentiate between 'Accounting' and 'Book-keeping'. (4 marks)
- (c) Identify which accounting concept is violated in each of the following situation and explain the impact of such violation on current year's financial statements:
- |  |           |
|--|-----------|
| (i) Previous year sales included into the current year's Income Statement.   | (3 marks) |
| (ii) The value of building was simply adjusted to market value RM68,000 from its cost of RM10,000 and entered into the ledger. | (3 marks) |
| (iii) Income Statement shows that the electricity expense has included owner's personal electricity bill.                      | (3 marks) |

**(Total: 25 marks)**