



FINAL
Examination Paper

(COVER PAGE)

Session : August 2016

Programme : Diploma in Business (DIB)

Course : ACC1102 : Business Accounting

Date of Examination : 10 December, 2016 (Saturday)

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) : Cheah Kong Yong, Alex Aung Moe and Chang Yaw Yun

Moderator : Dr Chee Hong Kok

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

DIPLOMA IN BUSINESS PROGRAMME (DIB)
ACC1102: BUSINESS ACCOUNTING
FINAL EXAMINATION: AUGUST 2016 SESSION

Instruction: This paper consists of **TWO SECTIONS**. Answer any **THREE (3)** questions in **SECTION A** and any **ONE (1)** question in **SECTION B**.

SECTION A: Answer any **THREE (3)** questions in the answer booklet provided. All questions carry equal marks. **(75 marks)**

Question 1

Aslan Enterprise, a seafood trading business, has extracted the following balances from its ledger on 31 December 2015:

	RM	RM
Sales		930,100
Discount Allowed	320	
Returns Outwards		3,100
Purchases	880,000	
Carriage inwards	3,100	
Returns Inwards	1,700	
Discounts Received		840
Carriage outwards	700	
Wages and salaries	235,900	
Furniture and fittings	4,400	
Loan from Mr. Benson		15,000
Delivery truck	326,100	
Accounts Receivable	21,200	
Bank	54,400	
Drawings	120,000	
Inventory, 1 January 2015	38,100	
Rent	60,000	
Phone bills	9,300	
Office Equipment	10,800	
Accumulated depreciation: delivery truck		130,440
Accounts Payable		83,230
Capital		<u>603,310</u>
	<u>1,766,020</u>	<u>1,766,020</u>

Additional information:

1. Closing inventory is RM590,500.
2. Carriage outwards still owing amounted to RM1,050.
3. Depreciation is to be provided on Furniture and fittings and Office Equipment at 20% straight-line, and delivery truck at 40% on reducing balance.
4. Rent prepaid is RM5,000.

Required:

- (a) Prepare an income statement for the year ended 31 December 2015 and (15 marks)
- (b) a Statement of Financial Position as at that date. (10 marks)

(Total: 25 marks)

Question 2

Jaden Shop sells stationery on credit to its corporate clients and has prepared the following information for the last **TWO** years. Its financial year ends on 31 December.

	2014 (RM)	2015 (RM)
Accounts receivable' balance at 31 December	65,000	60,000
Bad debts written off during the year	4,500	6,000
Allowance for Doubtful Debts	1%	1%

On 1 January 2014, the allowance for doubtful debts had the debit balance of RM160.

Required:

- (a) Prepare for each of the **TWO (2)** years, the following accounts
 - (i) Bad Debts Written Off (4 marks)
 - (ii) Allowance for Doubtful Debts (6 marks)
- (b) Prepare the extract of income statement and of statement of financial position for each of the **TWO (2)** years. (6 marks)
- (c) Differentiate between Bad debts and Allowance for Doubtful debt. (4 marks)
- (d) Name and explain an accounting concept applied in the estimation of Allowance for Doubtful debt. (5 marks)

(Total: 25 marks)

Question 3

Hwa Tai Food Enterprise produces quality cookies to meet customers' orders. It has three production departments: Mixing, Baking, Packing and two service departments: Maintenance and Store. The overheads costs for the year ended 31 December 2015 are as follows:

		RM
Specific overheads:	Mixing	3,600
	Baking	3,000
	Packing	2,000
	Maintenance	1,000
	Store	600
Heating and lighting		4,800
Rent		12,600
Selling costs		12,000
Machine insurance		5,000
Store Keeping costs		3,200
Machine depreciation		20,000
Distribution costs		11,000
Production supervisor's salary		26,000

Additional information:

	Mixing	Baking	Packing	Maintenance	Store
Floor area (sq. meter)	2400	2000	1000	800	800
Machine value (RM000)	20	16	10	3	1
No of store requisitions	100	80	60	40	-
Direct labor hours	3000	2000	1000		
Labor rate per hour (RM)	4	3.5	3		

Required:

Prepare an overhead analysis statement for the year ended 31 December 2015.

(25 marks)

Question 4

Vivocom Enterprise has produced the following information:

	RM	RM
Fixed cost per annum		180,000
Unit selling price		60
Unit variable costs:		
Direct materials	10	
Direct labour	15	
Variable factory overheads	5	
Existing sales volume		10,000 units
Relevant range of output		3,000 – 12,000 units

Using the above information to answer the following questions separately.

- (a) Calculate the output level at which Vivocom will break even. (3 marks)
- (b) Sketch a break-even chart and contribution break-even chart based on the information provided above. Highlight the following on the charts:
- Break-even chart:
- (i) Break-even point (1 mark)
 - (ii) Margin of safety (1 mark)
 - (iii) Profit and loss areas (1 mark)
 - (iv) Relevant range (1 mark)
- Contribution break-even chart:
- (i) Total costs line and variable cost line (1 mark)
 - (ii) Fixed cost area (1 mark)
 - (iii) Contribution area (1 mark)
 - (iv) Total sales line and fixed cost line (1 mark)
- (c) How many units must be sold to obtain RM90,000 profit. (3 marks)
- (d) What is the profit that will result from a 20% increase in variable costs and RM50,000 increase in fixed costs, assuming that current sales can be maintained? (5 marks)
- (e) Calculate the selling price which would have to be charged to show a profit of RM200,000 on sales of 12,000 units if there is a one-time payment of redundancy cost of RM190,000 and a 10% reduction in variable costs (round up your answer to the nearest RM). (6 marks)

(Total: 25 marks)

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

Question 5

Describe all the following terms:

- | | | |
|-------|---|-----------|
| (i) | Management accounting | (4 marks) |
| (ii) | Allocation and Apportionment for factory overhead cost. | (4 marks) |
| (iii) | Product cost and Period cost | (4 marks) |
| (iv) | Relevant Range and Sunk cost | (4 marks) |
| (v) | Marginal costing | (4 marks) |
| (vi) | Cost object | (3 marks) |
| (vii) | Prime costs | (2 marks) |

(Total: 25 marks)

Question 6

- (a) Identify **FIVE (5)** different types of users of financial statements. (5 marks)
- (b) Describe the information needs of each user you have identified in part (a) and give an example of the related decisions to be made. (20 marks)

(Total: 25 marks)

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