

FINAL
Examination Paper

(COVER PAGE)

Session : April 2016

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

Course : ACC1102 : Business Accounting

Date of Examination : 30 July, 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**, Remeo Dass Annaniah, Chan Eng Hong, Zalikha Jainanl and Lee Yoon Ling

Moderator : Dr Chee Hong Kok

DIPLOMA IN BUSINESS (DIB)
 DIPLOMA IN FINANCE (DIF)
 DIPLOMA IN ENTREPRENEURSHIP (DENT)
 ACC1102: BUSINESS ACCOUNTING
 FINAL EXAMINATION: APRIL 2016 SESSION

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

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

Question 1

The trial balance of ABU Trading as at 30 June 2015:

	Debit (RM)	Credit (RM)
Purchases and Sales	92,800	157,165
Salaries	31,400	
Insurance Premium	615	
Rent	3,400	
Office furniture, purchased on 1 July 2014	3,000	
Van, purchased on 1 July 2014	3,750	
Inventory as at 1 July 2014	4,120	
Capital		11,500
Drawings	17,100	
Bank overdraft		100
Cash in hand	4,524	
Discounts allowed & received	820	160
Allowance for doubtful debts		405
Accounts receivable and payable	12,316	5,245
Bad debts written off	730	
	174,575	174,575

Additional information as at 30 June 2015 (not yet taken into account in the above trial balance):

- (a) Salaries are to be accrued by RM340.
- (b) Inventory as at 30 June 2015 had been valued at RM2,400.
- (c) Allowance for doubtful debts should be adjusted to 4% of the adjusted closing accounts receivable balances.
- (d) Depreciation for the year ended 30 June 2015 should be provided as follows:

Office furniture	20% on cost
Van	Depreciable over 3-year life span

Required:

Prepare the following financial statements for ABU Trading:

- (a) An Income Statement for the year ended 30 June 2015; (15 marks)
- (b) Classified Statement of Financial Position (Balance Sheet) as at 30 June 2015. (10 marks)

(Total: 25 marks)

Question 2

RT Coffee Trading purchased a truck on 1 January 2013 for RM560,000. It has an estimated useful life of **FIVE (5)** years and a scrap value of RM60,000. Assume that 40 per cent per annum depreciation rate is to be used for the reducing balance method.

Required:

- (a) Prepare the Schedule of Depreciation for each of **FIVE (5)** years, using reducing balance method and rounded to nearest RM.
(Show your workings clearly) (10 marks)
- (b) Referring to your answer at part (a), record the depreciation for 2013 and 2014 into the T-account for accumulated depreciation. (4 marks)
- (c) Referring to your answer in part (b), prepare the Statement of Financial Position (extract) for 2013 and 2014. (4 marks)
- (d) Define the term "Net book value". (2 marks)
- (e) LOPEG Center purchased a car on 1 January 2013 for RM100,000. It has an estimated useful life of **FIVE (5)** years and a scrap value of RM10,000.
Prepare the Schedule of Depreciation for each of **FIVE (5)** years, using the Sum of the years' digits method and rounded to nearest RM.
(Show your workings clearly) (5 marks)

(Total: 25 marks)

Question 3

The following data relates to the costs information and sales/production units for Sammy Bhd. for the year ended 31 December 2014:

- (i) The total quantity sold was 50,000 units of product X at a selling price of RM150.00 per units.
- (ii) The direct costs are direct material and direct labor. Direct material cost RM12.00 per kilo and 3 kilos are required to make 1 unit of product X. The direct labor is for skilled-labor who is paid RM15.00 per hour and each unit of product X requires 2 direct labor hours.
- (iii) The variable factory overheads and variable selling overheads are RM10.00 and RM14.00 per unit of product X respectively.
- (iv) Fixed costs includes: factory overheads of RM640,000, selling overheads of RM250,000 and administration overheads of RM220,000.

Required:**Part One**

- (a) Calculate the break-even point (BEP) in units and in Ringgit. (5 marks)
- (b) Calculate the new break-even point (BEP) in units and in dollars, if Sammy Bhd. plans to purchase a new machinery costing RM500,000 at the beginning of its financial year and this will increase the fixed factory overhead costs by RM50,000 due to depreciation charges. (5 marks)
- (c) Calculate the new selling price after taking into account all of the following new changes:
 - (i) The direct labor rate per hour – Skilled-labor is increased by 10%.
 - (ii) The direct material cost is increased by RM2 per kilo.
 - (iii) The company wants to make a profit of RM120,000 at an output level of 50,000 units.
 - (iv) The purchase of the new equipment (as stated in part b above) did materialize. (9 marks)

Part Two (Independent question)

Briefly sketch a Break-even chart and labeling/showing all the important information.

(6 marks)

(Total: 25 marks)

Question 4

IKAR, a small home furniture factory, operates with **THREE** production departments: Assembly, Polishing, and Packing and **TWO** service departments: Stores and Maintenance. For the forthcoming period, the total budgeted overhead costs are as follows:

Allocated costs:

Departments	Indirect materials (RM)	Indirect labor (RM)
Assembly	3,800	9,900
Polishing	4,630	8,180
Packing	2,120	6,200
Stores	900	4,760
Maintenance	120	5,800

The following factory overheads were obtained from the accounts relating to the period:

RM

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

The following information is also available:

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

Required:

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

(Total 25 marks)

PART B: Answer any **ONE (1)** question in the answer booklet provided. Both questions carry equal marks. **(25 marks)**

Question 5

- (a) Describe the following accounting concepts with one illustrative example for each:
- (i) Business entity concept (3 marks)
 - (ii) Historical cost concept (3 marks)
 - (iii) Conservatism concept (3 marks)
- (b) Describe the terms “capital expenditure” and “revenue expenditure”. Provide an example for each of the term. (4 marks)
- (c) State which of the following are of capital or revenue expenditure:
- (i) Building extension to add on a stock warehouse
 - (ii) Purchase and installation of **TWO (2)** units of lift in the warehouse
 - (iii) Theft insurance premium for the warehouse
 - (iv) Purchase of a new truck vehicle
 - (v) Cost of purchasing production raw materials (5 marks)
- (d) Describe the term ‘Accounting’. (3 marks)
- (e) List **FOUR (4)** parties who would be interested in the accounting information. Give examples on how will the information be used by them. (4 marks)

Question 6

- (a) Explain the following cost accounting concept with one illustrative example for each:
- (i) Direct Costs (4 marks)
 - (ii) Variable costs (4 marks)
 - (iii) Step fixed costs (4 marks)
 - (iv) Fixed costs (4 marks)
- (b) Describe the **THREE (3)** key limitations of breakeven analysis. (6 marks)
- (c) Describe the term 'Cost Accounting'. (3 marks)

~ The End ~
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