



INTI
International College Subang
LAUREATE INTERNATIONAL UNIVERSITIES'

FINAL
Examination Paper

(COVER PAGE)

Session : January 2014

Programme : Diploma in Business

Course : ACC1102 : Business Accounting

Date of Examination : March 13, 2014

Time : 2:00pm – 4:00pm 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. Jessie Lee Pei Yee, DG Siti Aisyah, Arazmi Yusof.

Moderator : Dr. Chee Hong kok

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

INTI INTERNATIONAL COLLEGE SUBANG
 DIPLOMA IN BUSINESS (DIB), DIPLOMA IN ENTREPRENEURSHIP (DENT)
 ACC1102: BUSINESS ACCOUNTING
 FINAL EXAMINATION: JANUARY 2014 SESSION

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

SECTION A: Answer any THREE (3) questions.

Question 1

The following Trial Balance was extracted from the books of Pelangi Trading as at 31 December 2013:

Trial Balance as at 31 December 2013		
	Dr (RM)	Cr (RM)
Purchases	74,500	
Sales		116,000
Returns inwards	2,400	
Returns outwards		1,800
Carriage inwards	1,200	
Carriage outwards	2,100	
Inventory at 31 December 2012	15,400	
Allowance for doubtful debts		2,500
Salaries and wages	4,800	
Rental	4,600	
Electricity	1,800	
Motor vehicle	80,000	
Accumulated depreciation: Motor Vehicle		8,000
Equipment	64,000	
Accumulated depreciation: Equipment		9,600
Accounts receivable	23,000	
Accounts payable		15,000
Bad debts	2,000	
Discounts	5,200	2,100
Capital		175,600
Cash at bank	31,400	
Drawings	18,200	
	330,600	330,600

The following information is available as at 31 December 2013:

- (i) Inventory as at 31 December 2013 amounted to RM20,000.
- (ii) At 31 December 2013, salaries unpaid amounted to RM2,200.
- (iii) Rental account includes RM1,300, which is for January 2014.
- (iv) Pelangi Trading has decided to write off additional bad debt of RM800 that has been outstanding for more than 10 months.
- (v) The allowance for doubtful debts is to be increased to 15% of the year-end accounts receivable.
- (vi) There is unpaid electricity bill of RM520 for December 2013.
- (vii) Depreciate motor vehicle at 10% per annum using reducing balance method and equipment at 15% per annum on cost.

REQUIRED:

- (a) Prepare the Income Statement for the year ending 31 December 2013, and (13 marks)
 - (b) Prepare the Statement of Financial Position (Balance Sheet) as at 31 December 2013. (12 marks)
- (Total: 25 marks)**

Question 2

- (a) JAG Berhad started business on 1 January 2011. The accounting period end 31 December each year. Stated below are the list of account receivables, bad debts, and allowance for doubtful debts for the first three accounting years:

Years	2011	2012	2013
Bad debts written off	RM6,000	RM10,000	RM4,000
Accounts Receivable (before writing off bad debts)	RM210,000	RM290,000	RM190,000
Allowance for Doubtful Debts	4%	5%	4%

REQUIRED:

Prepare the following accounts for the years ending 31 December 2011, 2012 and 2013.

- (i) Bad debts (3 marks)
- (ii) Allowance for doubtful debts (9 marks)

- (b) Assume a firm's financial year end on 31 December. On 1 January 2010 JAG Trading bought a machine for RM84,500 and was paid by cheque. The machine was depreciated by 10% per annum using the reducing balance method. On 15 January 2013, the machine was sold for RM55,000 cash. Ignore depreciation in the year of sale.

REQUIRED:

Prepare the relevant entries for each of the following accounts for the year ended 31 December 2013 only:

- | | | |
|-------|--|-----------|
| (i) | Machine Account | (3 marks) |
| (ii) | Accumulated Provision for Depreciation – Machine Account | (5 marks) |
| (iii) | Machine Disposal Account | (5 marks) |

(Total: 25 marks)

Question 3

Lovely Pigeons Berhad produces one product (a bird feeding table) that sells for RM50 each. Each bird table has variable costs as follows:

- 4 hours labour at RM5.25 per hour
- 3 square metres of wood at RM6.10 per square meter

The fixed costs of Lovely Pigeons Berhad is RM12,600 per annum.

REQUIRED:

- | | | |
|-----|--|-----------|
| (a) | Calculate the contribution per unit towards the production of the bird feeding table. | (5 marks) |
| (b) | Calculate the number of units to be sold and sales value (RM) to achieve break-even. | (7 marks) |
| (c) | Calculate the profit earned if Lovely Pigeons Berhad sells 2,850 units. | (6 marks) |
| (d) | Calculate the profit earned if the selling price is reduced by 10% and demand rises by 20% (from 2,850 units). | (7 marks) |

(Total : 25 marks)

Question 4

Sweet Dreams Bhd prepared budgets for the year 2013. It has **TWO (2)** production departments - A and B; and **TWO (2)** service departments - store and canteen.

The budgeted costs for the year 2013 were as follows:

	<i>A</i>	<i>B</i>	<i>Store</i>	<i>Canteen</i>	<i>Total</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Indirect materials	4,600	5,300	2,000	3,000	14,900
Indirect wages	20,000	14,000	6,000	9,000	49,000
Rent & rates					30,000
Heat & light					2,100
Power					14,000
Insurance of machines					10,000

Other budgeted data for the previous year were:

Floor area (sq m)	4,000	3,500	2,000	1,500	11,000
Machine power usage (kilowatts)	15,500	20,000	0	0	35,500
Value of machines (RM)	40,000	56,000	500	3,000	99,500
No. of store requisitions	130	88	0	0	218
No. of employees	20	14	3	0	37
Budgeted total machine hours	50,000	1,500	0	0	51,500
Budgeted total direct labour hours	3,400	26,000	0	0	29,400

REQUIRED:

- (a) Prepare an overhead analysis sheet for the year 2013. (Work to the nearest whole number).
(21 marks)
- (b) Calculate the overhead absorption rate (OAR) for the **TWO (2)** production departments, based on two appropriate bases. (Work to 2 decimal places.)
(4 marks)

(Total : 25 marks)

SECTION B: Answer any ONE (1) question.

Question 5

- a) Define accounting. (1 mark)
- b) Financial Accounting is used by many users. Identify **FOUR (4)** of these users and explain their information needs. (12 marks)
- c) Explain the following accounting concepts and provide appropriate examples:
 - i) Prudence Concept
 - ii) Materiality Concept
 - iii) Economic Entity Concept (12 marks)

(Total: 25 marks)

Question 6

- a) Describe **FOUR (4)** assumptions of Cost-Volume-Profit analysis. (8 marks)
- b) Discuss **TWO (2)** differences between financial accounting and cost accounting. (6 marks)
- c) Differentiate between fixed and variable costs. Give an example for each cost. (6 marks)
- d) Define the term 'depreciation', and explain **TWO (2)** causes of depreciation. (5 marks)

(Total: 25 marks)

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