

**BERJAYA BUSINESS SCHOOL**

**FINAL EXAMINATION**

Student ID (in Figures) : 

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Student ID (in Words) : \_\_\_\_\_  
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Subject Code & Name : **DGN1306 ACCOUNTING**  
Semester & Year : JANUARY – APRIL 2016  
Lecturer/Examiner : JAMES LIOW  
Duration : 2 Hours

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**INSTRUCTIONS TO CANDIDATES**

1. This question paper consists of 3 parts:
  - PART A (20 marks) : Answer all TWENTY (20) multiple choice questions and shade your answers in the provided space with 2B pencil.
  - PART B (20 marks) : Answer ONE (1) compulsory question. Answers are to be written in the Answer Booklet provided.
  - PART C (60 marks) : Answer THREE (3) out of FOUR (4) short answer questions. Answers are to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorized materials except writing equipment and calculator into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

**WARNING:** The University Examination Board (UEB) of BERJAYA University College of Hospitality regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College of Hospitality.

**PART B : COMPULSORY QUESTION (20 MARKS)**

**INSTRUCTION (S)** : There is one (1) question in this section. Write your answers in the Answer Booklet(s) provided.

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Susan Vegan operates medium size groceries shop that sells varieties of seafood items. As she did not maintain a proper accounting systems, she requested her friend to record the business transactions by journalising the business entries. The first transaction has been journalized as an example. Narrative is not required for every business transaction.

- a) Susan made a credit sales amounting to \$15,000 to X Seafood Trading

<i>Dr</i>	<i>Accounts Receivable – X Seafood Trading</i>	<i>\$15,000</i>
<i>Cr</i>	<i>Sales</i>	<i>\$15,000</i>

- b) Record the credit purchases of \$40,000 owing to ABC Supplies Co.  
c) Susan issued a cheque amounted to \$1,200 being the freight charges incurred for hiring a freight forwarder to transport the goods to her warehouse.  
d) Susan returned the damage goods worth \$250 to ABC Supplies Co.  
e) Susan made cash drawings of \$1,000 for her personal use.  
f) X Seafood Trading made a partial cheque payment of \$1,500 for an invoice owing since last year.  
g) Susan decided to pay an amount owing of \$5,000 to ABC Supplies Co. by issuing a cheque and at the same time taking the advantage of a cash discount of 1%. The amount shown is a pre-discount amount.  
h) X Seafood Trading returned a batch of goods worth \$350 because the goods did not meet the standard specifications.  
i) Susan made a cash sales of \$3,000 to a new customer, Kelly who has been given a trade discount of 5% due to bulk purchase. The amount shown is a pre-discount amount.  
j) Susan decided to insure a fire insurance policy for her warehouse. Susan paid \$750 for the premium that will cover for a year.  
k) Susan decided to take goods out worth \$650 from the warehouse for her personal use.

**[Total 20 marks]**

**END OF PART B**

**PART C : SHORT ANSWER QUESTIONS (60 MARKS)**

**INSTRUCTION (S)** : There are four (4) questions in this section, answer only three (3) questions. Write your answers in the Answer Booklet(s) provided.

**QUESTION 1**

Sandra Ho extracted the following Trial Balance from her books on 31 March 2007:

	<b>DR</b>	<b>Cr</b>
	<b>\$</b>	<b>\$</b>
Capital		45,000
Bank	23,850	
General expenses	735	
Cash	180	
Postage and stationery	405	
Furniture and equipment, at cost	12,000	
Vehicle running expenses	2,940	
Discounts allowed and received	930	570
Debtors and creditors	14,400	4,830
Sales returns and purchases returns	315	135
Utilities expenses	870	
Rent and insurance	10,800	
Wages and salaries	27,300	
Delivery vehicle, at cost	11,250	
Drawings	9,000	
Purchases and sales	187,140	248,955
Accumulated for depreciation 1 April 2006:-		
- Furniture and equipment		3,600
- Delivery vehicle		4,500
Allowance for doubtful debts		300
Stock at 1 April 2006	5,775	
	<b>307,890</b>	<b>307,890</b>

Additional information at 31 March 2007:

- (i) Stock was valued at \$6,300
- (ii) Wages and salaries accrued \$1,980
- (iii) Insurance prepaid \$240

Depreciation for the year:

Furniture and equipment 10% on reducing balance basis.

Delivery vehicle 20% on straight line basis.

The allowance for doubtful debts is to be adjusted to 2½% of debtors.

**Required**

- a) Statement of Comprehensive Income for the year ended 31 March 2007. (11 marks)
- b) Statement of Financial Position at 31 March 2007. (9 marks)

**[Total 20 Marks]**

## QUESTION 2

The following information for the month of February 2008 was extracted from the ledgers of Ho Chang:

<b>At 1 February 2008:</b>		<b>\$</b>
Purchases ledger	Cr balances	16,137
Sales ledger	Dr balances	26,571
Allowance for doubtful debts		690

### At 1 March 2008:

Allowance for doubtful debts	750
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### For the month ended 29 February 2008:

	\$
Credit sales	162,384
Credit purchases	123,585
Payments to suppliers	112,251
Receipts from customers	147,534
Returns inwards	6,615
Returns outwards	3,204
Discounts allowed	5,232
Discounts received	3,630
Bad debts written off	576
Debit balances in sales ledger transferred to purchases ledger	1,035
Legal expenses charged to customer's account	270
Customer's cheque dishonoured	1,128

### Required

- a) Prepare for the month of February 2008:
  - (i) Purchases Ledger Control Account (8 marks)
  - (ii) Sales Ledger Control Account (9 marks)
- b) As at 29 February 2008, prepare a Statement of Financial Position extract showing the amount of debtors, creditors and working capital. (3 marks)

**[Total 20 Marks]**

## QUESTION 3

Francis Kelvin owns a bakery business that makes and sells pastries and bread items. During the financial year ended 31 December 2002 he incurred the following items of expenditure:

- (i) Ingredients use in making the pastries and breads.
- (ii) Commission paid to the sales staff.
- (iii) Purchase of a commercial oven and steamer for use in the business.
- (iv) Installation costs incurred before operating the commercial oven and steamer.
- (v) Wages of staff operating the commercial oven and steamer.
- (vi) Purchase a second hand delivery van.
- (vii) Utilities expenses incurred.
- (viii) Payment to insurance company for fire insurance coverage.
- (ix) Payment of architects fees for designing the proposed new shop.
- (x) Purchase of a new telephone system and furniture for the new shop.

### Required

- a) List the above numbers (i) to (x) in your answer book and against each number state whether the related expenditure is either **revenue** or **capital**. (5 marks)

On 5 July 2000, Francis Kelvin purchased on credit from CFD, a new computer system for \$16,000. Francis depreciates all of his equipment at 25% per annum using the reducing balance method. He provides full year depreciation in the year of purchase but no depreciation in the year of sale. On 1 September 2002, Francis sold the computer system for \$5,000 cash.

- b) In the books of Francis Kelvin, prepare the following ledger accounts to record the above information for the year ended 31 December 2000, 2001 and 2002.
- (i) Computer Asset Account (4 marks)
  - (ii) Computer Accumulated for Depreciation Account (6 marks)
  - (iii) Disposal of Computer Account. (5 marks)

**[Total 20 Marks]**

#### QUESTION 4

Cortez Co. began operations on 1 January. It uses a perpetual inventory system. During the month of January 2015, the company had the following purchases and sales.

Date	Purchases		Sales	
	Units	Unit Cost	Sales Units	Selling Price
1 Jan	50	\$120		
6 Jan			40	\$220
11 Jan	70	\$136		
14 Jan			30	\$230
21 Jan	80	\$147		
27 Jan			60	\$240

#### Required

- a) Calculate the **cost of the ending inventory** and the **cost of goods sold** using the following methods:-
- (i) First In, First Out (FIFO) (5 marks)
  - (ii) Last In, First Out (LIFO) (5 marks)
  - (iii) Weighted Average Cost (5 marks)
- b) Prepare a simple statement showing the gross profit each using the above 3 methods. Which costing method produces the highest gross profits? (5 marks)

**[Total 20 Marks]**

**END OF QUESTION PAPER**