

BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Student ID (in Words) : _____

Subject Code & Name : **BGN1306 ACCOUNTING**
Semester & Year : MAY– AUGUST 2016
Lecturer/Examiner : JAMES LIOW
Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
PART A (20 marks) : Answer ONE (1) compulsory question. Answers and workings are to be written in the Answer Booklet provided.
PART B (80 marks) : Answer FOUR (4) out of FIVE (5) short answer questions. Answers and workings 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.

Total Number of pages = 7 (Including the cover page)

PART A : COMPULSORY QUESTION (20 MARKS)

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

Saiful Senawi prepares accounts to 31 March each year. He extracted the following Trial Balance at 31 March 2015.

Saiful Senawi
Trial Balance as at 31 March 2015

	DR	CR
	\$	\$
Capital		137,856
Purchases/Sales	540,325	859,086
Returns inwards/Return outwards	1,276	3,527
Discount allowed/Discount received	3,520	2,398
Wages & salaries	187,620	
Utilities	3,428	
General expenses	90,894	
Drawings	7,000	
Allowance for Doubtful Debts at 1 April 2014		3,800
Bad debts	450	
Rent	39,000	
Land and buildings	100,000	
Motor vehicle	42,000	
Accumulated for Depreciation on motor vehicles at 1 April 2014		18,000
Stock at 1 April 2014	23,750	
Debtors/Creditors	123,200	135,640
Bank (Overdraft)		2,430
Cash in hand	274	
	1,162,737	1,162,737

Additional information at 31 March 2015:-

- 1) Closing stock as at 31 March 2015 was valued at cost of \$76,512.
- 2) The allowance for doubtful debts is to be adjusted at 3% of closing debtors.
- 3) Depreciation of the motor vehicle is to be provided at 25% using the reducing balance method.
- 4) Saiful took goods valued at \$750 during the year for personal use. This amount has not been recorded.
- 5) Rent of \$3,250 was prepaid for April 2015.
- 6) Utilities bill of \$480 for the month of March 2015 was received on 16 March 2015 and the amount has not been settled.

Required

Prepare the following:-

- a) A Statement of Comprehensive Income for the year ended 31 March 2015. (11 marks)
- b) A Statement of Financial Position as at 31 March 2015. (9 marks)

[Total 20 marks]

END OF PART A

PART B : SHORT ANSWER QUESTIONS (80 MARKS)

INSTRUCTION (S) : There are five (5) questions in this section, answer only four (4) questions. Write your answers in the Answer Booklet(s) provided.

QUESTION 1

The following balances were extracted from the books of Alloy Ltd on 1 January 2015:-

	Dr	Cr
	\$	\$
Purchase Ledger		81,113
Sales Ledger	128,965	

In the month of January 2015, the following transactions were made:

	\$
Debit balance on Sales Ledger transferred to Purchase Ledger	4,956
Debtor's cheque dishonoured	1,908
Legal fees charged to credit customer's account	330
Sales on credit	133,650
Credit purchases	96,645
Returns outwards to credit suppliers	3,795
Returns inwards from credit customers	1,590
Cash sales	19,005
Cash purchases	10,913
Discounts allowed	1,305
Discounts received	1,600
Bad debts written off	474
Payments to credit suppliers	81,540
Receipts from credit customers	127,365
Refund to credit customer for overpayment	600

The allowance for doubtful debts is to be maintained at 2% of debtors at 31 January 2015.

Required

- a) Prepare the following control accounts:-
- i) Purchase Ledger Control Account for the month of January 2015. (7 marks)
 - ii) Sales Ledger Control Account for the month of January 2015. (11 marks)
- b) Prepare as at 31 January 2015, a Statement of Financial Position extract showing the balance for debtors' and creditors' figures under the headings of Current Assets and Current Liabilities.

(2 marks)

[Total 20 marks]

QUESTION 2

Ben's year end is 31 December and his depreciation policy is to depreciate at 25% per annum using the reducing balance method.

He provides a full year's depreciation on assets in the year of purchase and provides no depreciation in the year of disposal.

The purchases and sales of the motor vehicles for the 3 years ended 31 December 2015 were as follows:

<u>Description</u>	<u>Date of Purchase</u>	<u>Cost (\$)</u>
Motor vehicle X	21 September 2013	20,000
Motor vehicle Y	31 January 2014	30,000

On 11 October 2015, he sold the vehicle purchased in 2013 for \$12,000 and bought a new replacement motor vehicle Z for \$42,000 by cheque.

Required

- a) Prepare the following accounts, for each of the years ended 31 December 2013, 2014 and 2015:
 - (i) Motor Vehicles Account (7 marks)
 - (ii) Accumulated Depreciation of Motor Vehicles Account (7 marks)
 - (iii) Disposal of Motor Vehicle Account (3 marks)
- b) List **FOUR (4)** causes of depreciation. (2 marks)
- c) Name **ONE (1)** method of depreciation other than straight line or reducing balance. (1 mark)

[Total 20 marks]

QUESTION 3

John Green has a retail business. The following is a summary of his Trading and Profit and Loss Account and Balance Sheet for the last two years.

John Green
Statement of Comprehensive Income for the year ended 31 December

	2014	2015
	\$	\$
Sales	170,000	210,000
Opening stock	13,800	16,400
Add: Purchases	92,800	114,000
	106,600	130,400
Less: Closing stock	16,400	19,900
Cost of Goods Sold	90,200	110,500
Gross Profit	79,800	99,500
Less: Expenses	58,700	69,200
Net profits	21,100	30,300

John Green
Statement of Financial Position as at 31 December 2014 and 31 December 2015

	2014		2015	
	\$	\$	\$	\$
Non-Current Assets				
Machinery, at NBV	66,000		70,900	
Fixtures & Fittings, at NBV	23,000	89,000	38,700	109,600
Current Assets				
Stock	16,400		19,900	
Debtors	9,800		12,700	
Bank	5,840		0	
Cash	1,860		150	
	33,900		32,750	
Current Liabilities				
Creditors	16,700		24,800	
Bank overdraft	0		2,750	
	16,700		27,550	
Working Capital		17,200		5,200
		106,200		114,800
Financed by:-				
Capital	97,500		106,200	
Add: Net profit	21,100		30,300	
	118,600		136,500	
Less: Drawings	12,400		21,700	
		106,200		114,800

Required

- a) Calculate correct to **ONE (1) decimal place** the following ratio for each of the two years 2014 and 2015. Show all workings.
- (i) Gross profit as a percentage of sales
 - (ii) Net profit as a percentage of sales
 - (iii) Return on the capital employed at the year end
 - (iv) Current ratio
 - (v) Acid test ratio
 - (vi) Rate of stock turnover (times)
 - (vii) Debtors' collection period (in days)
 - (viii) Creditors' collection period (in days)

(16 marks)

- b) Comment on the change in the firm's liquidity, and state **TWO (2)** reasons for the change.

(4 marks)

Total 20 marks]

QUESTION 4

The Sunshine Trading uses perpetual inventory system. The company reported the following movement of inventory for the month of August 2015:

1 Aug	Beginning inventory	600 units @ \$5.00
10 Aug	Sales	400 units@\$12.00
11 Aug	Purchases	1,600 units@\$6.00
15 Aug	Sales	1,000 units@\$12.50
20 Aug	Purchases	1,000 units@\$6.50
27 Aug	Sales	1,200 units@\$13.50

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) Compare the results of the **THREE (3)** inventory methods in a tabular format and determine the gross profit for each of the methods. Indicate which method produces the lowest gross profit.

(5 marks)

[Total 20 marks]

QUESTION 5

JJ Enterprise run a supermarket and maintains all his cash and bank records in a three-column cash book. For the month of June 2015, his transactions are as follows:-

June	
1	Balances brought forward: Cash \$420; Bank \$4,940.
2	The following paid us by cheque, in each case deducting a 5 per cent cash discount:- S Braga \$820; L Pine \$320; G Hodd \$440; M Rae \$1,040.
3	Cash sales paid direct into the bank \$740.
5	Paid rent by cash \$340.
6	JJ Enterprise paid the following accounts by cheque, in each case deducting 2½ per cent cash discount:- M Peters \$360; G Graham \$960; F Bell \$400.
8	Withdrew cash from the bank for business use \$400.
10	Cash sales \$1,260.
12	B Age paid us their account of \$280 by cheque less \$4 cash discount.
14	Paid wages by cash \$540.
16	JJ Enterprise paid the following accounts by cheque:- R Todd \$310 less cash discount \$15; F Dury \$412 less cash discount \$12.
20	Bought fixtures by cheque \$4,320.
24	Bought lorry paying by cheque \$14,300.

29	Received \$324 cheque from A Line.
30	Cash sales \$980.
30	Bought stationery paying by cash \$56.

(All amounts paid and received are pre-discount)

Required

- a) Write up the 3-column Cash Book for the month of June 2015, carrying down the balances.
(17 marks)
- b) The balances on the Discount Allowed Account and the Discount Received Account at 1 June 2015 were \$1,500 and \$1,890 respectively. Open up both the Discount Allowed Account and the Discount Received Account for the month of June 2015, in JJ Enterprise's General Ledger and close both the accounts at the end of June 2015.

(3 marks)

[Total 20 marks]

END OF QUESTION PAPER