

**BERJAYA BUSINESS SCHOOL**

**FINAL EXAMINATION**

Student ID (in Figures) : 

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Student ID (in Words) : \_\_\_\_\_  
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Subject Code & Name : **BGN1306 ACCOUNTING**  
Semester & Year : MAY – AUGUST 2017  
Lecturer/Examiner : JAMES LIOW  
Duration : 3 Hours

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**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.

**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.

Kenny Wong extracted the following Trial Balance from his books on 30 June 2016:

**Kenny Wong  
Trial Balance as at 30 June 2016**

|                                      | <b>Dr</b>      | <b>Cr</b>      |
|--------------------------------------|----------------|----------------|
|                                      | <b>\$</b>      | <b>\$</b>      |
| Bank                                 | 24,580         |                |
| Purchases & Sales                    | 186,410        | 250,965        |
| General expenses                     | 740            |                |
| Return inwards & Return outwards     | 320            | 142            |
| Cash                                 | 182            |                |
| Furniture and fittings, at cost      | 12,500         |                |
| Delivery vehicle, at cost            | 10,200         |                |
| Vehicle expenses                     | 6,700          |                |
| Bad debts                            | 80             |                |
| Discount allowed & Discount received | 940            | 584            |
| Debtors & Creditors                  | 13,400         | 5,130          |
| Rent                                 | 2,990          |                |
| Insurance                            | 8,710          |                |
| Stock at 1 July 2015                 | 5,805          |                |
| Wages and salaries                   | 30,090         |                |
| Drawings                             | 10,260         |                |
| Accumulated depreciation:-           |                |                |
| - Furniture and fittings             |                | 3,750          |
| - Delivery vehicle                   |                | 2,040          |
| Allowance for doubtful debts         |                | 120            |
| Capital                              |                | 51,176         |
|                                      | <b>313,907</b> | <b>313,907</b> |

Additional information at 30 June 2016:

- (i) Closing stock is valued at \$7,100
- (ii) Rent prepaid \$230
- (iii) Wages and salaries owing \$2,010
- (iv) A general expense of \$300 was wrongly taken up in vehicle expenses. This amount has yet to be adjusted as at end of June 2016.
- (v) The allowance for doubtful debts is to be adjusted at 2% of closing debtors.
- (vi) Depreciation is to be provided as follows:
  - Furniture and fittings, 10% using the straight line method
  - Delivery vehicles, 20% using the reducing balance method.

**Required**

Prepare the following:-

- a) A Statement of Comprehensive Income for the year ended 30 June 2016. (11 marks)
- b) A Statement of Financial Position as at 30 June 2016. (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.

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**QUESTION 1**

The following balances were in the books of Benji at 1 June 2016:

| <b>Balances at 1 June 2016:</b>  | <b>Dr (\$)</b> | <b>Cr (\$)</b> |
|----------------------------------|----------------|----------------|
| Purchases Ledger Control Account |                | 63,450         |
| Sales Ledger Control Account     | 97,600         |                |

Transactions for the month of June 2016:

|  | <b>\$</b> |
|--|-----------|
| Credit sales                                   | 110,300   |
| Cash sales                                     | 10,760    |
| Credit purchases                               | 69,830    |
| Cash purchases                                 | 8,275     |
| Transfer from sales ledger to purchases ledger | 3,100     |
| Cheque from debtors dishonoured                | 1,460     |
| Returns outwards                               | 1,350     |
| Returns inwards                                | 1,090     |
| Discount allowed                               | 570       |
| Discount received                              | 300       |
| Payments to credit suppliers                   | 59,700    |
| Bad debt                                       | 515       |
| Receipts from credit customers                 | 92,450    |
| Legal fees reimbursed to debtors               | 1,200     |
| Interest charged to debtors                    | 500       |
| Allowance for doubtful debts                   | 1,850     |

The allowance for doubtful debts is to be maintained at 2% of debtors at 30 June 2016.

**Required**

- a) Prepare the following control accounts:-
- i) Purchase Ledger Control Account for the month of June 2016. (7 marks)
  - ii) Sales Ledger Control Account for the month of June 2016. (11 marks)
- b) Prepare as at 30 June 2016, 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

Jane Fonda Trading has a year-end of 31 December 2016. Her depreciation policy for motor vehicles is as follows:

- All motor vehicles are depreciated at the rate of 20% per annum using the straight line method.
- A full year's depreciation is charged on motor vehicles in the year of purchase.
- No depreciation is charged in the year of disposal.
- There was no residual value expected for the motor vehicles.

The following was extracted from Jane's motor vehicle records:

|                   |   |
|-------------------|---|
| 31 July 2014      | Purchased motor vehicle A \$80,000 by cheque.   |
| 31 August 2015    | Purchased motor vehicle B \$56,000 by cheque.   |
| 30 September 2016 | Jane sold the motor vehicle A purchased in 2014 for \$25,000 and bought a new motor vehicle C for \$68,000 to be payable in January 2017. |

### Required

- a) Prepare the following accounts, for each of the years ended 31 December 2014, 2015 and 2016:
- (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

A summary of Lee King's final accounts at 30 June 2016 was as follows:

|   | \$       | \$            |
|---|----------|---------------|
| Sales                                   |          | 96,000        |
| Less Cost of sales                      |          |               |
| Opening stock                           | 19,000   |               |
| Add Purchases                           | 40,000   |               |
|   | 59,000   |               |
| Less Closing stock                      | (18,000) | 41,000        |
| Gross profit                            |          | 55,000        |
| Less expenses (including loan interest) |          | 43,000        |
| <b>Net profit</b>                       |          | <b>12,000</b> |

**Lee King**  
**Statement of Financial Position as at 30 June 2016**

|                                | \$     | \$            |
|--------------------------------|--------|---------------|
| <b>Non-Current Assets</b>      |        |               |
| Property, plant & equipment    |        | 52,000        |
|                                |        |               |
| <b>Current Assets</b>          |        |               |
| Stock                          | 18,000 |               |
| Debtors                        | 14,000 |               |
| Prepaid insurance expenses     | 1,000  |               |
| Bank                           | 8,000  |               |
|                                | 41,000 |               |
| <b>Current Liabilities</b>     |        |               |
| Creditors                      | 7,500  |               |
| Accrued loan expenses          | 400    |               |
|                                | 7,900  |               |
| Working Capital                |        | 33,100        |
|                                |        | <b>85,100</b> |
| Financed by:                   |        |               |
| <b>Non-Current Liabilities</b> |        |               |
| 5% Bank Loan                   |        | 20,000        |
|                                |        |               |
| Capital                        | 38,000 |               |
| Profit for the year            | 27,100 | 65,100        |
|                                |        | <b>85,100</b> |

**Required**

a) Calculate correct to **ONE (1) decimal place** the following ratios. Show all workings.

- (i) Gross profit margin
- (ii) Net profit margin
- (iii) Return on the capital employed
- (iv) Current ratio
- (v) Acid test ratio
- (vi) Rate of stock turnover (times)
- (vii) Debtors' collection period (in days)
- (viii) Creditors' settlement period (in days)

(16 marks)

b) Comment on the firm's liquidity, and state what is the ideal acid test ratio.

(4 marks)

**[Total 20 marks]**

#### QUESTION 4

Caen Ltd started business on 1 June 2016 buying and selling a single product. Details of purchases and sales during June 2016 were as follows:

| Date    | Details         | Unit | Purchase Price (\$) | Selling Price (\$) |
|---------|-----------------|------|---------------------|--------------------|
| 1 June  | Opening Balance | 150  | 19.00               |                    |
| 16 June | Sales           | 90   |                     | 36.00              |
| 18 June | Purchases       | 220  | 20.00               |                    |
| 21 June | Sales           | 120  |                     | 37.00              |
| 25 June | Purchases       | 80   | 21.00               |                    |
| 31 June | Sales           | 100  |                     | 38.00              |

#### 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

Lesley Cheung records all her bank and cash transactions in a three column cash book. At 1 August 2016 her cash in hand was \$204 but she had a bank overdraft of \$5,076. The following transactions occurred during the month of August 2016:

| Date   | Details  |
|--------|--|
| 2 Aug  | Received the following cheques from the debtors, in each case deducting 2% cash discount:-<br>- Shakti & Sons in full settlement of his account of \$550<br>- Charles Trading in full settlement of his account of \$600 |
| 8 Aug  | Cash sales received and banked in direct to bank \$6,258.  |
| 10 Aug | Paid Sino & Co by cheque \$225.  |
| 12 Aug | Paid \$115 cash for cleaning materials.  |
| 14 Aug | Paid B. Lotte \$258 by cheque in settlement of an amount owed to him of \$270.   |
| 17 Aug | Drew cheque for office cash \$450.   |
| 19 Aug | Cash sales received \$3,360.   |
| 20 Aug | Received commission in cash \$180 and paid this into the bank.   |
| 22 Aug | Paid cleaners wages in cash \$105.   |
| 24 Aug | Paid insurance premium by cheque \$441.  |
| 26 Aug | Received a cheque from B. Chen \$2,112 in settlement of his account £2,160.  |
| 28 Aug | Paid \$120 cash for general expenses.  |

|        |   |
|--------|---|
| 29 Aug | Issued cheque to the following creditors, in each case deducting 3% cash discount:-<br>- G. Wall in full settlement of his account of \$400<br>- Cynthia in full settlement of her account of \$600 |
| 30 Aug | The bank informed Lesley Cheung that \$60 interest had been charged on her account  |
| 30 Aug | Lesley withdrew \$300 cash from the bank for personal use.  |

**Required**

- a) Write up the 3-column Cash Book for the month of August 2016, carrying down the balances. (17 marks)
- b) The balances on the Discount Allowed Account and the Discount Received Account at 1 August 2016 were \$1,200 and \$1,850 respectively. Open up both the Discount Allowed Account and the Discount Received Account for the month of August 2016, in Lesley's General Ledger and close both the accounts at the end of August 2016. (3 marks)
- [Total 20 marks]**

**END OF QUESTION PAPER**