

BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Subject Code & Name : **ACC1613 FINANCIAL ACCOUNTING 1**
Semester & Year : SEPTEMBER – DECEMBER 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.

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.

Charlene Fung extracted the following Trial Balance at 31 December 2015:

**Charlene Fung
Trial Balance as at 31 December 2015**

	\$	\$
Stock at 1 January 2015	6,918	
Bad debts	1,680	
Purchases and Sales	226,170	322,110
Stationery expenses	8,000	
Insurance	7,080	
General expenses	580	
Return inwards and Return outwards	495	5,772
Wages and salaries	50,130	
Capital		121,446
Debtors and Creditors	54,900	14,370
Allowance for doubtful debts		300
Drawings	26,390	
Bank	8,130	
Cash	135	
Fixtures and fittings, at cost	31,200	
Motor vehicles, at cost	54,000	
Accumulated depreciation:-		
- Fixtures and fittings		6,240
- Motor vehicles		9,000
Discount allowed and Discount received	5,490	2,060
	481,298	481,298

Additional information at 31 December 2015:

- (i) Closing stock was valued at \$20,730.
- (ii) Wages and salaries owing \$2,190.
- (iii) Insurance prepaid \$264.
- (iv) A general expense of \$300 was wrongly taken up in stationery expenses. This amount has yet to be adjusted as at end of December 2015.
- (v) The allowance for doubtful debts is to be adjusted at 1% of closing debtors.
- (vi) Depreciation is to be provided as follows:
 - Fixtures and fittings – 10% using the straight line method.
 - Motor vehicles – 15% using the reducing balance method.

Required

Prepare the following:-

- a) A Statement of Comprehensive Income for the year ended 31 December 2015. (11 marks)
- b) A Statement of Financial Position as at 31 December 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 information has been extracted from the books of Nur:

Balances at 1 December 2015:	Dr (\$)	Cr (\$)
Purchases Ledger Control Account		28,923
Sales Ledger Control Account	88,456	

Transactions for the month of December 2015:

	\$
Credit sales	46,520
Cash sales	3,560
Cheque payments to creditors	12,875
Credit purchases	15,385
Goods returned by debtors	526
Cash purchases	240
Debtor's cheque dishonoured	150
Discount allowed	732
Goods returned to creditors	232
Bad debts written off	420
Discount received	285
Cheques received from debtors	42,188
Legal fees reimbursed to debtors	1,200
Interest charged to debtors	500
Transfers of debit balances in sales ledger to purchases ledger	2,500

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

Required

- a) Prepare the following control accounts:-
 - i) Purchase Ledger Control Account for the month of December 2015. (7 marks)
 - ii) Sales Ledger Control Account for the month of December 2015. (11 marks)

- b) Prepare as at 31 December 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

Malik depreciates motor vehicles at the rate of 25% per annum, using the straight line method. A full year's depreciation is charged on motor vehicles in the year of purchase and none in the year of disposal.

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

31 July 2013	Purchased motor vehicle A \$40,000 by cheque.
31 August 2014	Purchased motor vehicle B \$36,000 by cheque.
30 September 2015	Malik sold the motor vehicle A purchased in 2013 for \$22,000 and bought a new motor vehicle C for \$42,000 to be payable in January 2016.

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

Jaycee & Aybee Trading operates a retail business. The following are the financial statements for the last two years.

Jaycee & Aybee Trading Statement of Comprehensive Income for the year ended 31 December

	2014 (\$)	2015 (\$)
Sales	400,000	600,000
Cost of sales:		
Opening stock	70,000	35,000
Purchases	265,000	435,000
	335,000	470,000
Less closing stock	35,000	50,000
	300,000	420,000
Gross profit	100,000	180,000
Less expenses:		
General expenses	77,000	103,000
Debenture interest	2,000	8,000
Net profit	21,000	69,000

Jaycee & Aybee Trading
Statement of Financial Position as at 31 December

	2014 (\$)	2015 (\$)
Fixed assets at net book value	245,000	280,000
Current Assets		
Stock	35,000	50,000
Debtors	55,000	66,000
Bank	-	10,000
	90,000	126,000
Current Liabilities		
Creditors	30,000	24,000
Bank	20,000	-
	(50,000)	(24,000)
Working Capital	40,000	102,000
	285,000	382,000
Financed by:-		
Non- Current Liabilities		
8% Debentures	25,000	100,000
Owner's Equity		
Capital	200,000	200,000
Profits	60,000	82,000
	260,000	282,000
	285,000	382,000

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

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

Date	Details	Unit	Purchase Price (\$)	Selling Price (\$)
1 May	Opening Balance	120	19.00	
16 May	Sales	100		36.00
18 May	Purchases	80	19.50	
21 May	Sales	60		37.00
25 May	Purchases	90	20.50	
31 May	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

Donna records her bank and cash transactions in a 3-column Cash Book. On 30 June 2015, she had a cash balance of \$300 and a bank overdraft of \$600. The following transactions took place during June 2015:

June	Details
1	Received cheque from Jim for \$200 in full settlement of his account.
2	Issued cheque of \$160 being rent for the month of June 2015.
8	Sold goods for cash \$1,100
9	Cash withdrawal from bank \$300 for business use.
10	Paid \$500 cash for office furniture.
13	Donna withdrew \$200 in cash for personal use.
15	Paid Elisa \$190 by cheque in full settlement of a debt of \$195.
20	Jim's cheque for \$200 returned by bank marked 'refer to drawer'.
21	Made a cash sales of \$500 which was paid straight into the bank.
22	Received the following cheques from the debtors, in each case deducting 2% cash discount:- <ul style="list-style-type: none">- Tom in full settlement of his balance of \$2,100.- Joseph in full settlement of his balance of \$600
23	Purchased goods for cash, \$40.

25	Issued cheque to the following creditors, in each case deducting 3% cash discount:- <ul style="list-style-type: none">- Christine in full settlement of her balance of \$500.- Johnny in full settlement of his balance of \$800.
30	Paid salaries by cheque, \$1,500.

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 \$1,200 and \$1,850 respectively. Open up both the Discount Allowed Account and the Discount Received Account for the month of June 2015, in Donna's General Ledger and close both the accounts at the end of June 2015.

(3 marks)

[Total 20 marks]

END OF QUESTION PAPER