

BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Subject Code & Name : **BGN1306 ACCOUNTING**
Trimester & Year : JANUARY- APRIL 2017
Lecturer/Examiner : FARIDAH HANUM AMRAN
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.

Lily Allency extracted the following Trial Balance at 31 January 2017:

Lily Allency
Trial Balance as at 31 January 2017

	\$	\$
Stock at 1 February 2016	13,836	
Bad debts	3,360	
Purchases and Sales	452,340	644,220
Stationery expenses	16,000	
Insurance	14,160	
General expenses	1,160	
Return inwards and Return outwards	990	11,544
Wages and salaries	100,260	
Capital		242,892
Debtors and Creditors	109,800	28,740
Allowance for doubtful debts		600
Drawings	52,780	
Bank	16,260	
Cash	270	
Fixtures and fittings, at cost	62,400	
Motor vehicles, at cost	108,000	
Accumulated depreciation:-		
- Fixtures and fittings		12,480
- Motor vehicles		18,000
Discount allowed and Discount received	10,980	4,120
	962,596	962,596

Additional information at 31 January 2017:

- (i) Closing stock was valued at \$41,460.
- (ii) Wages and salaries owing \$4,380.
- (iii) Insurance prepaid \$528.
- (iv) A general expense of \$600 was wrongly taken up in stationery expenses. This amount has yet to be adjusted as at end of January 2017.
- (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 January 2017. (11 marks)
- b) A Statement of Financial Position as at 31 January 2017. (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 Chelsea:

Balances at 1 January 2017:	Dr (\$)	Cr (\$)
Purchases Ledger Control Account		57,846
Sales Ledger Control Account	176,912	

Transactions for the month of January 2017:

	\$
Credit sales	93,040
Cash sales	7,120
Cheque payments to creditors	25,750
Credit purchases	30,770
Goods returned by debtors	1,052
Cash purchases	480
Debtor's cheque dishonoured	300
Discount allowed	1,464
Goods returned to creditors	464
Bad debts written off	840
Discount received	570
Cheques received from debtors	84,376
Legal fees reimbursed to debtors	2,400
Interest charged to debtors	1,000
Transfers of debit balances in sales ledger to purchases ledger	5,000

The allowance for doubtful debts is to be maintained at 2% of debtors at 31 January 2017.

Required

- a) Prepare the following control accounts:-
- i) Purchase Ledger Control Account for the month of January 2017. (7 marks)
 - ii) Sales Ledger Control Account for the month of January 2017. (11 marks)
- b) Prepare as at 31 January 2017, 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

Aidil Fitri provides for depreciation of its machinery at 20% per annum on cost; it charges for a full year in the year of purchase but no provision is made in the year of disposal. Financial statements are prepared annually to 31st December.

The following was extracted from Aidil's machine records:

1 January 20x5	Purchased machine A \$10,000 by cheque.
1 July 20x5	Purchased machine B \$6,000 by cheque.
31 March 20x6	Purchased machine C \$8,000 by cheque.
7 October 20x7	Aidil sold the motor vehicle A purchased in 20x5 for \$5,500 and bought a new motor vehicle D for \$12,000 on 5th November 20x7.

Required

- a) Prepare the following accounts, for each of the years ended 31 December 20x5, 20x6 and 20x7:
- (i) Motor Vehicles Account (6 marks)
 - (ii) Accumulated Depreciation of Motor Vehicles Account (8 marks)
 - (iii) Disposal of Motor Vehicle Account (3 marks)
- b) List **THREE (3)** causes of depreciation. (3 marks)

[Total 20 marks]

QUESTION 3

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

Haikal Trading

Statement of Comprehensive Income for the year ended 31 January

	2020 (\$)	2021 (\$)
Sales	80,000	120,000
Cost of sales:		
Opening stock	14,000	7,000
Purchases	53,000	87,000
	67,000	94,000
Less closing stock	7,000	10,000
	60,000	84,000
Gross profit	20,000	36,000
Less expenses:		
General expenses	15,400	20,600
Debenture interest	400	1,600
Net profit	4,200	13,800

Haikal Trading
Statement of Financial Position as at 31 January

	2020 (\$)	2021 (\$)
Fixed assets at net book value	49,000	56,000
Current Assets		
Stock	7,000	10,000
Debtors	11,000	13,200
Bank	-	2,000
	18,000	25,200
Current Liabilities		
Creditors	6,000	4,800
Bank	4,000	-
	10,000	4,800
Working Capital	8,000	20,400
	57,000	76,400
Financed by:-		
Non- Current Liabilities		
8% Debentures	5,000	20,000
Owner's Equity		
Capital	40,000	40,000
Profits	12,000	16,400
	52,000	56,400
	57,000	76,400

Required

- a) Calculate correct to **TWO (2) decimal places** the following ratio for each of the two years 2020 and 2021. 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)

QUESTION 4

Synergy Ltd started business on 15 January 2016 buying and selling a single product. Details of purchases and sales for the year of 2017 were as follows:

Date	Details	Unit	Purchase Price (\$)	Selling Price (\$)
January	Opening Balance	100	15.00	
February	Purchases	50	17.30	
April	Purchases	30	18.00	
May	Sales	70		45.00
October	Purchases	20	15.50	
November	Sales	90		51.00

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

Eva Laurent records her bank and cash transactions in a 3-column Cash Book. On 31 March 2016, she had a cash balance of \$620 and a bank balance of \$7,142. The following transactions took place during March 2016:

March	Details
2	The following paid their accounts by cheque (all amounts are pre-discount), in each case deducting 5 per cent cash discounts: <ul style="list-style-type: none">- Savannah \$260- Faheez \$320- Obrien \$420
4	Paid rent by cheque \$430.
6	Blair lent Eva \$5,000 paying by cheque.
8	Eva paid the following accounts by cheque (all amounts are pre-discount), in each case deducting a 2½ per cent cash discount: <ul style="list-style-type: none">- Whitney \$720- Gerald \$960- Felicia \$1,600
10	She paid motor expenses in cash \$81.
12	Penelope pays her account of \$90, by cheque \$88, deducting \$2 cash discount.
15	Eva paid wages in cash \$580.
18	The following paid their accounts by cheque (all amounts are pre-discount), in each case deducting 5 per cent cash discount: <ul style="list-style-type: none">- Piper \$540- Elane \$700- Oscar \$520
21	Cash withdrawn from the bank \$400 for business use.
24	Cash Drawings \$200.
25	Paid Philip his account of \$160, by cash \$155, having deducted \$5 cash discount.
29	Bought fixtures paying by cheque \$720.
31	Eva Received commission by cheque \$120.

Required

- a) Write up the 3-column Cash Book for the month of March 2016, carrying down the balances.

(17 marks)

- b) Open up both the Discount Allowed Account and the Discount Received Account for the month of March 2016, in Eva's General Ledger and close both the accounts at the end of March 2016.

(3 marks)

[Total 20 marks]

END OF QUESTION PAPER