

## BERJAYA BUSINESS SCHOOL

### FINAL EXAMINATION

Student ID (in Figures) : 

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Student ID (in Words) : \_\_\_\_\_  
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Subject Code & Name : **DBM1403 ACCOUNTING 2**  
Semester & Year : MAY – AUGUST 2016  
Lecturer/Examiner : JAMES LIOW  
Duration : 2 Hours

### INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 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 (80 marks) : Answer 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.

**Total Number of pages = 9 (Including the cover page)**

**PART B****: SHORT ANSWER QUESTIONS (80 MARKS)****INSTRUCTION (S)**

: There are four (4) questions in this section. Answer ALL questions. Write your answers in the Answer Booklet(s) provided.

**QUESTION 1**

Dee and Kay are in partnership. The following trial balance was prepared at 31 October 2015:

<b>Dee and Kay</b>		
<b>Trial Balance as at 31 October 2015</b>		
	<b>\$</b>	<b>\$</b>
Capital Accounts at 1 November 2014:		72,600
Dee		90,900
Kay		
Current Accounts at 1 November 2014:		
Dee		2,100
Kay		900
Stock at 31 October 2015	47,086	
Investments	53,400	
Office salaries	12,614	
Discount allowed and received	1,980	1,680
Bank		1,260
Debtors and creditors	13,250	24,870
Furniture and fittings at net book value	11,280	
Investments income		1,220
Carriage outwards	2,880	
Cash in hand	114	
Gross profit		59,610
Insurance	1,080	
General expenses	8,886	
Land and buildings at cost	73,500	
Drawings:-		
Dee	10,950	
Kay	18,120	
	<b>255,140</b>	<b>255,140</b>

The partnership agreement states that:

- (i) Interest is allowed on the partners' capital accounts at 6% per annum.
- (ii) Interest on drawings is to be charged at 2%.
- (iii) Kay is to be paid a salary of \$10,000 per annum.
- (iv) Profits and losses are to be shared between Dee and Kay in the ratio of 3:1 respectively.

Additional information at 31 October 2015:

- (i) Insurance of \$240 was prepaid.
- (ii) General expenses of \$300 were accrued.
- (iii) Furniture and fittings are to be depreciated at 10% on net book value.

- (iv) The land and buildings were revalued at \$81,500 on 30 April 2015. No entries had been made in the books to record this change in value.

**Required**

- a) Prepare the Profit and Loss & Appropriation Account for the year ended 31 October 2015. (12 marks)
- b) Prepare the following accounts of the partners in columnar format the at 31 October 2015:-
- (i) Current Accounts (5 marks)
- (ii) Capital Accounts (3 marks)
- [Total 20 marks]**

**QUESTION 2**

White Ltd has prepared the following financial statements for 2015:-

**Statement of Comprehensive Income for year ended 30 September 2015**

	\$000	\$000
Sales		1,000
Opening stock	70	
Add Purchases	520	
	590	
Less Closing stock	(80)	510
Gross profit		490
Less expenses (including debenture interest)		(283)
<b>Net profit</b>		<b>207</b>

**Statement of Financial Position as at 30 September 2015**

	\$000	\$000
<b>Non-Current Assets</b>		
Plant and equipment (net book value)		550
<b>Current Assets</b>		
Stock	80	
Debtors	250	
Bank	90	
	420	
<b>Current Liabilities</b>		
Creditors	120	300
		<b>850</b>
<b>Financed by:</b>		
<b>Non-Current Liabilities</b>		
6% debentures - repayable 2019		200
<b>Capital and Reserves</b>		
400,000 Ordinary Shares of \$1 each	400	
Retained profits	250	650
		<b>850</b>

**Required**

Calculate the following ratios for White Ltd for the year ended 30 September 2015. All workings must be shown and answers given to **ONE (1) decimal place**.

- (i) Gross profit as a percentage of sales
- (ii) Net profit before interest charges as a percentage of sales
- (iii) Average stock-turnover (times)
- (iv) Current ratio
- (v) Liquidity/acid test ratio
- (vi) Debtors' collection period in days
- (vii) Creditors' settlement period in days
- (viii) Sales to capital employed as a percentage

**[Total 20 marks]**

**QUESTION 3**

The following details were extracted from the books of Petro Ltd at 31 December 2015:-

	\$
Net profit for the year ended 31 December 2015 (after deducting debenture interest of \$4,000)	505,400
8% debenture (Payable in March 2016)	100,000
Interim ordinary dividend paid	50,000
Interim preference dividend paid	7,500
5% loan from Brank's Bank (Repayable 2018)	25,000
Share premium	50,000
Issued and fully paid share capital:	
500,000 \$1.00 ordinary share	500,000
300,000 5% \$1.00 preference shares	300,000
General reserves	20,000
Retained profits at 1 January 2015	175,000

**Additional information:**

Following the calculation of the net profit it was discovered that:

- 1) A full year's interest on the loan from Brank's Bank remained unpaid at 31 December 2015 and no entries had been made in the accounts.
- 2) No record has been made for accrued directors' fees of \$35,000.
- 3) 4% debenture interest has yet to be paid.
- 4) The directors proposed the following:
  - A final dividend of \$0.20 per ordinary share
  - A payment of final preference dividend of 2.5%
  - To transfer \$30,000 to the general reserves.

**Required**

- a) Prepare a statement to show the adjusted net profit of Petro Ltd for the year ended 31 December 2015. (4 marks)

- b) Commencing with the adjusted net profit, prepare the Profit & Loss Appropriation Account for the year ended 31 December 2015. (5 marks)
- c) Prepare a Statement of Financial Position extract at 31 December 2015, showing the current liabilities, non-current liabilities and capital and reserves. (11 marks)

[Total 20 marks]

#### QUESTION 4

The following information has been extracted from Mt Albert Bookstores' Statement of Financial Position and Statement of Comprehensive Income for the years ended 31 March 2015 and 31 March 2016.

**Mt Albert Bookstores**  
**Statement of Financial Position as at ended 31 March**

	2016	2015
	\$	\$
<b>Non-Current Assets</b>		
Property, Plant & Equipment	84,000	82,000
Less: Accumulated Depreciation	(16,000)	(23,000)
	<b>68,000</b>	<b>59,000</b>
<b>Current Assets</b>		
Account Receivable	43,500	63,000
Inventory	63,000	55,000
Prepayments	2,000	2,000
	<b>108,500</b>	<b>120,000</b>
<b>Current Liabilities</b>		
Bank overdraft	6,500	10,000
Account Payable	34,000	31,000
	<b>40,500</b>	<b>41,000</b>
	<b>136,000</b>	<b>138,000</b>
Financed by:		
<b>Non-Current Liabilities</b>		
Term Loan	30,000	15,000
Ordinary Share Capital at 1.00 each	60,000	60,000
Retained Earnings	46,000	63,000
	<b>106,000</b>	<b>123,000</b>
	<b>136,000</b>	<b>138,000</b>

**Mt Albert Bookstores**  
**Statement of Comprehensive Income for the year ended 31 March 2016**

	\$	\$
Sales		175,000
Less: Cost of goods sold		126,300
<b>Gross Profit</b>		<b>48,700</b>
Less: Expenses		
Other expenses	17,000	
Interest expenses	1,500	
Depreciation expenses	3,000	
Loss on sale of plant and equipment	2,000	23,500
Net profit before tax		25,200
Income tax expenses		7,000
<b>Net profit after tax</b>		<b>18,200</b>

**Additional information:**

- 1) Purchases plant and equipment of \$17,000 cash.
- 2) The accumulated depreciation on the plant and equipment sold amounted to \$10,000.
- 3) Cash dividend paid to ordinary shareholders amounted to \$35,200

**Required**

Prepare a cash flow statement using the indirect method for Mt Albert Bookstores for the year ended 31 March 2016.

**[Total 20 marks]**

**END OF QUESTION PAPER**