

BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Subject Code & Name : **ACC1513 ACCOUNTING**
Semester & Year : MAY – AUGUST 2017
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.

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

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

	Dr	Cr
	\$	\$
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
	313,907	313,907

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.

QUESTION 1

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

Balances at 1 June 2016:	Dr (\$)	Cr (\$)
Purchases Ledger Control Account		63,450
Sales Ledger Control Account	97,600	

Transactions for the month of June 2016:

	\$
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
Net profit		12,000

Lee King
Statement of Financial Position as at 30 June 2016

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

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:- - Shakti & Sons in full settlement of his account of \$550 - 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:- - G. Wall in full settlement of his account of \$400 - 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