



BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **ACC1124 ACCOUNTING 2**
Trimester & Year : MAY – AUGUST 2018
Lecturer/Examiner : JAMES LIOW
Duration : 2 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
PART A (25 marks) : Answer all TWENTY FIVE (25) multiple choice questions and shade your answers in the provided space with 2B pencil.
PART B (75 marks) : Answer THREE (3) problem solving questions. Answers are to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorized materials except writing equipment 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 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.

PART B : PROBLEM SOLVING QUESTIONS (75 MARKS)

INSTRUCTION (S) : There are **FOUR** (4) questions in this section, answer only **THREE** (3) questions. Write your answers in the Answer Booklet(s) provided.

QUESTION 1

Prepare a cash flow statement for Chee Wern Ltd for the year ended 31 December 2016 as required using the indirect method. The Statement of Comprehensive Income and Statement of Financial Position for Chee Wern Ltd for the year 2016 are given below.

Chee Wern Ltd
Statement of Comprehensive Income for the year ended 31 December 2016

	\$	\$
Sales		6,500
Less Cost of goods sold		(3,000)
		3,500
Less: Expenses		
Wages	2,000	
Other costs	600	
Depreciation	500	
Interest	100	(3,200)
Profit for the year		300
Dividend		(50)
Retained Profit		250

Chee Wern Ltd
Statement of Financial Position as at 31 December

	2016		2015	
	\$	\$	\$	\$
Fixed assets at cost		4,500		3,800
Less Accumulated depreciation		(2,300)		(1,800)
Net book value		2,200		2,000
Current assets				
Stock	400		500	
Trade debtors	150		200	
Cash	200	750	100	800
Current liabilities				
Trade creditors	325		300	
Accrued wages	25	(350)	50	(350)
		2,600		2,450
Financed by:				
Debentures	900		1,000	
Ordinary share capital	1,000		1,000	
Retained profits	700		450	
		2,600		2,450

[Total 25 marks]

QUESTION 2

The following financial statements relate to Wong Ltd:

Trading and Profit & Loss Accounts for the years ended 31 December

	2017		2018	
	\$'000	\$'000	\$'000	\$'000
Sales		3,750		4,500
Less: Cost of sales				
Opening stock	250		300	
Purchases	2,050		2,575	
	2,300		2,875	
Closing stock	(300)	2,000	(400)	2,475
Gross profit		1,750		2,025
Less: expenses (including interest)		(1,500)		(1,725)
Net profit		250		300

Balance Sheets at 31 December

	2017		2018	
	\$'000	\$'000	\$'000	\$'000
Non-Current Assets		1,600		1,750
Current Assets				
Stock	300		400	
Trade debtors	875		925	
Bank	325		375	
	1,500		1,700	
Current Liabilities				
Trade creditors	(400)		(450)	
Net current assets		1,100		1,250

Non-current Liabilities			
8% debentures - issued 1998		(500)	(500)
		2,200	2,500
Capital and reserves			
Ordinary shares of \$1 each	1,700		1,700
Retained profits	500		800
		2,200	2,500

Required

- (a) Calculate the following ratios for both 2017 and 2018 to the nearest **TWO (2)** decimal places. All workings must be shown:
- Gross profit margin
 - Mark-up percentage
 - Net profit margin. Use net profit before interest

- (iv) Average stock turnover (number of times)
- (v) Current ratio
- (vi) Acid test ratio
- (vii) Debtors' collection period in days (all sales are made on credit)
- (viii) Creditors' settlement period in days (all purchases are made on credit)
- (ix) Return on total capital employed. Use net profit before interest.

(22 marks)

- (b) Briefly comment on the difference between the debtors' collection period and the creditors' settlement period as calculated for both 2017 and 2018.

(3 marks)

[Total 25 marks]

QUESTION 3

Kumar, Menon and Siva are in partnership sharing profits in the ratio 2:1:1.

They have fixed capitals of \$120,000; \$60,000 and \$50,000 respectively and interest on capital is allowed at the rate of 10% per annum.

During the year to 31 December 2016, the three partners took drawings of \$76,000; \$22,400 and \$24,000 respectively.

On 1 January 2016 all three partners had credit balances on their current accounts of \$800; \$640 and \$1,260 respectively.

In addition, Kumar is paid a salary of \$34,000 per annum.

The following information is also available relating to the year ended 31 December 2016:

	\$
Purchases	402,300
Sales	645,320
Stock at 1 January 2016	23,360
Stock at 31 December 2016	25,020
Depreciation	17,820
Discount received	2,260
Discount allowed	1,640
Rent payable	24,000
Light and heat	28,880
Wages	45,980
Repairs to equipment	7,620

Required

Prepare for the year ended 31 December 2016:

- a) Profit & Loss and Appropriation Account (14 marks)
- b) The Current Accounts for the three partners in columnar format. Dates may be ignored. (8 marks)
- c) List any **THREE** (3) advantages of forming a partnership. (3 marks)

[Total 25 marks]

QUESTION 4

Hung Hing Ltd has an authorised share capital of 400,000 ordinary shares of \$0.50 each, of which 320,000 ordinary shares are issued and fully paid. 120,000 preference shares of \$1.00 each were issued and fully paid.

It has \$80,000 of 5% debentures with interest being paid half-yearly on 30 June and 31 December. It also has a loan of \$60,000 with interest being paid at 8% on the same terms as the debentures. The debentures and loan are repayable in 2018.

The following information is available for the year ended 31 December 2016:

	\$
Directors' salaries	56,000
Wages	184,000
Sales	1,070,000
Cost of sales	580,000
General expenses	128,200

Additional information at 31 December 2016:

	\$
Premises at net book value	480,000
Debtors	37,600
Creditors	23,600
Machinery at net book value	360,000
Bank	52,400 Dr
Closing stock	122,000
Share premium	120,000
General reserve at 1 January 2016	80,000
Retained profits at 1 January 2016	295,400

- (i) The directors have proposed that a dividend of \$0.05 per share is paid on the ordinary shares.
- (ii) Dividends are also to be paid on the preference shares. \$20,000 is to be transferred to the General Reserve from the retained profits.
- (iii) All interest payments were made on their due dates.

Required

Prepare the following statements:-

- a) Profit & Loss and Retained Earnings Account for the year ended 31 December 2016. (9 marks)
- b) Statement of Financial Position at 31 December 2016. (13 marks)
- c) Define the term limited liability company. (3 marks)

[Total 25 Marks]

END OF QUESTION PAPER