

**BERJAYA BUSINESS SCHOOL**

**FINAL EXAMINATION**

Student ID (in Figures) : 

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Student ID (in Words) : \_\_\_\_\_  
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Subject Code & Name : **ACC1613 FINANCIAL ACCOUNTING 1**  
Trimester & Year : SEPTEMBER – DECEMBER 2017  
Lecturer/Examiner : FARIDAH HANUM AMRAN  
Duration : 3 Hours

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**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.

Regina Fallengie extracted the following Trial Balance at 28 February 2017:

Regina Fallengie  
Trial Balance as at 28 February 2017

	\$	\$
Stock at 1 March 2016	41,508	
Bad debts	10,080	
Purchases and Sales	1,357,020	1,932,660
Stationery expenses	48,000	
Insurance	42,480	
General expenses	3,480	
Return Inwards and Return Outwards	2,970	34,632
Wages and salaries	300,780	
Capital		728,676
Debtors and Creditors	329,400	86,220
Allowance for doubtful debts		1,800
Drawings	158,340	
Bank	48,780	
Cash	810	
Fixtures and fittings, at cost	187,200	
Motor vehicles, at cost	324,000	
Accumulated depreciation:-		
- Fixtures and fittings		37,440
- Motor vehicles		54,000
Discount allowed and Discount received	32,940	12,360
	2,887,788	2,887,788

Additional information at 28 February 2017:

- (i) Closing stock was valued at \$124,380.
- (ii) Wages and salaries owing \$13,140.
- (iii) Insurance prepaid \$1,584.
- (iv) A general expense of \$1,800 was wrongly taken up in stationery expenses. This amount has yet to be adjusted as at end of December 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 28 February 2017. (11 marks)
- b) A Statement of Financial Position as at 28 February 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 Amrita:

<b>Balances at 1 May 2017:</b>	<b>Dr (\$)</b>	<b>Cr (\$)</b>
Purchases Ledger Control Account		86,769
Sales Ledger Control Account	265,368	

Transactions for the month of May 2017:

	<b>\$</b>
Credit sales	139560
Cash sales	10680
Cheque payments to creditors	38625
Credit purchases	46155
Goods returned by debtors	1578
Cash purchases	720
Debtor's cheque dishonoured	450
Discount allowed	2196
Goods returned to creditors	696
Bad debts written off	1260
Discount received	855
Cheques received from debtors	126564
Legal fees reimbursed to debtors	3600
Interest charged to debtors	1500
Transfers of debit balances in sales ledger to purchases ledger	7500

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

**Required**

a) Prepare the following control accounts:-

- i) Purchase Ledger Control Account for the month of May 2017. (7 marks)
- ii) Sales Ledger Control Account for the month of May 2017. (11 marks)

b) Prepare as at 31 May 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

Amelia Roslina Sdn Bhd provides for depreciation of its machinery at 10% 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 31<sup>st</sup> December.

The following was extracted from Amelia Roslina Sdn Bhd machine records:

15 May 20x7	Purchased machine A \$35,000 by cheque.
28 August 20x7	Purchased machine B \$42,000 by cheque.
2 February 20x8	Purchased machine C \$44,000 by cheque.
17 July 20x9	Amelia sold the machine A purchased in 20x7 for \$7,800 and bought a new machine D for \$43,000 on 17th July 20x9.

### **Required**

- a) Prepare the following accounts, for each of the years ended 31 December 20x7, 20x8 and 20x9:
- (i) Machine Account (6 marks)
  - (ii) Accumulated Depreciation of Machine Account (8 marks)
  - (iii) Disposal of Machine Account (3 marks)
- b) List **THREE (3)** causes of depreciation. (3 marks)

**[Total 20 marks]**

**QUESTION 3**

Miera Nassir Sdn Bhd operates a retail business. The following are the financial statements for the last two years.

**Miera Nassir Sdn Bhd**  
**Statement of Comprehensive Income for the year ended 31 January**

	<b>2010</b> <b>(\$)</b>	<b>2011</b> <b>(\$)</b>
Sales	160,000	240,000
<b>Cost of sales:</b>		
Opening stock	28,000	14,000
Purchases	106,000	174,000
	134,000	188,000
Less closing stock	14,000	20,000
	120,000	168,000
<b>Gross profit</b>	<b>40,000</b>	<b>72,000</b>
Less expenses:		
General expenses	30,800	41,200
Debenture interest	800	3,200
<b>Net profit</b>	<b>8,400</b>	<b>27,600</b>

**Miera Nassir Sdn Bhd**  
**Statement of Financial Position as at 31 January**

	<b>2010</b> <b>(\$)</b>	<b>2011</b> <b>(\$)</b>
Fixed assets at net book value	98,000	112,000
<b>Current Assets</b>		
Stock	14,000	20,000
Debtors	22,000	26,400
Bank	-	4,000
	36,000	50,400
<b>Current Liabilities</b>		
Creditors	12,000	9,600
Bank	8,000	-
	20,000	9,600
Working Capital	16,000	40,800
	<b>114,000</b>	<b>152,800</b>
<b>Financed by:-</b>		
<b>Non- Current Liabilities</b>		
8% Debentures	10,000	40,000

<b>Owner's Equity</b>		
Capital	80,000	80,000
Retained profit	24,000	32,800
	104,000	112,800
	<b>114,000</b>	<b>152,800</b>

**Required**

a) Calculate correct to **TWO (2) decimal places** the following ratio for each of the two years 2010 and 2011. 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 average 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**

Maria Arina started business on 2 January 2015 buying and selling a single product. Details of purchases and sales for the year of 2016 were as follows:

<b>Date</b>	<b>Details</b>	<b>Unit</b>	<b>Purchase Price (\$)</b>	<b>Selling Price (\$)</b>
January	Opening Balance	50	14.50	
February	Purchases	25	16.70	
April	Purchases	15	17.50	
May	Sales	35		44.50
October	Purchases	10	15.00	
November	Sales	45		50.50

**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**

Haanah Savannah records her bank and cash transactions in a 3-column Cash Book. On 1 February 2015, she had a cash balance of \$1,240 and a bank balance of \$14,284. The following transactions took place during February 2015:

February	Details
3	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"> <li>- Sheila \$520</li> <li>- Farhan \$640</li> <li>- Olly \$840</li> </ul>
5	Paid for electricity bills by cheque \$860.
7	Bianca provides \$10,000 loan to Hannah by cheque.
9	Hannah paid the following accounts by cheque (all amounts are pre-discount), in each case deducting a 10 per cent cash discount: <ul style="list-style-type: none"> <li>- Waltz \$1,440</li> <li>- Gemma \$1,920</li> <li>- Fiona \$3,200</li> </ul>
11	Hannah paid for printer repair and maintenance with cash \$162.
13	Payne pays her account of \$180, by cheque \$176, deducting \$4 cash discount.
16	Hannah paid rent in cash \$1,160.
19	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"> <li>- Priya \$1,080</li> <li>- Emmy \$1,400</li> <li>- Aliah \$1,040</li> </ul>
22	Cash withdrawn from the bank \$800 for business use.
25	Cash Drawings \$400.
26	Paid Philip his account of \$320, by cash \$300, having deducted \$20 cash discount.
28	Bought a new printer paying by cheque \$1,440.
28	Hannah received commission by cheque \$240.

**Required**

Write up the 3-column Cash Book for the month of February 2015, carrying down the balances.

**[Total 20 marks]**

**END OF QUESTION PAPER**