

CONFIDENTIAL



**UNIVERSITI TUN HUSSEIN ONN
MALAYSIA**

**FINAL EXAMINATION
SEMESTER II
SESSION 2012/2013**

COURSE NAME : BASIC ACCOUNTING
COURSE CODE : BPK 10403
PROGRAMME : BIT
EXAMINATION DATE : JUNE 2013
DURATION : 3 HOURS
INSTRUCTION : ANSWER ALL QUESTIONS

THIS QUESTION PAPER CONSIST OF FIVE (5) PAGES

CONFIDENTIAL

Q1 Faster Enterprise, a merchandising company owned by Mr SYS, has been in operation for a few months. The company applies the perpetual inventory system in its recording. The following transactions were completed by the company during Jan 2013.

- Jan 3 Purchased RM5,000 of merchandise from Kwok Company on terms of 1/15, n/30, FOB shipping point.
- 5 Received RM1,350 cash from customers on their account.
- 7 Paid RM600 for freight charges on the merchandise purchased on 3 April.
- 8 Returned merchandise purchased from Kwok Company on 3 April, RM500.
- 11 Sold merchandise with a retail value of RM4,500 to Mademoiselle on terms of 2/10, n/30, FOB shipping point of RM500 was paid immediately. The cost of merchandise sold was RM2,750.
- 13 Paid Kwok Company for the purchase of 3 April.
- 17 Mademoiselle returned RM400 of defective merchandise from its 11 April purchase. The cost of defective merchandise was RM280.
- 25 Received cash from Mademoiselle for the balance due.

- (a) Prepare journal entries to record the above transactions. (20 marks)
- (b) Explain the differences between a merchandising business and a service business. (5 marks)

- Q2** Y2K Sdn Bhd is a hardware supplier in Malaysia. The company's accounts balances for the financial year ended 31 December 2012 is as in **Table Q1**.

Table Q1: Account Balances for The Year Ended 31 December 2012

	RM
Sales revenue	3,805,000
Sales commission	35,800
Insurance expense	13,200
General expense	150,000
Advertising expense	280,000
Directors' salary	90,000
Salaries expense	560,000
Beginning finished goods inventory	256,500
Direct labour	645,000
Factory depreciation	116,500
Beginning direct materials inventory	64,600
Raw material purchased	1,265,000
Beginning work in process	22,500
Factory utilities expense	40,200
Factory supplies used	8,970
Taxes on factory	4,140

Additional information:

Ending inventories:

Finished goods	RM314,640
Work in process	RM28,500
Direct materials	RM102,600

The allocation of expenses for the factory and office is as follows:

	<u>Factory</u>	<u>Office</u>
Salary expense	75%	25%
Insurance expense	60%	40%
General expense	70%	30%

- (a) Prepare the statement of cost of goods manufactured of Y2K Sdn Bhd for the year ended 31 December 2012. (10 marks)
- (b) Prepare the income statement of Y2K Sdn Bhd for the year ended 31 December 2012. (8 marks)
- (c) Define and calculate the following cost:

- (i) Prime cost (3.5 marks)
- (ii) Conversion cost (3.5 marks)

Q3 SoftIT Sdn Bhd an external hard discs manufacturer has started its operation since last year. On the first year of its operation, the company suffered because a tight competition in external hard discs market. In response to that situation, management requested a company accountant, Mr. Halim to perform cost-volume-profit analysis on its existing model of external hard discs manufactured, Model X221. The detailed information about the product is as follows:

<u>Item</u>	
Selling price (per unit)	RM 400
Variable cost (per unit)	RM 250
Fixed cost	RM 750,000
Production capacity	12,000 units

- (a) Calculate:
- (i) The company's unit contribution margin and contribution margin ratio for Model X221. (4 marks)
- (ii) The company's break- even point in units and RM for Model X221. (5 marks)
- (iii) Assume that management wants the company to earn a minimum profit of RM55,000, how many units will have to be sold to meet this target profit? (4 marks)
- (b) At the same time, management plans to introduce new model of external hard disc, Model Y332 as replacement to the old model, Model X221. The production of older model will immediately terminate as soon as the new model is manufactured. Production of new model is expected to reduce variable cost by 30% and to increase annual fixed cost by RM500,000. Projected selling price for new model is RM500 per unit.

Under the proposed program (to manufacture model Y332), calculate;

- (i) The new unit contribution margin. (3 marks)
- (ii) The new break- even point in units and monetary value. (5 marks)

(iii) Would you recommend that the replacement be made?

(2 marks)

(c) State **TWO (2)** purposes of break- even point analysis.

(2 marks)

Q4 Syarikat ICT has assembled the following data for the first quarter of 2013:

- Sales in December 2012 were 25,000 units. On 31 December 2012, the following balance are given as below:
 - Account Receivables RM40,000
 - Account Payable RM10,000
 - Inventory 4,000 units.
- The company expected sales to increase 20% in January, 25% in February, 20% in March and April.
- The selling price is RM10 per unit and sales are 30% cash and 70% credit. Collection policy of the company are 70% of credit sales collected in the month of sale and 30% collected in the month following sale.
- The management wants ending inventory equal to 20% of the following month's budgeted sales in unit.
- Average purchase cost was RM0.50 per unit. 50% of a month's purchase is paid in the month of purchase and the balance is paid in the following month.

Based on the information provided,

(a) Prepare the Sales and Cash Collection Budget for 3 month period, January – March 2013.

(10 marks)

(b) Prepare the Purchase and Cash Payment Budget for 3 month period, January – March 2013.

(10 marks)

(c) Explain **TWO (2)** objectives of preparing budget to a firm.

(5 marks)

-END OF QUESTION-