



UNIVERSITI TUN HUSSEIN ONN MALAYSIA

**FINAL EXAMINATION
SEMESTER I
SESSION 2016/2017**

TERBUKA

COURSE NAME : PRINCIPLES OF ACCOUNTING
COURSE CODE : BPA 11403
PROGRAMME CODE : BPA
EXAMINATION DATE : DECEMBER 2016 / JANUARY 2017
DURATION : 3 HOURS
INSTRUCTION : ANSWERS ALL QUESTIONS

THIS QUESTION PAPER CONSISTS OF FIVE (5) PAGES

- Q1 Use the following financial statements of Cekap Cergas Sdn Bhd to complete the requirements.

Cekap Cergas Sdn Bhd
Comparative Income Statements
For Years Ended December 31, 2015 and 2014

Item	2015	2014
	(RM)	(RM)
Net sales (all credit sales)	2,486,000	2,075,000
Costs of goods sold	1,523,000	1,222,000
Gross profit	963,000	853,000
Operating Expenses	778,000	750,000
Operating Income	185,000	103,000
Interest Expense	44,000	46,000
Income before taxes	141,000	57,000
Tax Expense	47,000	19,000
Net income	94,000	38,000

Cekap Cergas Sdn Bhd
Comparative Balance Sheet
For Years Ended December 31, 2015 and 2014

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Item	2015	2014
	(RM)	(RM)
Current assets		
Cash	79,000	42,000
Short term investments	65,000	96,000
Accounts receivable, net	120,000	100,000
Merchandise inventory	250,000	265,000
Total current assets	514,000	503,000
Fixed assets	1,170,000	1,175,000
Total assets	1,684,000	1,678,000
Current liabilities	265,000	292,000
Long term liabilities	400,000	420,000
Total liabilities	665,000	712,000
Stockholders' Equity		
Common stock, RM5 par value	475,000	475,000
Retained earnings	544,000	491,000
Total stockholder equity	1,019,000	966,000
Total liabilities and equity	1,684,000	1,678,000

- (a) Prepare common size income statement for the year 2015.

(10 marks)

- (b) Determine the following ratios for the year 2015:
 - (i) the acid-test ratio.
 - (ii) the inventory turnover ratio.
 - (ii) the return on common stockholder's equity.

(12 marks)

- (c) State **TWO (2)** functions of financial analysis for external users of accounting information.

(3 marks)

Q2 Fikir Baik Sdn Bhd is a merchandiser of two different products. The company's March 30, 2016 inventories are sports equipment 70,000 units and apparel, 40,000 units. Management believes that excessive inventories have accumulated for both products. As a result, a new policy dictates that ending inventory in any month should equal 45% of the expected unit sales for the following month. The costs per unit for each product are RM35 for sports equipment and RM25 for apparel.

Expected sales in units for April, May, June and July are as follow :

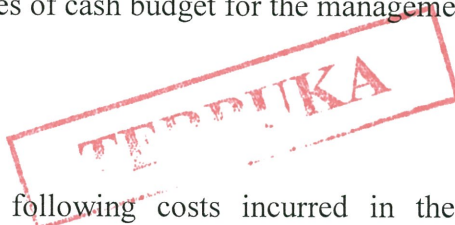
	Budgeted Sales in Units			
	April	May	June	July
Sports equipment	66,000	85,000	90,000	80,000
Apparel	36,000	30,000	30,000	18,000

- (a) Prepare a merchandise purchases budget for both products for the months of April, May, and June 2016.

(24 marks)

- (b) Give **TWO (2)** purposes of cash budget for the management.

(3 marks)



- Q3**
- (a) Identify whether the following costs incurred in the production and sale of smartphones is a product cost (PR) or period cost (PE).
 - (i) Premiums on insurance policy for factory building.
 - (ii) Plastic for outside housing of smartphones.
 - (iii) License fees for use of patent for smartphone microchip motherboard system.
 - (iv) Commission paid to sales representative.
 - (v) Cost of advertising on national television
 - (vi) Salary of quality control supervisor who inspects the finished goods before shipment.

(3 marks)

- (b) The Financial Controller of Usaha Jaya Sdn Bhd has resigned in early December 2015. Due to this, an inexperienced assistant accountant has to prepare the following income statement for the Month of December, 2015.

Usaha Jaya Sdn Bhd

Income Statement

For the month ended, 31 December 2015

	(RM)	(RM)
Sales (net)		670,000
Less:		
<u>Operating Expenses</u>		
Raw Materials Purchased	200,000	
Salary Expenses	150,000	
Selling and Administrative Expenses	137,000	
Depreciation on Equipment	95,000	
Indirect Labour Cost	20,000	
Factory Rent	80000	682,000
Net Loss		(12,000)

Prior to December 2015, Usaha Jaya Sdn Bhd had been profitable every month. The entity's CEO is concerned about the accuracy of the above income statement. As a friend of the CEO, you have been asked to review the income statement and make necessary corrections. After examining the manufacturing data, you have acquired additional information as follow:

- Inventory balances at the beginning and end of December 2015 were :

	December 1 (RM)	December 31 (RM)
Raw materials	18,000	33,000
Work in process	25,000	21,000
Finished goods	40,000	62,000

- RM110,000 of the selling and administrative expenses was for selling expenses and the remaining was for administrative expenses.
- 80% of salary expenses is direct labour cost.
- 2/3 of administrative expense is for factory.
- 55% of depreciation on equipment is for administration expense.

- (i) Prepare a statement of cost of goods manufactured for the year ended, 31 December 2015. (12 marks)
- (ii) Prepare an income statement for December 31, 2015. (10 marks)

Q4 The following information is selected from the records of Pasti Jaya Sdn Bhd, which produces and sells two products:

	Product X (RM)	Product Y (RM)
Selling price per unit	11.00	18.00
Units sold	120,000	40,000
Variable cost per unit	4.00	8.00

Fixed overhead cost are RM256,000.

The company has developed a new material that will reduce the variable cost per unit for each product as follows: product X by RM1.50 and product Y by RM 4.00. However the new material will require new equipment that will increase annual fixed cost by RM43,000.

- (a) Determine the sales mix. (2 marks)
- (b) Determine the company's break even points in both sales units and sales dollars if the company uses the new material. (13 marks)
- (c) If the company continues to use the old material, the contribution margin ratio per composite unit is RM31. Assume that the company sets a target of monthly aftertax income of RM660,000 when the tax rate is 25%.

Calculate for each product, the unit sales at the targeted after tax income. (8 marks)

-END OF QUESTIONS-