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**UNIVERSITI TUN HUSSEIN ONN MALAYSIA**

**FINAL EXAMINATION  
SEMESTER II  
SESSION 2011/2012**

COURSE NAME : BASIC ACCOUNTING  
COURSE CODE : BPK 10403 / BPK 1043  
PROGRAMME : 1 BIT  
EXAMINATION DATE : JUNE 2012  
DURATION : 3 HOURS  
INSTRUCTION : ANSWER ALL QUESTIONS

**THIS QUESTION PAPER CONSISTS OF SIX (6) PAGES**

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- Q1** ABC Telecommunications Sdn Bhd is a supplier for telecommunications industry in Malaysia. The company's accounts balances for the financial year ended 31<sup>st</sup> December 2011 is in **Table Q1** below.

**Table Q1:** Account Balances For The Year Ended 31 December 2011

	RM
Sales revenue	1,188,000
Sales commission	18,400
Insurance expense	6,600
General expense	75,000
Advertising expense	70,000
Directors' salary	90,000
Salaries expense	157,000
Beginning finished goods inventory	184,000
Direct labour	175,000
Factory depreciation	6,500
Beginning direct materials inventory	8,050
Raw material purchased	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	RM188,000
Work in process	RM11,730
Direct materials	RM12,600

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 ABC Telecommunications Sdn Bhd for the year ended 31 December 2011. (10 marks)
- (b) Prepare the income statement of ABC Telecommunications Sdn Bhd for the year ended 31 December 2011. (8 marks)

(c) Define and calculate the following cost:

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

(7 marks)

**Q2** The following **Table Q2 (a)** is a bank statement for May 2012 of Setia Technology Bhd.

**Table Q2 (a): Bank Statement for May 2012**

Date	Item	Debit	Credit	Balance
		RM	RM	RM
1	Beginning Balance			369 Dr.
7	Cheque No. 354781	540		909 Dr.
8	Commission		2,655	1,746 Cr.
11	Cheque No. 354779	876		870 Cr.
14	Insurance – EFT payment	800		70 Cr.
16	Service Charge	25		45 Cr.
18	Cheque No. 354785	180		135 Dr.
20	Cheque No. 354778	430		565 Dr.
20	Cheque No. 354783	1,208		1,773 Dr.
22	Cheque No. 354784	325		2,098 Dr.
24	Deposit		12,780	10,682 Cr.
25	Cheque No. 354787	2,546		8,136 Cr.
26	Deposit		2,004	10,140 Cr.
27	Cheque No. 354780	1,658		8,482 Cr.
31	Deposit		338	8,820 Cr.

The cash account and the cash record of Setia Technology Bhd is shown in **Table Q2(b)** below.

**Table Q2(b): Cash Account**

Date	Ref	Details	RM	Date	Ref	Details	RM
2012 May 31	CR17		22,948	2012 May 1 31	CP24	Balance b/f	1,675
						Balance c/f	8,873
			22,948				12,400
							22,948

The cash receipts and payment record of Setia Technology Bhd is shown in **Table Q2(c)** below.

**Table Q2(c): The Cash Receipts and Payments**

CASH RECEIPTS (CR 17)		CASH PAYMENTS (CP 24)		
Date	Debit (RM)	Date	Cheques No.	Credit (RM)
May 1	4,500	May 2	354780	1,865
14	12,780	4	354781	540
22	338	5	354782	1,255
25	1,537	5	354783	1,208
26	2,004	7	354784	325
28	1,789	12	354785	180
		17	354786	954
		22	354787	2,546
<b>Total</b>	<b>22,948</b>	<b>Total</b>		<b>8,873</b>

Additional Information:

- (i) Non-sufficient fund (NSF) cheque received on 28 May 2012 from a customer.
- (ii) Incorrect amount of cheque no. 354780 has been identified in the cash account

Based on the information provided,

- (a) Prepare the bank reconciliation statement as at 31 May 2012. (17 marks)
- (b) List **TWO (2)** uses of the statement of cash flow. (4 marks)
- (c) State **TWO (2)** importance of cash control. (4 marks)

**Q3** Syarikat ICT has assembled the following data for the second quarter of 2011:

- Sales in March were 25,000 units. On 31<sup>st</sup> March, the following balances were recorded:
  - Account Receivables RM40,000
  - Account Payable RM10,000
  - Inventory 4,000 units.
- The company expected sales to increase 20% in April, 25% in May, 20% in June and July.

- The selling price is RM10 per unit and sales are 30% cash and 70% credit. The collection procedure 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 the ending inventory to be equal to 20% of the following month's budgeted sales in units.
- Average purchase cost is RM0.50 per unit and 50% of a month's purchase is paid in the same 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 the months of April until June 2011. (10 marks)
- (b) Prepare the Purchase and Cash Payment Budget for the months of April until June 2011. (10 marks)
- (c) Explain **TWO (2)** objectives of preparing budget to a firm. (5 marks)

- Q4** (a) 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. Ashraf to perform cost-volume-profit analysis on its existing model of external hard discs manufactured, Model X221. The detailed information about the product are as follows:

<u>Item</u>	<u>RM</u>
Selling price (per unit)	400
Variable cost (per unit)	250
Fixed cost (per month)	100,000
Production capacity (per month)	500 unit

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)

- (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.  
(ii) The new break- even point in units.

(6 marks)

- (c) Assuming the company does go ahead with the proposed program;

- (i) Calculate how many external hard discs the company would have to sell to realize the RM656,250 of targeted profit.

(3 marks)

- (i) Calculate the margin of safety (in RM and in %) if the selling price increases by 20%.

(5 marks)

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

(2 marks)

**END OF QUESTION PAPER**