



**FACULTY OF BUSINESS**

**FINAL EXAMINATION**

Student ID (in Figures) :

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Student ID (in Words) :

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Course Code & Name : **ACC1513 ACCOUNTING**

Semester & Year : JANUARY – APRIL 2022

Lecturer/Examiner : JAMES LIOW

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 are to be written in the Answer Booklet provided.  
PART B (80 marks) : Answer FOUR (4) out of FIVE (5) short answer questions. Answers are to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorised 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.

**Total Number of pages = 9 (Including the cover page)**

**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.

**QUESTION 1**

PH Chong has been running a retail shop for many years. The following trial balance was extracted from the books of PH Enterprise as at 31 December 2021:

	RM	RM
Sales		358,207
Accounts receivable	51,000	
Accounts payable		61,000
Stock, 1 January 2021	31,000	
Return inwards/outwards	4,250	3,250
Purchases	260,000	
Discounts allowed/received	3,456	1,234
Rent expenses	6,600	
Salaries and wages	56,789	
Motor vehicle maintenance expenses	6,543	
Motor vehicles, at cost	29,000	
Accumulated depreciation - motor vehicles		5,800
Fixtures and fittings, at cost	11,000	
Accumulated depreciation - fixtures & fittings		1,100
Sundry expenses	987	
Utilities expenses	2,345	
Allowance for doubtful debts		3,250
Bank overdraft		6,500
Cash in hand	621	
Capital		30,000
Drawings	3,000	
Carriage inwards	2,500	
Carriage outwards	1,250	
	<b>470,341</b>	<b>470,341</b>

Additional information:

- (i) Stock held at 31 December 2021 was RM19,000.
- (ii) PH Chong took out goods worth of RM1,500 for his personal use.
- (iii) An unpaid salary and wages of RM1,800 was still outstanding as at 31 December 2021.
- (iv) Prepaid motor vehicle maintenance expenses of RM350.
- (v) Rent expenses of RM600 was wrongly debited to utilities expenses.

- (vi) An outstanding invoice to one of the accounts receivables of RM2,760 was irrecoverable and to be written off as bad debts. The allowance for doubtful debts was to be adjusted at 5% of the accounts receivable balance.
- (vii) Depreciation policy is as follows:
- Motor vehicles at 20% straight line method
  - Fixtures and fittings at 10% reducing balance method

*(All amounts are to be rounded to the nearest Ringgit)*

**Required**

Prepare the following statements for the financial year ended 31 December 2021:

- a) Statement of profit or loss (11 marks)
- b) Statement of financial position (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

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**QUESTION 1**

Vijay Singh maintains a full set of accounting records and prepares control accounts at the end of each month.

The following balances were extracted as at 1 January 2022:

	<b>RM</b>
Sales ledger control accounts	43,628
Purchase ledger control accounts	24,695
Allowance for doubtful debts	1,800

The following transactions were made in the month of January 2022:

	<b>RM</b>
Interest charged for overdue payment to accounts receivable	326
Legal fees charged to accounts receivable	3,290
Cash purchases	12,735
Return inwards	1,938
Bad debts written off	853
Cheque payments to credit suppliers	64,320
Discount received	1,717
Cash sales	76,321
Accounts receivable's cheques dishonoured	2,639
Return outwards	1,222
Credit sales	132,845
Discount allowed	3,699
Transfer of debit balance in Sales Ledger to Purchases Ledger	2,850
Credit purchases	70,394
Cheques received from credit customers	144,820

The allowance for doubtful debts was to be adjusted to 5% of accounts receivable at 31 January 2022.

**Required**

Prepare the following for the month of January 2022:

- a) Sales ledger control accounts. (7 marks)
- b) Purchases ledger control accounts. (5 marks)
- c) Statement of financial position extract showing the balance for accounts receivable, accounts payable and working capital. (5 marks)

- d) Calculate the amount to be charged as doubtful debts in the profit or loss. Indicate whether the amount is increase/decrease and debit/credit to profit or loss. (3 marks)

**[Total 20 marks]**

### QUESTION 2

Mr Chan commenced his retail business on 1 January 2020 and acquired five units of equipment costing RM135,000 each on that date. No other addition and disposal were made during 2020.

For the year ended 31 December 2021, two units of equipment purchased in 2020 were disposed and replaced with higher capacity new equipment. The following information relating to the equipment for the year ended 31 December 2021 is as follows:

Date	Details	RM
1 June	Payments for new equipment – Purchase costs	280,000
	– Installation costs	12,500
30 Sept	Proceeds from sale of two units of equipment purchased in 2021	104,500

Depreciation on equipment is to be provided at a rate of 20% per annum using the reducing balance method. Full year depreciation is calculated in the year of purchase but none in the year of sale.

#### Required

- a) Prepare the following accounts for the year ended 31 December 2021:
- (i) Equipment (6 marks)
  - (ii) Accumulated depreciation of equipment (6 marks)
  - (iii) Disposal of equipment (5 marks)
- b) List **TWO** (2) causes of depreciation. (2 marks)
- c) Name **ONE** (1) depreciation method besides reducing balance. (1 mark)

**[Total 20 marks]**

### QUESTION 3

Muthu Trading uses a perpetual inventory system. The following information of the opening balance, purchases and sales are extracted from the warehouse systems for the month of March 2022:

Date	Opening Balance	Purchase	Issue
1 March	10 units @ RM120.00		
10 March		40 units @ RM125.00	
15 March			45 units
21 March		70 units @ RM130.00	
26 March			3 units

The selling price of the unit sold is set at RM220 per unit.

**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 (*Average unit cost to be rounded to 2 decimal places*) (5 marks)
- b) Compare the results of the three inventory methods in a tabular format and determine the gross profit for each of the methods. (4 marks)
- c) Based on the information in part (b) above, state which method produces the lowest gross profit. (1 mark)

**[Total 20 marks]****QUESTION 4**

David Trading is a sole proprietor who keeps records of his cash and bank transactions in a three-column cash book. The balances in the cash book as at 1 January 2022 were: cash RM12,680 and bank overdraft RM30,980. Transactions made in January 2022 were as follows:

Date	Details
2 Jan	Received the cheques for the following accounts receivable: <ul style="list-style-type: none"><li>- Leung, who was given a cash discount of 2.5% to settle his account of RM150,000.</li><li>- Haji Sahak paid full settlement of RM14,000 with a cash discount of 2.5%.</li></ul> (All cheques were banked on the same day)
5 Jan	Paid a 20% deposit by cheque for the purchase of a motor van costing RM200,000. The balance was to be paid on delivery three weeks later.
7 Jan	Received a cheque of RM190,000 from Hilly Company as commission for work done.
14 Jan	Cash amounting to RM8,790 from sales were deposited into the bank directly.
17 Jan	David withdrew RM3,200 cash to pay his son's school fees.
24 Jan	Settled the following accounts: <ul style="list-style-type: none"><li>- Kam Kee's account of RM35,000 by cheque, with a cash discount of 3%.</li><li>- Mohd Adam's account of RM12,000 by cheque, with a cash discount of 3%.</li></ul>
25 Jan	Withdrew RM9,000 from the bank for business use.
26 Jan	Paid the balance of the motor van purchased on 5 January by cheque.
28 Jan	Received the following cheques for the following accounts receivable: <ul style="list-style-type: none"><li>- Jane Wholesaler of RM7,000 with a cash discount of 2.5%.</li><li>- Fatimah Trading of RM4,200 with a cash discount of 2.5%.</li></ul>
30 Jan	Paid wages of RM10,000 in cash and RM20,000 by cheque.

Note:

- All cash discount amounts are pre-discount.
- All amounts are to be rounded to the nearest Ringgit

**Required**

- a) Write up the 3-column cash book for the month of January 2022. Balance the cash book and bring down the balances at 1 February 2022. (14 marks)

On 4 February 2022, David Trading received a bank statement from the bank for the month of January 2022 and it was found that the balance of his cash book and the bank statement was different by the following transactions:

Bank Statement for the month of January 2022				
January	Details	Dr (RM)	Cr (RM)	Balance (RM)
1	Balance b/d			(30,980)
5	Deposit		146,250	115,270
5	Deposit		13,650	128,920
8	Cheque	40,000		88,920
10	Deposit		190,000	278,920
18	Deposit		8,790	287,710
27	Cheque	33,950		253,760
27	Cheque	8,640		245,120
29	Cheque	9,000		236,120
29	Direct credit from SS Trading		3,500	239,620
31	Bank interest	170		239,450

- b) Based on the information obtained from the bank statement, update the cashbook for the month of August 2021. (2 marks)
- c) Perform the bank reconciliation statement as at 31 January 2021. (4 marks)

**[Total 20 marks]**

**QUESTION 5**

The financial statements of Gopa, a large retail company, are as follows:

<b>Statement of Profit or Loss for the year ended 31 December</b>		
	<b>2020</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Sales (all on credit)	6,100	8,500
Opening stock	300	500
Purchases	3,400	5,380
Closing stock	(500)	(780)
Cost of sales	3,200	5,100
Gross profit	2,900	3,400
Operating expenses	(1,500)	(1,250)
Profit from operations	1,400	2,150
Interest payable	(40)	(20)
<b>Net profit</b>	<b>1,360</b>	<b>2,130</b>

<b>Statement of Financial Position as at 31 December</b>		
	<b>2020</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current assets</b>	4,245	6,462
<b>Current assets</b>		
Inventories	500	780
Accounts receivable	650	780
Bank	16	87
	1,166	1,647
<b>Total assets</b>	<b>5,411</b>	<b>8,109</b>
<b>Equity and liabilities</b>		
Capital	3,129	5,686
<b>Non-current liabilities</b>		
Term loan	1,500	1,500
<b>Current liabilities</b>		
Accounts payable	723	836
Other payable	59	87
	782	923
<b>Total equity and liabilities</b>	<b>5,411</b>	<b>8,109</b>

**Required**

- a) Calculate correct to **TWO (2) decimal places** the following ratio for each of the two years 2020 and 2021. Show all workings.
- (i) Gross profit margin
  - (ii) Net profit margin
  - (iii) Return on the capital employed (net profit before interest)
  - (iv) Current ratio
  - (v) Acid test ratio
  - (vi) Rate of stock turnover (times)
  - (vii) Accounts receivable's collection period (in days)
  - (viii) Accounts payable's collection period (in days)
- (16 marks)
- b) Comment on the change in the firm's gross profit margin and net profit margin.

(4 marks)

**[Total 20 marks]**

**END OF QUESTION PAPER**