



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **ACC1513 ACCOUNTING**
Semester & Year : JANUARY – APRIL 2023
Lecturer/Examiner : JAMES LIOW
Duration : 3 Hours

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.

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

The Trial Balance extracted from the books of accounts of Western Trading as at 31 March 2023 is given below:

Western Trading		
Trial Balance as at 31 March 2023		
	RM	RM
Purchases	129,150	
Office equipment	20,000	
Motor vehicle	17,000	
Accumulated depreciation:		
- Office equipment		10,000
- Motor vehicle		6,800
Sales		238,100
Salaries and wages	59,340	
Utilities expenses	8,400	
Rent expenses	6,200	
Maintenance expenses	4,000	
Telephone expenses	7,650	
General office expenses	3,180	
Accounts receivable	36,760	
Allowance for doubtful debts		560
Accounts payable		22,440
Drawings	15,900	
Cash at bank		7,070
Cash in hand	300	
Stock (1 April 2022)	8,000	
Carriage inwards	2,650	
Carriage outwards	1,330	
Return inwards/return outwards	3,300	1,800
Discount allowed/discount received	2,400	3,550
Capital		35,240
	325,560	325,560

Additional information:

- (i) The details of the property, plant and equipment, its useful life and the method of depreciation are listed below:

	%	Basis
Office equipment	10	Straight line
Motor vehicle	20	Reducing balance

- (ii) The following accrued and prepayment as at 31 March 2023 are to be accounted for:
- Prepaid rent expenses of RM500
 - Accrued salaries and wages of RM1,800
 - Received RM2,600 in advance from customers has been wrongly included as sales
- (iii) A trade receivable balance of RM340 as at 31 March 2023 from Brime Trading was decided to be written-off as bad debt. Allowance for doubtful debts of 3% should be provided on accounts receivable balance at the end of the year.
- (iv) The drawings of RM1,230 was wrongly debited to the purchases account.
- (v) Closing inventory as at 31 March 2023 was valued at RM10,920.

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

Required

Prepare the following statements for the financial year ended 31 March 2023:

- a) Statement of profit or loss (10 marks)
- b) Statement of financial position (10 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 are the opening balance for the month of March 2023 regarding Sue Enterprise:

	RM
Sales ledger	43,900
Purchases ledger	32,356
Allowance for doubtful debts	1,270

In the month of March 2023, the following transactions were made:

	RM
Interest charged to accounts receivable for late payment	1,502
Debit balance on sales ledger transferred to purchase ledger	600
Cash purchases	2,349
Accounts receivable's cheque dishonoured	418
Legal fees for debt collection charged to credit customer's account	1,540
Sales on credit	644,320
Credit purchases	391,760
Returns outwards to credit suppliers	13,266
Returns inwards from credit customers	23,960
Cash sales	3,480
Discounts allowed	2,326
Discounts received	1,030
Bad debts written off	4,024
Payments to credit suppliers	368,424
Receipts from credit customers	615,086

The allowance for doubtful debts was to be adjusted to 3% of accounts receivable at 31 March 2023.

Required

Prepare the following for the month of March 2023:

- Purchase ledger control accounts. (5 marks)
- Sales ledger control accounts. (7 marks)
- Statement of financial position extract showing the balance for accounts receivable, accounts payable and working capital. (3 marks)
- 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. (2 marks)

- e) Name **THREE** (3) books of original entry besides sales day book and purchase day book. (3 marks)
[Total 20 marks]

QUESTION 2

Yusof Enterprise commenced his retail business on 1 January 2020 and acquired the motor vehicle for the running of its business:

Year	Details	RM
2020	Proton GX	55,000

No other addition and disposal were made during 2020.

For the year ended 31 December 2022, the motor vehicle which was purchased in 2020 were disposed and replaced with another lower consumption motor vehicle. The following information relating to the motor vehicle for the year ended 31 December 2022 is as follows:

Date	Details	RM
1 Sept	Payments for Toyota E Series – Purchase costs	95,000
	– Registration and inspection fees	3,000
31 July	Cash proceeds from sale of Proton GX	32,500

Depreciation on motor vehicle 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 2022:
- (i) Motor vehicle (6 marks)
 - (ii) Accumulated depreciation of motor vehicle (6 marks)
 - (iii) Disposal of motor vehicle (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

Tan & Tan 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 2023:

Date	Opening Balance	Purchase	Issue
1 March	10 units @ RM150.00		
10 March		50 units @ RM155.00	
15 March			35 units
21 March		20 units @ RM160.00	
26 March			10 units

The selling price of the unit sold is set at RM190.00 per unit.

Required

- Calculate the cost of the ending inventory and the cost of goods sold using the following methods:
 - First In, First Out (FIFO) (5 marks)
 - Last In, First Out (LIFO) (5 marks)
 - Weighted average cost (*Average unit cost to be rounded to 2 decimal places*) (5 marks)
- Compare the results of the three inventory methods in a tabular format and determine the gross profit for each of the methods. (4 marks)
- Based on the information in part (b) above, state which method produces the lowest gross profit. (1 mark)

[Total 20 marks]

QUESTION 4

Mr Francis owned Excellence Trading (ET). Following transactions relate to the business for the month of March 2023:

Date	Details	RM
1-Mar	Cash, brought down	2,200
2-Mar	Bank, brought down	20,100
7-Mar	Received from TT Enterprise by cheque after deducting 5% cash discount.	5,310
8-Mar	ET made a cash sales.	9,000
11-Mar	Accounts payable, Ali Supplies was paid by cheque, after deducting 2.5% cash discount.	8,700
13-Mar	Francis withdrew from bank for business use.	2,000
15-Mar	Francis managed to secure a business loan from SEM Bank Berhad.	15,000
16-Mar	Francis drew a cheque for his own personal use.	6,450
18-Mar	Paid electricity bills by cash.	780
25-Mar	One of the accounts receivable, SH Trading paid his accounts by cheque deducting 2.5% cash discount.	7,600
26-Mar	Paid salaries and wages in cheque.	18,000
27-Mar	Francis withdrew cash for his personal use.	5,000

28-Mar	Office rent paid by cheque.	6,000
29-Mar	Accounts payable, Zakir Enterprise paid by cheque net of 5% cash discount.	8,550
31-Mar	Bought furniture paying by cheque.	2,800
31-Mar	Received from SF Brothers by cheque less 5% cash discount.	6,500

Note:

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

Required

Write up the 3-column cash book for the month of March 2023. Balance the cash book and bring down the balances at 1 April 2023. (13 marks)

As at 31 March 2023, cash book of Excellence Trading shows a debit bank balance of RM1,875 and the amount is different from the bank statement balance.

Examination of the records revealed the following reasons for the said difference:

- (i) The bank has charged a loan interest of RM150.
- (ii) Cheque book charges of RM20.00
- (iii) Direct deposit of RM1,500 into the bank account by a credit customer has not been recorded in the cash book.
- (iv) Following deposited cheques were not realised during the month:
 - Cheque received from TT Enterprise on 7 March 2023
 - Cheque received from SF Brothers on 31 March 2023
- (v) Following issued cheques were not presented for payments:
 - Cheque paid to Zakir Enterprise on 29 March 2023
 - Cheque paid for furniture on 31 March 2023

Required

- a) Based on the information obtained from the bank statement, update the cashbook for the month of March 2023. (3 marks)
- b) Perform the bank reconciliation statement as at 31 March 2023. (4 marks)

[Total 20 marks]

QUESTION 5

The following financial statements relate to Signature Trading:

Trading and Profit or Loss Accounts for the years ended 31 December		
	2021 RM'000	2022 RM'000
Sales	3,750	4,500
Less: Cost of sales	(2,000)	(2,475)
Gross profit	1,750	2,025
Less: expenses (including interest)	(1,500)	(1,725)
Net profit	250	300

Statement of Financial Position as at 31 December		
	2021 RM'000	2022 RM'000
Non-current assets		
Property, plant & equipment	1,600	1,750
Current Assets		
Stock	300	400
Accounts receivable	875	925
Bank	325	375
	1,500	1,700
Current liabilities		
Accounts payable	400	450
Working capital	1,100	1,250
	2,700	3,000
Capital	2,200	2,500
Non-current liabilities		
8% loan	500	500
	2,700	3,000

Note:

- (i) Stock at 1 January 2021 was RM250,000
- (ii) All sales and purchases are on credit term

Required

- a) Calculate correct to **TWO** (2) decimals place the following ratios for each of the two years 2021 and 2022. 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) State the effect (increase or decrease) in the following scenarios that will have upon the accounts receivable and accounts payable:

No.	Scenario	Collection/Settlement Period (Days)	Turnover Rate (times)
(i)	Slow in collecting the debts from accounts receivable		
(ii)	Pay the accounts payable before the credit terms		

(4 marks)

[Total 20 marks]

END OF QUESTION PAPER