



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **ACC1124 ACCOUNTING 2**
Semester & Year : JANUARY-APRIL 2020
Lecturer/Examiner : Nur Afiah
Duration : 2 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
PART A (20 marks) : Answer ALL TWENTY (20) multiple choice questions. Answers are to be written in the Answer Booklet provided.
PART B (80 marks) : Answer FOUR (4) short answers 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 = 11 (Including the cover page)

PART B : SHORT ANSWER QUESTIONS (80 MARKS)

INSTRUCTION (S) : There are **FOUR (4)** questions in this section, answer **ALL** questions. Write your answers in the Answer Booklet(s) provided.

QUESTION 1

The following information was extracted from the transactions of BB Company as at 31 December.

		2018		2019
		RM		RM
Non currents assets				
Property, plant and equipment		30,000		45,000
Less: accumulated depreciation		<u>(9,000)</u>		<u>(15,000)</u>
Net book value		21,000		30,000
Current assets				
Inventory	3,000		2,320	
Trade accounts receivable	12,000		9,000	
Bank	3,000		8,200	
Cash	<u>620</u>	18,620	<u>420</u>	19,940
Total assets		39,620		49,940
Current liabilities				
Trade accounts payable		8,000		3,900
Equity				
Capital as at 1 January 2019		36,420		31,620
Net profit		1,400		800
Additional capital		-		26,120
Less: drawings		<u>(6,200)</u>		<u>(12,500)</u>
Capital as at 31 December 2019		31,620		46,040
		39,620		49,940

Required:

- Prepare a statement of cash flows using the indirect method.
- Explain **THREE (3)** users of Statement of Cash Flows.

(14 marks)

(6 marks)

[Total: 20 marks]

QUESTION 2 (A)

Shown below are data taken from a recent annual report of Zach Sdn Bhd.

Statement of Financial Position (Extract)

	Beginning of year	End of Year
	RM	RM
Non-current assets	425	500
Current assets	625	700
Total assets	1,050	1,200
Non-current liabilities	225	425
Current liabilities	275	175
Total liabilities	500	600
Total shareholders' equity	575	725

Statement of Profit or Loss and Other Comprehensive Income (Extract)

	RM
Net sales	1,900
Gross profit	900
Operating income	450
Net profit	300

Required:

Compute the following ratios:

- i. Current ratio
- ii. Net profit ratio
- iii. Gross profit ratio
- iv. Return on average total assets
- v. Return on average total equity

The answer is to be rounded to the nearest.

(10 marks)

QUESTION 2 (B)**CC Electric Company****Statement of Comprehensive Income For The year Ended 30 October 2019**

	2019		2018	
		RM		RM
Sales		1,400,000		900,000
Sales returns and allowances		<u>(66,667)</u>		<u>(40,210)</u>
Net sales		1,333,333		859,790
Cost of goods sold		(706,667)		(450,000)
Gross profit		626,667		409,790
Selling expenses	(386,667)		235,000	
Administrative expenses	(160,000)		130,000	
Total operating expenses		<u>(546,667)</u>		<u>(365,000)</u>
Operating income		80,000		44,790
Other income		<u>28,000</u>		<u>16,300</u>
Income before income tax		108,000		61,090
Income expense		(40,000)		(28,000)
Net income		<u>68,000</u>		<u>33,090</u>

Required:

Prepare the vertical analysis for the year of 2019 and 2018.

(10 marks)

The answer is to be rounded to 2 decimal places.

[Total: 20 marks]

QUESTION 3

Ezra and Eusoff were partners, sharing profits and losses equally. Their statement of financial position as at 31 January 2020 is as follows:

Ezra and Eusoff		
Statement of Financial Position As At 31 January 2020		
	RM	RM
Non-current assets		
Premises at NBV		75,000
Fittings at NBV		25,000
Machinery at NBV		<u>40,000</u>
		140,000
Current assets		
Inventory	45,000	
Accounts receivable	<u>19,000</u>	<u>64,000</u>
		204,000
Current Liabilities		
Accounts payable	9,500	
Bank	<u>6,700</u>	16,200
Owner's equity		
Capital: Ezra	75,000	
: Eusoff	<u>112,800</u>	<u>187,800</u>
		204,000

On 1 February 2020, it was agreed to admit Ezaqiel to the partnership. He was required to contribute RM 100,000 as capital. The new profit and loss sharing ratio for Ezra, Eusoff and Ezaqiel would be 2: 2: 1 respectively.

Old partners agreed the following revaluation amounts prior to the admission of Ezaqiel:

	RM
Premises	80,000
Fittings	18,000
Machinery	35,000
Inventory	43,000
Account receivables	18,000
Goodwill	17,000

It is agreed that the goodwill arising is to remain in the ledger.

Required:

- a. Draw up the revaluation accounts. (4 marks)
- b. Draw up the partners' capital accounts (4 marks)
- c. Prepare the Statement of Financial Position as at 1 February 2020. (6 marks)
- d. Show the necessary adjustment by journalising the entry if the partners agreed goodwill should not remain in the ledger. (6 marks)

[Total: 20 marks]

QUESTION 4

Nadeem, Leela and Haq were in partnership sharing profits and losses in the ratio of 2:1:2. The summarised Statement of Financial Position as at 31 December 2019 was as follows:

Nadeem, Leela and Haq
Statement of Financial Position as at 31 December 2019

	RM	RM
Assets		
Equipment at NBV		160,000
Vehicle at NBV		200,000
Inventories		51,600
Trade receivables		34,210
Cash at bank		1,100
		446,910
Liabilities		
Loan from Haq	81,500	
Trade payables	23,100	
		104,600
Owner's equity		
Capital accounts:		
- Nadeem	100,000	
- Leela	50,000	
- Haq	125,000	275,000
Current accounts:		
- Nadeem	29,210	
- Leela	13,000	
- Haq	25,100	67,310
		446,910

As profits of the partnership had been declining, the partners decided to dissolve the partnership on 1 January 2020. The equipment, vehicle and inventories were sold for RM 130,000, RM 170,000 and RM 40,000. The amounts collected from the customers amounted to RM 29,000 after bad debts and discounts had been deducted. All trade payables were settled in full after receiving 10% discount. Cost

of dissolution was RM 2,100 paid by cheque. It is agreed that the loan from Haq would be settled through capital account.

Required:

Prepare the following accounts of the partnership to record the above:

- a. realisation account (8 marks)
- b. cash at bank account (6 marks)
- c. the partners' capital accounts in columnar form (6 marks)

[Total: 20 marks]

END OF QUESTION PAPER