



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Student ID (in Words) : _____

Course Code & Name : **ACC1613 FINANCIAL ACCOUNTING 1**
Semester & Year : MAY –AUGUST 2021
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 following trial balance was extracted from the books of J Piers as at 31 March 2021:

	Dr (RM)	Cr (RM)
Carriage inwards	1,800	
Carriage outwards	835	
Purchases	135,000	
Office equipment	30,000	
Motor vehicle	20,000	
Sales		246,000
Wages and salaries	59,350	
Lighting and heating	7,400	
Rent	5,200	
Vehicle running expenses	3,900	
Telephone	8,100	
Discount allowed & discount received	410	240
General expenses	1,175	
Accounts receivable	39,000	
Accounts payable		25,300
Accumulated for Depreciation:		
- Motor vehicle		5,000
- Office equipment		12,000
Drawings	18,710	
Cash at bank (Overdrawn)		8,200
Cash in hand	200	
Stock (1 April 2020)	9,500	
Returns inwards	2,900	
Returns outwards		1,600
Allowance for Doubtful Debts		1,150
Capital		43,990
	343,480	343,480

Additional information at 31 March 2021:

- (i) Stock on hand was valued at RM11,800.
- (ii) Rent accrued was RM80.
- (iii) General expenses prepaid RM75.

- (iv) Depreciation is to be provided for as follows:
Motor vehicle – 25% on reducing balance basis
Office equipment – 20% on straight line basis
- (v) It was discovered that one of the accounts receivable is irrecoverable and J Piers decided to write off as bad debts amounting to RM300. The allowance for doubtful debts is then to be adjusted to 5% of closing accounts receivable.

Required

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

- a) Statement of profit or loss (12 marks)
- b) Statement of financial position (8 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 balances were extracted from the books of Poon Enterprise on 1 September 2020:

	Dr (RM)	Cr (RM)
Purchase ledger control		54,075
Sales ledger control	87,270	

In the month of September 2020, the following transactions were made:

	RM
Debit balance on sales ledger transferred to purchase ledger	3,300
Cash purchases	7,275
Debtor's cheque dishonoured	1,200
Legal fees for debt collection charged to credit customer's accounts	200
Sales on credit	89,700
Credit purchases	64,430
Returns outwards to credit suppliers	2,530
Returns inwards from credit customers	1,060
Cash sales	12,670
Discounts allowed	870
Discounts received	600
Bad debts written off	315
Payments to credit suppliers	54,360
Receipts from credit customers	84,910

The allowance for doubtful debts at 1 September 2020 was RM1,270 and it was to be adjusted to 3% of accounts receivable at 30 September 2020.

Required

Prepare the following for the month of September 2020:

- Purchase ledger control accounts. (7 marks)
- Sales ledger control accounts. (10 marks)
- Statement of Financial Position extract showing the balance for accounts receivable, accounts payable and working capital. (3 marks)

[Total 20 marks]

QUESTION 2

Henry Wong, a trader, whose financial year ends on 31 December, purchased the following property, plant and equipment and paid by cheque:

Date	Detail	Amount (RM)
1 January 2018	Office furniture	22,500
1 March 2019	Motor vehicle	32,500

Henry Wong's depreciation policy is as follows:

Office furniture	10% per annum using the straight-line method.
Motor vehicle	25% per annum using the reducing (diminishing) balance method.

A full year's depreciation is charged in each year regardless of the date of purchase or sale.

On the 31 December 2020 Henry Wong sold the motor vehicle and received a cheque for RM16,000.

Required

Prepare the following ledger accounts for the years ended 31 December 2018, 2019 and 2020:

- a) Office furniture (4 marks)
- b) Accumulated depreciation for office furniture (6 marks)
- c) Motor vehicle (3 marks)
- d) Accumulated for depreciation for motor vehicle (4 marks)
- e) Disposal of motor vehicle (3 marks)

[Total 20 marks]

QUESTION 3

Gerald Ravi Trading uses a perpetual inventory system. The company has the same inventory, purchases, and sales data for the month of March as shown earlier:

Date	Purchase	Issue
1 March	200 units @ RM4.00	
10 March	500 units @ RM4.50	
15 March		500 units @ RM7.00
21 March	400 units @ RM4.75	
26 March		400 units @ RM8.00

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 (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. Indicate which method produces the lowest gross profit.

(5 marks)

[Total 20 marks]

QUESTION 4

Danny Choi records his bank and cash transactions in a 3-column cash book. On 31 May 2021, he had a cash balance of RM110 and a bank overdraft of RM745. The following transactions took place during June 2021:

June	Details
2	Received cheque from S Patel in full settlement of a debt of RM100. Settlement discount of 4% was to be deducted (the amounts are pre-discount).
5	Withdrew RM200 cash from the bank for office use.
9	Paid wages in cash RM250.
10	Made cash sales of RM1,100.
11	Paid RM500 cash into bank.
15	Danny withdrew RM150 by cheque for personal use.
16	Received cheque for RM300 from L Durai.
18	Paid W Rakki by cheque, RM180, in full settlement of a debt of RM190.
21	Made cash sales of RM2,400 and it was paid straight into bank.
23	Received a cheque for RM18 from T Ford in full settlement of a debt for RM20.
24	Paid wages in cash RM320.
26	Purchased goods for cash, RM400.
27	Paid C Azib by cheque, his account of RM150. Settlement discount of 2% was deducted (the amounts are pre-discount).
28	Paid salaries by cheque, RM450.
30	Paid Ahmad of RM100 by cheque for goods purchased.

Required

- a) Write up the 3-column cash book for the month of June 2021. Balance the cash book and bring down the balances at 1 July 2021. (14 marks)

On 4 July, Danny Choi received a bank statement from the bank for the month of June and it was found that the balance of his cash book and the bank statement was different.

Bank Statement for the month of June 2021				
June	Details	Dr (RM)	Cr (RM)	Balance (RM)
1	Balance b/d			(646.00)
5	Deposit		96.00	(550.00)
5	Cheque	200.00		(750.00)
11	Deposit		500.00	(250.00)
15	Cheque	150.00		(400.00)
18	Cheque	180.00		(580.00)
21	Deposit		2,400.00	1,820.00
23	Deposit		18.00	1,838.00
28	Salary	450.00		1,388.00
29	Direct credit from Kumar		350.00	1,738.00
30	Bank interest	65.00		1,673.00

b) Update the cashbook and perform bank reconciliation statement as at 30 June 2021. (6 marks)

[Total 20 marks]

QUESTION 5

Jaycee & Aybee Trading operates a retail business. The following are the financial statements for the last two years:

Statement of Profit or Loss for the year ended 31 December		
	2019 (RM)	2020 (RM)
Sales	400,000	600,000
Cost of sales:		
Opening stock	70,000	35,000
Purchases	265,000	435,000
	335,000	470,000
Less closing stock	35,000	50,000
	300,000	420,000
Gross profit	100,000	180,000
Less expenses:		
General expenses	77,000	103,000
Debenture interest	2,000	8,000
Net profit	21,000	69,000

Statement of Financial Position as at 31 December		
	2019 (RM)	2020 (RM)
Property, plant and equipment, at net book value	245,000	280,000
Current Assets		
Stock	35,000	50,000
Accounts receivable	55,000	66,000
Bank	-	10,000
	90,000	126,000
Current Liabilities		
Accounts payable	30,000	24,000
Bank	20,000	-
	(50,000)	(24,000)
	285,000	382,000
Non- Current Liabilities		
8% Debentures	25,000	100,000
Owner's Equity		
Capital	200,000	200,000
Profits	60,000	82,000
	260,000	282,000
	285,000	382,000

Required

- a) Calculate correct to **ONE (1) decimal place** the following ratio for each of the two years 2019 and 2020. Show all workings.
- Gross profit as a percentage of sales
 - Net profit as a percentage of sales
 - Return on the capital employed at the year end
 - Current ratio
 - Acid test ratio
 - Rate of stock turnover (times)
 - Accounts receivable's collection period (in days)
 - Accounts payable's collection period (in days)
- (16 marks)
- b) Comment on the change in the firm's liquidity, and state **TWO (2)** reasons for the change.
- (4 marks)

[Total 20 marks]

END OF QUESTION PAPER