



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **ACC1613 FINANCIAL ACCOUNTING 1**
Semester & Year : MAY – AUGUST 2022
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

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

	Dr (RM)	Cr (RM)
Capital		185,075
Drawings	85,800	
Cash at bank	13,596	
Accounts receivable	114,300	
Accounts payable		78,900
Inventory 1 December 2021	217,230	
Motor vehicle	96,950	
Accumulated depreciation – Motor vehicle		38,780
Office equipment	22,410	
Accumulated depreciation – Office equipment		4,258
Discount allowed/discount received	8,200	2,550
Purchases/sales	764,430	1,174,200
Returns inwards/return outwards	6,330	3,720
Carriage inwards	2,280	
Carriage outwards	8,550	
Allowance for doubtful debts		6,562
Repair and maintenance expense	2,235	
Rent expenses	24,600	
Utilities expenses	2,040	
Wages & salaries	118,800	
Insurance	4,470	
Stationery expenses	1,176	
Sundry expenses	648	
	1,494,045	1,494,045

Additional information:

- (i) Stock held at 31 December 2021 was RM185,000.
- (ii) Ahmad took out goods worth of RM10,500 for his personal use.
- (iii) An unpaid wages and salaries of RM12,800 was still outstanding as at 31 December 2021.
- (iv) Prepaid insurance expenses of RM800.
- (v) Rent expenses of RM600 was wrongly debited to utilities expenses.
- (vi) Ahmad realised that an amount of RM5,000 being advance payments by one of the customers was credited to the sales. The goods will only be delivered in January 2022.

(vii) An outstanding invoice to one of the accounts receivables of RM5,600 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.

(viii) Depreciation policy is as follows:

- Motor vehicles at 20% straight line method
- Office equipment 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 (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

Antah Trading 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:

	RM
Sales ledger control accounts	43,628
Purchase ledger control accounts	24,695
Allowance for doubtful debts	2,850

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

	RM
Interest charged to accounts receivable	1,326
Legal fees charged to accounts receivable	13,290
Cash purchases	212,735
Return inwards	11,938
Bad debts written off	1,853
Cheque payments to credit suppliers	124,320
Discount received	11,717
Cash sales	176,321
Accounts receivable's cheques dishonoured	12,639
Return outwards	11,222
Credit sales	232,845
Discount allowed	13,699
Transfer of debit balance in Sales Ledger to Purchases Ledger	15,850
Credit purchases	170,394
Cheques received from credit customers	184,820

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. (2 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)
- e) Name **THREE** (3) book of original entry besides sales day book and purchase day book. (3 marks)

[Total 20 marks]

QUESTION 2

Jaye Enterprise commenced his retail business on 1 January 2019 and acquired the motor vehicle for the running of its business:

Year	Details	RM
2019	Toyota Tacoma G	405,000

No other addition and disposal were made during 2019.

For the year ended 31 December 2021, the motor vehicle which was purchased in 2019 were disposed and replaced with another lower consumption motor vehicle. The following information relating to the motor vehicle for the year ended 31 December 2021 is as follows:

Date	Details	RM
1 Sept	Payments for Inokom Matrix – Purchase costs	290,000
	– Registration and inspection fees	2,500
31 July	Cash proceeds from sale of Toyota Tacoma G	185,000

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 2021:
- (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

Samy 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 @ RM110.00		
10 March		50 units @ RM120.00	
15 March			35 units
21 March		20 units @ RM125.00	
26 March			10 units

The selling price of the unit sold is set at RM180.00 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

Songjia 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 RM22,680 and bank overdraft RM50,980. 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"> - Miki Trading was given a cash discount of 2.5% to settle his account of RM140,000. - Haji Sulaiman paid full settlement of RM13,000 with a cash discount of 2.5%. (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 arrange a hire purchase loan from People Bank. The first instalment will only be due on 5 February 2022.
7 Jan	Received a cheque of RM19,000 from Berjaya Co. as commission for work done.
14 Jan	Cash amounting to RM8,790 from sales were deposited into the bank directly.

17 Jan	The owner withdrew RM5,200 cash to pay his son's school fees.
24 Jan	Settled the following accounts: - KL Enterprise's account of RM35,000 by cheque, with a cash discount of 3%. - Mohd Yusof's account of RM12,000 by cheque, with a cash discount of 3%.
25 Jan	Withdrew RM9,000 from the bank for business use.
28 Jan	Received the following cheques for the following accounts receivable: - Jonnie Wholesaler of RM7,000 with a cash discount of 2.5%. - Najib Trading of RM4,200 with a cash discount of 2.5%.
30 Jan	Paid wages of RM5,000 in cash and RM10,000 by cheque.
30 Jan	Songjia Trading made a full payment of the loan including interest of RM35,000 to Dato' Yeo for the amount owing since 2020.

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, Songjia 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			(50,980)
5	Deposit		136,500	85,520
5	Deposit		12,675	98,195
8	Cheque	40,000		58,195
10	Deposit		19,000	77,195
18	Deposit		8,790	85,985
27	Cheque	33,950		52,035
27	Cheque	8,640		43,395
29	Cheque	9,000		34,395
29	Direct credit from KK Trading		3,500	37,895
31	Bank interest and charges	170		37,725

- b) Based on the information obtained from the bank statement, update the cashbook for the month of January 2022. (2 marks)
- c) Perform the bank reconciliation statement as at 31 January 2022. (4 marks)

[Total 20 marks]

QUESTION 5

The financial statements of SHE Trading, a large retail company are presented below:

Statement of Profit or Loss for the year ended 31 December		
	2020	2021
	RM'000	RM'000
Sales (all on credit)	26,100	28,500
Opening stock	3,000	5,000
Purchases	13,400	15,380
Closing stock	(1,500)	(1,780)
Cost of sales	14,900	18,600
Gross profit	11,200	9,900
Operating expenses	(9,500)	(7,250)
Profit from operations	1,700	2,650
Interest payable	(40)	(20)
Net profit	1,660	2,630

Statement of Financial Position as at 31 December		
	2020	2021
	RM'000	RM'000
Non-current assets	14,200	16,500
Current assets		
Inventories	1,545	1,742
Accounts receivable	1,650	1,780
Bank	2,916	2,987
	6,111	6,509
Total assets	20,311	23,009
Equity and liabilities		
Capital	14,229	17,786
Non-current liabilities		
Term loan	3,500	2,500

Current liabilities		
Accounts payable	1,723	1,836
Other payable	859	887
	2,582	2,723
Total equity and liabilities	20,311	23,009

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. (2 marks)
- c) State the effect (increase or decrease) of the collection days and turnover rate of accounts receivable if the business is slow in collecting the debts from the credit customers. (2 marks)
- [Total 20 marks]**

END OF QUESTION PAPER