

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 : MAY – AUGUST 2023
Lecturer/Examiner : JAMES LIOW
Duration : 2 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
PART A (25 marks) : Answer all TWENTY FIVE (25) multiple choice questions and shade your answers in the provided space with 2B pencil.
PART B (75 marks) : Answer THREE (3) problem solving questions. Answers are to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorized materials except writing equipment and calculator 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 : PROBLEM SOLVING QUESTIONS (75 MARKS)

INSTRUCTION (S) : There are **THREE (3)** questions in this section. Answer **ALL** questions. Write your answers in the Answer Booklet(s) provided.

QUESTION 1

Anura and Viraj formed a partnership named Anvi Trading to run a business to share profits and losses in the ratio of 2 : 1 respectively.

Extract from the trial balance as at 31 May 2023:

	RM
Revenue	1,250,000
Cost of sales	936,038
Administrative expenses	24,600
Selling and distribution expenses	32,520
Interest expenses	15,000
Capital accounts:	
- Anura	120,000
- Viraj	136,000
Current accounts:	
- Anura	14,000
- Viraj	22,000 (debit)
Drawings:	
- Anura	25,000
- Viraj	19,800
Buildings, at carrying amount	350,000
Plant and equipment, at carrying amount	125,000
Goodwill	90,000

Additional information:

- (i) Their partnership agreement provides the following:
- Interest on capital at 5% per annum on the partners' capital account balances held at the beginning of each accounting year.
 - Anura and Viraj are entitled for a salary of RM48,000 per annum and RM24,000 per annum respectively.
 - Partners are charged with interest on drawings at 10% per annum
- (ii) On 31 May 2023, the following assets were revalued as follows:

	RM
Buildings	485,000
Plant and equipment	75,000
Goodwill	100,000

The above assets will be carried at revalued amounts in the books of account of the partnership.

Required:

- a) Prepare the following:
- (i) Statement of profit or loss and appropriation accounts (6 marks)
 - (ii) Current accounts (7 marks)
 - (iii) Revaluation accounts (6 marks)
- b) List **THREE (3)** advantages and **THREE (3)** disadvantages of forming a partnership. (6 marks)
- [Total 25 marks]**

QUESTION 2

MTC Bhd (MTC) prepares its financial statements on 31 December 2022:

Statement of Comprehensive Income for the Year Ended 31 December 2022	
	RM'000
Revenue	2,553
Cost of Sales	(1,814)
Gross Profit	739
Distribution costs	(125)
Administrative expenses	(264)
Operating profit	350
Interest received from investment	25
Interest paid	(75)
Net profit before tax	300
Tax expenses	(140)
Net profit after tax	160

Statement of Financial Position as at 31 December		
	2022 (RM'000)	2021 (RM'000)
Non-current Assets		
Property, plant and equipment (PPE)	280	214
Intangible assets	250	200
Investment	-	25
	530	439
Current Assets		
Inventories	150	102
Trade receivables	440	315
Cash in hand	2	1
	592	418
Total assets	1,122	857

Equity and Liabilities		
Equity and reserves		
Share capital	360	300
Retained earnings	160	100
	520	400
Non-current Liabilities		
Long-term loan	170	50
Current Liabilities		
Trade payables	127	119
Bank overdraft	85	98
Tax payable	120	110
Dividends payable	100	80
	432	407
Total equity and liabilities	1,122	857

Additional information:

- (i) Interest of RM25,000 was received from the investment before it was fully disposed with a cash proceeds of RM30,000.
- (ii) One of the PPE with an original cost of RM85,000 and a carrying amount of RM45,000 were sold for RM32,000 during the year. No depreciation is charged in year of disposal.
- (iii) The following is the breakdown of PPE:

	2022 (RM'000)	2021 (RM'000)
Cost	620	504
Accumulated Depreciation	(340)	(290)
	280	214

- (iv) During the year, MTC registered a trademark for its production process of RM50,000 and charged it to intangible assets.
- (v) In order to expand its factory plant, MTC took additional draw down of its loan from CAMB bank.
- (vi) During the year, MTC issued rights to the existing shareholders.
- (vii) The interim dividend for 2022 of RM100,000 remains unpaid. No final dividend for 2022 has been proposed.

Required

In accordance with MFRS 107 *Statement of Cash Flows*, prepare the statement of cash flows using indirect method for the year ended 31 December 2022.

[Total 25 marks]

QUESTION 3

Shah Bhd is a company which supplies meat to the retail trade. The following are their results for the last two years:

Statement of Profit or Loss for the year ended 31 December		
	2022	2021
	RM'000	RM'000
Sales	24,000	18,000
Cost of sales	(16,800)	(12,000)
Gross profit	7,200	6,000
Distribution costs	(1,200)	(1,000)
Administration costs	(800)	(750)
Finance costs	(620)	(840)
Profit before tax	4,580	3,410
Taxation	(573)	(426)
Profit after tax	4,007	2,984

Statement of Financial Position as at 31 December 2021		
	2022	2021
	RM'000	RM'000
Non-Current Assets		
Property, plant and equipment	13,200	11,000
Current Assets		
Inventory	1,400	1,800
Trade receivables	2,000	1,200
Cash at bank	1,200	400
Total current assets	4,600	3,400
Total assets	17,800	14,400
Equity & Liabilities		
Equity		
Ordinary share capital	2,000	2,000
Retained earnings	4,767	760
Total equity	6,767	2,760
Non-Current Liabilities		
Long-term loan	9,000	10,000
Current Liabilities		
Trade payables	1,400	1,200
Bank overdraft	240	60
Taxation	120	180
Accruals	273	200

Total current liabilities	2,033	1,640
Total Equity and Liabilities	17,800	14,400

Additional information:

- (i) All sales and purchases are on credit term
- (ii) The Opening inventory for 2021 was RM2,000,000.

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) Gross profit markup
 - (iii) Return on capital employed (net profit before interest and tax)
 - (iv) Current ratio
 - (v) Acid test ratio
 - (vi) Stock turnover (no. of times)
 - (vii) Account receivable collection period (no. of days)
 - (viii) Account payable settlement period (no. of days)
 - (ix) Debt ratio

(2 marks each = 18 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)

- c) Comment with reasons why the gross profit margin has decreased from 2021 to 2022.

(3 marks)

[Total 25 marks]

END OF QUESTION PAPER