



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **ACC1513 ACCOUNTING**
Semester & Year : MAY – AUGUST 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

Eric Pollard is a sole trader operating as a trading business and the following is the trial balance at the end of the financial year 31 March 2023:

| | RM | RM |
|------------------------------------|----------------|----------------|
| Motor vehicle, at cost | 50,000 | |
| Office equipment, at cost | 70,000 | |
| Accumulated depreciation: | | |
| - Motor vehicle | | 18,000 |
| - Office equipment | | 24,000 |
| Accounts receivable | 96,140 | |
| Accounts payable | | 21,670 |
| Cash in hand | 300 | |
| Cash at bank (overdraft) | | 9,640 |
| Drawings | 13,650 | |
| Carriage inwards | 2,650 | |
| Carriage outwards | 1,550 | |
| Stock at 1 April 2022 | 25,340 | |
| Discount allowed/discount received | 150 | 800 |
| Allowance for doubtful debts | | 1,820 |
| Sales | | 561,898 |
| Purchases | 282,330 | |
| Returns inward/return outwards | 2,150 | 1,840 |
| Utilities expenses | 1,640 | |
| Rent expenses | 5,200 | |
| Insurance expenses | 2,400 | |
| Motor vehicle expenses | 7,248 | |
| Office expenses | 25,735 | |
| Wages and salaries | 103,540 | |
| Bad debts | 920 | |
| Capital 1 April 2022 | | 51,275 |
| | 690,943 | 690,943 |

Additional information:

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

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

- (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 Susan Enterprise:

| | RM |
|------------------------------|-----------|
| Sales ledger | 84,320 |
| Purchases ledger | 56,200 |
| Allowance for doubtful debts | 3,270 |

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

| | RM |
|---|-----------|
| Interest charged to accounts receivable for late payment | 1,275 |
| Debit balance on sales ledger transferred to purchase ledger | 3,000 |
| Cash purchases | 7,275 |
| Accounts receivable's cheque dishonoured | 2,400 |
| Legal fees for debt collection charged to credit customer's account | 200 |
| Sales on credit | 85,300 |
| Credit purchases | 62,760 |
| 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 | 55,780 |
| Receipts from credit customers | 82,370 |

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)
- 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 | 85,000 |

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 | 105,000 |
| | – Registration and inspection fees | 5,000 |
| 31 July | Cash proceeds from sale of Proton GX | 38,500 |

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

Fatimah 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 @ RM120.00 | | |
| 10 March | | 50 units @ RM125.00 | |
| 15 March | | | 35 units |
| 21 March | | 20 units @ RM140.00 | |
| 26 March | | | 10 units |

The selling price of the unit sold is set at RM160.00 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**

Encik Fahami owned Supreme Trading (ST). Following transactions relate to the business for the month of March 2023:

| Date | Details | RM |
|--------|---|--------|
| 1-Mar | Cash, brought down | 1,200 |
| 2-Mar | Bank, brought down | 10,500 |
| 7-Mar | Received from Eng Enterprises by cheque after deducting 2% cash discount. | 5,400 |
| 8-Mar | ST made a cash sales. | 6,000 |
| 11-Mar | Paid Farm Supplies by cheque, after deducting 3% cash discount. | 7,400 |
| 13-Mar | Fahami withdrew from bank for business use. | 1,500 |
| 15-Mar | Fahami managed to secure a business loan from SEM Bank Berhad. | 30,000 |
| 16-Mar | Fahami drew a cheque for his own personal use. | 4,550 |
| 18-Mar | Paid electricity bills by cash. | 870 |
| 25-Mar | Received from SS Trading by cheque after deducting 2% cash discount. | 8,540 |
| 26-Mar | Paid salaries and wages in cheque. | 5,800 |
| 27-Mar | Fahami withdrew cash for his personal use. | 2,000 |
| 28-Mar | Office rent paid by cheque. | 2,500 |
| 29-Mar | Accounts payable, Zahid Trading paid by cheque net of 3% cash discount. | 7,430 |
| 31-Mar | Bought microwave paying by cheque. | 1,200 |
| 31-Mar | Received from Sim Brothers by cheque less 3% cash discount. | 2,800 |

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 March 2023. Balance the cash book and bring down the balances at 1 April 2023. (13 marks)

On 4 April 2023, Supreme Trading received a bank statement for the month of March and showed that the amount was different from the cash book balance.

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

- (i) The bank has charged a loan interest of RM120.
- (ii) Cheque book charges of RM10.00
- (iii) Direct deposit of RM1,550 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 Eng Enterprise on 7 March 2023
 - Cheque received from Sim Brothers on 31 March 2023
- (v) Following issued cheques were not presented for payments:
 - Cheque paid to Zahid Trading on 29 March 2023
 - Cheque paid for Microwave on 31 March 2023

Required

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

[Total 20 marks]

QUESTION 5

JT Investment Bhd is an investment company. The following is the financial statements for the last two years:

| Statement of Profit or Loss for the Year Ended 31 December | | | | |
|---|---------------|---------------|---------------|---------------|
| | 2021 | | 2022 | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Sales | | 170,000 | | 210,000 |
| Less: cost of goods sold | | | | |
| Opening stock | 13,800 | | 16,400 | |
| Add: purchases | 92,800 | | 114,000 | |
| | 106,600 | | 130,400 | |
| Less: Closing stock | (16,400) | 90,200 | (19,900) | 110,500 |
| Gross Profit | | 79,800 | | 99,500 |
| Less: Expenses | | (58,700) | | (69,200) |
| Net Profit | | 21,100 | | 30,300 |

The expenses including the term loan interest

| Statement of Financial Position as at 31 December | | |
|--|------------------------|------------------------|
| | 2021 RM'000 | 2022 RM'000 |
| Non-current assets | | |
| Property, plant and equipment | 89,000 | 109,600 |
| Current assets | | |
| Stock | 16,400 | 19,900 |
| Accounts receivable | 9,800 | 12,700 |
| Bank | 5,840 | - |
| Cash | 1,860 | 150 |
| | 33,900 | 32,750 |
| | 122,900 | 142,350 |
| Capital | | |
| Share capital | 20,000 | 20,000 |
| Retained earnings | 80,200 | 84,800 |
| | 100,200 | 104,800 |
| Non-current liabilities | | |
| 10% term loan | 6,000 | 10,000 |
| Current liabilities | | |
| Accounts payable | 16,700 | 24,800 |
| Bank overdraft | - | 2,750 |
| | 16,700 | 27,550 |
| Total liabilities | 22,700 | 37,550 |
| | 122,900 | 142,350 |

Note:

- (i) 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)

(8 x 2 points = 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