



BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **ACC2113 FINANCIAL ACCOUNTING 2**
 Trimester & Year : MAY-AUGUST 2019
 Lecturer/Examiner : Nur Afiqah
 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) 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.

Total Number of pages = 9 (Including the cover page)

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

Aman Damai Bhd		
Statement of Financial Position as at 31 December 2018 and 2017		
	2018	2017
	RM	RM
ASSETS		
<u>Non Current Assets</u>		
Land	200,000	140,000
Property, plant and equipment	25,000	34,000
Motor vehicles	17,000	18,000
Investment in quoted shares	30,000	40,000
<u>Current Assets</u>		
Cash	10,000	6,000
Bank	1,000	-
Trade receivables	20,000	17,000
Inventories	7,000	5,000
Total Assets	310,000	260,000
EQUITY AND LIABILITIES		
<u>Equity</u>		
Ordinary shares	130,000	100,000
Retained profit	90,000	50,000
<u>NonCurrent Liabilities</u>		
9% Debentures	50,000	60,000
Loan from bank	23,000	33,000
<u>Current Liabilities</u>		
Trade payables	12,500	15,000
Other payables	2,500	1,000
Tax payables	2,000	1,000
Total equity and liabilities	310,000	260,000
Aman Damai Bhd		

Statement of Comprehensive Income for the year ended 31 December 2018		
	RM	RM
Revenue		220,000
Cost of sales		(98,000)
Gross profit		122,000
Income from investment	1,000	
Profit on sale of investment	2,000	
Gain on disposal of plant	<u>2,000</u>	<u>5,000</u>
		127,000
Depreciation	(2,000)	
Salary	(15,000)	
Selling and advertising cost	(20,000)	
Distribution cost	(5,000)	
Interest expense	(6,000)	
Profit before taxation	79,000	
Taxation expense	(22,000)	
Profit after taxation		57,000

The following information is available:

- During the year, Aman Damai Bhd issued ordinary shares.
- In 2018, RM 17,000 dividend was paid.
- RM 10,000 of 9% debentures were redeemed by the debenture holders for cash.
- Details of accumulated depreciation were as follows:

	Property, plant and equipment	Motor vehicles
	RM	RM
Balance as at 1 January 2018	6,000	2,000
Charge during the year	1,000	1,000
Disposal	(2,000)	-
Addition	-	-
Balance as at 31 December 2018	5,000	3,000

Required:

- Prepare a statement of cash flows for the year ended 31 December 2018 in accordance with MFRS 107 *Statement of Cash Flows*, using the indirect method.

[16 marks]

- Comment on the cash position of Aman Damai Bhd as revealed by your answer in (a).

[4 marks]

[Total: 20 marks]

END OF PART A

PART B**: SHORT ANSWER QUESTIONS (80 MARKS)****INSTRUCTION (S)**

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

QUESTION 1

Azura, Azlia and Aizi are three partners who set up a partnership selling computer hardware and software named Maju Enterprise. Established on 1 July 2016, they agreed to share profit and loss in the ratio of 2:2:1 respectively. The details of the partnership agreement between them are as follow:

1. Azlia and Aizi monthly salaries were RM900 and RM500 for their services and expertise contributed.
2. Interest on capital to be charged at 6% per annum.
3. Interest on drawings to be charged at 8% per annum. All drawings were made on 1 October 2017.

Partner's capital account and current account on 1 July 2017 are as follows:

	Capital Account (RM)	Current Account (RM)
Azura	32,800	18,200 (Cr)
Azlia	26,400	12,600 (Cr)
Aizi	25,000	20,000 (Dr)

The Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018 showed an adjusted net profit of RM77, 552. Below are the additional adjustments that need to be taken into accounts.

1. Accrued utilities of RM 200.
2. Prepaid insurance of RM 350.
3. Allowance for doubtful debt is to be decreased by RM150.
4. Drawings by partners as at 30 June 2018 are as follows:

	Drawings (RM)
Azura	7,200
Azlia	4,800

Required:

- a) Prepare a profit and loss appropriation account for the year ended 30 June 2018.
- b) Prepare a current account of each partner (in columnar form) as at 30 June 2018.
- c) List **TWO (2)** contents under Partnership Agreement.

[9 marks]

[9 marks]

[2 marks]

[Total: 20 marks]

QUESTION 2

Aqeel, Jojo and Sha are in partnership, sharing profits and losses in the ratio of 3 : 2 : 1. The draft Statement of Financial Position as at 31 March 2019 is as follows:

	RM	RM
Assets		
Machinery		18,800
Vehicles		10,000
Goodwill		2,000
Inventory		9,200
Accounts receivable	12,400	
Less Allowance for doubtful debt	(1,200)	11,200
Bank		10,120
		61,320

Capital accounts		
Aqeel	19,000	
Sha	12,000	
Jojo	11,000	42,000
Current accounts		
Aqeel	1,920	
Sha	1,680	
Jojo	1,120	4,720
Loan: Jojo		5,000
Accounts payable		9,600
		61,320

On 31 March 2019, Aqeel retired from the partnership. Sha and Jojo continued to operate the business, sharing profits and losses equally.

Below are the following adjustments as at 31 March 2019.

- (i) Goodwill was to be revalued to RM 4,375.
- (ii) Machinery was to be revalued to RM 24,450 and vehicles to RM 12,250.
- (iii) The allowance for doubtful accounts was to be adjusted to 5% of receivables.
- (iv) Damaged inventory of RM 1,390 was to be written off.
- (v) Sha brought additional capital of RM 6,500 by cheque.
- (vi) Aqeel was to be paid RM 5,120 and the remaining balance due to him would remain as a loan to the partnership.
- (vi) The goodwill account would no longer be kept in the books. Adjustment entries for transactions between the partners would be made in their capital accounts.

Required:

Prepare the following:

- | | |
|---|--------------------------|
| a) Revaluation account | [5 marks] |
| b) Capital accounts of Aqeel, Sha and Jojo in columnar form | [7 marks] |
| c) Statement of Financial Position as at 31 March 2019. | [8 marks] |
| | [Total: 20 marks] |

QUESTION 3

The financial statement of Silver Bhd for August 2019 are given below.

Silver Bhd		
Statement of Financial Position as at 31 August		
	2019	2018
	RM '000	RM '000
ASSETS		
<u>Non-current Assets</u>		
Land	2,000	2,000
Plant and machinery (cost)	1,000	1,000
Accumulated depreciation	<u>(205)</u>	<u>(80)</u>
	2,795	2,920
<u>Current Assets</u>		
Cash	235	180
Trade receivables	380	450
Prepayment	35	-
Inventories	<u>620</u>	<u>550</u>
	1,270	1,180
Total Assets	4,065	4,100
EQUITY AND LIABILITIES		
<u>Equity</u>		
Ordinary shares	1,600	1,600
5% Preference shares	500	500
Retained profit	<u>560</u>	<u>410</u>
	2,660	2,510
<u>Non-current Liabilities</u>		

10% Debenture	750	800
<u>Current Liabilities</u>		
Bank overdraft	120	80
Accruals	55	-
Trade payables	<u>480</u>	<u>710</u>
	655	790
<i>Total equity and liabilities</i>	4,065	4,100

Silver Bhd		
Statement of Comprehensive Income for the year ended 31 August 2019		
	RM'000	RM'000
Revenue (all credit)		4,500
Cost of sales		<u>(3,300)</u>
Gross profit		1,200
General expenses	250	
Depreciation	<u>250</u>	<u>(500)</u>
Operating profit		700
Interest expense		<u>(100)</u>
Net profit before tax		600
Tax (30%)		<u>(180)</u>
Net profit after tax		420
Dividends:		
5% Preference shares	90	
Ordinary shares	<u>180</u>	<u>(270)</u>
Retained profit for the year		<u>150</u>

The industrial financial ratios for the financial year ending 31 August 2019 are as follow:

Current ratio	1.52	Times interest earned	5.3
Acid test ratio	1.04	Gross profit margin	26.7%
Inventory turnover ratio	7.54	Net profit margin	8.5%
Average collection period	25.5 days	Return on assets	8%
Total assets turnover	1	Return on equity	13.5%

Required:

- a) Calculate the following ratios:
- (i) Inventory turnover ratio (no of times)
 - (ii) Account receivables collection period (no of days)
 - (iii) Return on assets (use EBIT)

(iv) Return on equity (use EBIT)

[8 marks]

b) Analyse the financial performance and position of Silver Bhd for the year 2019 as prepared in (a).

[8 marks]

c) Describe the **TWO (2)** limitations of financial ratios.

[4 marks]

[Total: 20 marks]

QUESTION 4

(i) Keeyan Bhd. is a public company with an authorized capital of 80,000,000 ordinary shares of RM1.00 each. Issued and paid up capital were 50,000,000 ordinary shares of RM1.00 each.

Additional information:

1. The company decided to offer to the public 10,000,000 ordinary shares at RM 1.00. Shares are subscribed with the following term:

On application	:	20 cents
On allotment	:	40 cents
On call	:	40 cents

2. On the closing date, applications for 18,000,000 shares were received and the directors decided to allot to the first 10,000,000 application in full and return the balance to the unsuccessful applicants. On the call, all payment due were received except from a holder of 2,000 shares who failed to pay the amount due. After the notice due, the company decided to forfeit the 2,000 shares. The shares were later reissued at 80 cents per share and fully subscribe and paid for.

(ii) Bold declared a 1 shares for every 2 shares held .It plans to issue no par bonus shares at RM 1.50.

Extract of the statement of financial position prior to issuance of bonus shares is as follows:

	RM
Ordinary Share Capital RM 0.5 each	2,000,000
Revaluation Reserve	2,500,000
Retained Profits	<u>5,000,000</u>
	<u>9,500,000</u>

Company's Standard requires that for the purpose of accounting for bonus issue, revaluation reserve should be used first whereas retained profits should only be used if other reserve is exhausted.

Required:

- a) Prepare the relevant journal entries to record the issuance of shares. (narrations are not required).
[10 marks]
 - b) Prepare the relevant journal entries to record the bonus issue. (narrations are not required).
[3 marks]
 - c) Prepare the extract of financial position for situation (i).
[4 marks]
 - d) Describe any **THREE (3)** differences between shares and debentures.
[3 marks]
- [Total: 20 marks]**

END OF QUESTION PAPER