



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **ACC1513 ACCOUNTING**
Semester & Year : SEPTEMBER – DECEMBER 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 Kirsty Enterprise as at 31 December 2020:

	RM	RM
Purchases	126,320	
Capital, 1 January 2020		28,882
Return inwards/return outwards	5,855	2,750
Drawings	31,945	
Carriage inwards	6,290	
Carriage outwards	1,200	
Equipment at cost	74,800	
Accumulated depreciation – equipment		14,960
Allowance for doubtful debts		1,390
Discounts allowed/discount received	8,525	2,340
Motor vehicle at cost	36,800	
Accumulated depreciation – motor vehicle		13,248
Stock	19,580	
Accounts receivable	16,420	
Accounts payable		13,964
Bank	15,998	
Sales		400,040
Motor expenses	26,987	
Salaries and wages	79,586	
Rent and rates expenses	14,630	
Utilities expenses	9,270	
Printing and stationery expenses	3,368	
	477,574	477,574

Additional information at 31 December 2020:

- (i) Stock held at 31 December 2020 was RM17,322.
- (ii) A payment for Kirsty's personal rent of RM1,500 was included in the rent and rates expenses.
- (iii) An unpaid utilities bill of RM1,986 was still outstanding as at 31 December 2020.
- (iv) One month's advance salary payment of RM2,500 was paid to one of the employees.
- (v) An outstanding invoice to one of the accounts receivable of RM3,760 has to be written off as bad debts before allowance for doubtful debts is to be adjusted at 5% of the accounts receivable balance.

- (vi) Depreciation policy is as follows:
- Equipment at 10% straight line method
 - Motor vehicle at 20% 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 2020:

- 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 balances were extracted from the books of Splendid Wholesaler on 1 September 2021:

	Dr (RM)	Cr (RM)
Purchase ledger control		36,900
Sales ledger control	58,185	

The following transactions were made in the month of September 2021:

	RM
Sales on credit	59,800
Discounts received	400
Cash sales	8,450
Credit purchases	22,956
Discounts allowed	1,900
Bad debts written off	200
Returns inwards from credit customers	710
Returns outwards to credit suppliers	1,690
Payments to credit suppliers	36,240
Receipts from credit customers	56,610
Legal fees re: debt collection charged to customers account	135
Accounts receivable's cheque dishonoured	600
Cash purchases	4,850
Debit balance on sales ledger transferred to purchase ledger per contra	2,200

The allowance for doubtful debts at 1 September 2021 was RM1,270 and it was to be adjusted to 5% of accounts receivable at 30 September 2021.

Required

Prepare the following for the month of September 2021:

- Sales ledger control accounts. (10 marks)
- Purchases ledger control accounts. (7 marks)
- Statement of financial position extract showing the balance for accounts receivable, accounts payable and working capital. (2 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. (1 mark)

[Total 20 marks]

QUESTION 2

FM Sdn Bhd, a private limited company, whose financial year ends on 31 December. The following are the details of one of the property, plant and equipment: motor vehicle:

Date	Model	Amount (RM)	Payment Mode
30 July 2018	Toyota Hilux	122,500	Cheque
15 March 2019	Nissan NV350	150,000	Cheque

The depreciation policy of the motor vehicle is as follows:

- (i) The depreciation rate is at 25% per annum using reducing balance method.
 - (ii) A full year's depreciation is charged in the year of acquisition and none in the year of disposal.
- (The depreciation amounts are to be rounded to the nearest Ringgit)*

On the 28 November 2020, the company decided to dispose off the Toyota Hilux which was bought in 2018 for RM16,000 to Yap Dealer. The term of payment is that RM10,000 cheque will be received on that date and the balance is to be receivable on 15 January 2021.

Required

- a) Prepare the following ledger accounts for the years ended 31 December 2018, 2019 and 2020:
 - (i) Motor vehicle (5 marks)
 - (ii) Accumulated for depreciation for motor vehicle (7 marks)
 - (iii) Disposal of motor vehicle (6 marks)
- b) List **TWO** (2) causes of depreciation. (2 marks)

[Total 20 marks]

QUESTION 3

Suresh 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 2021:

Date	Opening Balance	Purchase	Issue
1 March	10 units @ RM120.00		
10 March		40 units @ RM125.00	
15 March			45 units
21 March		70 units @ RM130.00	
26 March			50 units

The selling price of the unit sold is set at RM220 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 highest gross profit. (1 mark)

(1 mark)
[Total 20 marks]

QUESTION 4

Lesley Cheung records all her bank and cash transactions in a three-column cash book. At 1 August 2021 her cash in hand was RM204 but she had a bank overdraft of RM5,076. The following transactions occurred during the month of August 2021:

Date	Transaction
2 Aug	A cheque was received from Shakti & Son in full settlement of a debt of RM520 deducting 5% cash discounts. (All amounts are pre-discount).
8 Aug	Cash sales paid direct to bank RM6,258.
10 Aug	Paid Sino & Bro by cheque RM225.
12 Aug	Paid RM105 cash for cleaning materials.
14 Aug	Paid B. Lotte by cheque in settlement of an amount owed to him of RM400 deducting 3% cash discounts. (All amounts are pre-discount).
17 Aug	Drew cheque for office cash RM450.
19 Aug	Cash sales received of RM3,360.
20 Aug	Received commission in cash RM180 and paid directly into the bank. The cash sales received on the previous day was also banked.
22 Aug	Paid cleaners wages in cash RM105.
24 Aug	Paid insurance premium by cheque RM441.
26 Aug	Received a cheque from B. Chen in settlement of his account RM2,160 deducting 5% cash discounts. (All amounts are pre-discount).
28 Aug	Paid RM120 cash for general expenses.
29 Aug	Paid G. Wall by cheque in full settlement of the RM800 balance of his account deducting 3% cash discounts. (All amounts are pre-discount).
30 Aug	Lesley Cheung wrote a cheque of RM500 to pay for his personal medical insurance .

(All amounts are to be rounded to the nearest Ringgit)

Required

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

On 4 September 2021, Lesley Cheung received a bank statement from the bank for the month of August 2021 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 August 2021				
August	Details	Dr (RM)	Cr (RM)	Balance (RM)
1	Balance b/d			(5,076)
2	Deposit		494	(4,582)
8	Deposit		6,258	1,676
10	Cheque	225		1,451
14	Cheque	388		1,063
17	Cheque	450		613
20	Deposit		180	793
20	Deposit		3,360	4,153
24	Cheque	441		3,712
29	Direct credit from SK		350	4,062
30	Bank interest	65		3,997

- b) Based on the information obtained from the bank statement, update the cashbook for the month of August 2021. (2 marks)
- c) Perform the bank reconciliation statement as at 31 August 2021. (4 marks)

[Total 20 marks]

QUESTION 5

Alpha Trading is a sole trader dealing in electrical related products. Summaries of the financial statements for the period ended 30 June for the two years are presented as follows:

Statement of Profit or Loss for the period ended 30 June		
	2021 RM'000	2020 RM'000
Sales revenue	1,200	1,600
Cost of goods sold	(900)	(1,248)
Gross profit	300	352
Less:		
Administration expenses	119	121
Selling & distribution expenses	56	80
Loan interest	5	5

Depreciation - equipment	20	40
- Buildings	-	10
	200	256
Profit for the year	100	96

Statement of Financial Position as at 30 June		
	2021	2020
	RM'000	RM'000
Non-current assets		
Buildings	58	94
Vehicles	124	152
	182	246
Current assets		
Inventories	112	104
Accounts receivables	150	134
Bank	16	-
	278	238
Total assets	460	484
Equity and Liabilities		
Equity		
Capital	334	270
Non-current liabilities		
10% term loan	50	50
Current liabilities		
Accounts payable	76	156
Bank	-	8
	76	164
Total liabilities	126	214
Total equity and liabilities	460	484

Additional information:

The closing stock as at 30 June 2019 is valued at RM150,000.

Required

- a) Calculate correct to **ONE (1) decimal place** the following ratio for each of the two years 2021 and 2020. 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 liquidity, and state **TWO (2)** reasons for the change.

(4 marks)

[Total 20 marks]

END OF QUESTION PAPER