

PART B : SHORT ANSWER QUESTIONS (70 MARKS)

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

QUESTION 1

The following list of balances was extracted from the books of TC & Sons at the close of business on 31 December 2023:

	RM
Cash in hand	9,670
Cash at bank	103,200
Opening stock, 1 January 2023	186,400
Purchases	1,748,200
Return inwards	42,300
Return outwards	53,500
Discount allowed	28,930
Discount received	13,200
Carriage inwards	38,100
Carriage outwards	26,500
Revenue	3,018,000
Accounts receivables	312,000
Accounts payables	488,080
Salaries and wages	694,200
Maintenance expenses	81,000
Utilities expenses	300,000
Rent expenses	60,000
Allowance for doubtful debts	12,200
Bad debts	14,680
Office equipment	214,000
Accumulated depreciation – office equipment	88,700
Drawings	4,500
Capital	190,000

Required

a) From the above list of balances, prepare the trial balance as at 31 December 2023.

(6 marks)

The following additional information related to 31 December 2023 which required adjustments before the preparation of the financial statements:

- (i) Closing stock was valued at RM219,600
- (ii) Rent expenses were prepared at RM5,000
- (iii) Maintenance expenses were accrued at RM2,400
- (iv) The allowance for doubtful debts was to be adjusted at 5% of the accounts receivable.
- (v) Depreciation for office equipment to be provided at 10% using the straight-line method.

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

Required

Prepare the following financial statements for the period ended 31 December 2023:

- b) Statement of profit or loss (7 marks)
- c) Statement of financial position (7 marks)

[Total 20 marks]

QUESTION 2

The following opening balances as at 1 September 2024 were extracted from the ledgers of Alibaba Sons:

	RM
Purchases ledger control	225,500 credit balance
Sales ledger control	131,200 debit balance

For the month ended 30 September 2024:

	RM
Transactions for purchase ledger control account:	
Credit purchases	311,000
Cheque paid to accounts payable	325,200
Return outwards	113,000
Discount received	9,250
Transactions for sales ledger control account:	
Credit sales	961,000
Return inwards	86,200
Discount allowed	15,420
Cheque collected from accounts receivable	850,340
Bad debts written off	3,290
Accounts receivable's cheques dishonoured	6,250
Interest charged for overdue payment to accounts receivable	5,800
Legal fees charged to accounts receivable	8,500
Contra account:	
Balances on the sales ledger set off against balances in the purchases ledger	13,500

Required

- a) Prepare the following control accounts:
 - (i) Purchases ledger control account (5 marks)
 - (ii) Sales ledger control account (7 marks)
- b) State the sources of original entry of the information in the sales ledger control account and the purchases ledger control account. The below has been provided as an example. Present your answer as shown below:

Entry	Source
<i>Sales made on credit term</i>	<i>Sales day book</i>

No.	Entry	Source
1.	Stock returned to credit customers	
2.	Cheque received from credit customers	
3.	Cheque paid to credit suppliers	
4.	Depreciation charges for the year	
5.	Cash paid for utilities expenses	
6.	Stock returned from credit suppliers	
7.	Adjustment for stationery expenses wrongly taken up	
8.	Bought goods on credit term	

(8 marks)

[Total 20 marks]

QUESTION 3

Johnny who owns a retail business, TT Sdn Bhd recorded the following transactions for the month of September 2023:

No.	Details
1.	Purchase of motor vehicle for business use.
2.	Upkeep of maintenance for office building.
3.	Repairs to furniture and fittings.
4.	Payment incurred for 1 year's fire insurance premium of the warehouse.
5.	Legal fees incurred for sales and purchase agreement of a new building.
6.	Salaries and wages paid.
7.	Installation of air conditioner systems in the new building.
8.	Utilities expenses incurred.
9.	Carriage outwards incurred for delivering the goods to customers.
10.	Bought a piece of land including the costs of clearing.

Required

- a) State the above numbers (1) to (10) in your answer book booklet and against each number whether the related expenditure is **revenue** or **capital**. (5 marks)

- b) Match the following accounting principles and assumptions with the statement below:

Cost principle	Going concern
Full disclosure	Time period
Dual aspect	Separate entity
Revenue recognition	Money measurement
Matching principle	Substance over form

No.	Details
1.	Johnny's personal expenses are not recorded in the book of TT Sdn Bhd.
2.	TT Sdn Bhd paid the machines including installation and transportation, and recorded all the transactions in the book at costs.
3.	The company records cash sales and credit sales when the sale of goods or services

	are earned.
4.	The business transactions are recorded in the books on a debit and credit system.
5.	The business prepares its accounts on a monthly and yearly basis.
6.	The objective of TT Sdn Bhd is to remain in business for the foreseeable future and is not expected to go out of business unless evidence proves otherwise.
7.	TT Sdn Bhd has another factory in Indonesia and the financial statements are presented in Indonesian Rupiah.
8.	TT Sdn Bhd purchased the motor vehicle under the hire purchase arrangement. The transaction is recorded in the book although the legal title of the motor vehicle is with the bank.
9.	The financial statements of TT Sdn Bhd for year ended 2023 disclosed the depreciation policy.
10.	The sales revenue earned are matched with the expenses incurred and cost of goods sold at the same period.

(15 marks)

[Total 20 marks]

QUESTION 4

Mulan began operations on 1 September 2024. It uses a perpetual inventory system. The business had the following data for purchases and sales for the month of September 2024:

Date	Purchases	Sales
1 Sept	500 units @ RM135.00	
6 Sept		200 units
11 Sept	400 units @ RM160.00	
14 Sept		50 units

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) (4 marks)
 - (ii) Last In, First Out (LIFO) (4 marks)
- b) Based on the information in part (a) above, which method produces the lowest gross profit. (2 marks)

[Total 10 Marks]

END OF QUESTION PAPER