# FINAL SEMESTER EXAMINATION

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|---|---|---|
| Faculty | : | **ACADEMIC PARTNERSHIPS** |
| School | : | **ACADEMIC PARTNERSHIPS** |
| Programme | : | **BA (HONOURS) ACCOUNTING & FINANCE 3+0**<br>**IN COLLABORATION WITH UNIVERSITY OF PLYMOUTH** |
| Academic year | : | **2022/23** |
| Stage | : | **1** |
| Course | : | **FUNDAMENTALS OF ACCOUNTING** |
| Course Code | : | **MAL1007** |
| Time Allowed | : | **3 HOURS** |

**INSTRUCTIONS TO CANDIDATES:**

1. Please read the instructions given in the question paper **CAREFULLY.**
2. This assessment consists of **ONE (1)** section.
3. Answer **ALL THREE (3)** questions.
4. Answers to the questions are to be written into the examination booklet.
5. Electronic dictionaries, lecture notes, files or any unauthorised materials except writing equipment are strictly prohibited.

This question paper must be submitted along with all used and/or unused rough papers and/ or graph papers (if any). Candidates are **NOT ALLOWED** to take any examination papers out of the examination hall.

(*This booklet contains 4 printed pages including this page*)

**DO NOT OPEN THIS BOOKLET UNTIL YOU ARE ALLOWED TO DO SO**

**WARNING:**
The Examination Board of Peninsula College Georgetown regards cheating as a very serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in the accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from Peninsula College Georgetown.

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| QUESTION NO. | MARKS |
|---|---|
| 1 | / 50 |
| 2 | / 30 |
| 3 | / 20 |
| **Total** | **/ 100** |

Answer **ALL THREE (3)** questions.

1. Jane has started in business as a sole trader on 1st November 2021. Her transactions in her first month of trading are as follows:

| November | |
|---|---|
| 1 | Started her business with RM60,000 in the bank and RM6,000 cash in hand. |
| 2 | Bought goods on credit from: Jaya Ltd RM2,300; Sony Ltd RM1,540; Secret Ltd RM2,500. |
| 3 | Paid insurance of RM700 and rent of RM500, both being paid by cheque. |
| 5 | Bought goods on credit from Logi Ltd for RM5,370. |
| 6 | Bought office equipment: a laptop for RM2,800 paying by cheque and a printer for RM560 paying by cash. |
| 8 | Bought goods for cash RM1,300. |
| 9 | Bought stationery for RM250 paying by cash. |
| 10 | Sold goods on credit to Nestle Ltd RM1,400. |
| 13 | Cash sales of RM1,750. Also sold goods on credit to James RM840. |
| 14 | Paid wages by cash RM600. |
| 16 | Sold goods on credit: Cereal Ltd RM760; Nestle Ltd RM1,120; Milo Ltd RM2,900. |
| 17 | Bought office equipment (filing cabinets) for RM880 cash from Dayang Ltd. |
| 18 | Returned goods to Jaya Ltd RM410; Logi Ltd RM320. |
| 20 | Goods returned by Cereal Ltd RM280. |
| 21 | Bought a second-hand lorry on credit from Carsome Ltd for RM13,300. |
| 23 | Paid cheques to: Jaya Ltd RM1,300; Secret Ltd RM1,500. |
| 23 | Cash sales RM4,900. |
| 25 | Paid sundry expenses by cash RM32. |
| 25 | Bought goods on credit from Secret Ltd RM2,470. |
| 26 | Jane took cash drawings RM820. |
| 28 | Paid cheques to the following: Carsome Ltd RM13,300; Sonny Ltd RM860. |
| 28 | Paid wages by cash RM700. |
| 30 | Received cheques from Cereal Ltd RM480; James RM840. |

You are required to:

a) Prepare the relevant "T" accounts for the month of November. (35 marks)

b) Balance off the "T" accounts. You must show clearly the balances carried down and brought down. (5 marks)

c) Prepare a trial balance as at 30th November 2021. (10 marks)

[Total : 50 marks]

2. Jason has been trading for many years as a sole trader. He is a wholesaler of furniture. He has always made-up accounts to 30th June. The following trial balance has been extracted from the ledger at 30th June 2021:

**Trial balance as at 30th June 2021**

| | **Dr** | **Cr** |
|---|---:|---:|
| | RM | RM |
| Sales | | 434,500 |
| Purchases | 291,300 | |
| Cash balance | 1,228 | |
| Trade receivables | 11,600 | |
| Rent (extra warehouse) | 14,900 | |
| Bank balance | 22,370 | |
| Returns inwards | 2,710 | |
| Rates | 4,700 | |
| Salaries and wages | 45,300 | |
| Advertising | 855 | |
| Opening inventory at 1st July 2020 | 43,200 | |
| Telephone | 856 | |
| Insurance | 5,200 | |
| Postage and stationery | 320 | |
| Trade payables | | 15,800 |
| Sundry expenses | 536 | |
| Carriage outwards | 385 | |
| Returns outwards | | 3,740 |
| Motor vehicles at cost | 36,000 | |
| Motor vehicles – accumulated depreciation as at 1st July 2020 | | 17,568 |
| Land and buildings at cost | 190,000 | |
| Land and buildings – accumulated depreciation as at 1st July 2020 | | 27,000 |
| Fixtures and fittings at cost | 71,000 | |
| Fixtures and fittings – accumulated depreciation as at 1st July 2020 | | 42,600 |
| Drawings | 30,700 | |
| Capital | | 232,832 |
| Carriage inwards | 880 | |
| | | |
| | **774,040** | **774,040** |

You are also given the following information as at 30 June 2021:

i. Closing inventory on 30th June 2021 was RM45,900.
ii. Rates of RM500 and insurance of RM600 have been prepaid.
iii. Rent of RM1,700 and sundry expenses of RM340 need to be accrued for.
iv. Land and buildings at cost of RM190,000 comprises land of RM40,000 and buildings of RM150,000. No depreciation is to be provided on land but depreciation of 2% per annum straight-line is to be provided on buildings.
v. Fixtures and fittings are to be depreciated at 10% using the straight-line method.
vi. Motor vehicles are to be depreciated at 20% using the reducing balance method. (Round to the nearest RM)

You are required to:

a) Prepare a Trading & Profit and Loss Account for the year ended 30th June 2021. (15 marks)

b) Prepare a Balance Sheet as at 30th June 2021. (15 marks)
[Total : 30 marks]

3. Catherine, a sole trader, is setting up her clothing business. She does not have any experience in running a business. She has approached you to be her accountant. She has some queries and she is happy to get some advice from you.

a) Explain **TWO (2)** purposes of preparing financial statements. (5 marks)

b) i) State **TWO (2)** depreciation methods. (2 marks)

ii) Briefly discuss how Catherine identifies which depreciation method should be used for each of the non-current assets that she buys for her business. (5 marks)

c) Illustrate the difference between capital expenditure and revenue expenditure with **ONE (1)** example respectively. (4 marks)

d) Describe the accrual concept with **ONE (1)** example. (4 marks)
[Total : 20 marks]

***- END OF QUESTIONS -***