PENINSULA COLLEGE GEORGETOWN

FINAL SEMESTER EXAMINATION

Programme	:	**DIPLOMA OF ACCOUNTANCY** **DIPLOMA IN BUSINESS STUDIES**
Course	:	**FINANCIAL ACCOUNTING**
Course Code	:	**DBAC3023**
Duration	:	**3 Hours**

INSTRUCTIONS TO CANDIDATES:

1. Please read the instructions given in the question paper **CAREFULLY.**
2. This question paper consists of **FOUR (4)** questions
3. Answer **ALL** questions in the question paper.
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 paper(s) used or unused out of the examination hall.

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.

(*This booklet contains 6 printed pages including this page*)

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

For examiner's use only

QUESTION NO.	MARKS
1	/ 25
2	/ 25
3	/ 25
4	/ 25
Total	**/ 100**

Answer **ALL FOUR (4)** questions on the separate sheet provided. **[100 marks]**

1. Sharp is a limited liability company. The following information has been extracted from the books of Sharp as at 31 December 2021.

	Dr RM'000	Cr RM'000
RM1 ordinary shares		327
Buildings at cost	1,600	
Motor vehicles at cost	270	
Accumulated depreciation at 1 January 2021:		
Buildings		500
Motor vehicles		100
Share premium		300
Retained earnings at 1 January 2021		53
Bank	120	
Sales and purchases	4,500	6,000
Trade receivables and payables	800	700
Marketing expenses	40	
Inventory at 1 January 2021	250	
Wages and salaries	770	
Provision for doubtful debts at 1 January 2021		50
Energy expenses	52	
Commission received		45
10% loan note		360
Loan note interest	33	

Additional information:

i) Inventory at 31 December 2021 was valued at RM280,000 based on its original cost. However, RM50,000 of this inventory has been damaged. The directors have agreed to sell it in January 2022 for a cash price of RM30,000.

ii) There are wages and salaries outstanding of RM35,000.

iii) Energy expenses of RM4,000 are paid in advance.

iv) Buildings are depreciated at 10% of cost. At 31 December 2021, the buildings were revalued at RM1,500,000.

v) Motor vehicles are depreciated at 20% of cost.

vi) Taxation of RM120,000 is to be provided for the year.

vii) Provision for doubtful debts is to be increased to 10% of trade receivables.

Required:

Prepare the

a) statement of comprehensive income for the year ended 31 December 2021. (12 marks)

b) statement of financial position as at 31 December 2021. (13 marks)

Total: [25 marks]

2. Ahmad, Ali and Sam are in partnership with an agreement to share profits in the ratio 4:2:2. They also agree the following terms.

i) All three should receive interest at 11% on capital.

ii) The interest rate on the loan by Ahmad is 8%.

iii) Sam should receive a salary of RM8,000 per annum.

iv) Interest will be charged on drawings at the rate of 6%.

The statement of financial position of the partnership as at 31 December 2021 revealed the following.

	RM	RM
Capital accounts:		
Ahmad	30,000	
Ali	12,000	
Sam	9,000	51,000
Current accounts:		
Ahmad	4,000	
Ali	(1,000)	
Sam	2,000	5,000
Loan account (Ahmad)		7,000
		63,000

Drawings made during the year to 31 December 2021 were as follows.

	RM
Ahmad	5,000
Ali	3,000
Sam	8,000

The net profit for the year to 31 December 2021 was RM35,000 before deducting loan interest.

Required:

Prepare the

a) appropriation account for the year ended 31 December 2021. (12 marks)

b) partners' current accounts. (10 marks)

c) partners' capital accounts. (3 marks)

Total: [25 marks]

3. Jacob is a manufacturer. His trial balance at 31 December 2021 is as follows.

	RM	RM
Office salaries	18,900	
Sales representative: Commission	10,300	
Manufacturing wages	83,500	
Delivery van expenses	1,500	
Machinery (Cost RM60,000)	34,000	
General expenses:		
Factory	6,600	
Office	6,700	
Account receivables and payables	35,800	9,100
Office equipment (Cost RM10,000)	7,900	
Lighting and heating:		
Factory	6,200	
Office	1,300	
Drawings	25,800	
Bank	15,500	
Inventory at 1 January 2021:		
Raw materials	11,200	
Finished goods	42,400	
Purchase of raw materials	68,000	
Rent:		
Factory	5,600	
Office	3,000	
Sales		187,000
Van (Cost RM20,000)	15,400	
Capital		203,500
	399,600	399,600

Additional information:

i) Inventory at 31 December 2021: Raw materials RM15,600; finished goods RM45,500.

ii) Depreciation at 31 December 2021: Machinery RM4,000; office equipment RM1,100; van RM2,200.

iii) Manufacturing wages due but unpaid at 31 December 2021 RM770; office rent prepaid RM200.

Required:

Prepare the

a) manufacturing account and statement of profit or loss for the year ended 31 December 2021. (12 marks)

b) statement of financial position as at 31 December 2021. (13 marks)

Total: [25 marks]

4. Ancom Sdn Bhd and Jaks Sdn Bhd are trading in furniture products. The financial statements of two companies were as follows.

Statement of profit or loss for the year ended 31 December 2021		
	Ancom Sdn Bhd	Jaks Sdn Bhd
Sales	500,000	700,000
Cost of sales:		
Opening inventory	80,000	45,000
Purchases	275,000	445,000
	355,000	490,000
Closing inventory	(40,000)	(60,000)
	315,000	430,000
Gross profit	185,000	270,000
Expenses:		
General expenses	(88,000)	(100,000)
Loan interest	(3,000)	(8,000)
Net profit	94,000	162,000

Statement of financial position as at 31 December 2021		
	Ancom Sdn Bhd	Jaks Sdn Bhd
Non-current assets:		
Property, plant and Equipment	345,000	380,000
Current assets:		
Inventories	45,000	60,000
Trade receivables	65,000	76,000
Bank	20,000	20,000
	130,000	156,000
	475,000	536,000
Equity and liabilities:		
RM1 Ordinary shares	180,000	200,000
Retained earnings	185,000	156,000
Non-current liabilities:		
10% loan note	30,000	80,000
Current liabilities:		
Trade payables	50,000	60,000
Bank overdraft	30,000	40,000
	80,000	100,000
Total equity and liabilities	475,000	536,000

Required:

a) Compute the following ratios for Ancom Sdn Bhd and Jaks Sdn Bhd. You are required to show the workings as part of your answers.

i) Gross profit margin
ii) Net profit margin
iii) Current ratio
iv) Quick ratio
v) Trade receivables collection period
vi) Trade payables payment period
vii) Non-current assets turnover
viii) Debt ratio (16 marks)

b) Comment on the performance of the companies as indicated by the ratios calculated in part (a). You are required to conclude which company has better performance in year 2021. (9 marks)

Total: [25 marks]

- END OF QUESTIONS -