PENINSULA COLLEGE GEORGETOWN

TAKE HOME EXAMINATION

Student NRIC : ______________________________

Student ID : ______________________________

Programme	:	**DIPLOMA IN BUSINESS STUDIES (MQA/FA9259)** **DIPLOMA OF ACCOUNTANCY (MQA/FA10069)**
Intake	:	**SEPT 2020**
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. Answer **ALL** questions in the question paper.
3. Answers to the questions are to be written into own **A4** sized papers.
4. Please write your NRIC number or student ID number on every page of your answer script. **DO NOT** write your name.
5. Please write page number on every page of your answer script.
6. Please **KEEP** the hardcopy of your answer script.
7. **1 mark will be deducted for every minute delay in submission** after the 20 minutes lapse with maximum of 10 minutes delay is allowed.
8. After 30 minutes, any submission will **NOT** be accepted, 0 marks will be awarded.

(*This booklet contains 7 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 most 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.

For examiner's use only

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

Answer **ALL** questions on the A4 side paper. **[100 marks]**

1. a) Best Furniture Sdn Bhd manufactures office furniture. It also purchases some office furniture for resale. The following information is available:

	31 March 2020 RM	**31 March 2021 RM**
Inventory:		
Raw materials	62,000	62,800
Work in progress	17,000	15,100
Finished goods	16,280	16,500

Some of the balances for the year ended 31 March 2021 were as follows:

	RM
Sales of finished goods	922,000
Return inwards of finished goods	3,800
Purchases of raw materials	358,100
Purchases of finished goods	61,700
Carriage on raw materials	2,400
Carriage on finished goods	400
Machine operators' wages	153,500
Factory supervisor's salary	28,100
Administrative and sales wages	52,100
General expenses	6,500
Trade receivable	450,000
Allowance for doubtful debt at 1 April 2020	7,000
Irrecoverable debt	1,500
Rent	16,000
Light and heat	9,800
Repairs to machinery	11,000
Machinery - at cost	228,000
Accumulated depreciation - machinery at 1 April 2020	68,400
Office equipment - at cost	350,000
Accumulated depreciation - office equipment at 1 April 2020	66,500

<u>Additional Information:</u>

- At 31 March 2021 prepaid rent was RM1,000 and accrued light and heat was RM700
- Rent and light and heat are apportioned 50% to the factory and 50% to administration
- An allowance for doubtful debts of 2% is to be maintained.
- Machinery is to be depreciated at 15% on cost and office equipment is to be depreciated at 10% on reducing balance method.

Required:

i. Prepare the Manufacturing Account for the year ended 31 March 2021. (10 marks)

ii. Prepare the Trading and Profit or Loss Account for the year ended 31 March 2021. (10 marks)

b) Rosy has recently been appointed as the treasurer of the Tanjung Park Turf Club. She is advised that the club had the following assets and liabilities on 1 June 2021.

	RM
Clubhouse	500,000
Sports equipment	185,000
Cash at bank	25,500
Subscriptions in arrears	3,950
Subscriptions in advance	920
Inventory of refreshments	4,610
Amounts owed to suppliers of refreshments	5,123

Required:
Calculate the accumulated fund at 1 June 2021 and briefly explain how the surplus or deficit from income and expenditure account would affect the accumulated fund.
(5 marks)
[Total: 25 marks]

2. Tommy and Jeremy are in partnership sharing profit and losses 4:2 respectively. Their partnership agreement provides for partners to receive 5% per annum interest on capital at 1 January.

At 1 January 2020, the capital and current account balances were:

	Capital account	Current account
	RM	RM
Tommy	60,000	21,500
Jeremy	30,000	8,250 (debit)

Additional information:
i. On 1 July 2020, Danny joined the partnership investing RM30,000 by cheque. The new profit sharing ratio for Tommy, Jeremy and Danny became 4:2:2 respectively. It was also agreed that Tommy would start receiving a salary of RM5,000 per month and the interest on capital at 5% per annum on balances at 31 December.

ii. On 1 July 2020, Goodwill was valued at RM24,000. Goodwill is not to be maintained in the accounts.

iii. On 1 July 2020, Tommy invested an additional RM90,000 cash into the business, of which RM50,000 was a loan with an interest rate of 5% per annum. The interest on loan from Tommy was not yet taken into the profit for the year before appropriation.

iv. During the year ended 31 December 2020, profit for the year was RM453,600. Profits were evenly earned throughout the year.

v. Drawings were as follows:

	Drawings	Interest on Drawings (evenly distributed)
	RM	RM
Tommy	2,000 per month	1,720
Jeremy	18,000 per annum	1,540
Danny	1,000 per month	844

Required:

a) Prepare the capital accounts as at 31 December 2020.

(6 marks)

b) Prepare the profit or loss appropriation account for the year ended 31 December 2020.

(11 marks)

c) Prepare the current accounts (in statement format) as at 31 December 2020.

(8 marks)

[Total : 25 marks]

3. The following financial statements and supporting information relate to Saujana Sdn Bhd:

Statement of profit or loss for the year ended 30 September 2020

	RM'000
Revenue	54,200
Cost of sales	(31,200)
Gross profit	23,000
Distribution costs	(1,200)
Administration expenses	(3,000)
	18,800
Interest expense	(2,100)
Profit before tax	16,700
Taxation	(3,100)
Profit for the year	13,600

Statement of financial position as at 30 September

	2020 RM'000	**2019 RM'000**
Non-current assets		
Property, plant and equipment	59,000	49,000
Current assets		
Inventories	30,750	36,000
Trade receivables	39,250	45,000
Cash and equivalents	13,000	-
	83,000	81,000
Total assets	142,000	130,000
Equity		
Share capital (RM1 ordinary shares)	25,000	19,000
Share premium	10,000	8,000
Retained earnings	48,275	40,500
Total equity	83,275	67,500
Non-current liabilities		
10% Loan notes	20,000	15,000

Current liabilities		
Trade payables	35,000	38,500
Bank overdraft	-	4,500
Tax payables	3,100	4,000
Accrued interest	625	500
	38,725	47,500
Total equity and liabilities	142,000	130,000

Additional information:

i. An extract from the property, plant and equipment schedule

	30.09.2020	**30.09.2019**
Property, plant and equipment at cost	72,000,000	60,750,000
Accumulated depreciation	13,000,000	11,750,000
Carrying amount	59,000,000	49,000,000

ii. On 30 September 2020, Saujana disposed of some items of plant and equipment costing RM2,350,000 with a carrying amount of RM1,500,000 was sold for RM2,000,000.

iv. 6,000,000 RM1 ordinary shares were issued during the year at a premium.

v. Additional loan notes were issued during the year.

vi. A final dividend was paid during the year.

Required:
Prepare a statement of cash flows for Saujana Sdn Bhd for the year ended 30 September 2020 using the indirect method, adopting the format in IAS 7 Statement of cash flows. Please show the relevant workings as part of your answers.

(25 marks)
[Total : 25 marks]

4. Jaya Sdn Bhd and Alipapa Sdn Bhd are trading in fashion clothes in Penang and Kuala Lumpur respectively. The financial statements of two companies were as follows:

Statement of profit or loss for the year ended 31 December 2020

	Jaya Sdn Bhd RM	**Alipapa Sdn Bhd RM**
Sales	400,000	600,000
Cost of sales:		
Opening inventory	70,000	35,000
Purchases	265,000	435,000
	335,000	470,000
Less: closing inventory	(35,000)	(50,000)
	300,000	420,000
Gross profit	100,000	180,000
Less expenses:		
General expenses	77,000	103,000
Debenture interest	2,000	8,000
Net profit	21,000	69,000

Statement of profit or loss for the year ended 31 December 2020

	Jaya Sdn Bhd RM	**Alipapa Sdn Bhd RM**
Non-current assets		
Property, plant and equipment	245,000	280,000
Current assets		
Inventories	35,000	50,000
Trade receivables	55,000	66,000
Bank	-	10,000
	90,000	126,000
	335,000	406,000
Equity and liabilities		
Share capital (RM1 ordinary shares)	200,000	200,000
Retained earnings	60,000	82,000
	260,000	282,000
Non-current liabilities		
8% Debentures	25,000	100,000
Current liabilities		
Trade payables	30,000	24,000
Bank overdraft	20,000	-
	50,000	24,000
Total equity and liabilities	335,000	406,000

Required:

a) Calculate the following ratios for Jaya Sdn Bhd and Alipapa Sdn Bhd to one decimal place. 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. Return on capital employed
vi. Trade receivables collection period
vii. Trade payables payment period
viii. Inventory turnover (times)

(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 2020.

(9 marks)
[Total : 25 marks]

- END OF QUESTIONS -