

PART A

This part contains **TEN (10)** questions.

Answer ALL in the Answering Booklet.

1. Which of the following types of business organizations provides its owner with the advantage of a limited legal liability in cases of insolvency?
 - A Sole-proprietorship only.
 - B Partnership only.
 - C Company only.
 - D Sole-proprietorship and partnership only

2. Which of the following is NOT the purpose of accounting to
 - A provide financial information to the users.
 - B be used as a tool for performance evaluation.
 - C increase wealth of user.
 - D assist management in controlling the business.

3. The following items are classified as assets **EXCEPT**
 - A bank overdraft.
 - B fixed deposit.
 - C motor vehicles.
 - D loan to an employee.

4. Choose the **CORRECT** accounting equation from the following alternatives:
 - A $\text{Asset} + \text{Drawing} - \text{Expense} = \text{Liability} + \text{Owners equity} + \text{Additional Capital} + \text{Revenue}$.
 - B $\text{Asset} + \text{Additional Capital} + \text{Expense} = \text{Liability} + \text{Owners equity} - \text{Drawing} + \text{Revenue}$.
 - C $\text{Asset} + \text{Drawings} - \text{Revenue} = \text{Liability} + \text{Owners equity} + \text{Additional Capital} - \text{Expense}$.
 - D $\text{Asset} - \text{Drawing} + \text{Expense} = \text{Liability} + \text{Owners equity} + \text{Additional Capital} + \text{Revenue}$.

5. Identify the **INCORRECT** statement regarding the double-entry rules.
- A Purchase of goods on credit should be recorded as a credit entry in the liability account.
 - B Revenue earned should be recorded as a credit entry in the revenue account.
 - C Drawing of goods should be recorded as a debit entry in the drawing account.
 - D Issuance of cheque should be recorded as a debit entry in the bank account.
6. The following are true about cash discount **EXCEPT** it
- A is received or given for credit purchases or credit sales only.
 - B is usually valid for specific period only.
 - C encourages customers to buy in bulk.
 - D encourages customers to pay promptly.
7. A trial balance does not prove that a business has recorded all transactions or the ledger is correct because the trial balance is still balanced, even though:
- i. a transaction is not recorded in the journal at all.
 - ii. a correct journal entry is not posted to the ledgers.
 - iii. a journal entry is posted twice.
 - iv. offsetting errors are made in recording the amount of transaction.
- A i and iii
 - B ii and iii
 - C i,ii and iii
 - D i,ii,iii and iv
8. The following statements are correct **EXCEPT**
- A accrued expenses are expenses incurred but not yet paid.
 - B accrued revenues are revenues earned but not yet received.
 - C prepaid expenses are expenses paid in advance.
 - D prepaid revenues are payments received for services rendered in the previous accounting period.

9. "Net Book value" of depreciable asset is the difference between
- A cost and accumulated depreciation.
 - B depreciation and accumulated depreciation.
 - C cost and depreciation.
 - D cost and salvage value.
10. Which of the following is **NOT** the purpose of accounting ratio
- A to provide information regarding cost of production.
 - B to provide detailed and rich information about a business.
 - C to provide a better understanding of the performance of a business.
 - D to determine and estimate missing figures so that the financial statement can still be constructed.

[10 MARKS]

PART B

This part contains **FIVE (5)** questions.

Answer ALL questions in the Answering Booklet.

QUESTION 1

- A. Sharifuddin is the sole owner of Kilang Kerepek Sha, a business dealing with the production and marketing of traditional Malay cookies in Tongkang Pechah, Batu Pahat. All business transactions are recorded in Ringgit Malaysia including the purchase of raw materials from Indonesia.

At the beginning of the first month of its operations, the business had employed three part time employees but this was not recorded by Sharifuddin. Issuance of cheques for payment of salaries at the end of the month was however recorded in the business book. Sharifuddin had also issued a business cheque amounting to RM205 for settlement of electricity bill of his house and the transaction was immediately recorded in the cash payment journal of the business as water and electricity expenses.

Two months after its operations, Sharifuddin changed his form of business from a sole proprietorship to a partnership.

Required:

- a. State **TWO (2)** characteristics of a partnership business. (2 marks)
- b. Identify a situation from the above scenario where Sharifuddin has followed the accounting. State the accounting concept that has been followed. (2 marks)
- c. Identify a situation from the above scenario where Sharifuddin has violated the accounting concept. State the accounting concept that has been violated. (2 marks)

- B. Cik Siti has recently set up Anggun Enterprise, a new business in buying and selling of beauty and health care products in Johor with an initial capital of RMI00,000.

In order to start the business, a current account for the business was opened with CIMB bank. Cik Siti deposited a cheque for the initial capital into the bank account of the business on 1 July 2020. On the same day, the business rented a business premise in Skudai, Johor and paid RM5,000 rental expense for the month of July by cheque.

On 13 July 2020, the business purchased various goods costing RM40,000 on credit from Mustika Beauty. The business uses a periodic inventory system in accounting for its inventory. On 15 July 2020, goods worth RM25,000 were purchased by cheque from Kosmetik Seri Ayu. On 17 July 2020, Cik Siti had taken out cash of RMI,200 from the business for her personal use.

The business received a contract to supply beauty care products to Safaja Beauty Saloon. On 21 July 2020, the business delivered RM20,000 worth of products to Safaja Beauty Saloon and a sales invoice for the transaction was issued on the same day. On 27 July 2020, the business received a cheque of RM2,000 from Jimin as commission for introducing a customer.

Required:

State the effects of each of the above transactions on the assets, liabilities and owners equities. Present your answer in the following format:

Date	Asset	=	Liability	+	Owner's Equity					
					Capital	-	Drawing	+	Revenue	-
1/7	Bank +100, 000				Capital +100,0 00					

(12 marks)

QUESTION 2

- A. Kilang Kerepek Farah is using a periodic inventory system in accounting for its inventory. The business documents showed the following transactions for the month of May 2020.

Date	Transactions
May 1	Owner took RM 40,000 from his personal account and deposited into the business's account.
2	Purchased inventory worth RM10,000 on credit from Ali Enterprise with a credit term of 2/1 5, <i>n130</i> .
5	Sold goods worth RM8,000 to Khamis Enterprise on credit. Credit term 2/15, <i>n130</i> .
13	Made full settlement of the amount due to Ali Enterprise by cheque.
16	Received cheque from Khamis Enterprise for the full settlement of the outstanding amount.
18	Sold goods worth RM2,000 to Ahamad for cash.
20	Owner took inventory worth RM200 for personal use.
28	Paid salary of RM3,000 by cheque to employees.
30	Paid rental RM1,000 in cash.

Required:

- a. Prepare three-column accounts for the year ended 31 May 2020. (15 marks)
 - b. Prepare trial balance for the year ended 31 May 2020. (6 marks)
- B. The trial balance of Khatijah Departmental Store prepared by the new bookkeeper as at 30 June 2020 did not balance. Upon inspection by the senior accounts officer, the following errors were discovered:
- i. The purchase of a second hand motor vehicle by cash amounting to RM9,000 was not recorded in the cash account.

- ii. A cheque received for investment income worth RM12,000 was totally omitted from the records.
- iii. Purchase of goods from Syarikat Asian Trading of RM5,500 was credited to the purchases account and debited to Syarikat Asian Trading account.

Required:

- a. Identify the type of errors made by Khadeejah Departmental Store as stated above.

(3 marks)

- b. Show the corrections of the above errors either in the ledger or journal.

(4 marks)

QUESTION 3

The following is the trial balance of Maju Jaya Enterprise as at 31 December 2020.

MAJU JAYA ENTERPRISE

Trial Balance as at 31 December 2020

	Debit (RM)	Credit (RM)
Capital		220,000
Furniture	100,000	
Accumulated depreciation - furniture		10,000
Motor vehicle	120,000	
Accumulated depreciation – motor vehicle		20,000
Accounts receivable and Accounts payable	35,000	20,000
Purchases and Sales	200,000	350,000
Returns	10,000	14,000
Carriage inwards	3,000	
Carriage outwards	6,000	
Telephone and facsimile	15,000	
Salaries and allowances	60,000	
Loan from CIMB		80,000

Commission received		30,000
Advertising expenses	26,000	
Insurance	14,000	
Drawings	25,000	
Water and electricity	12,000	
Discounts	2,000	7,000
Entertainment expenses	8,000	
Rental expenses	65,000	
Cash at the bank	50,000	
	751,000	751,000

The following adjustments need to be considered for the preparation of financial statements for the year:

1. Closing inventory as at 31 December 2020 was RM70,000.
2. Employees overtime claim of RM2,000 for the month of December 2020 has not been paid as at the financial year-end. The amount was only paid to the employees on 20 January 2021.
3. Insurance was prepaid by RM2,000
4. Telephone bill of RM380 for the month of December 2020 was not yet paid.
5. Rental of RM6,000 for the month of January 2021 was paid on 28 December 2021.
6. The business is required to pay interest at a rate of 12 percent per annum for the loan from CIMB. The principal amount of the loan was received by the business on 1 December 2020.
7. Annual depreciation expenses was provided as follows :
 - i. Furniture 10% on cost.
 - ii. Motor vehicle 20% on cost.

Required:

1. Prepare the Statement of Profit or Loss for the year ended 31 December 2020 and the Statement of Financial Position as at that date.
(25 marks)
2. Explain the difference between accrued revenue and prepaid revenue.
(4 marks)

QUESTION 4

The following is the statement of financial position of Attar Enterprise as at 31 December 2020.

ATTAR ENTERPRISE
Statement of Financial Position as at 31 December 2020

	RM	RM
Non-Current Assets		170,200
Current Assets		
Inventories	15,000	
Account receivables	37,000	
Cash at bank	40,000	
Prepaid rental	800	
Prepaid insurance	<u>700</u>	<u>93,500</u>
		<u>263,700</u>
Financed by:		
Capital		206,700
Add: net profit		25,000
Current Liabilities		
Account payable	30,000	
Accrued printing and stationery	<u>2,000</u>	<u>32,000</u>
		<u>263,700</u>

Additional information:

1. Cash sales and credit sales for the year ended 2020 were RM30,000 and RM70,000 respectively.
2. Cost of goods sold was 55% of sales.

Required:

Compute the following ratios for Attar Enterprise for the year ended 31 December 2020.

- i. Gross profit ratio
- ii. Net profit ratio
- iii. Current ratio
- iv. Quick ratio

(7 marks)

QUESTION 5

In March 2020, Pn. Sakinah, the owner of SUMIDA Enterprise received the following statement from Fajar Bank.

FAJAR Bank				
Johor Bahru, Johor				
Bank Statement for the month of March 2020				
Client:	SUMIDA Enterprise			
Account no:	010203040505			
Type of account:	Current Account			
Statement date:	31 March 2020			
Date	Particulars	Dr	Cr	Balance
		RM	RM	RM
1/3/2020	Beginning Balance			150,000
3/3/2020	Cheque issued -151231	23,000		127,000
4/3/2020	Cheque issued-151232	5,500		121,500
5/3/2020	Cash deposit		34,000	151,000
9/3/2020	Octbank Assurance - Standing instruction	3,450		153,050
9/3/2020	Service charges	10		152,040
11/3/2020	Cheque deposit		27,200	179,240
13/3/2020	Cheque issued -151234	7,700		171,540
16/3/2020	Asma Diana- Credit transfer		5,500	177,040
18/3/2020	Cheque deposit		13,700	190,740
19/3/2020	Cheque issued -151235	14,100		176,640
19/3/2020	Cheque issued -151233	12,300		164,340
20/3/2020	Rafiz Enterprise - Credit transfer		48,400	212,740
23/3/2020	Cheque issued -151236	78,000		134,740
25/3/2020	Cheque issued -151237	16,100		118,640
26/3/2020	Cheque deposit		33,000	151,640

27/3/2020	Cheque deposit		22,000	173,640
31/3/2020	Dividends paid		20.00	173,660

The bank account of SUMIDA Enterprise showed the following records:

Bank Account				
Date	Particulars	Dr	Cr	Balance
		RM	RM	RM
1/3/2020	Beginning Balance			150,000
2/3/2020	Purchases (151231)		23,000	127,000
2/3/2020	Entertainment expenses (151232)		5,500	121,500
5/3/2020	Cash	34,000		155,500
9/3/2020	Furniture (151233)		12,300	143,200
9/3/2020	Sales		27,200	116,000
10/3/2020	A/c Payable - Saifah Enterprise (151234)		7,700	108,300
16/3/2020	Purchases (151235)		14,100	94,200
17/3/2020	Sales	13,700		107,900
18/3/2020	A/c Payable - Summer Sdn Bhd (151236)		78,000	29,900
20/3/2020	A/c Receivable – Rafiz Enterprise	48,400		78,300
23/3/2020	Purchases (151237)		16,100	62,200
24/3/2020	Sales	33,000		95,200
24/3/2020	Purchases (151238)		9,290	85,910
25/3/2020	A/c Receivable - Hasrul	22,000		107,140
26/3/2020	Repair and maintenance(151239)		770	107,140
30/3/2020	A/c receivable - Hatta Sdn Bhd	11,000		118,140

Additional information:

1. The standing instruction to Octbank Assurance is for the payment of monthly insurance premium, whereas the amount received from Asma Diana is for the settlement of accounts receivable balance.
2. Roslinda, a newly appointed accounts clerk had incorrectly credited the business sales transactions on 9 March 2020.

Required:

Prepare the bank reconciliation statement for SUMIDA Enterprise as at 31 March 2020.

(8 marks)

[90 MARKS]

[TOTAL : 100 MARKS]

END OF QUESTION PAPER