



FINAL EXAMINATION
NOVEMBER 2023

COURSE TITLE	FINANCIAL ACCOUNTING III
COURSE CODE	AACT1133
DATE/DAY	14 FEBRUARY 2024 / WEDNESDAY
TIME/DURATION	09:00 AM - 12:00 PM / 03 Hour(s) 00 Minute(s)

INSTRUCTIONS TO CANDIDATES:

1. Please read the instruction under each section carefully.
2. Candidates are reminded not to bring into examination hall/room any form of written materials or electronic gadget except for stationery that is permitted by the invigilator.
3. Students who are caught breaching the Examination Rules and Regulation will be charged with an academic dishonesty and if found guilty of the offence, the maximum penalty is expulsion from the University.

(This Question Paper consists of 5 Printed Pages including front page)

*****DO NOT OPEN THE QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO*****

This question paper consists of FOUR (4) questions. Answer ALL questions in the answer booklet provided. **(90 MARKS)**

QUESTION 1 **(30 Marks)**

Tutorial Partners have been business since 2010. They operate the business based on following agreements:

- i. Profit or losses are to be shared according to beginning capital balance.
- ii. Interest on capital is 5% per annum based on capital balance and interest on drawings is 8% per annum.
- iii. Interest on loan is 2% per annum.
TUTO is entitled for a salary of RM18,000 per annum whereas REAL is entitled for a salary of RM20,000 per annum.

Their trial balance as at 31 December 2022 are as follows:

Accounts	RM	RM
Gross Profit		520,000
Operating Expenses	133,000	
Building	600,000	
Interest on Loan – TUTO	1,000	
Interest on Loan – Maybank	2,000	
Loan – TUTO		80,000
Loan – REAL		50,000
10% Long Term Loan – Maybank		30,000
Salaries – TUTO	5,000	
Salaries – REAL	7,000	
Drawings – TUTO	12,000	
Drawings – REAL	20,000	
Capital Acc – TUTO		200,000
Capital Acc – REAL		300,000
Current Acc – TUTO		25,000
Current Acc – REAL	1,000	
Bank	300,000	
Accounts receivable	250,000	
Accounts payable		126,000
	1,331,000	1,331,000

Additional Information:

- i. Drawings above were made by partners are as follows:
 - TUTO: RM7,000 on 1 March 2022 and RM5,000 on 30 June 2022.
 - REAL: RM10,000 on 1 March 2022 and RM10,000 on 1 July 2022.
- ii. TUTO invested additional capital of RM100,000 on 1.10.2022 and this transaction has not been recorded yet.

Required:

- a) Prepare the profit or loss and profit or loss appropriation statement for the year ended 31 December 2022. (15 marks)
- b) Prepare the statement of financial position as at 31 December 2022. (15 marks)

QUESTION 2

(15 Marks)

SY limited provided the following information:

On July 1 2022:

- The company had in issue 400,000 ordinary shares of RM0.50 each.
- Retained earnings were RM80,000.
- The general reserve amounted to RM25,000.

During the year ended 30 June 2023:

- Debentures, RM100,000 was issued.
- A dividend of RM0.09 per share was paid.
- The profit for the year was RM78,600.
- RM10,000 was transferred to general reserve.

Required:

- a) Calculate the retained earnings at 30 June 2023. (5 marks)
- b) Prepare an extract from the statement of financial position as at 30 June 2023 showing the capital and reserve section. (5 marks)
- c) State **one (1)** reason why SY limited paid a dividend. (1 mark)
- d) Suggest **two (2)** reasons why the directors decided that the total dividend should be less than the profit for the year. (2 marks)
- e) SY limited decided to raise additional finance and is considering issuing more ordinary share or taking out a long-term bank loan. Advise the company of **two (2)** factors it might take into consideration when making its decision. (2 marks)

QUESTION 3

(15 Marks)

- a) Discuss the reasons for dissolution of partnership. (2.5 marks)
- b) Differentiate between shares and debentures with relevant examples. (2.5 marks)
- c) Discuss the **two (2)** advantages and **two (2)** disadvantages of partnership. (10 marks)

QUESTION 4

(30 Marks)

MAK, DHO and NHEL were partners selling hand phone gadgets at a shop lot located in Johor Bahru. They were sharing profit and losses equally. NHEL was declared bankrupt recently and would like to withdraw from the partnership. MAK and DHO were in the view that without NHEL, two of them might not be able to cope with the workload. Since they did not wish to admit new partners into the business, they decided to dissolve the partnership on 31 December 2019. The balance sheet as at the date of dissolution was as follows:

MakDhoNhel Enterprise		
Statement of financial position as at 31 December 2019		
	RM	RM
Non-current assets		
Land and Building	180,000	
Motor Vehicles	60,000	240,000
Current assets		
Bank	9,000	
Trade receivables	6,000	
Inventory	3,000	18,000
Current liabilities		
Creditors		(24,000)
Non-current liabilities		
Mortgage Loan		(60,000)
Net assets		174,000
Capital Account:		
MAK	100,000	
DHO	40,000	
NHEL	10,000	150,000
Current Account:		
MAK	23,000	
DHO	20,000	
NHEL	(19,000)	24,000
		174,000

Additional Information:

- i. They realised their assets at the following valuations:
 - Land and Building – RM150,000
 - Motor Vehicles – RM45,000 (taken over by MAK)
 - Inventory – RM1,500 (taken over by MAK)
 - Trade receivable realized – RM3,000
- ii. The mortgage loan on the land and building was duly discharged and creditors were settled in full for RM22,500. The costs of dissolution amounted to RM1,500.

Required:

- a) The realization account. (10 marks)
- b) The bank account. (10 marks)
- c) The partners' capital and current account. (10 marks)

END OF QUESTION PAPER

UNIRAZAK
UNIVERSITI TUN ABDUL RAZAK
Copying, modifying, or reprinting, is not permitted.