



**FINAL EXAMINATION  
NOVEMBER 2022**

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<b>COURSE TITLE</b>	<b>BASIC FINANCIAL ACCOUNTING</b>
<b>COURSE CODE</b>	<b>FACT0114</b>
<b>DATE/DAY</b>	<b>14 FEBRUARY 2023 / TUESDAY</b>
<b>TIME/DURATION</b>	<b>09:00 AM - 12:00 PM / 03 Hour(s) 00 Minute(s)</b>

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**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 12 Printed Pages including front page)

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

**This question paper consists of TWO (2) sections. Write your answer in the answer booklet provided. (100 MARKS)**

**SECTION A**

**(40 Marks)**

**There are TWENTY (20) questions in this part. Answer ALL questions in the answer booklet.**

1. The process of recording the actual transactions and events of a business in monetary terms, in accordance with the established procedures, standards, principles and statutory requirements. This is the process of \_\_\_\_\_.
  - A. user of accounting
  - B. definition of accounting
  - C. types of accounting
  - D. nature of accounting
  
2. There are two (2) components under fundamental qualitative characteristics. It can be defined as making a difference in the decisions made by users and the substance of an economic phenomenon. These two components are called \_\_\_\_\_.
  - A. faithful and comparability
  - B. faithful and relevance
  - C. comparability and verifiability
  - D. relevance and comparability
  
3. Three (3) main elements of financial statements consist of assets, liabilities and equity. Which one is the correct accounting equation for a financial statement?
  - A.  $\text{Assets} = \text{Liabilities} - \text{Owner's equity}$
  - B.  $\text{Assets} = \text{Owner's equity} + \text{Liabilities}$
  - C.  $\text{Liabilities} = \text{Owner's equity} + \text{Assets}$
  - D.  $\text{Owner's equity} = \text{Assets} + \text{Liabilities}$

4. When expenses decrease in economic benefits during the accounting period in the form of outflows or depletion of assets or incurrences of liabilities it will result in \_\_\_\_\_.
- A. increases in equity
  - B. increases in liabilities
  - C. decreases in equity
  - D. decreases in liabilities
5. \_\_\_\_\_ is a financial report that shows the income earned and the expenses incurred by a business for an accounting period.
- A. The income statement
  - B. Trial balance
  - C. Balance sheet
  - D. Ledger
6. You're the owner of the Nasi Lemak company. Jay purchased anchovies paste amounted for RM100 and paid in 80% cash. What are the journal entries for this statement?
- A. 

Dr. Cash	RM 80	
Dr. Trade debtors	RM20	
Cr. Sales revenue		RM100
  - B. 

Dr. Cash	RM 20	
Dr. Trade debtors	RM 80	
Cr. Sales revenue		RM100
  - C. 

Dr. Cash	RM 100	
Cr. Sales revenue		RM100
  - D. 

Dr. Cash	RM 80	
Dr. Trade debtors	RM 20	
Cr. Sales revenue		RM80

7. Cost of goods sold (COGS) and gross profit have a negative relationship and COGS can be derived from
- A.  $\text{COGS} = \text{opening stock} - \text{purchases} - \text{related costs}$
  - B.  $\text{COGS} = \text{opening stock} + \text{closing stocks}$
  - C.  $\text{COGS} = \text{opening stock} + \text{purchases} + \text{related costs} + \text{closing stock}$
  - D.  $\text{COGS} = \text{opening stock} + \text{purchases} + \text{related costs} - \text{closing stock}$
8. Nadia started a business on 1st July 2021 and deposited RM25,000 into the business bank account.
- A. Credit motor RM 25,000
  - B. Debit bank RM 25,000
  - C. Credit bank RM25,000
  - D. No effect at all
9. Profit or loss taken from the bottom line of the income statement will be recorded on the \_\_\_\_\_ in the \_\_\_\_\_ equation.
- A. trial balance, balance sheet
  - B. trial balance, equity
  - C. balance sheet, trial balance
  - D. balance sheet, retained earnings
10. In the event of the Account Receivable / Debtors cannot pay part or full of the accounts they owed to the business known as:
- A. Bad Debt
  - B. Accruals
  - C. Prepayments
  - D. None of the above
11. The estimation amount of Account Receivables at year end that are likely to end up as bad debts is known as:
- A. Bad debts
  - B. Bad debt recovered
  - C. Not as described
  - D. Allowance for doubtful debt



15. OMG company has paid the rental in arrears with the amount of RM386. Determine the correct journal entry for this transaction.

- A.     Dr. Bad Debts                     RM386  
  Cr. Rent                                     RM386
- B.     Dr. Rental expenses            RM386  
  Cr. Accrued rent                     RM386
- C.     Dr. Prepaid rent                 RM386  
  Cr. Cash                                 RM386
- D.     Dr. Cash                            RM386  
  Cr. Debtors                             RM386

16. Below are the methods used to calculate depreciation, **EXCEPT**:

- A.     Straight line method  
B.     Reducing balance method  
C.     Diminishing method  
D.     Accruals

Question 16 to 20 will be referring on below statement:

A company purchased machinery on 1st June 2021 for RM25,000 by cheque. The machinery was estimated to last for 5 years. The accountant needs your help to assist him in completing the following task before year end. The details were as follows:

17. Calculate the depreciation value by using the straight-line method.

- A.     RM5,000  
B.     RM2,500  
C.     RM0  
D.     RM250

18. Determine the correct journal entry for the above transaction.

- A. Dr. Bad Debts           RM5,000  
    Cr. Rent                           RM5,000
- B. Dr. Depreciation – machinery       RM5,000  
    Cr. Accumulated depreciation       RM5,000
- C. Dr. Prepaid depreciation            RM5,000  
    Cr. Cash                                RM5,000
- D. Dr. Cash                    RM5,000  
    Cr. Machinery                RM5,000

19. Calculate the depreciation value by using the straight-line method if the scrap value is RM5,000.

- A. RM4,000  
B. RM5,000  
C. RM2,500  
D. RM250

20. Determine the correct journal entry for the above transaction.

- A. Dr. Bad Debts           RM4,000  
    Cr. Rent                            RM4,000
- B. Dr. Depreciation – machinery       RM4,000  
    Cr. Accumulated depreciation       RM4,000
- C. Dr. Prepaid depreciation            RM4,000  
    Cr. Cash                             RM4,000
- D. Dr. Cash                    RM4,000  
    Cr. Machinery                RM4,000

**SECTION B**

**(60 Marks)**

There are **THREE (3)** questions in this part. Answer **ONLY TWO (2)** questions.

**Question 1**

**(30 marks)**

Below are the details for Veautiful Sdn. Bhd.

Trial Balances as at 31 December 2021

	Debit (RM)	Credit (RM)
Sales		265,900
Purchases	154,870	
Rent	4,200	
Electricity Expenses	530	
Salaries	51,400	
Insurances	2,100	
Building	85,000	
Account Receivables	31,300	
Furniture	1,100	
Carriage Inwards	412	
Account Payables		15,910
Bank	14,590	
Drawings	30,000	
Van	16,400	
Carriage Outwards	4,110	
Capital		114,202
	396,012	396,012

Inventories as at 31 December 2021 was RM16,280

You are required to do the following:

- a) Prepare the Statement of Profit and Loss for the year ended on 31st December 2021. (15 marks)
  
- b) Prepare the Statement of Financial Position as at 31st December 2021. (15 marks)



**Question 2**

**(30 marks)**

Keion Bhd has started a new business selling garments. The following transactions took place during the year ended on 31<sup>st</sup> December 2020:

<b>Date</b>	<b>Particulars</b>	<b>RM</b>
January 1 <sup>st</sup>	Invested cash in business.	150,000
February 8 <sup>th</sup>	Purchased dresses by using cash.	85,000
March 13 <sup>th</sup>	Sold dresses on credit.	23,500
April 2 <sup>nd</sup>	Credit purchases.	10,000
April 28 <sup>th</sup>	Paid cash for marketing expenses	5,000
May 1 <sup>st</sup>	Cash sales.	101,500
May 23 <sup>rd</sup>	The owner withdrew cash from the business petty cash account.	2,350
June 23 <sup>rd</sup>	Returned defective goods to the supplier. It was a credit transaction before.	500
June 30 <sup>th</sup>	One of the customers, Ms Far Sion, returned damaged goods and it was a cash transaction before.	450
July 7 <sup>th</sup>	Received cash for rent.	18,000
July 11 <sup>th</sup>	Received commission by cheque.	15,000
August 1 <sup>st</sup>	Paid cash for the wardrobe to keep the garment. The wardrobe will be depreciated using a straight-line method for four years without any residual value.	7,000
August 19 <sup>th</sup>	Received cash from one of the trade debtors.	2,800
September 4 <sup>th</sup>	Paid supplier by cheque.	800
September 14 <sup>th</sup>	Received cash from loan taken for business' expansion.	50,000
October 21 <sup>st</sup>	The owner took out a dress for her personal use.	1,600
November 3 <sup>rd</sup>	One of the trade debtors paid early by cheque.	5,000
November 23 <sup>rd</sup>	Paid bank loan using cheque.	12,000

November 29 <sup>th</sup>	Paid utility bills using cash.	8,000
December 24 <sup>th</sup>	Paid supplier early by cheque.	2,000

Additional information:

- I. Utility bills for the year ended on 31<sup>st</sup> December 2020 was RM 6,902.50 in total.
- II. The rental rate was at RM 1,200 per month.
- III. Bad debt recorded for the year amounted to RM 500.
- IV. Purchased a second-hand lorry by cash on 31<sup>st</sup> August 2020 with the following details:

Items	RM
Acquisition price	150,000
Legal fees	15,000
Road tax and insurance renewal	2,500

- V. The lorry will be depreciated by using the reducing balance method at 25% per annum.
- VI. Provision for doubtful debt is made at 5.25% at the end of the first year.

You are required to:

- a) Prepare relevant ledgers for all the transactions. (10 marks)
- b) Prepare the income statement. (10 marks)
- c) Prepare the balance sheet. (10 marks)

**Question 3**

**(30 marks)**

For this question, please refer to the following transactions. All the transactions have to be treated independently.

- a) A motor vehicle which cost RM30,000 was bought on 1st January 2021. Financial statement is prepared annually on 31st December. The depreciation is provided at 25% per annum under the reducing balance method.

You are required to prepare the depreciation account for the first 3 years of the motor vehicles working life and show clearly the net book values as at the end of each year on the Statement of Financial Position. (10 marks)

- b) JJK enterprise has the following transactions for the month ended June 2022. The details of transaction were as follows:

Transaction Date	Details
Jun 1, 2022	The owner brings in RM20,000 cash and RM8,000 furniture into the business.
Jun 5, 2022	The owner takes RM750 for personal use.
Jun 10, 2022	Bought furniture for RM5,000 by cash.
Jun 18, 2022	Cash sales amounted to RM1,100.
Jun 22, 2022	Purchase of goods RM2,200 by cash.
Jun 28, 2022	Cash sales RM2,400.
Jun 30, 2022	Owner took out cash for personal use which amounted to RM5,000.

You are required to produce the following items:

1. Trial Balance as at 30 June 2022 (10 marks)

- c) The following transactions took place for the year 2016, for a company named Sukses Sdn Bhd, specializing in trading office furniture:

1	The owners brought in RM 100,000 cash into the business.
2	The owners brought in RM 50,000 cash into the business' bank account.
3	Furniture amounted to RM 35,000 was brought into the business by the owners.
4	Credit sales amounted to RM 50,500 was recorded.
5	Credit purchases amounted to RM 15,000 was recorded.
6	One of the customers paid his account owed amounting to RM 5,000 by cash.
7	Sukses Sdn Bhd paid trade creditor RM 10,000 by using cheque.
8	One of the customers returned defective goods amounting to RM 1,250. It was a credit transaction before.
9	Bad debt expense for the year was RM 1,000.
10	The management decided to maintain the provision for doubtful debt at 2.5% of total trade debtors' account.
11	Last year PFDD was recorded at RM 1,095.50
12	One fixed asset – equipment valued at RM 1,095.50 was carried forward from last year.
13	One customer who ran away returned and settled his account which amounted to RM 10.50 by using cheque.

Required:

Prepare the balance sheet.

(10 marks)

\*\*\* END OF QUESTION PAPER \*\*\*