



**FINAL EXAMINATION**  
**MARCH 2023**

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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>15 JUNE 2023 / THURSDAY</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 9 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. Answer ALL questions 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. Geto, an owner of gym equipment bought 2 sets of chest press on credit and have to return back one of the products due to malfunction. The transaction of the ledger account will be,
  - A. Dr Sales return,  
Cr Trade debtor
  - B. Dr Bank,  
Cr Trade creditor
  - C. Dr Trade debtor  
Cr Bank
  - D. Dr Trade creditor  
Cr Purchase return
  
2. Suppose a business, Small Hit Enterprises, wants to establish a provision for doubtful debts based on percentage of the year-end debtors. On December 20X8, it had debtors' figures of RM 100,000 and it estimates that 1% of the debtors will be bad. Which of the following is a correct journal entry for this transaction?
  - A. Dr Doubtful debts RM 1000  
Cr Provision for doubtful debts RM 1000
  - B. Dr Provision for doubtful debts RM 1000  
Cr Doubtful debts RM 1000
  - C. Dr Doubtful debt RM 1000  
Cr Income Statement RM 1000
  - D. Dr Provision for doubtful debts RM 1000  
Cr Debtors RM 1000
  
3. Which of the following is **NOT** the objective of financial accounting?
  - A. To make decision
  - B. To extract the data and volumes
  - C. To check if the transaction was worth or not
  - D. To differentiate the wealth and the cash

4. Total of COGS is RM 26,000; sales is RM 38,500 and other expenses is RM 4,500. Calculate the total net profit/loss.
- A. RM 8,000
  - B. RM 17,000
  - C. RM 12,500
  - D. RM 38,500
5. The following are the components of financial statement **EXCEPT**;
- A. income statement
  - B. trial balance
  - C. balance sheet
  - D. explanatory notes
6. Fixture and fittings RM 3000, trade receivable RM 12,400, trade payable RM 8,100, sales RM 17,500, return inwards RM 370. How much is the net profit/loss for the balance sheet statement?
- A. (RM 17, 130)
  - B. RM 9,030
  - C. RM 7,300
  - D. (RM 17, 500)
7. When judgement is needed in deciding the figures, accountants should apply a degree of caution. This is / are \_\_\_\_\_.
- A. the "no offsetting" principle
  - B. prudent
  - C. types of accounting
  - D. nature of accounting
8. Yuji bought nasi lemak from Gojo, RM 150 cash. The transaction involved debit cash account RM 150, and credit purchase account RM 150. This represents \_\_\_\_\_ concept.
- A. the dual aspect
  - B. money measurement
  - C. business entity
  - D. historical cost

9. Accrual basis can be defined as \_\_\_\_\_.
- A. financially healthy business that has no intention of ceasing to trade.
  - B. produces reports that help managers to plan and to control what the business is doing.
  - C. income must be recorded when it is earned not when cash is received from the customers.
  - D. similar items should be treated the same way within one set of financial statements and a chosen particular method must stay one period.
10. Accrued expenses are known as \_\_\_\_\_.
- A. Allocation of the depreciable amount over its estimated useful life.
  - B. Expenses incurred during the accounting period but payment has not been made.
  - C. Payments made in advance.
  - D. Equity.
11. Which of the following appears on more than one of the financial statements?
- A. Cash
  - B. Bad debt recovered
  - C. Net income
  - D. Creditors
12. Which of the following statements is incorrect?
- A. Accrual Basis of accounting requires the income expense to be recognized in the accounting period rather than cash basis.
  - B. Accrual Basis of accounting requires the cash basis to be recognized in the accounting period rather than income statement.
  - C. Accrual Basis has an exception for the cash flow statement.
  - D. Prepaid income and unearned income are the types for Accrual Basis.
13. Owners pay creditor private money outside of the firm. What is the effect of this information?
- A. No transaction will be recorded
  - B. Decrease in liability, increase capital
  - C. Decrease asset, decrease capital
  - D. Decrease liability, decrease capital

14. Hashira Corp has paid the rental in arrears with the amount of RM 7,632. Determine the correct journal entry for this transaction.
- |    |                     |          |          |
|----|---------------------|----------|----------|
| A. | Dr. Bad Debts       | RM 7,632 |          |
|    | Cr. Rent            |          | RM 7,632 |
| B. | Dr. Rental expenses | RM 7,632 |          |
|    | Cr. Accrued rent    |          | RM 7,632 |
| C. | Dr. Prepaid rent    | RM 7,632 |          |
|    | Cr. Cash            |          | RM 7,632 |
| D. | Dr. Cash            | RM 7,632 |          |
|    | Cr. Debtors         |          | RM 7,632 |
15. Which of the following is **NOT** the method of depreciation?
- A. Straight line method
  - B. Reducing balance method
  - C. Subsidiary method
  - D. Revaluation method
16. COGS is based on \_\_\_\_\_.
- A. closing + opening inventories - purchases
  - B. opening inventories + other purchases – closing inventories
  - C. closing inventories + other expenses
  - D. opening inventories – other expenses

Question 17 and 18, refer to the statement below.

Assume that the equipment is paid for with a cheque for RM 21,000 on 1<sup>st</sup> January 20X2 and the estimated useful life of the fixed asset is 10 years. The salvage value at the end of the 10 years is estimated to be RM 1,000.

17. By using a straight-line method, calculate the depreciation value.
- A. RM 2,100
  - B. RM 11,000
  - C. RM 2,000
  - D. RM 20,000

18. Which of the following is the correct journal entry of the depreciation?
- A.     Dr Equipment     RM 21,000  
          Cr Cash at bank                     RM 21,000
- B.     Dr. Depreciation – equipment     RM 1,000  
          Cr. Accumulated depreciation     RM 1,000
- C.     Dr. Prepaid depreciation     RM1,000  
          Cr. Cash at bank                     RM1,000
- D.     Dr. Cash             RM 21,0000  
          Cr. Equipment             RM 21,000
19. Which of the following is incorrect about the purpose of the trial balance?
- A.     Act as equality of the debit and credit balances in the ledger  
B.     Act as part of the financial statements  
C.     Helps to localize errors within a given time period  
D.     Helps to facilitate the preparation of the financial statements.
20. Neji Trading sells goods on credit at a price above the cost price of the goods. The balance sheet effects
- A.     increase assets, increase liabilities  
B.     increase assets, decrease liabilities  
C.     decrease assets, increase revenues  
D.     increase assets, increase revenues

**SECTION B**

**(60 Marks)**

There are **THREE (3)** questions in this part. Answer **ALL** questions in the answer booklet.

**QUESTION 1**

**(15 Marks)**

Suga Bhd., a manufacturer for the music industry, purchased a new piece of music equipment which was priced at RM 410,000 from an equipment manufacturer on 2<sup>nd</sup> January 2017. Suppose that the reducing balance method was used and given a rate of 25% per year for the calculation depreciation expense, you are required to prepare:

- a) The depreciation account for the first 5 years and shows clearly the net book values as at the end of each year on the Statement of Financial Position. (10 marks)
- b) The accumulated depreciation for the 5 years respectively. (5 marks)

**QUESTION 2**

**(30 Marks)**

- a) Below are the details for Kookies Enterprise trial balance as at 31<sup>st</sup> March 2022 which was found to be out of balance.

Kookies Enterprise  
 Trial Balance as at 31<sup>st</sup> March 2022

	Debit (RM)	Credit (RM)
Land and Building	120,000	
Plant and Machinery	92,000	
Wages	18,200	
Discount Allowed		1,620
Discount Received	730	
Purchases	126,000	
Sales		240,000
Return Inwards		6,500
Return Outwards	3,370	
Opening Stock	15,000	
Debtors	30,000	
Creditors		20,000
Carriage on Sales		3,280
Carriage on Purchase	2,800	
Insurance		1,500
General Expenses	6,100	
Cash in Hand	2,400	
Bank Overdraft	12,100	

Capital		154,000
Drawings		4,800
	428,700	431,700

You are required to prepare a corrected trial balance as at 31<sup>st</sup> March 2022 for JJK Sdn Bhd.  
 (15 marks)

b) Based on the table 2 below, prepare the Income Statement for the year ended 31<sup>st</sup> July 2022 for Kookies Enterprise.  
 (15 marks)

Table 2:

	RM
Return outwards	180
Carriage outwards	210
Sales	47,810
Wages and salaries	5,600
Return inwards	210
Commission expense	1,800
Commission revenue	220
Carriage inwards	360
Motor van expense	120
Stock, 1 <sup>st</sup> August 2021	5,500
Purchases	34,000
Bank interest and charges	115
Rent, rates and insurance	1,140
General expenses	1,850
Bad debts	210
Discount allowed	120
Discount received	680

The stock on 31<sup>st</sup> July 2022 was valued at RM 4,835



**QUESTION 3**

**(15 Marks)**

Megumi has a sundry shop business registered under the name of Kaizen Enterprise. The following is a summarized version of the bad debts, provision for doubtful debt and the debtors accounts of his business since its start in 2019.

Table 1: Summary of bad debts, provision for doubtful debt and debtors accounts from 2019 to 2023

Year	Debtors at end of the year	Bad debts already written off during the year	Provision for doubtful debts at % of outstanding debtors at end of year
	RM	RM	%
2019	400,000	3,000	1
2020	395,000	3,500	1
2021	420,000	6,000	1
2022	500,000	1,000	1
2023	380,000	500	1

You are required to prepare:

- a) Bad debts account (5 marks)
- b) Doubtful debts account (5 marks)
- c) Balance sheet (5 marks)

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