SINGAPORE POLYTECHNIC

SCHOOL OF BUSINESS

ACCOUNTING BA9026

ACCOUNTING EP0709

End of Semester Test – MOCK TEST

Time Allowed: 1 Hour + 10 minutes reading time

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Student Admission No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Class: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Instructions to Candidates:

1. Write your admission number on the question paper and the attached answer templates provided.
2. All question papers together with the answer templates must be submitted.
3. Answer all questions in ink on the answer templates.
4. This continual assessment consists of two questions:

Question 1 39 marks

Question 2 11 marks

Total 50 marks

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4. This continual assessment consists of 4 pages.

**Question 1**

Yew Peng Pte Ltd have been selling electronic products as the main business. Other services are providing repairs services for electronic products and consultancy services. The following information relates to Yew Peng Pte Ltd for the year ended 30 June 2021.

|  |  |  |
| --- | --- | --- |
|  | **Unadjusted Trial Balance** | |
| **Account Name** | **Debit ($)** | **Credit ($)** |
| Furniture and fittings | 41,600 |  |
| Cash | 15,700 |  |
| Accounts receivable | 45,700 |  |
| Prepaid insurance | 26,700 |  |
| Inventory | 17,600 |  |
| Bank Loan |  | 45,000 |
| Accounts payable |  | 13,800 |
| Unearned consultancy revenue |  | 14,700 |
| Repair services revenue |  | 9,800 |
| Sales revenue |  | 145,800 |
| Sales returns | 6,300 |  |
| Cost of sales | 65,800 |  |
| Loss from law suit | 17,300 |  |
| Interest expense | 2,250 |  |
| Sales commission expense | 29,600 |  |
| Salary expense | 25,800 |  |
| Ordinary share capital |  | 60,000 |
| Retained earnings (as at 1 July 2020) |  | 5,250 |
|  | 294,350 | 294,350 |

Additional information:

1. The company provided repair services for the month of June 2021 amounting to $9,900. This has not been billed nor recorded.
2. Consultancy fee amounting to $14,700 was received on 1 April 2021 to provide 10 months of consultancy services. As at year end 30 June 2021, only one-third of the consultancy services have been provided. The amount of $14,700 received was recorded in Unearned consultancy revenue.
3. Every sales staff was paid a 2% commission based on total sales for the month. The sales commission for 3 sales staff have not been paid for the month of June 2021 and hence not recorded. Total sales for the month of June 2021 were $35,000.
4. The company paid for a one-year fire insurance premium of $26,700 commencing 1 November 2020. The amunt of $26,700 was recorded in Prepaid Insurance.
5. Inventory bought on credit amounting to $3,000 was returned to supplier due to wrong specifications. This has not been recorded on 30 June 2021.
6. Customer returned $8,000 of inventory which was bought on credit because it was damaged. The cost of the inventory returned was $2,900. This has not been recorded on 30 June 2021.
7. The company obtained a $45,000 bank loan for 4 years on 1 October 2020. The interest rate is 10% per annum and interest is payable half-yearly on 1 April and 1 October. Part of the interest expense has already been recorded.

**Required:**

1. Prepare the necessary journal entries including adjusting journal entries for Yew Peng Pte Ltd for the year ended 30 June 2021 for the above items. Narration is not required.

(13 marks)

1. Complete an extract of the worksheet for Yew Peng Pte Ltd as attached in the answer template.

(4 marks)

1. Prepare the Statement of Profit or Loss for Yew Peng Pte Ltd for the year ended 30 June 2021.

(16 marks)

1. Prepare an extract of the Statement of Financial Position for Yew Peng Pte Ltd as at 30 June 2021 showing only the current assets and current liabilities including total current assets and total current liabilities.

(6 marks)

**(Total: 39 marks)**

**Question 2**

Seng Pte Ltd runs a trading business and also provides consultancy services. The financial year end is 28 February 2021. In the past few years, the company has been making losses due to the competitive environment. In order to report profits in the books, Joe, the chief accountant has suggested the following:

1. Not to adjust in the books for expired Prepaid Insurance as at 28 February 2021. Prepaid insurance amounting to $27,300 for the period from 1 October 2020 to 30 September 2021, was recorded on 1 October 2020.
2. To record $27,900 of consultancy fees received on 1 January 2021 as consultancy fees revenue where only one-third has been earned as at 28 February 2021.
3. Not to accrue for rent expense of $12,400 and utilities expense of $1,300 which has been incurred for the month of February 2021.

**Required:**

Based on each of the three suggestions listed above by Joe, state the amounts overstated (O) or understated (U) (for example $400 O or $400 U) that will impact the following financial items, including their **overall impact, the amount and** **O or U** as indicated in the table below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Assets | Liabilities | Shareholder’s equity | Revenue | Expenses |
| 1 |  |  |  |  |  |
| 2 |  |  |  |  |  |
| 3 |  |  |  |  |  |
| Overall impact |  |  |  |  |  |

(11 marks)

**(Total: 50 marks)**

- End of paper -