

Test 1

Midterm 1

Question 1

(A) Prepare journal entries for the following by stating the particular and amount (narratives not required):

(a) The business sold goods on credit for RM180. *Dr TR Cr Sales*

(b) The business has received a cheque for RM280 from Diong, a debtor. *Dr ~~TR~~ Diong, Cr Bank*

(c) The business has bought a car for RM4,200, paying with a cheque. *Dr Asset (Motor vehicle), Cr Bank*

(d) The owner has withdrawn a cheque to use for private purposes RM50. *Dr Drawings, Cr Bank*

(e) The business has bought some goods on credit from Jimmy worth RM346. *Dr Purchase, Cr TP: Jimmy*
(5 marks)

(B) Answer the following questions with "Debit" or "Credit":

(a) If we purchased a new motor vehicle, which side of the cash book should we enter this item?

(b) If we had an income, which side of the cash book should we enter this item?

(c) If we were to repay a liability owed to a factory supplier for goods supplied to our shop, which side of the liability account should enter this item?

(d) If we had to pay an electricity bill, which side of the electricity account should we enter the item?
(2 marks)

(C)

Mr. D. Tan owns a shop selling IT devices.

Categorise the following items in his shop into the five categories: asset, liability, income, expense and equity.

	Category
Furniture	
A4 paper	
Repairs	
Money coming from outside the organisation	

(2 marks)
[Total: 9 marks]

Question 2
Treehouse is a sole proprietorship that records all their cash and bank transactions in a three-column Cash Book. On 1 August 2022, it had a balance in its bank account of RM10,000. bal b/d

August	
3	Received RM6,000 by cheque in settlement of owings by Peter Reed. This was after deducting a cash discount of RM400. Dr: TR: Peter Reed, Cr Bank Guav, Discount allowed 400
11	Cash sales of RM840, and cash purchases of RM360. Dr: Cash 840, Cr Sales 840 Dr: Purchase 360, Cr Cash 360
13	Paid in cash for invoices of RM400 previously owed to Jian Liang for goods purchased from this supplier. Dr: TP: Jian Liang 400, Cr Cash 400
15	Borrowed RM14,000 from Mr. Mustard, received into bank account. Dr: Bank 14,000, Cr Liability 14,000
19	There were repairs made to the Treehouse shophouse which cost RM1,546. RM1,046 was paid using a bank transfer, while RM500 was still owing. Dr: TP: Treehouse 1046, Cr Bank 1,046
22	Bought a motor cycle from Chong Cycles, paying RM6,246 by cheque on the same day. Dr: Motor Vehicle 6246, Cr Bank 6246
23	Withdrew RM1,000 cash from the bank for use in the office. Dr: Cash 1000, Cr Bank 1000 (current)
26	Rental received into the business bank account of RM700. Dr: Bank 700, Cr Rental 700
28	Bought a car for business use from OurCars Enterprise for RM30,000 paying RM15,000 by cheque and agreeing to pay the rest in September. Dr: Motor Vehicle, Cr TP: Our Cars
31	Withdrew RM1,000 from the bank for private purposes. Dr: Drawing, Cr Bank

Required:

- Required:**
- (a) Record all the above transactions into the 3-column Cash Book and close the cash book. (9 marks)
- (b) Prepare the following accounts in relation to the cash book entries: sales account, discount allowed account, purchases account, repairs, rental received, motor vehicles, an account for Peter Reed, an account for Jian Liang, a loan account for Mr Mustard, an account for OurCars, and drawings account. (Closing for these accounts are not required). (13 marks)

Cash Book

(a)

(a)

3-column Cash Book (provided)

Date	Particulars	Fol.	Discount Allowed	Cash	Bank	Date	Particulars	Fol.	Discount Received	Cash	Bank
Aug			RM	RM	RM	Aug			RM	RM	RM
12	TR: Wisdom On Sdn. Bhd.		50		200	9	TP: Honour Sdn. Bhd.				500
13	TR: Struggle Sdn. Bhd.				200	11	TP: Glory Sdn. Bhd.				2,150

[Total: 22 marks]

Question 3: Sales Cycle and Purchases Cycle

On 1 August 2022, MYJ Enterprise had the following balances in its Purchases Ledger: Glory Sdn. Bhd. RM300 and Honour Sdn. Bhd. RM400. MYJ Enterprise also had the following balances in its Sales Ledger: Wisdom Sdn. Bhd. RM500 and Struggle Sdn. Bhd. RM600.

August 1 : Bought from Glory Sdn. Bhd. (invoice 010), retail price of goods was RM2,000.

August 2 : Bought from Honour Sdn. Bhd. (invoice 016) at list price RM500.

August 4 : Sold to Wisdom Sdn. Bhd. (invoice 022) at list price RM700, with a trade discount of 10%.

August 6 : Sold to Struggle Sdn. Bhd. (invoice 023) at list price RM1,400, with a trade discount of 20%.

August 7 : Returned RM150 worth of goods to Glory Sdn. Bhd. (credit note no. 001).

August 9 : Paid RM500 to Honour Sdn. Bhd. using cheque.

August 11: Paid off entire debt to Glory Sdn. Bhd. using cheque.

August 12: Received RM200 from Wisdom Sdn. Bhd. by cheque, with a cash discount of RM50.

August 13: Received RM200 from Struggle Sdn. Bhd. by cheque.

} Cash book

Required:

(a) Prepare the books of prime entry for the above transactions (Cash Book is provided). (4 marks)

(b) Prepare all accounts in the Purchases Ledger and Sales Ledger. (8 marks)

(c) General Ledger accounts:

(i) Prepare the Trade Payables Control Account, Trade Receivables Control Account, Purchases Account, Sales Account.

(ii) Label the accounts in part (c)(i) with "asset", "liability", "income", "expenses". Also state which side of the accounts you started with: "start".

(7 marks)

Close all trade payables and trade receivables accounts in (b) and (c).

(Total: 19 marks)

Answer (to be improved)

Midterm 1 (Question 1)

(A) Journal entries (narratives not required)

Particulars	Debit (RM)	Credit (RM)
Dr Trade Receivables Cr Sales	180	180
Dr Bank Cr TR: Diumy	280	280
Dr Motor Vehicles Cr Bank	4,200	4,200
Dr Drawings Cr Bank	50	50
Dr Purchase Cr TP: Jimmy	346	346

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- B)
- a) Credit ✓
- b) Debit ✓
- c) Debit ✓
- d) Debit ✓
2.
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C)

	Category	
Furniture	asset	✓
A4 paper	expenses	✓
Repairs	expenses	✓
Money coming from outside the organization	income	✓ ✓

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Question 2

a)

Date	Particular	Folio	Discount allowed	Cash	Bank	Date	Particular	Folio	Discount received	Cash	Bank
1	Bal b/d				10,000	11	Purchases			360	
3	TR: Peter Reed		400		6,000	13	TP: Jan Lang			400	
11	Sales			840		19	Repairs				1,046
15	Loan Mr. Mustard				14,000	22	Motor Vehicle				6,246
23	Bank	c		1,000		23	Cash	c		1,000	
26	Rental received				700	28	Our Cars				15,000
						31	Drawing				1,000
						31	Bal c/d			1,080	6,406
			400	1,840	30,700					1,840	30,700

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b) General Ledger

Sales Account

Aug	RM	Aug	RM
		11	Cash 840

Discount allowed account

Aug	RM	Aug	RM
3	TR: Peter Reed 400		

Purchases Account

Aug	RM	Aug	RM
11	Cash 360		

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Repairs			
Aug	RM	Aug	RM
19	Bank	19	Liability
	1046		500
			500 (19)

Rental received			
Aug	RM	Aug	RM
		26	Bank 700

Motor Vehicles			
Aug	RM	Aug	RM
22	Bank		
	6,246		

Sales Ledger			
Trade Receivable: Peter Reed			
Aug	RM	Aug	RM
		3	Bank 6,000
		3	Discount allowed 400

Purchase Ledger			
Trade Payables: Tran Liang			
Aug	RM	Aug	RM
13	Cash		
	400		
			8-5

Loan Account : Mr. Mustard

	RM		RM
Aug		Aug	
		15	Bank (Liability) 14,000 *

Trade Payable : OurCars Enterprise

	RM		RM
Aug		Aug	
28	Bank 15,000	28	Motor Vehicle 30,000 *
31	Bal c/d 15,000		
	<u>30,000</u>		<u>30,000</u>

Drawing Account

	RM		RM
Aug		Aug	
31	Bank 1,000		

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a) Purchase Journal

Date	Particular	Invoice No.	RM	RM
Aug				
1	Glory Sdn. Bhd.	010		2,000 ✓
2	Honour Sdn. Bhd.	016		500 ✓
31	Purchases			2,500 ✓

Sales Journal

Date	Particular	Invoice No.	RM	RM
Aug				
4	Wisdom Sdn. Bhd.	022	700	
	Less: 10% trade discount		(70)	630 ✓
6	Struggle Sdn. Bhd.	023	1400	
	Less: 20% trade discount		(280)	1120 ✓
31	Sales			1750 ✓

Return Outwards Journal

Date	Particular	Invoice No.	RM	RM
7	Glory Sdn. Bhd.	001		150 ✓
31	Return Outwards			150 ✓

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b) Purchase ledger

Trade Payables: Glory Sdn. Bhd.

Aug	RM	Aug	RM
1 Return Outwards	150	1 Bal b/d	300
11 Bank	2150	1 Purchase	2,000
31 Bal c/d	0		
	2300		2,300

Trade Payables: Honour Sdn. Bhd.

Aug	RM	Aug	RM
9 Bank	500	1 Bal b/d	400
31 Bal c/d	400	5 Purchase	500
	900		900

Sales ledger

Trade Receivables: Wisdom Sdn. Bhd.

Aug	RM	Aug	RM
1 Bal b/d	500	12 Bank	200
4 Sales	630	12 Discount Allowed	50
	1,130	31 Bal c/d	880
			1,130

Trade Receivables: Struggle Sdn. Bhd.

Aug	RM	Aug	RM
1 Bal b/d	600	13 Bank	200
6 Sales	1120	31 Bal c/d	1520
	1720		1720

for 8

c) General Ledger

Trade Payables Control Account (Liability)			
Aug	RM	Aug	RM
31 Return	150	1 Bal b/d	700
31 Bank	2,650	31 Purchase	2500
31 Bal c/d	400		
	<u>3,200</u>		<u>3,200</u>

Trade Receivables Control Account (Income)			
Aug	RM	Aug	RM
1 Bal b/d	1,100	31 Bank	400
31 Sales	1,750	31 Discount Allowed	50
		31 Bal c/d	2,400
	<u>2,850</u>		<u>2,850</u>

Purchase Account

Purchase Account (Expenses)			
(start) August	RM	August	RM
31 Trade Payable Control	2500	31 bal c/d	2500
	<u>2500</u>		<u>2500</u>

∴ Start at debit side (Dr)

Sales Account

Sales Account (Income)			
August	RM	August	RM (start)
31 bal c/d	1750	31 Trade Receivables Control	1750
	<u>1750</u>		<u>1750</u>

∴ start at credit side (Cr)

Test 2 [48.5/50] - Correction is specified below

Midterm 2

Question 1

An inexperienced book-keeper has drawn up an incorrect trial balance as at 31 August 2022.

	Debit RM	Credit RM	(Corrected)	
			Debit RM	Credit RM
Wages <i>ca</i>		28,200	28,200	
Trade payables <i>l</i>	50,000	53,000		53,000
Cash in hand <i>ca</i>	23,000		50,000	
Rent received <i>v</i>	6,000			23,000
Custom duty taxes <i>e</i>	17,400		6,000	
Return Outwards <i>e</i>	35,000			17,400
Inventory as at 1 September 2021		2,000	35,000	
Discount allowed <i>e</i>		140,000	2,000	
Purchases <i>e</i>	5,000		140,000	
Carriage outwards <i>e</i>		107,800	5,000	
Capital <i>c</i>		90,000		107,800
Other payables <i>l</i>	25,000			90,000
Trade receivables <i>a</i>	132,000		25,000	
Bank <i>a</i>	3,000		132,000	
Return Inwards		14,000	3,000	
Discount received <i>v</i>	6,000			14,000
Insurance expenses <i>e</i>	231,000		6,000	
Sales <i>v</i>		127,000		231,000
Fittings <i>ncg</i>	23,000		127,000	
Accumulated Depreciation: Fittings	556,400	567,000		23,000
			559,200	559,200

Required:

- (a) Prepare a Corrected Trial Balance as at 31 August 2022. (Part (a) please write on the question paper in the space provided above) (9 marks)

Please do the following on foolscap paper/test pad:

- (b) Prepare an extract of the statement of financial position showing the non-current assets and current assets (before additional information). (3 marks)
- (c) Enter the following information into a cash account and bank account (omit the dates), starting with the cash and bank balances above.

Additional information:

- (i) Sold 10 units of goods that cost RM400/unit to customers, customers paid using cash. *400 x 10 = 4000 (RM) Dr Cash, Cr Sales*
- (ii) Paid office electricity bill RM80 by cash. *Dr Electricity, Cr Cash*
- (iii) Bought several boxes of A4 paper costing RM100 in total, paid with cash. *Dr A4 paper - 100, Cr*

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- (iv) Paid for a water bill RM40 by cash. *Dr Water Bill, Cr Cash*
- (v) Obtained a small bank loan of RM6,000 from Society Bank which was immediately banked into the bank account. *Dr Bank 6000, Cr Loan*
- (vi) Paid advertising expenses of RM4,000 by cheque. *Dr Advertising, Cr Bank*
- (vii) Bought fixtures (including a fan and light fixtures) for RM1,000 paid by cheque. *Dr Fixtures, Cr Bank*
- (viii) Paid a part-time assistant RM400 in cash. *Dr Wages, Cr Cash*

(4 marks)

- (d) Give the effect, whether it was an "increase" or "decrease" in amount for the following items based on the above additional information: (2 marks)

- (i) Electricity account;
- (ii) Fixtures account.

Electricity	
Cash	90

(B)

Use the following account balances to prepare a statement of profit or loss for the year ended 31 August 2022.

	RM
Inventories @ 1 September 2021	9,000
Sales	200,000
Purchases	153,200
Returns outwards	1,000
Returns inwards	2,000
Salaries	16,500
Carriage inwards	1,000
Carriage outwards	2,100
Insurance expense	1,100
Rental expense	9,600
Water and electricity	3,900
Rental received	3,200
Interest received	300

Additional information:

1. Inventories as at 31 August 2022 is RM7,500. *closing inventories*

Required:

Prepare a statement of profit or loss for the year ended 31 August 2022. (Foolscap paper) (7 marks)
(Total: 25 marks)

Question 2 (Foolscap paper)

State the relevant accounting concept for the scenarios given below:

(a) Accounting is limited in recording these areas, workers' morale, describing the environment, customer relationships and the like. Which concept mentions this limitation?

(b) If an accountant wants to reduce an asset's value to a more cautious figure, his boss may not always agree. Which concept would support the accountant's action.

(c) This concept guides accountants to use the original cost in recording an item.

(d) This concept makes an assumption regarding the business that it would continue its business for the next few years, and there are no plans to dispose of the business.

(e) The journal entry for recording a transaction normally involves two accounts on opposite sides.

(10 marks)

(f) Explain prudence concept.

(3 marks)

(Total: 13 marks)

Q3 (A) (Foolscap paper)

Differentiate between the two for the following items by labelling them either "capital expenditure" or "revenue expenditure".

Several machine parts have arrived from a faraway location, these require a team of engineers to assemble the parts into a workable machine for use. Classify each item of expenditure as either "capital expenditure" or "revenue expenditure".

	Capital expenditure/Revenue expenditure	Marks
(a) The cost of installation was totalled to be, RM1,500.	The RM1,500 should be _____.	(1 mark)
(b) Transporting these parts cost RM1,000.	This cost should be _____.	(1 mark)
(c) After installing the machine, one of the engineers commented on the work needed to be done to dismantle this machine in the future, should the factory ever move its location. He even provided an estimate. RM1,400.	RM1,400 should be _____.	(1 mark)

Classify the following two (2) groups of items into capital expenditure or revenue expenditure:

	Capital expenditure/Revenue expenditure	
(d) Painting a fence, Mending a broken-down wall, Filling up pot holes in the road.	These three items are _____.	(2 marks)

(e)		
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[missing last page question XD] - can just refer to the answer screenshot

Question 1

(a) question paper

(b) Statement of financial position as per year ^{ended 31 August 2012 (extract)}

	RM	RM	RM
<u>Non-current asset</u>		127,000	
Fittings		(23,000)	
less: Accumulated depreciation: fittings			104,000
Net book value			
<u>Current asset</u>		50,000	
Cash in hand		25,000	
trade receivables		132,000	207,000
bank			<u>311,000</u>

DAAL - bal c/d

c.

Cash account		RM	
August	RM	August	RM
bal b/d	50,000	Electricity	80
Sales	4000	A4 Paper	100
		Water Bill	40
		Wages	400
	54000	bal c/d	53,380
September			54000
bal b/d	53,380		

Bank account		RM	
August	RM	August	RM
bal b/d	132,000	Advertising	4000
Loan	6000	Fixtures	1000
		bal c/d	133,000
	138,000		138,000
September			
bal b/d	133,000		

3.5

Notes: Don't write A4 Paper, correct it to the **Stationery**

- d. (i) Decrease
(ii) Increase

(B) Statement of profit or loss for the year ended 31 August 2022			
	RM	RM	RM
Sales		200,000	
less: return inwards		(2000)	
Net Sales			198,000
less: Cost of Good Sold			
Opening Inventories		9,000	
Purchases	153,200		
less: return outwards	(1,000)		
add: carriage inwards	1000	153,200	
less: closing inventories		(7500)	
Gross Profit			(154,700)
			43,300
Add: Income			
Rent received		3,200	
Interest received		300	
			3,500
less: expenditure			
Salaries			
Carriage outwards		16,500	
Insurance expenses		2,100	
Rental expense		1,100	
Water and electricity		9,600	
Net Profit		3,900	
			(33,200)
			<u>13,600</u>

(i) Increase - Dr Electricity increases

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Question 2

- Money measurement concept ✓
- Prudence concept ✓
- Historical cost concept ✓
- Going concern concept ✓
- Dual-aspect concept ✓

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- Prudence concept refers that the accountant should not paint too good a business, which is:
 - the asset and profit should not be overstated
 - the liability and expenses should not be understated 3
 - All foreseeable losses must recognized and reported immediately
 - All revenue shall recognized when it has actually happened

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Question 3

- Capital expenditure (installation cost) ✓
- Capital expenditure (transport cost) ✓ 3
- Capital expenditure (dismantling cost) ✓
- Revenue expenditure (maintenance) ✓ 4p
- Capital expenditure (buying new non-current asset) ✓

(B)

at an equal amount

- $50,000 \times 0.15 = 7,500$ (depreciation for each year)

(Year 1)		(Year 2)		(Year 3)	
Cost : 50000		42,500		35,000	
depreciation : 7500		depreciation : 7500		depreciation 7500	2
Net book value : RM 42500		Net book value : RM 35000		Net book value RM 27500	

b. Net book value = cost - accumulated depreciation

Year 1 - 7500

Year 2 - 7500

Year 3 - 7500

Net Book Value at the end of Year 2: $50000 - (7500 + 7500)$
 $= \text{RM } 35,000$

c. $7500 + 7500 = \text{RM } 15,000$ (Accumulated depreciation for Year 1 and 2)

d. formula of
Straight line method = $\frac{(\text{acquisition cost}) - (\text{scrap value})}{\text{estimated useful life}}$
using scrap value

3