

CONFUCIAN PRIVATE SECONDARY SCHOOL 2021 FINAL EXAMINATION

Senior Middle Three Arts

BOOKKEEPING AND ACCOUNTS (SE15)

PAPER 2 SUBJECTIVE QUESTIONS

Date: 26 October 2021

Time: 0915 – 1215 (3 hours)

Answer Sheet: 11 Sheets

Set by: Alex Mok and Wang MK

INSTRUCTIONS TO CANDIDATES

1. This subject comprises two papers:
Paper 1: Multiple-choice questions (20%),
Paper 2: Subjective questions (80%).
2. Paper 2 consists of two sections:
Section A (Compulsory): Attempt **all** the three questions (60%),
Section B (Elective) : Attempt any **one**, but not more than one from the three questions (20%),
You are required to attempt a total of **four** questions.
3. **Begin each answer on a fresh page.**
4. Use only **blue** or **black** ink to write your answers.
5. Do not copy the questions, but the question numbers should be clearly written.
6. **Working must be shown.**
7. Unless otherwise specified, the prescribed electronic calculators may be used.
8. Paper 2 consists of seven printed pages.

DO NOT TURN OVER THIS PAGE UNTIL YOU ARE TOLD TO DO SO

(Candidate's Name: _____ Index Number: _____)

Section A: Compulsory Questions (60%)*Attempt **all** the questions in this section.*

1. Himalaya Company provide the following information for your further action.

Himalaya Company Statement of Financial Position (extract) as at 31 December 2019			
	Cost	Accumulated Depreciation	Carrying Amount
Non-Current Assets	RM	RM	RM
Machinery	50,000	9,500	40,500
(bought on 12 Jan 2018)			

It was decided to depreciate the machines on a reducing balance basis at 10% per annum.

It was further decided to charge a full year's depreciation for any machine bought before 1 July in any year. Any machine acquired in the second-half of any year would be charged with a half year's depreciation. No depreciation was to be charged in the year of disposal.

Additional machines were acquired as follows:

2020

Jun 21 2 machines costing RM 10,500 each

Aug 8 1 machines costing RM 18,000 (installation cost of RM2,000 excluded)

On 6 November 2020, the company decided to trade in old machinery which was bought on 12 January 2018 with a new machinery at a cost of RM 60,000. The trade in value for old machinery was RM 42,000 and the remaining balance was paid by cheque.

You are required to:

- (a) prepared the following accounts for the year ended 31 December 2020:
- (i) Machinery; (8%)
 - (ii) Accumulated Depreciation of Machinery; (4%)
 - (iii) Disposal of Machinery (4%)
- (b) show the above balances in the following final accounts (extract):
- (i) Income Statement for the year ended 31 December 2020; (2%)
 - (ii) Statement of Financial Position as at 31 December 2020. (2%)

(Total: 20%)

2. Farm Fresh Holding Berhad is a company with an authorized share capital of 800,000 ordinary shares of RM 2 each, of which 500,000 shares had been issued and fully paid on 31 December 2019. The following balances were extracted from the company's books:

	RM
Ordinary Share Capital	1,000,000
Share Premium	200,000
Retained Profits (to date)	900,000
8% Loan Notes	800,000

On 1 September 2020, the directors decided to increase the share capital by offering the remaining ordinary shares of 300,000 units to the public at a premium of RM 0.50 per share payable as follows:

		Per Share RM
2020		
Sept 1	On application	0.40
Nov 1	On Allotment (including premium)	1.80
Dec 10	On first and final call	?

Applications had been received for 520,000 shares, and they were dealt with as follows:

- (i) To return cheques to applicants for 60,000 shares.
- (ii) To give full allotment to applicants for 60,000 shares.
- (iii) To allot the remaining shares on the basis of three share for every five shares applied for.
- (iv) The excess application monies sent by the successful applicants were not to be refunded but to be used as part payment of amounts due on allotment.

An applicant, to whom 1,000 shares had been allotted, failed to pay the amount due on the first and final call.

In the books of Farm Fresh Holding Berhad, you are required to prepare:

- (a) Journal entries to record the above issue of shares (without narrations); (15%)
- (b) Equity and Liabilities section as it would appear on the Statement of Financial Position as at 31 December 2020. (5%)

(Total: 20%)

3. The cash book of Sinovac Sdn Bhd showed a balance of RM 400 overdrawn on 30 September 2020. The bank statement on the same date recorded RM 750 (Cr) was checked against the Cash Book and the following discrepancies were revealed:

- (i) Bank charges amounting to RM 125 had been made by bank.
- (ii) An amount of RM 400 paid into bank had not been credited.
- (iii) The bank had made a standing order for the hire purchase instalment of RM 100 which had not been recorded by the company.
- (iv) Cheque issued to the value of RM 1,200 had not been presented for payment.
- (v) The bank had received a credit transfer of RM 150 for dividends due to the company. This had been overlooked by the company's cashier.
- (vi) A payment from Choong Marketing to Sinovac Sdn Bhd of RM 500 by direct transfer was not recorded in the Cash Book.
- (vii) Interest on fixed deposit of RM 35 credited direct to the account by the bank had not been recorded in the Cash Book.
- (viii) The bank returned a cheque of RM 200 marked "Refer to drawer" which had not been recorded in the cash book.
- (ix) A cheque of RM 40 issued to Khazanah Bhd. was entered correctly in the Cash Book but had been recorded in the Bank Statement as RM 400.
- (x) A cheque issued to Pfizer Holding for RM 50 was entered correctly in the Bank Statement but had been recorded in the company's books as RM 500.

You are required to:

- (a) Bring the Cash Book up to date and bring down the adjusted balance; (9%)
- (b) Prepare Bank Reconciliation Statement as at 30 September 2020, and state clearly whether each balance is a debit or a credit. (9%)
- (c) Explain the need to prepare Bank Reconciliation Statement. (2%)

(Total: 20%)

Section B: Elective Questions (20%)

*Attempt any **one** of the three questions in this section.*

4. On 1 April 2019, Kelly and Zhong entered into a joint venture to deal in second-hand goods. No separate books were opened for the venture and all payments and receipts were passed through the ventures' individual bank accounts. Profits and losses were to be shared equally and each party was entitled to a selling commission of 10% on the sales made by each of them.

The transactions for April and May were as follows:

2019

- Apr 1 Kelly bought goods costing RM 9,700 for cash, and paid advertising expenses for RM 49.
- 3 Of the above goods, items costing RM 1,500 were sent to Zhong. Kelly paid transport expenses RM 55.
- 4 Zhong bought goods RM 1,650 by cash.
Zhong paid insurance and electricity expenses for RM 220 and RM 120 respectively.
- 5
- 30 Kelly and Zhong sold goods for cash RM 3,460 and RM 3,000 respectively.
- May 1 Kelly bought goods for cash for RM 2,250. On his way home he was involved in an accident and half of the goods just bought were completely destroyed. 60% of the loss was recoverable from the insurance company but the remainder of the loss was to be borne by the joint venture. The insurance company accepted the liability and paid Kelly that amount on 30 May.
- 2 Kelly transferred cash RM 6,000 to Zhong.
- 28 As a result of the accident, Kelly was no longer able to take part in the venture, and it was agreed that Kelly took over the balance of the goods unsold at cost.
- 31 The final and the only settlement took place between the parties and they agreed to settle the debts between them by cheque.

You are required to prepare:

- (a) Joint Venture with Kelly Account in the books of Zhong; (6%)
- (b) Memorandum Joint Venture Account (14%)

(Total: 20%)

5. On 1 July 2020, Mr Heng had the following balances on his personal accounts:

<u>Accounts Receivables</u>	RM	<u>Accounts Payables</u>	RM
Kenny	3,750	Joe	3,500
Marcus	700		
Amin	375		

- Jul 1 Received Marcus's acceptance (Bill 1) for RM 700 at two months. The bill was discounted at his bank and incurred charges of RM 40.
- 4 Mr. Heng drew a bill of exchange (Bill 2) on Amin for RM 375 at 1 month from sight.
- 5 Drew a two months bill (Bill 3) for RM 1,750 and a three months bill (Bill 4) for RM 1,900 to Kenny in full settlement of his debts. All the bills were duly accepted by Kenny and received by Mr. Heng.
- 6 Endorsed and transferred the acceptance (Bill 3) to Joe in part payment of the amount due to him.
- 15 Paid Joe a cheque of RM 1,200 and accepted a one month bill (Bill A) for the balance.
- Aug 7 Bill 2 was paid on due date.
- 10 Prior to the due date of Bill A, Mr. Heng desired to retire the bill. Joe agreed and allow a rebate of RM 25.
- Sep 4 Bill 1 was returned by the bank as dishonoured. The bank had paid noting charges RM 55. On the following day, Mr. Heng drew a new bill (Bill 5) on Marcus plus the noting charges for a further period of 1 month.
- 8 Bill 3 was paid on due date.
- Oct 8 Bill 4 was met on maturity, Bill 5 was returned as dishonoured on due date.
- 12 Marcus declared bankruptcy, his debt was written off immediately.

You are required to:

- (a) prepare the General Journal up to 12 October 2020 in the books of Mr Heng. (14%)
[Remarks: 3 days grace period is required and Narration is not required]
- (b) list out **three** advantages or alternatives available to a drawer of a bill of exchange. (6%)

(Total: 20%)

6. Star Company of Kuala Lumpur has a Branch in Penang. The branch keeps its own books and their respective Trial Balances as at 31 December 2019 were as follows:

	<u>Head Office</u>		<u>Branch</u>	
	Debit	Credit	Debit	Credit
	RM	RM	RM	RM
Capital		21,000		
Drawings	2,000			
Vehicle, at cost	16,000		4,500	
Accumulated for Depreciation, 1 January 2019				
-Vehicle		7,000		500
Inventory, 1 January 2019, at cost	1,300			
Purchases and Sales	45,000	43,350	-	23,425
Goods Sent To Branch at invoiced price		19,000		
Goods Received From Head Office at invoice price			18,750	
General Expenses	4,425		250	
Administrative Expenses	9,600		1,375	
Allowance for doubtful debts		150		125
Trade Receivables and Trade Payables	3,200	3,000	4,000	-
Cash and Bank	2,725		1,175	
Head Office Current				6,000
Branch Office Current	9,250			
	<u>93,500</u>	<u>93,500</u>	<u>30,050</u>	<u>30,050</u>

Additional information was available as follows:

- All goods are purchased by the head office. Those goods sent to the branch are invoiced at cost plus 25%.
- The inventory in hand at 31 December 2019 were valued as follows:

Head Office (at cost)	RM 600
Branch (at invoiced price)	RM 900
- Depreciation is to be provided on vehicles at a rate of 10% per annum at cost.
- The allowance for doubtful debts is to be maintained at a rate of 5% on Accounts Receivable.
- As at 31 December 2019, there was a RM 3,000 cash in transit from the branch to the head office, this cash was received on 3 January 2020. There was also RM 250 of goods in transit at invoiced price from the head office to the branch, the branch received these goods on 5 January 2020.

You are required to show:

- A columnar Income Statement for the Head Office and Branch for the year ended 31 December 2019; (including a “combined” column); and (15%)
 - Branch Current Account in Head Office’s books. (5%)
- (Total: 20%)