

Chung Ling (Private) High School

UEC Trial Examination 2021

Senior Middle 3 (S3CF/ CK / CL / CT)

Bookkeeping

Paper 2: Subjective Questions

Time: 3 hours

INSTRUCTIONS TO CANDIDATES

- . 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 from the three questions (20%).
3. Begin each answer on a fresh page.
4. Do not copy the questions, but the answer to each question should be clearly numbered.
5. Workings must be shown.
6. Use only blue or black ink to write your answers.
7. Electronic calculator may be used for calculation.
8. Paper 2 consists of 8 printed pages.

<p>DO NOT TURN OVER THIS PAGE UNTIL YOU ARE TOLD TO DO SO</p>

Name: _____ School No.: _____ Class: _____

Prepared & Approved by: Koid Khee Khim

Checked by: Lee Cheng Ai

Section A: Compulsory Questions (60%)

Attempt all the questions in this section.

1. SkyKing Ltd. incorporated two years ago with an authorised capital of RM1,000,000 which divided equally into Ordinary Shares and 10% Preferred Shares. The following Trial Balance was extracted as at 31 August 2020: -

	RM	RM
Plant and Machinery at cost	197,000	- 35,000
Motor Vehicles	85,000	
Building at cost	430,500	
Accumulated Depreciation:-		
Plant and Machinery		103,000 - 12,300 + 16,200 PnL ✓
Motor Vehicles		17,000 + 4,250 PnL ✓
Issued and Paid-up share capital:		
- 400,000 Ordinary Share of RM1 each	400,000	+ 100,000 ✓
- 150,000 10% Preferred Share of RM1 each	150,000	
Inventory on 1 September 2019	20,200	
Wages and Salaries	30,000	- 15,000 C Dividend PnL ✓
General Expenses	8,350	+ 650 PnL ✓
10% Loan Notes (issued on 1 December 2019)	20,000	
Loan Notes Interest	1,000	+ 500 PnL ✓
Trade Receivables and Payables	9,000	12,000 ✓
Insurance	9,000	- 1,000 PnL ✓
Carriage Expenses	6,000	
Purchases and Sales	145,000	220,000
Investments (Quoted) at cost (market value RM13,000)	6,000	+ 1,000 ✓
Fixed Deposit	8,000	
Allowance for Doubtful Debts		200 + 800 PnL ✓
Retained profit as at 1 September 2019		23,500
Interim Dividend paid:		
- Ordinary Share Capital	4,000	✓
- 10% Preferred Share Capital	15,000	✓
General Reserve		16,000 ✓
Bank		12,350 + 14,000 + 29,000 ✓
	<u>974,050</u>	<u>974,050</u>

Additional Information:

- Inventory on 31 August 2020 was RM50,000.
- One of the machinery cost RM35,000 which bought on 1 March 2018 with useful life of 7 years was disposed for RM20,000 on 28 February 2020. This transaction was no recorded in the books.
- Depreciation of tangible non-current assets (except for Building) on a straight line basis should be calculated at the following rates: -
Plant and Machinery 10% (remaining units); Motor Vehicles 5%.

PnL 32,750

801,100 776,400

362,550
238,150

801,100

- d) During the year, a credit customer was declared bankrupt. Thus the balance he owed RM800 was immediately written off as bad. The directors estimated that, a credit customer who facing financial problem was to be uncollectible in the next accounting year. The balance owed by this customer was RM1,000.
- e) During the year, the directors issued the remaining Ordinary Shares at a price of RM1.40 to public. All the shares were fully subscribed and paid for.
- f) The wages and salaries account had included RM15,000 which was remuneration to directors.
- g) Monthly general expenses were RM750.
- h) Unexpired Insurance was RM1,000.
- i) RM8,000 and RM5,000 will be transfer to the General Reserve and Staff Welfare Fund respectively.
- j) The directors proposed a final dividend of RM0.05 per share to the ordinary shareholders at the end of financial year. ✕

Capital | Reserve | Staff | Share | Total

You are required to prepare:

- a) Income Statement for the year ended 31 August 2020;
- b) Statement of Changes in Equity for the year ended 31 August 2020;
- c) Statement of Financial Position as at 31 August 2020.

2. Bradley Bhd had been registered with an authorised capital of RM1,000,000 which included Ordinary Shares and 5% Preferred Shares, following balances were extracted from the company's books for the year ended 31 July 2021:

	800,000	200,000	RM
Bank			100,000
Issued and Paid-up Capital:			
- 500,000 Ordinary Shares of RM1 each			500,000
- 150,000 5% Preferred Shares of RM1 each			150,000
Share Premium			45,000

On 1 August 2021, the directors decided to increase the share capital by offering the following shares to public:

- i. The remaining one-quarter of the Preferred Shares at a premium of RM0.40 per share.
- ii. A further 50% of the remaining Ordinary Shares at RM1.50 each.

The offer was payable per share as follows:

	Ordinary Shares	5% Preferred Shares
	RM	RM
Application (10 August 2021)	1.00 (including premium)	0.80
Allotment (21 August 2021)	0.30	0.60 (including premium)
Final Call (1 September 2021)	the remaining balance	-

Applications were received for 180,000 Ordinary Shares and 80,000 5% Preferred Shares. Unsuccessful applicants' money was refunded on the allotment date.

The amount due on final call was received on 15 September 2021.

In the books of Bradley Bhd, you are required to prepare:

- a) Journal entries (including cash transactions) to record the above issuance of shares up to 15 September 2021;

Note: i. No separate entries required for the application and allotment and final call of the issuance of Ordinary and 5% Preferred shares.

- b) Statement of Financial Position (Equity section) as at 15 September 2021.

3. The financial position of YY Ltd as at 30 September 2021 was shown below: -

<u>Non-Current Assets</u>		RM	RM
Tangible Assets			80,000
Intangible Assets			30,000
Investment			20,000
<u>Current Assets</u>			
Inventory		2,000	
Accounts Receivable		8,000	
Cash at Bank		10,000	20,000
Total Assets			<u>150,000</u>
<u>Equity and Liabilities</u>			
Ordinary Share Capital of RM1 each			80,000
Share Premium			20,000
Retained Profits			10,000
Bank Loan			25,000
Accounts Payable			15,000
Total Equity and Liabilities			<u>150,000</u>

On 1 October 2021, YY Ltd decided to acquire the business of VMD partnership.

The Statement of Financial Position of VMD as at 30 September 2021 showed the following financial position:

<u>Assets</u>	RM	RM	<u>Owners' Equity and Liabilities</u>	RM	RM
✓ Premises		25,000	Capital – Vince	20,000	
✓ Office Furniture	8,000		- Wyman	10,000	
Less: Accumulated Depreciation	(2,000)	6,000	- Document	10,000	40,000
* Investment (Quoted) at cost		10,000	Current – Vince	2,500	
✓ Inventory		5,500	- Wyman	1,000 Dr.	
✓ Accounts Receivable		4,500	- Document	500	2,000
✓ Petty Cash		500	Accounts Payable		5,000
			* Water and Electricity due		500
			* Bank		4,000

1. All the assets (except bank balance and investment) and 50% of creditors were taken over by YY Ltd. Some assets were revalued as follows: -

	RM
Premises	30,000
Office Furniture	5,000
Inventory	8,000

2. The purchase consideration was to be settled by:

- Issued 20,000 ordinary shares of YY Ltd at a premium of RM0.20 ^{24,000} 50,000
- 10% Loan Notes (payable on 1 October 2023) at RM16,000
- the remaining balance by a cheque of RM10,000.

3. The balance of the accounts payable was settled by Wyman with his private resources at RM2,000.

4. The partners would divide the shares and loan note between them according to their profits and losses sharing ratio.

5. The partnership current profits and losses sharing ratio was 2: 1: 1. ^{13,750 6,375 5,875}

6. The investment had been sold off at its market value of RM20,000. ^{25,500}

In the books of VMD partnership (Seller), you are required to prepare the following ledgers:

- a) Realisation;
- b) Partners' Capital Account in columnar form;
- c) Bank.

Section B: Elective Questions (20%)

Attempt any one of the three questions in this section.

4. Wu H'ng a lantern maker and Min Sheng enter into a joint venture business for selling lantern and homemade moon cakes in All Seasons Sunday Market. Profits and losses were to be shared in the ratio of 3:2, each party recorded their transactions in their own books. All the goods were sold at a price of cost plus 50%.

Following were the transactions made during the period of theirs joint venture:-
2021

- 240
- Sep 1 Wu H'ng paid two months rental of RM120 each month.
2 Wu H'ng brought in 300 units of lantern cost RM3,000 for the business venture.
3 Min Sheng produced moon cakes cost RM2,000 for the business venture.
5 Wu H'ng paid for the painting expenses for the store RM100.
8 Min Sheng paid for the decoration fees of RM86.
10 Wu H'ng insured the store with a short-term insurance coverage of RM280.
15 One-quarter of the moon cakes was sold by Min Sheng at RM750.
17 Jia Hao bought half of the lanterns at RM2,250 from Wu H'ng, He was allowed with a credit period of one month.
18 Min Sheng sold one third of the remaining moon cakes at RM750.
22 Wu H'ng gave 2 units of lantern for free to his joint venture's customer.
27 Cash sales made by Wu H'ng for RM1,500.
30 Due to a thunderstorm, all of theirs remaining inventory were destroyed. Insurance company agreed to compensate 70% of the losses facing by them.
- Oct 1 Wu H'ng brought in another 100 units of lantern at RM8 each.
5 Min Sheng also provided RM1,500 of moon cakes at cost to the business venture.
10 Min Sheng sold out all of the moon cakes and received a cheque.
15 Half of the lanterns brought in by Wu H'ng was sold out by him.
16 Jia Hao's debts was due, he just able to pay 80% of the debts he owed, and the remaining outstanding balance was immediately written off as bad.
28 Joint venture business ended, and the remaining inventory was taken over by Wu H'ng.

You are required to prepare:

- a) Joint Venture Account for both venturers;
b) Memorandum Joint Venture Account.

5. Chai Wei was a trader in Bookshop business for several years. Her business had two departments which is Books and Stationery department. She decided to retire, following was the final year of Trial Balance as at 31 December 2020: -

	Debit RM	Credit RM
Sales (2 departments)		303,000
Inventory, 1 January 2020: Books	20,000	
Stationery	15,000	
Purchases: Book	100,000	
Stationery	65,000	
Water and Electricity	1,400	
Rate and Insurance	3,400	
Salary	10,000	
Interest		3,000
Bad Debts Recovery		500
General Expenses	2,500	
Motor Vehicles	50,000	
Premises	250,000	
Accumulated Depreciation of Motor Vehicles		10,000
Allowance for Doubtful Debts		800
Trade Receivables and Trade Payables	18,000	32,100
Cash in hand	3,000	
Bank		3,500
Capital		185,400
	<u>538,300</u>	<u>538,300</u>
	20,500	63,400

Additional Information:

- Only Stationery Department had remaining closing inventory, and Chai Wei had been donated it to charity society. This was no record in the books.
- Regarding to the company policies, books department was selling all its goods by adding 25% on its cost; while Stationery Department was selling its goods by a profit margin of 50%.
- Monthly insurance premium was RM200, while rates were still owing for two months.
- Depreciation of motor vehicles was 10% on cost.
- Allowance for doubtful debts was 5%. Only Books department was provided credit sales.
- All expenses and others income were shared equally for both departments.

You are required to prepare Income Statement for the year ended 31 December 2020 in the books of Chai Wei.

Note: "Total" column is not required.

6. Jie Hung Trading has a branch at Penang. A full double entry record is kept in the branch's books. All purchases are made by head office and goods sent to the branch are invoiced at 25% higher than its cost.

The following Trial Balance was extracted from the head office and the branch as at 30 September 2021, which was the end of the accounting year:

	Head Office	Branch
Debit:	RM	RM
Inventory, 1 October 2020, at cost	23,000	-
Purchases	500,000	-
Branch Current	60,100	-
Office Equipment	20,000	12,400
Premises	212,800	29,700
Trade Receivables	16,600	14,000
Sundry Expenses	24,960	6,500
Goods Received from head office, at invoiced price	-	198,000
Petty Cash	-	1,000
	<u>857,460</u>	<u>261,600</u>
Credit:		
Sales	520,000	205,000
Goods sent to branch, at invoiced price	200,500	-
Bank Overdraft	2,400	-
Accounts Payable	8,500	-
Head Office Current	-	56,600
Capital	<u>126,060</u>	-
	<u>857,460</u>	<u>261,600</u>

Additional Information:

- The inventory at 30 September 2021 was valued as follows:
Head office RM68,400, at cost;
Branch RM28,000, at invoiced price.
- Slow moving goods at cost RM2,000 had been returned by branch to Head Office on 29 September 2021, together with a cheque of RM1,000. However, the goods and cheque was not yet received by Head Office.
- A branch debtor JT, with the amount owed RM4,000 had informed that he was insolvent. He paid 80% of the debt he owed, to Head Office and the remaining balance was immediately write off as bad. This was no record in the book as at 30 September 2021.
both head office and branch

You are required to prepare:

- Income Statement for the year ended 30 September 2021 (in columnar form for the head office, branch and combined business);
- Branch Current;
- Head Office Current.