

FOON YEW HIGH SCHOOL JOHOR BAHRU
SENIOR MIDDLE THREE COMMERCE CLASS
ACCOUNTING GRADUATION EXAMINATION 2018
PAPER 2: SUBJECTIVE QUESTIONS (80%)
DATE: 28-09-2018 (FRIDAY) TIME: 8:00am – 10:00am

Name: _____ () Class: SM3C () Student ID: _____ Teacher: _____

Question 1 (18 %) (36.3)

The financial position of Udomos Bhd on 30th June Year 8 was as follows:

Trial Balance as at 30th June Year 8

	RM	RM
Goodwill and Trademarks	120,000	
Plant and Machinery	320,000	
Accumulated Depreciation – Plant and machinery		160,000
Freehold Premises	690,000	
Motor Vehicles	300,000	
Office Equipment	100,000	
Inventory	60,000	
Trade Receivables	157,000	
Trade Payables		160,000
Bank		146,000
Retained Profits	163,000	
Share Capital , issued and fully paid		
6% Preferred Shares of RM 2.00 each		400,000
Ordinary Shares of RM 1.00 each		800,000
Share Premium		80,000
Quoted Investments	90,000	
Other Payables		14,000
Mortgage Loan on Freehold Premises		240,000
	2,000,000	2,000,000

The following **scheme of capital reduction** was sanctioned by the court and agreed by the shareholders:

- Both preferred shares and ordinary shares were to be reduced to **RM 1.50 and RM 0.75** respectively.
- The balance on the share premium account was to be utilized.
- Half of the quoted investments were to be **sold for RM 41,000**.
- The accumulated losses and all the intangible assets were to be written off completely.
- The preferred shareholders agreed to receive **2** ordinary shares of RM 0.75 each for every RM 5 dividends in arrears. The preferred dividends had **not been paid for 4 years**.
- Bad debts RM 8,400 and inventory of RM 11,600 were to be written off.
- The plant and machinery was to be **written down to RM 110,000**.
- The cost of the scheme of RM 4,200 was paid.
- An **issue** of RM 100,000 **7½% Loan Notes at discount of 5%** was to be made to provide fresh working capital so as to pay off the bank overdraft.

You are required to prepare **Journal entries**, including the cash transactions to give effect to the scheme in Udomos Bhd books. (**Note:** Narrations are not required)