



FINAL EXAMINATION

COURSE : INTRODUCTORY TO FINANCIAL ACCOUNTING II

COURSE CODE : PFA0044

DURATION : 2 HOURS 30 MINUTES

INSTRUCTIONS TO CANDIDATES :

1. This question paper consists of **TWO (2)** parts:

Part A:	2 Questions
Part B:	3 Questions
2. Answer ALL questions in your answer booklet.
3. Please check to make sure that this examination pack consists of:
 - i. The Question Paper
 - ii. An Answer Booklet
4. Please write your answer using a ball-point pen.
5. Plagiarism, copying and cheating will not be tolerated where no marks will be given, and disciplinary actions can be taken.

MYKAD NO : _____

ID. NO. : _____

LECTURER : _____

SECTION : _____

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

The question paper consists of 6 printed pages

2024/B/PFA0044

MAR2024/B/PFA0044**PART A: STRUCTURED***Answer ALL questions.***1. (5 points)**

- a. Explain **ONE (1)** difference between bad debt and allowance for doubtful debts. (2 points)
- b. Indicate the name of the account to be debited and credited for the transactions below: (3 points)
 - i. Sales on account amounted to RM6,500.
Debit:
Credit:
 - ii. Aloha Enterprise write off RM2,000 due from Pines Sdn Bhd as the debtor has been declared bankrupt.
Debit:
Credit:
 - iii. The company received payments from another debtor, Miss Lili of RM830 by cheque.
Debit:
Credit:

2. (5 points)

The accountant of Easyprint Sdn Bhd discovered the following issues:

a.	The purchase daybook was overstated by RM400.
b.	A credit note for RM215 received from a creditor had been posted to the wrong side of his account.
c.	There is an amount of RM370 shown in the sales journal, but no record was found in the receivables account.
d.	The salary expense of RM21,000 was correctly entered in the salary account but the amount was credited to the bank account as RM12,000.
e.	Maintenance costs of RM3,000 for motor vehicles were debited from the motor vehicle account.

Required:

Indicate the types of error present in the above situation.

PART B: ESSAY

Answer ALL questions.

1. (23 points)

Amin's Bakery experiences loss due to customers not paying debts. In January 2022, he set up an allowance for doubtful debts account.

A year later, on 1 January 2023, Amin's allowance for doubtful debts account had a balance of RM10,000. This balance consisted of the following: -

- a. Anticipated loss of RM2,500 owed by a debtor, Nisa who has been declared bankrupt; and
- b. General provision of RM7,500 which was 2.5% of all his accounts receivable.

On 30 April 2023, Wani, who owed Amin RM1,200, paid only RM0.40 for every ringgit owed. The remainder was written off as bad debt.

On 7 May 2023, Nisa paid Amin RM0.45 for every ringgit owed, in final settlement of her account.

On 15 July 2023, Amin wrote off RM300 of overdue debts from various customers.

Amin also received RM570 from Joshua towards the settlement of his debt of RM600 which was written off in financial year ended (FYE) 31 December 2022. In addition, Rani also made payment of RM750 for her debt which had been written off in prior years.

On 31 December 2023, Amin's net account receivables amounted to RM205,000 and he adjusted his allowance for doubtful debts account to 3% of that amount.

Required:

Prepare for the following for the year ended 31 December 2023:

- a. Calculate the bad debt written off amount for Wani and Nisa. (5 points)
- b. Bad debts account. (4 points)
- c. Journal entries relating to receipts from Joshua and Rani. (4 points)
- d. Allowance for Doubtful Debt account. (4 points)
- e. Extraction of Statement of Profit or Loss. (3 points)
- f. Extraction of Statement of Financial Position. (3 points)

2. (23 points)

- a. The following are the details extracted from Daily Fix Enterprise's Statement of Profit or Loss for the year ended 31 December 2023.

Daily Fix Enterprise Statement of Profit or Loss for the year ended 31 December 2023		
	RM	RM
Gross Profit		180,000
(+) Other income		
Interest received	2,750	
Rent revenue	7,700	
Discount received	1,300	
Commission received	2,000	13,750
		193,750
(-) Operating expenses		
Discount allowed	930	
Rent expense	11,000	
Administrative expense	1,500	
General expenses	3,000	
Repair and maintenance	2,600	
Utilities	4,000	
Postage	600	
Insurance	3,100	
Salary and wages	13,000	
Interest expense	300	
		(40,030)
Net profit		153,720

Errors were discovered after the Statement of Profit or Loss had been prepared.

- i. The cost of goods sold was overstated by RM1,200.
- ii. The purchase of office equipment for RM1,000 had been wrongly debited in the general expense account.
- iii. The total salary and wage expenses for the year were RM14,000.
- iv. The administrative expense was undercast by RM70.
- v. Interest received of RM150 has been recorded in the books as interest expense.
- vi. General expenses were undercast by RM510.

- vii. Rent revenue amounted to RM700, which had been recorded as rent expenses.
- viii. The discount received of RM80 was wrongly recorded in discount allowed account.
- ix. Postage was understated by RM320.

Required:

Reconstruct Statement of Profit or Loss for the year ended 31 December 2023 after correction of the errors. (15 points)

- b. Imperial College is a prestigious college in Penang. The auditor has discovered the following errors in their accounting record:
- i. A cheque received from a debtor, Nafiz amounting to RM7,000 was wrongly credited to the bank account and debited to Nafiz's account.
 - ii. Cash sales of RM603 were wrongly treated as RM630.
 - iii. The purchase of a computer for college use worth RM4,750 by cheque was found to be unrecorded in the final account.
 - iv. Advance staff salaries of RM3,200 have been omitted from the books.
 - v. The purchase of a classroom air conditioner worth RM1,500 by cheque was wrongly debited to the repairs of the air conditioner account.
 - vi. A cash payment of RM700 for utilities expenses has only been recorded in the utilities expense account.
 - vii. The owner made a cash drawing of RM5,000 for personal use but wrongly debited it to the rent expense account.

Required:

Prepare the journal entries to correct the errors. (8 points)

3. (14 points)

Mahkota Saloon does not keep proper records of its business transactions. The following information on assets and liabilities was extracted from Mahkota Saloon records.

	1 August 2022	31 July 2023
	RM	RM
Furniture and fittings (cost)	20,000	?
Accumulated depreciation – Furniture and fittings	2,000	?
Inventories	4,500	3,110
Account receivables	3,250	2,150
Bank	15,700	?
Accrued utilities expense	300	480

The cash book (bank balance) showed the following receipts and payments for Mahkota Saloon during the year ended 31 July 2023:

<u>Cash Receipts</u>		<u>Cash Payments</u>	
	RM		RM
Sales	54,000	Sundry expense	1,300
Account receivables	12,000	Purchases	16,000
		Utilities expense	5,300
Total receipts	66,000	Total payments	22,600

Additional information:

- Depreciation for furniture and fittings is 10% on cost per annum.
- The owner brought in other furniture and fittings worth RM5,000 from his home for the saloon use on 1 August 2022.
- The capital as at 1 August 2022 amounted to RM41,150.

Required:

- Prepare the statement of Profit or Loss for the year ended 31 July 2023. (8 points)
- Prepare the Statement of Financial Position as at 31 July 2023. (6 points)

(Show ALL workings).

END OF QUESTION PAPER