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UNIVERSITI TUN HUSSEIN ONN MALAYSIA

**FINAL EXAMINATION
SEMESTER II
SESSION 2013/2014**

COURSE NAME : PRINCIPLES OF ACCOUNTING
COURSE CODE : BPA10302
PROGRAMME : 1 BPD / 2 BPD
EXAMINATION DATE : JUNE 2014
DURATION : 2 HOURS
INSTRUCTION : ANSWER ALL QUESTIONS

THIS QUESTION PAPER CONSISTS OF **THREE (3)** PAGES

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Q1 A company purchased a machine for RM75,000 that was expected to last 6 years and to have a residual value of RM6,000. At the beginning of the machine's fourth year the company decided that the estimated useful life should be revised to a total of 10 years instead of 6 years. Also, the residual value was re-estimated to be RM5,500. Straight-line depreciation was used throughout the machine's life.

(a) Calculate the depreciation expense for the first year of the machine's useful life.

(5 marks)

(b) Calculate the depreciation expense for the fourth year of the machine's useful life.

(5 marks)

Q2 On September 30 of the current year, a company acquired and placed in service a machine at a cost of RM700,000. It has been estimated that the machine has a service life of five years and a residual value of RM40,000. The company closes its books on December 31 of each year.

Prepare a schedule showing depreciation amounts for the current year and the next 4 years (round answers to the nearest ringgit) using the double-declining-balance method of depreciation.

(15 marks)

Q3 A company's income statement showed the following: income before taxes, RM150,000; income taxes paid, RM26,000; depreciation expense, RM30,000; and gain on sale of property, plant and equipment, RM14,000. An examination of the company's current assets and current liabilities showed the following changes as a result of operating activities: accounts receivable decreased RM9,400; merchandise inventory increased RM18,000; prepaid expenses decreased RM6,200; accounts payable increased RM3,400.

Prepare a cash flow statement for operating activity.

(30 marks)

Q4 A company established a petty cash fund of RM100 on September 1. On September 10, the petty cash fund was replenished when there was RM16 remaining and there were petty cash receipts for: office supplies, RM27; transportation-in on inventory purchased, RM32; and postage, RM22. On September 15, the petty cash fund was increased to RM125 in total.

Record the above transactions in general journal form.

(15 marks)

Q5 The following information is available to reconcile Cloy Company's book balance of cash with its bank statement cash balance as of June 30. The June 30 cash balance according to the accounting records is RM58,542, and the bank statement cash balance for that date is RM68,047.

- The bank erroneously cleared a RM395 check against the account in June that was not issued by Cloy. The check documentation included with the bank statement indicates the check was actually issued by Clare Co.
- On June 30, the bank issued a credit memorandum for RM35 interest earned on Cloy's account.
- When the June checks are compared with entries in the accounting records, it is found that Check No. 1727 had been correctly drawn for RM1,450 to pay for advertising but was erroneously entered in the accounting records as RM1,540.
- A credit memorandum indicates that the bank collected RM9,000 cash on a note receivable for Cloy, deducted a RM30 collection fee, and credited the balance to the company's Cash account. Cloy did not record this transaction before receiving the statement.
- A debit memorandum of RM895 is enclosed with the bank statement for an NSF check for RM870 received from a customer. The bank assessed a RM25 fee for processing it.
- Cloy's June 30 daily cash receipts of RM6,325 were placed in the bank's night depository on that date, but do not appear on the June 30 bank statement.
- Cloy's June 30 cash disbursements journal indicates that Check No. 1737 for RM4,830 and Check No. 1740 for RM3,280 were both written and entered in the accounting records, but are not among the canceled checks.
- A debit memorandum for RM85.00 indicates the bank deducted the annual lock box fee for the company.

Based on given information;

- (a) Prepare the bank reconciliation for this company as of June 30. (19 marks)
- (b) Prepare the journal entries necessary to bring the company's book balance of cash into conformity with the reconciled cash balance as of June 30. (11 marks)

- END OF QUESTION -

