



UTHM
Universiti Tun Hussein Onn Malaysia

UNIVERSITI TUN HUSSEIN ONN MALAYSIA

**FINAL EXAMINATION
SEMESTER II
SESSION 2014/2015**

COURSE NAME : PRINCIPLES OF ACCOUNTING
COURSE CODE : BPA 10302
PROGRAMME : 1 BPD
EXAMINATION DATE : JUNE 2015 / JULY 2015
DURATION : 2 HOURS
INSTRUCTION : ANSWER ALL QUESTIONS

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

- Q1** (a) A machine costing RM450,000 with a four-year life and an estimated RM30,000 residual value is installed by Lux Company on January 1. The factory estimates the machine will produce 1,050,000 units of product during its life. It actually produces the following units for the first 2 years: Year 1, 260,000; Year 2, 275,000.

Calculate the depreciation amounts for years 1 and 2 using:

- (i) straight line method; (3 marks)
- (ii) declining balance (reducing balance) method; and (4 marks)
- (iii) units of production depreciation method. (3 marks)
- (b) A company had a building destroyed by fire. The building originally cost RM650,000, and its accumulated depreciation as of the date of the fire was RM300,000. The company received RM400,000 cash from an insurance policy that covered the building and will use that money to help rebuild.

Prepare the single journal entry to record:

- (i) the destruction of the building; and (5 marks)
- (ii) the receipt of cash from the insurance company. (5 marks)

- Q2** The following are unrelated year-end adjustments.

- Estimated depreciation on office equipment for the year, RM4,000.
- The Prepaid Insurance account has a RM3,680 debit balance before adjustment. An examination of insurance policies shows RM950 of insurance expired.
- The Prepaid Insurance account has a RM2,400 debit balance before adjustment. An examination of insurance policies shows RM600 of unexpired insurance.
- The company has three office employees who each earn RM100 per day for a five-day workweek that ends on Friday. The employees were paid on Friday, December 26, and have worked full days on Monday, Tuesday, and Wednesday, December 29, 30, and 31.
- On November 1, the company received 6 months' rent in advance from a tenant whose rent is RM700 per month. The RM4,200 was credited to the Unearned Rent account.
- The company collects rent monthly from its tenants. One tenant whose rent is RM750 per month has not paid his rent for December.

Based on the given information:

- (i) Prepare general journal entries on December 31. (30 marks)

Q3 A company established a petty cash fund in February of the current year and experienced the following transactions affecting the fund during February:

- | | | |
|-----|----|---|
| Feb | 1 | Established a RM250 petty cash fund |
| | 5 | Paid RM55 to acquire office supplies |
| | 8 | Reimbursed the company controller for RM30 spend on beverages for recruits |
| | 18 | Paid RM45 for postage |
| | 20 | Paid RM65 for C.O.D charges on merchandise inventory, terms FOB shipping point |
| | 25 | Paid RM50 for janitorial services |
| | 28 | When sorting the petty cash receipts to replenish the fund, the custodian noted that there were receipts totaling RM245 and RM10 cash remaining. Also, a decision was made to reduce the fund by RM50 to a total of RM200 |

Prepare the journal entries to establish the fund, reimburse the fund and to reduce its amount on February 28.

(20 marks)

Q4 The following information is available for the Avisa Company for the month of November.

- On November 30, after all transactions have been recorded, the balance in the company's Cash account has a balance of RM27,202.
- The company's bank statement shows a balance on November 30 of RM29,279.
- Outstanding checks at November 30 include check #3030 in the amount of RM1,525 and check #3556 in the amount of RM1,459.
- A credit memo included with the bank statement indicates that the bank collected RM780 on a noninterest-bearing note receivable for Avisa. The bank deducted a RM10 collection fee, and credited the remainder of RM770 to Avisa's account.
- A debit memo included with the bank statement shows a RM67 NSF check from a customer, J. Brown.
- A deposit placed in the bank's night depository on November 30 totaled RM1,675, and did not appear on the bank statement.
- Examination of the checks on the bank statement with the entries in the accounting records reveals that check #3445 for the payment of an account payable was correctly written for RM2,450, but was recorded in the accounting records as RM2,540.
- Included with the bank statement was a debit memorandum in the amount of RM25 for bank service charges. It has not been recorded on the company's books.

Based on the above information:

(a) Prepare the November bank reconciliation for the Avisa Company. (20 marks)

(b) Prepare the general journal entries to bring the company's book balance of cash into conformity with the reconciled balance as of November 30. (10 marks)

- END OF QUESTIONS -