



جامعة السلطان الشريف علي الإسلامية
UNIVERSITI ISLAM SULTAN SHARIF ALI
SULTAN SHARIF ALI ISLAMIC UNIVERSITY

**Faculty of Islamic Economics and Finance
Semester I, 2020/2021 Academic Session**

Final Examination Question Paper

Course Code : BF2304

Course Name : Principles of Accounting

**Course Level : Bachelor of Science in Islamic Finance &
Bachelor of Business Management**

Time : 3 hours

Notes:

1. This paper is divided into two (2) sections and carries a total of 100 marks.
2. Write ALL of your answers in the Answer Booklet provided.
3. Section A consists of Compulsory Questions which carries 80 marks.
4. Section B consists of two questions. Answer only ONE out of two questions which carries 20 marks.
5. Candidates are not allowed to take the Answer Booklet out of the examination venue.

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SECTION A: ANSWER ALL QUESTIONS

QUESTION 1 (15 Marks)

- I. Mohammad account receivables at the end of each financial year were as follows:

	Account Receivables (\$)
31 July 2014	8,000
31 July 2015	11,000
31 July 2016	9,000

On 31 July 2014 it was decided to create an allowance for doubtful debts at 4% of account receivables. This is to be maintained at 4% of the account receivables at the end of each financial year.

Required

- (a) Prepare the allowance for doubtful debts account for each of the years ended 31 July 2014, 2015, 2016 (5 Marks)
- (b) Show the amount for account receivables that would appear in the Statement of financial position of 31 July 2014, 2015 and 2016 (5 Marks)
Clearly indicate the year and the amount in your answer

- II. Su prepares her final accounts on 30 September. The following information relates to her account receivables

30 September	Total Debtors	Amount to be written off as bad debts
	\$	\$
2012	11,160	1,160
2013	9,940	2,300
2014	10,880	1,120

On 30 September 2012, Su created allowance for doubtful debts at 5% of her account receivables. The allowance for doubtful debts was maintained at 5%

Required

- (a) Prepare the allowance for doubtful debts account for each of the years ended 30 September 2012, 2013 and 2014 (5 Marks)

QUESTION 2 (35 Marks)

The following balances were extracted from the books of John Lee, a sole trader, at 31 July 2019

	\$
Capital	40,000
Premises	30,000
Drawings	9,111
Fixtures and fittings at cost	12,000
Motor Vehicles at cost	14,000
Account Receivables	8,600
Account Payables	9,320
Inventory 1 August 2018	5,714
Sales	72,660
Purchases	45,750
Carriage outwards	4,100
Allowance for doubtful debts 1 August 2018	780
General expenses	14,890
Heating and Lighting	895
Bank Overdraft	5000
Accumulated Depreciation 1 August 2018:	
Fixtures and Fittings	8340
Motor Vehicles	8960

Additional Information:

1. Inventory on 31 July 2019 was valued at \$9,440
2. During the year John lee withdrew goods, costing \$480, for his own personal use. No record of this has been made in the books
3. At 31 July 2019:
 - a. General expenses, \$2704 were accrued
 - b. Heating and lighting expenses \$370 were prepaid
4. Depreciation on fixtures and fittings is to be charged at 8% per annum on cost
5. Motor vehicles are to be depreciated using the reducing balance method 20% per annum
6. A bad debts \$300 is to be written off.
7. The allowance for doubtful debts is to be maintained at 5% of the outstanding account receivables on 31 July 2019

Required:

- (a) Prepare the Statement of Comprehensive Income as at 31 July 2019 (20 Marks)
- (b) Prepare the Statement of Financial Position as at 31 July 2019 (15 Marks)

QUESTION 3 (15 Marks)

The following information relating to fixed assets was obtained from the books of Mariam at the end of her financial year on 31 December 2016

	Office Equipment	Motor Vehicles
	\$	\$
Cost	18,000	20,000
Residual Value (scrap value)	1,400	Nil
Estimated life	8 years	5 years
Date of purchase	1 January 2015	1 July 2015
Depreciation Method	Straight line	Diminishing (reducing) balance at 20%

Additional information:

Depreciation on fixed assets is charged from the date of purchase.

Required

- (a) Explain the meaning of depreciation (2 Marks)
- (b) Make a copy of the following table on your answer paper and complete for the office equipment (5 Marks)
- (c) Make a copy of the following table on your answer paper and complete for the Motor Vehicles (5 Marks)

Show all workings

Date	Cost \$	Annual Depreciation \$	Accumulated Depreciation \$	Net Book Value \$
31 December 2015				
31 December 2016				

- (d) State the causes of depreciation (3 Marks)

QUESTION 4 (15 Marks)

The financial following balances were in the books of Kassim at 1 September 2012:

Advertising	\$640 (accrued)
Rent Received	\$362 (paid in advance)

During the year ended 31 August 2013, the following payments were made and received by cheque:

2012		\$
Oct 15	Advertising	725
Dec 20	Rent Received	444
2013		
Mar 18	Rent Received	428
Apr 10	Advertising	695
Jul 17	Rent Received	466

On 31 August 2013:

- Advertising paid in advance was \$240
- The rent receivable for the year was \$1450

Required:

- Prepare the advertising account for the year ended 31 August 2013. Balance the accounts and bring down the balances on 1 September 2013 (6 Marks)
- Prepare the rent receivable account for the year ended 31 August 2013. Balance the accounts and bring down the balances on 1 September 2013 (6 Marks)
- Explain the difference between accruals and cash concept (3 Marks)

SECTION B: CHOOSE ONLY ONE QUESTION.**QUESTION 5 (20 Marks)**

Lim's accounting year ends on 31 May. The following information is supplied

	31 May 2019 \$	31 May 2020 \$
Premises	39,800	59,800
Motor Vehicles	10,000	7,200
Equipment	14,200	28,400
Inventory	12,000	17,700
Account receivables	6,300	14,800
Cash/ Bank	4,000	-
Bank Overdraft	-	2,000
Creditors	4,500	9,300
Loan Term Loan	6,800	28,400
Capital	75,000	87,200

Required

- (a) Calculate the following for each of the years ended 31 May 2019 and 2020. Show **all** workings. Answer to **two** decimal places (8 Marks)
- Working capital ratio (current ratio)
 - Quick ratio (acid test ratio)
- (b) Compare and comment on the changes in the working capital ratio and quick ratio between 2019 and 2020 (7 Marks)
- (c) Compare the changes in fixed assets between 2019 and 2020 and comment on how these changes may have been financed (5 Marks)

QUESTION 6 (20 Marks)

Jill Chin received the following bank statement for March 2019

2009	Details	Payments	Receipts	Balance
March		\$	\$	\$
1	Balance b/d			2,128 Cr
5	Cheque no 12122	334		1,794 Cr
9	Cheque no 12123	598		1,196 Cr
13	Credit: N Song		133	1,329 Cr
18	Standing order: retail insurance	400		929 Cr
20	Credit: L Long		149	1,078 Cr
24	Direct Debit: P Ram		1,200	2,278 Cr
26	Cheque no 12125	854		1,424 Cr
31	Bank Charges	20		1,404 Cr

The bank columns of Jill Chin's cash book for the month of March 2019 are shown below

2009		\$	2009		Cheque No	\$
March 1	Balance b/d	2,128	March 3	M Parkes	12122	334
12	N Song	133	7	N Hong	12123	598
20	L Long	149	17	Mansul Ltd	12124	300
24	D Said	13	20	S Sidhu	12125	854
			27	G Kaur	12126	123
			31	Balance c/d		214
		2,423				2,423

Required

- (a) Update the bank columns in the cash book and bring down the balance on 1st April 2019 (10 Marks)
- (b) Prepare a bank reconciliation statement as at 31 March 2019 (10 Marks)

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