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**UNIVERSITI TUN HUSSEIN ONN MALAYSIA**

**FINAL EXAMINATION  
(ONLINE)  
SEMESTER I  
SESSION 2020/2021**

COURSE NAME : REAL ESTATE ACCOUNTING  
COURSE CODE : BPE15202  
PROGRAMME CODE : BPD  
EXAMINATION DATE : JANUARY / FEBRUARY 2021  
DURATION : 2 HOURS  
INSTRUCTION : ANSWER **ALL** QUESTIONS

THIS QUESTION PAPER CONSISTS OF **FOUR (4)** PAGES

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**Q1** The October 31<sup>st</sup> bank statement of Irfan Property Consultants Sdn. Bhd. (IPC-SB) has just arrived from GigaBank Berhad. To prepare the bank reconciliation, you gather the following data:

- The October 31<sup>st</sup> bank balance is RM5,630.
- The bank statement includes two charges for NSF checks from customers. One is for RM390 (#1), and the other is for RM140 (#2)
- **Table Q1** show the checks outstanding as at October 31<sup>st</sup>:

**Table Q1: Outstanding checks for IPC-SB**

Check No.	Amount (RM)
237	90
288	160
291	550
294	620
295	10
296	100

- IPC-SB collects from a few customers by EFT. The October bank statement lists an RM1,700 EFT deposit for a collection on account.
- The bank statement includes two special deposits that IPC-SB has not recorded yet.
- RM850 for dividend revenue and RM60 for the interest revenue IPC-SB earned on its bank balance during October.
- The bank statement lists an RM70 subtraction for the bank service charge.
- On October 31<sup>st</sup>, the IPC-SB treasurer deposited RM310, however this deposit does not appear on the bank statement.
- The bank statement includes an RM700 deduction for a check drawn by Iffah Construction Company. IPC-SB notified the bank of this bank error.
- IPC-SB's cash account shows a balance of RM3,100 on October 31<sup>st</sup>.

- (a) Define bank reconciliation. (2 marks)
- (b) List the **FIVE (5)** internal control components. (5 marks)
- (c) Prepare the bank reconciliation for IPC-SB as at October 31<sup>st</sup>, 2019. (28 marks)
- (d) Journalize any required entries from the bank reconciliation. (15 marks)

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**Q2** Kathy Lola, a student at the Universiti Tun Hussein Onn Malaysia (UTHM), formed a lawn service business as a part-time job. To start the business on May 1<sup>st</sup>, 2019, she deposited RM1,000 in a new bank account in the name of the business. The RM1,000 consisted of an RM600 loan from Bank One to the company, Lola Lawn Service, and RM400 of her own money. The company issued RM400 of capital to Kathy. The business rented lawn equipment, purchased supplies, and hired other students to mow and trim customers' lawns. At the end of each month, Kathy mailed bills to the customers. On August 31<sup>st</sup>, she was ready to dissolve the business and return to her study. Because she was so busy, she kept few records other than the chequebook and a list of receivables from customers.

At August 31<sup>st</sup>, the business's chequebook shows a balance of RM2,000, and customers still owe RM750. During May to August, the business collected RM5,500 from customers. The business checkbook lists payments for supplies totalling RM400, and it still has gasoline, weed trimmer cord, and other supplies that cost a total of RM50. The business paid employees RM1,800 and still owes them RM300 for the final week of the summer. Kathy rented some equipment from Kamal's Machine Shop. On May 1<sup>st</sup>, the business signed a six-month rental agreement on mowers and paid RM600 for the full rental period in advance. Kamal's will refund the unused portion of the prepayment if the equipment is returned in good shape.

In order to get the refund, Kathy has kept the mowers in excellent condition. In fact, the business had to pay RM300 to repair a mower. To transport employees and equipment to jobs, Kathy used a trailer that the business bought for RM300. The business estimates that the summer's work used up one-third of the trailer's service potential. The business chequebook lists a payment of RM500 for cash withdrawals during in between May to August. The business paid the loan back during August. Assume no interest was charged to the loan made.

- (a) List the **TEN (10)** steps of the accounting cycle. (10 marks)
- (b) Briefly explain the relationships between income statement, statement of owner's equity and balance sheet. (5 marks)
- (c) Prepare the income statement of Lola Lawn Service for the four months May 1<sup>st</sup> through August 31<sup>st</sup>, 2019. (10 marks)
- (d) Prepare the statement of owner's equity of Lola Lawn Service for the four months of May 1<sup>st</sup> through August 31<sup>st</sup>, 2019. (7 marks)

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- (e) Prepare the classified balance sheet of Lola Lawn Service as at August 31<sup>st</sup>, 2019. (15 marks)
- (f) Determine whether Lola's business was successful or not based on your answer in Q1 (a) – (c) (3 marks)

- END OF QUESTIONS -

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