

FINAL ALTERNATIF ASSESSMENT

Examination Paper

(COVER PAGE)

Session : January 2021

Programme : Diploma In Business (DIB)

Course : ACC1112: Financial Accounting

Date of Examination : March 13, 2021 (Saturday)

Time : 12.00pm – 2.30pm Reading Time : Nil

Duration : 2 Hours : 30 Minutes

Note: 30 minutes is added into the duration of the examination to factor in any connectivity matters and for you to scan and upload your scripts.

Special Instructions :

SECTION A: Answer **ALL THREE (3)** questions.

SECTION B: Answer **ALL** questions.

Materials permitted : Non-Programmable Calculator

Materials provided : Nil

Examiner(s) : Liew Wenn Hing, Cheah Kong Yong, Quek Hui Sin, Catherine Wong, and Henry Ooi

Moderator : Syed Azlan Aljaffree Bin Syed Khadzil

This paper consists of 5 printed pages, including the cover page

DIPLOMA IN BUSINESS PROGRAMME (DIB)
ACC1112: FINANCIAL ACCOUNTING
FINAL ALTERNATIVE ASSESSMENT: JANUARY 2021 SESSION

Instruction: This paper consists of **TWO (2) SECTIONS**. Answer **THREE (3)** questions in **SECTION A** and **ONE (1)** question in **SECTION B**. All questions carry equal marks.

SECTION A: Answer all **THREE (3)** questions. (75 marks)

Question 1

The following trial balance was extracted from the books of Sivarajah at 31 May 2020.

	RM	RM
Capital at 1 June 2019		549,600
Drawings	82,800	
Premises at cost	540,000	
Accounts receivable and payables	75,000	62,280
Inventory at 1 June 2019	111,000	
Salaries	52,800	
Carriage	45,300	
Insurance	27,900	
Purchases and sales	1,020,000	1,441,440
Returns inwards and outwards	7,800	14,400
Rent received		9,600
Bad debts	2,400	
Office equipment at cost	60,000	
Shop fittings at cost	180,000	
Accumulated depreciation: Office equipment		12,000
Shop fittings		48,000
Cash in hand	10,200	
Bank overdraft		74,880
Allowance for doubtful debts		<u>3,000</u>
	<u>2,215,200</u>	<u>2,215,200</u>

Additional information:

1. Inventory at the cost of business has been valued at RM126,000 at market price.
2. Sivarajah had taken goods from inventory to the value of RM2,000 for his own use and no entries had been made in the books.
3. RM21,900 of carriage represents carriage inwards on purchases.
4. The allowance for doubtful debts is to be adjusted to 5% of accounts receivable.
5. Salaries due but unpaid RM18,000.
6. The amount shown for insurance on the trial balance includes a premium paid of RM4,200, which represents the annual insurance premium to 31st December 2020.

7. Depreciation is written off non-current assets as follows:
 Office equipment at 10% per annum using straight line basis
 Shop fittings at 5% per annum using reducing balance

Required:

- (a) Prepare the income statement for Sivarajah for the year ended 31 May 2020
 (15 marks)
- (b) Prepare a balance sheet for Sivarajah as at 31 May 2020. (10 marks)
(Total 25 marks)

Question 2

Zulkifli sells goods on credit to customers, he had the following trade receivables at the end of the past five years:

Year	Trade Receivables (RM)	Bad Debts (RM)
2016	13,800	400
2017	18,240	320
2018	13,320	-
2019	13,320	460
2020	17,280	-

It is the business's policy to create a provision for doubtful debts equal to 2.5% of the trade receivables outstanding at the end of each year. The trade receivable balances shown above are after all bad debts write off. His financial year ends on 31 December.

On 6 September 2019 Zulkifli received a cheque for RM3,230, it is a recovery of bad debts made in respect of debts written off in 2018.

Required:

- (a) Prepare the following accounts in the ledger of Zulkifli for each of the years ended 31 December 2016 to 2020:
 (i) Bad Debts (6 marks)
 (ii) Allowance for Doubtful Debts (10 marks)
- (b) Copy the table given below, enter the amount of allowance for doubtful debts that appeared in the Income Statement, making clear whether they are debit or credit.
 (4 marks)

Year	Income Statement	
	Debit RM	Credit RM
2016		
2017		
2018		
2019		
2020		

(c) Show the Balance Sheet extract in respect of trade receivables for each of the years ended 31 December 2016 to 2020. (5 marks)

(Total 25 marks)

Question 3

(a) A company maintains its non-current assets at cost. Accumulated depreciation accounts for the asset are kept. At 31 December 2019 the position was as follows:

	<i>Total cost to date (RM)</i>	<i>Total depreciation to date (RM)</i>
Machinery	100,000	25,000
Office furniture	20,000	1,200

The following additions were made during the financial year ended 31 December 2020:

Machinery RM16,000, office furniture RM1,500.

Machinery 20% using the straight line basis; while office furniture 10% using the reducing balance basis. Both assets are calculated on the assets in existence at the end of each financial year irrespective of the date of purchase.

Required:

Show extracts of the following for years ended 31 December 2020:

- (i) Income Statement (extract) (6 marks)
 - (ii) The non-current assets section of the Balance Sheet (9 marks)
- (b) A business receives the May telephone account prepaid for RM3,950 during June 2020. During the period to June 2020 the business paid RM33,000 in respect of telephone of which RM360 represented telephone expense unpaid at 30 June 2020.

The business also earns commission from the sales of one item. It received in the month to 30 June 2020 RM11,000; Its owing at 31 May 2020 RM500 and at 30 June 2020 RM820.

Required:

Show the relevant extracts of the following for the month of June 2020:

- (iii) Income Statement (extract) (4 marks)
- (iv) Balance Sheet (extract) (6 marks)

(Total 25 marks)

SECTION B: Answer the **ONE (1)** question. **(25 marks)**

Question 4

- (a) Explain the difference between the terms **straight line** and **reducing balance** methods of depreciation. For each method, state whether the amount of depreciation remains constant, increases or decreases each year. (8 marks)
- (b) The following appears in the ledger of one-year insurance account:

Insurance Account					
1 Feb	Prepaid b/d	RM 2,000			
28 Feb	Bank	10,000	28 Feb	Income Statement	13,000
28 Feb	Accrued c/d	1,000			

- (i) What is the annual insurance expense to be charged? (2 marks)
 - (ii) How much was the insurance paid in advance from previous period? (2 marks)
 - (iii) Who owes whom how much at close of business on 28 February? (4 marks)
 - (c) Define the term ‘Bad debt’ and give three reasons why a debt might be considered as a bad debt. (5 marks)
 - (d) What is the difference of **carriage inwards** and **carriage outwards**? (4 marks)
- (Total 25 marks)**

~ The End ~