

**FINAL**  
Examination Paper

(COVER PAGE)

Session : APRIL 2017

Programme : Diploma In Business (DIB)

Course : ACC1112: Financial Accounting

Date of Examination : 03 August, 2017 (Thursday)

Time : 2:00pm – 4:00pm Reading Time : Nil

Duration : 2 Hours

**Special Instructions :**

SECTION A: Answer any THREE (3) questions.

SECTION B: Answer any ONE (1) question.

Materials permitted : Non-Programmable Calculator

Materials provided : Nil

Examiner(s) : Liew Wenn Hing, Calvin Lim, Ng Kean Wai, Dg Siti Aisyah

Moderator : Grace Morris

*This paper consists of 6 printed pages, including the cover page*

DIPLOMA IN BUSINESS PROGRAMME (DIB)  
 ACC 1112: FINANCIAL ACCOUNTING  
 FINAL EXAMINATION: APRIL 2017 SESSION

**Section A: (75 marks)**

**Instruction:** Answer **THREE (3)** questions only.

**Question 1**

Paul Philips, a sole trader, had the following list of ledger balances as at 31 December 2017:

	RM
Capital at 1 January 2017	88,676
Accounts receivable	45,737
Cash in hand	1,712
Accounts payable	31,069
Fixtures at cost	42,200
Discount allowed	1,009
Discount received	846
Inventory at 1 January 2017	16,491
Sales	398,644
Purchases	327,110
Motor vehicles at cost	45,730
Heating and lighting	6,206
Motor expense	2,862
Rent	8,802
General expenses	6,500
Bank (debit)	7,800
Accumulated depreciation -	
- Fixtures	2,200
- Motor vehicles	15,292
Drawings	24,568
	<u>1,073,454</u>

The following information as at 31 December 2017 is also available:

1. RM218 is owing for motor expenses.
2. RM880 has been prepaid for rent.
3. Depreciation is to be provided for the year as follows:  
 Motor vehicles – 20% on cost  
 Fixtures – 10% reducing balance method.
4. Inventory at the close of business was RM16,248.

**Required:**

- (a) Prepare an income statement for Paul Philips for the year ended 31 December 2017. (15 marks)
- (b) Prepare a statement of financial position for Paul Philips for the year ended 31 December 2015. (10 marks)

**Question 2**

Heng Kee has a textile company that he runs in the local area. The following information is given regarding the allowances for doubtful debts:

Accounts receivable at 31 December 2014	RM30,000
Accounts receivable at 31 December 2015	RM25,000
Accounts receivable at 31 December 2016	RM35,000
Accounts receivable at 31 December 2017	RM40,000

The allowances at each year end is estimated to be 5% of accounts receivable figures, after written off bad debts.

Bad debts to be written off are as follows:

31 December 2015	RM3,000
31 December 2016	RM2,000

**Required:**

Show extracts from the following accounts for each of the years:

- (a) Bad debts (4 marks)
- (b) Allowances for doubtful debts (10 marks)
- (c) Income statement (extract) (5 marks)
- (d) Statement of financial position (extract) (6 marks)

**Question 3**

Albert Berhad commenced its transport business on 1 January 2015 and had purchased the following motor vehicles:

- (i) A new truck on 1 January 2015, costing RM80,000,
- (ii) A new truck on 1 April 2016, costing RM90,000.
- (iii) A new car on 1 July 2017, costing RM20,000.

The depreciation policy of the company is:

- (i) depreciate trucks at 40% each year on a reducing-balance basis;
- (ii) depreciate cars at 25% each year using a straight-line basis.
- (iii) if a vehicle is owned for part of a year, calculate depreciation according to full year depreciation for the vehicle.

All the above transactions were paid by cheque. Depreciation is to be provided on a yearly basis. The year end of the company is 31 December.

**Required:**

You are required to prepare:

- (a) Motor Vehicle Account for the year ended 31 December 2015 to 31 December 2017.  
*(Hint: Write up both trucks and cars in the same Motor Vehicle Account)*  
(6 marks)
- (b) Accumulated depreciation accounts for Motor Vehicle and the Statement of Financial Position (extract) the year ended 31 December 2015 to 31 December 2017.  
(19 marks)

**Question 4**

**WAGES**

- (i) On 31 December 2014, three months' amounting to a total of RM1,500 was owing.
- (ii) The wages chargeable per year was RM6,000.
- (iii) The following wages payments were made in the year 2015:  
6 January RM1,500; 4 April RM1,500; 7 July RM1,500; 18 October RM1,500.
- (iv) The final three months' wages for 2015 is still owing.

**STATIONERY**

- (i) On 31 December 2014, stationery in hand amounted RM3,700.
- (ii) During the year to 31 December 2015, we paid RM54,960 for stationery.
- (iii) There were no stocks of stationery on 31 December 2015.
- (iv) On 31 December 2015, we still owed RM5,500 for stationery already received and used.

**LIGHTING AND HEATING**

- (i) Lighting and heating is payable of RM3,000 per annum.
- (ii) At 1 January 2015, lighting and heating of RM500 had been prepaid in 2014.
- (iii) During 2015, lighting and heating of RM2,250 was paid.
- (iv) On 31 December 2015, lighting and heating RM250 was owing.

**Required:**

- (a) Write up the necessary ledger accounts for the above transactions; (17 marks)
- (b) Prepare an Income Statement (extract) for the year 31 December 2015; (4 marks)
- (c) Prepare a Statement of Financial Position as at 31 December 2015. (4 marks)

**SECTION B: (25 marks)**

**Instruction:** Answer any ONE (1) question.

**Question 1**

- (a) Explain the following accounting concepts and provide an example of each:
- (i) consistency (5 marks)
  - (ii) going concern (5 marks)
  - (iii) prudence (5 marks)
  - (iv) accruals (5 marks)
- (b) Define the term 'Bad debt' and give three reasons why a debt might be considered as a bad debt. (5 marks)
- (25marks)**

**Question 2**

- (a) Define the term of 'Bookkeeping.' (3 marks)
- (b) There are many reasons why accounting is important in business. State any four objectives of accounting. (8 marks)
- (c) Accounting information is used by many people, both as individuals and in organizations. Explain briefly the purposes of accounts of the following users:
- (i) government
  - (ii) investors
  - (iii) owners
  - (iv) managers
  - (v) bank (10 marks)
- (d) Define the term 'Depreciation' and state two causes of it. (4 marks)
- (25marks)**