

**FINAL**  
Examination Paper

(COVER PAGE)

Session : August 2016

Programme : Diploma In Business (DIB)

Course : **ACC1112: Financial Accounting**

Date of Examination : 08 December, 2016 (Thursday)

Time : 11:00am – 1:00pm 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 and Zalikha**

Moderator : Grace Morris

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

DIPLOMA IN BUSINESS PROGRAMME (DIB)  
ACC1112: FINANCIAL ACCOUNTING  
FINAL EXAMINATION: AUGUST 2016 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 any **THREE (3)** questions in the answer booklet provided.  
(75 marks)

**Question 1**

Toh Kong has a small jewellery business that he operates in Klang Valley. The following balances have been taken from his books on 30 June 20x6.

	RM
Capital (1 July 20x5)	34,600
Stationery	740
Telephone and postage	520
General expenses	2,400
Bad debts written off	620
Account receivables	18,600
Account payables	7,600
Cash at bank (debit)	6,800
Motor vehicles	14,750
Furniture	1,460
Drawings	5,000
Inventory (1 July 20x5)	14,970
Purchases	168,200
Sales	200,600
Rent	1,450
Lighting and heating	490
Insurance	300
Salaries and wages	6,500

The following information needs to be taken into account.

- (i) Inventory at 30 June 20x6 was valued at RM11,650.
- (ii) Rent owed at 30 June 20x6 was RM110.
- (iii) Telephone prepaid at 30 June 20x6 was RM140.
- (iv) Both furniture and motor vehicles are to be depreciated by 20% of their book value.

**Required:**

- (a) Prepare an income statement for Toh Kong for the period ended 30 June 20x6. (15 marks)
- (b) Prepare a statement of financial position for Toh Kong for the period ended 30 June 20x6. (10 marks)

**(Total: 25 marks)****Question 2**

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

Account receivables at 31 December 2014	RM30,000
Account receivables at 31 December 2015	RM25,000
Account receivables at 31 December 2016	RM35,000
Account receivables at 31 December 2017	RM40,000

The allowance at each year end is estimated to be 5% of account receivables 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)

**(Total: 25 marks)**

**Question 3**

Sahir Berhad is a small company established on 1 April 2013. Company records reveal that motor vehicle was purchased as follows:

1 April 2013	RM20,000
1 April 2014	RM15,500
1 July 2015	RM16,800

Company policy is to provide for depreciation using the straight line method at a rate of 20% per annum on cost. A full year's depreciation is charged in the year of acquisition of an asset but none in the year of disposal.

On 1 July 2016 the company purchased a motor vehicle at a cost of RM7,000 and on 1 March 2017 a further motor vehicle was acquired for RM1,200. A motor vehicle which had cost RM4,000 on 1 April 2013 was sold for RM1,000 on 30 September 2016.

**Required:**

Write up the following accounts for the year ended 31 March 2017:

- (a) motor vehicle at cost account; (8 marks)
- (b) accumulated depreciation on motor vehicle account; (10 marks)
- (c) disposal of motor vehicle account. (7 marks)

**(Total: 25 marks)**

**Question 4**

The following are extracts of the Statement of Financial Position of W Woods, a retailer, on 31 December 2008 and 2009 respectively:

Statement of Financial Position as at 31 December					
	2008	2009		2008	2009
	RM	RM		RM	RM
<b><u>Assets</u></b>			<b><u>Liabilities</u></b>		
Prepaid insurance	125	140	Accrued wages	500	800
Prepaid rent	800	-	Accrued electricity	205	180
			Accrued rent	-	1,600

During the year 2009, the Cash Book recorded the following payments by cheques:

Insurance	RM 1,800
Rent	RM 7,200
Wages	RM10,000
Electricity	RM 2,200

**Required:**

Prepare the ledger accounts for the above expenses for the year ended 31 December 2009. Balance the accounts and bring down any necessary balances.

(25 marks)

**SECTION B:** Answer any **ONE (1)** question in the answer booklet provided.  
**(25 marks)**

**Question 1**

- (a) Explain the difference between non current assets and current assets. (5 marks)
- (b) State the main reason for preparing a statement of financial position. (3 marks)
- (c) 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)
- (d) Explain what is meant by the term “double-entry bookkeeping”. (4 marks)
- (e) What is the difference between **carriage inwards** and **carriage outwards**? (5 marks)

**(Total: 25 marks)**

**Question 2**

- (a) Explain the main purpose of a trial balance. (3 marks)
- (b) Briefly explain the differences between a bad debt and a doubtful debt and the accounting treatment of each. (6 marks)
- (c) Explain briefly Business Entity and Going Concern concepts. (7 marks)
- (d) List **THREE (3)** users of accounting information and briefly explain their purposes to use. (9 marks)

**(Total: 25 marks)**