

FINAL
Examination Paper

(COVER PAGE)

Session : AUGUST 2017

Programme : Diploma In Business (DIB)

Course : ACC1112: Financial Accounting

Date of Examination : 13 December, 2017 (Wednesday)

Time : 11:00 am – 1:00 pm 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) : Remeo Dass, Liew Wenn Hing, Emily Liaw, Calvin Lim, and
Ng Kean Wai

Moderator : Liew Wenn Hing

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

DIPLOMA IN BUSINESS PROGRAMME (DIB)
ACC1112: FINANCIAL ACCOUNTING
FINAL EXAMINATION: AUGUST 2017 SESSION

SECTION A: (75 marks)**Instruction:** Answer **THREE (3)** questions only**Question 1**

The following Trial Balance was extracted from the books of Jones Trading, a sole trader that supplies arts and crafts in Kuala Lumpur, on 30 June 2017:

Trial Balance as at 30 June 2017		
	RM	RM
Purchases	1,750,000	
Sales		2,000,000
Returns inwards	25,000	
Returns outwards		31,000
Inventory at 1 July 2016	500,000	
Allowance for doubtful debts		4,000
Salaries and wages	150,000	
Rent	30,000	
Telephone	5,000	
Shop fixtures and fittings	200,000	
Motor vehicles	150,000	
Accounts receivable	49,000	
Accounts payable		35,000
Bad debts	1,000	
Capital		895,000
Cash at bank	15,000	
Drawings	90,000	
	2,965,000	2,965,000

The following information is also available:

- (i) Inventory at 30 June 2017 amounted to RM600,000.
- (ii) At 30 June 2017 salaries unpaid amounted to RM25,000.
- (iii) Rent account includes RM2,500, which is for July 2017.
- (iv) Jones Trading has decided to write off a debt of RM5,000 that has been outstanding for more than 9 months.
- (v) The allowance for doubtful debts is to be increased to 10% of the year-end debtors.
- (vi) There is an unpaid telephone bill of RM1,100.
- (vii) Depreciate shop fixtures and fittings at 10% per annum, and Motor vehicles at 20% per annum, on cost.

Prepare the following:

- (a) Income Statement for the year ending 30 June 2017. (12 marks)
 - (b) Statement of Financial Position as at 30 June 2017. (13 marks)
- (Total : 25 marks)**

Question 2

B Tanner owns a wholesaling business. He adjusts the allowances for doubtful debts at the end of each financial year. Irrecoverable debts are written off accounts receivable accounts as they become known.

The following information is available:

For the year ended	Bad debts written off during year RM	Net total debtors at year end RM	Percentage rate of allowances for doubtful debts
31 March Year 5	1,120	19,700	6%
31 March Year 6	2,370	26,500	5%
31 March Year 7	1,680	24,300	4%

Required:

From the above information, prepare:

- (a) The bad debts account for the years ended 31 March Years 5, 6 and 7. (6 marks)
- (b) The allowances for doubtful debts account for the same years. The balance on the account at 1 April Year 4 was RM910. (8 marks)
- (c) An extract from each year's income statement. (5 marks)
- (d) An extract from each year's statement of financial position. (6 marks)

(Total: 25 marks)

Question 3

On 1 January 2016 the following balances appeared in the books of a trader:-

Rates owing: RM12; Insurance prepaid: RM15; Inventory of Stationery RM60;

During the trading year, Rates paid amounted to RM160, Insurance paid amounted RM240. Inventory paid for the year was RM240. At 31 December 2016 the following information was obtained:-

One-quarter of the amounts paid during the year for rates and insurance were paid in advance.

Balance of debtors RM4000. Inventory at the year end was RM95

Required:

- (a) Show the accounts affected as they would appear in the ledger after carrying out the necessary adjustments. (12 marks)
- (b) Show the appropriate items in the Profit & Loss Account for the year ended 31 December 2016 and in the Balance Sheet at the same date. (13 marks)

(Total: 25 marks)

Question 4

- (a) Charles King Ltd maintains its Motor Vehicle Accounts at cost and depreciation provision accounts for machinery are kept to take account of the decline in the value of fixed assets.. The rate of depreciation is 20 percent, using the straight-line basis, calculated on the assets in existence at the end of each financial year irrespective of date of purchase. At 30 June 2016 the position was as follows:

Total cost to date – RM 53,590

Total depreciation to date – RM 27,670

During the financial year ended 30 June 2017, new vehicle was purchased for RM3,480 and some old vehicle bought in August 2013 for RM 2,800, was sold for RM850.

Required:

- (i) Prepare the Motor Vehicle Account for the year ended 30 June 2017. (4 marks)
- (ii.) Prepare Provision for depreciation Account for the year ended 30 June 2017. (4 marks)
- (iii.) Prepare Motor Vehicle Disposal Account. (4 marks)
- (iv.) Show the entries in the Balance Sheet as at 30 June 2017. (4 marks)
- (b) Explain **any of the following THREE** documents of trade used by businesses.
- (i.) invoice (3 marks)
- (ii.) credit note (3 marks)
- (iii.) debit note (3 marks)
- (iv.) receipt (3 marks)
- (v.) statement of account (3 marks)

(Total: 25 marks)

SECTION B: (25 marks)

Instruction: This section consists of **TWO (2)** questions. Answer any **ONE (1)** question in the answer booklet provided. All questions carry equal marks.

Question 1

- (a) Suppose you have recently hired a new bookkeeper to your business and she is not sure why we need to depreciate fixed assets. Explain to the bookkeeper, using relevant examples, **THREE (3)** causes for depreciation of fixed assets. Also explain **TWO (2)** methods of calculating depreciation. (15 marks)
- (b) Define the term 'book keeping.' (2 marks)
- (c) Name the full name of the balance "c/d" and "b/d". (2 marks)
- (d) Differentiate between cash discount and trade discount. (4 marks)
- (e) What is the purpose to prepare trial balance? (2 marks)

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

(a) Explain the following accounting concepts:

- (i) money measurement (5 marks)
- (ii) going concern (5 marks)
- (iii.) accruals (5 marks)
- (iv) prudence (5 marks)
- (b)
- (i) List the **THREE (3)** items we study in this subject, in which they explain what accounting is about. (3 marks)
- (ii) State the purpose of preparing income statement. (2 marks)

(Total: 25 marks)

~The End~

