

 **INTI** International
University & Colleges

FINAL
Examination Paper

(COVER PAGE)

Session : APRIL 2018

Programme : Diploma In Business (DIB)

Course : ACC1112: Financial Accounting

Date of Examination : July 28, 2018 (Saturday)

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, Doris Koh Pin Pin , Ng Kean Wai,
and Catherine Wong

Moderator : Mr Cheah Kong Yong

This paper consists of 7 printed pages, including the cover page

DIPLOMA IN BUSINESS PROGRAMME (DIB)
ACC1112: FINANCIAL ACCOUNTING
FINAL EXAMINATION: APRIL 2018 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. (75 marks)

Question 1

The following trial balance was extracted from Wen Zhie Trading Company's books on 31 December 2017.

	Debit (RM)	Credit (RM)
Capital		50,000
Drawings	500	
Bank	42,530	
Furniture	6,000	
Motor vehicles	50,000	
Inventory, 1 January 2017	9,235	
Accounts receivable	20,000	
Accounts payable		18,000
Short term loan		6,000
Sales		100,000
Purchases	45,000	
Returns inwards	1,500	
Returns outwards		2,000
Wages	1,000	
Discount received		4,800
Electricity and water	7,000	
Rental	6,000	
Discounts allowed	2,200	
Bad debts	10,000	

Accumulated depreciation: Furniture		1,665
Accumulated depreciation: Motor vehicles		13,500
Allowance for doubtful debts		5,000
	<u>200,965</u>	<u>200,965</u>

Additional information:

- (1) The closing inventory was valued at RM8,800.
- (2) Depreciation charged on furniture was 15% per annum on reducing balance method.
- (3) Motor vehicles is depreciated over 10 years with a residual value of RM5,000 at the end of asset life.
- (4) Wen Zhie decided to provide 10% allowance for doubtful debts on Accounts Receivable Balances.

Required:

- (a) Prepare an Income Statement for the year ended 31 December 2017 and,
(15 marks)
 - (b) A Statement of Financial Position as at 31 December 2017.
(10 marks)
- (Total: 25 marks)**

Question 2

Qin started business in the year of 2015. Her financial year ends on 31 December every year. Her accounts receivable after written off bad debts and the amount of bad debts at the end of each year are as follows:

Accounts receivable	Amount (RM)	Bad debts amount (RM)
2015	520,000	40,200
2016	450,000	38,000
2017	640,000	16,500

It is Qin's policy to set aside 2% on accounts receivable as allowances for doubtful debts every year starting from year 2015.

Required:

Prepare the following ledger accounts for the years 2015, 2016, 2017:

- (a) Bad debts (4 marks)
- (b) Allowances for doubtful debts (9 marks)
- (c) Income statement (extract) (6 marks)
- (d) Statement of financial position (extract) (6 marks)

(Total: 25 marks)

Question 3

Chen & Sons bought two machines on 1 January 2015 for RM12,000 each paid by cheque. It was the policy of the business to depreciate non-current assets at the rate of 25% per annum by the reducing balance method. Depreciation is to be calculated on assets in existence at the end of each year, giving a full year's depreciation even though the assets were bought part of the way through the year.

On 1 July 2017, another one machines was purchased for RM25,000 paid by cheque. The financial year of the company ends on 31 December.

Required:

Prepare the following for the years of 2015, 2016, 2017:

- (a) Machinery Account (7 marks)
- (b) Accumulated for depreciation of Machinery Account (10 marks)
- (c) The extract of Income Statement (3 marks)
- (d) The extract of Statement of Financial Position (5 marks)

(Total: 25 marks)

Question 4

Fatimah's financial year ends on 31 December annually. The following information has been extracted from his books at 31 December 2017:

(i) Rent received

Mrs. Fatimah rents out a portion of her building to Zahid, a small businessman. However, at 31 December 2017, Zahid had still owed Mrs. Fatimah rent of RM7,500. During the year ended 31 December 2017, Mrs. Fatimah received a total of RM5,600 in rent by internet transfer.

(5 marks)

(ii) Vehicle expenses

At 31 December 2016, there was a prepayment of vehicle expenses of RM1,680 and at 31 December 2017, the balance owed to the repairs workshop amounted to RM1,120. During the year, Mrs. Fatimah paid a sum of RM2,200 to settle her vehicle's bills.

(5 marks)

(iii) Insurance

At 31 December 2016, Mrs. Fatimah had a prepaid insurance of RM250 and also at 31 December 2017, Mrs. Fatimah has paid in advance of RM750. During the year ended 31 December 2017, Mrs. Fatimah paid a sum of RM1,200 by internet transfer for insurance during the year 2017.

(5 marks)

(iv) Commission received

Mrs. Fatimah receives a commission from selling goods on behalf of Sapura Company. During the year ended 31 December 2017, Mrs. Fatimah received a total of RM2,250 in commissions. At 31 December 2016, Sapura Company had owed Mrs. Fatimah commissions of RM2,160, and at 31 December 2017, a total of RM3,000 was owed.

(5 marks)

Required:

- (a) Write up the necessary ledger accounts for the above transactions; (20 marks)
- (b) Prepare a Statement of Financial Position as at 31 December 2017. (5 marks)

(Total: 25 marks)

SECTION B: Answer any ONE (1) questions. (25 marks)

Question 5

- (a) Accounting is concerned with its uses which accountants might make of the bookkeeping information given to them.

List any **FIVE (5)** possible users of accounting information and briefly describe the purpose of them in using the accounting information.

(15 marks)

- (b) Differentiate between **carriage inwards** and **carriage outwards**.

(5 marks)

- (c) Differentiate between **trade discount** and **discount received**.

(5 marks)

(Total: 25 marks)

Question 6

- (a) Describe the following accounting concepts:

(i) Prudence (5 marks)

(ii) Business entity (5 marks)

- (b) Differentiate the following term:

(i) Current assets and Non-current assets (4 marks)

(ii) Returns inwards and Return outwards (4 marks)

(iii) Expense and Drawing (4 marks)

- (c) Define the term "Bookkeeping." (3 marks)

(Total: 25 marks)

~ The End ~
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