

FINAL
Examination Paper

(COVER PAGE)

Session : APRIL 2019

Programme : Diploma In Business (DIB)

Course : ACC1112: Financial Accounting

Date of Examination : 28 July 2019, (Sunday)

Time : 8:00am – 10:00am 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, Ng Kean Wei, Doris Koh and Catherine Wong

Moderator : Dr Muhd Fauzi

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

DIPLOMA IN BUSINESS PROGRAMME (DIB)
ACC1112: FINANCIAL ACCOUNTING
FINAL EXAMINATION: APRIL 2019 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

Ron Green would like to know how his business has performed for the year to 31 May 2017. His trial balance at that date, as well as the other information he has given you, is shown below:

	Debit (RM)	Credit (RM)
Sales		727,728
Discounts received		1,814
Purchases	486,463	
Electricity	9,200	
Rent	42,000	
Wages	120,800	
Vehicle expenses	10,000	
Discounts allowed	1,858	
General expenses	6,000	
Stationery	843	
Carriage inwards	10,644	
Returns inwards	5,728	
Returns outwards		6,528
Machinery at cost	124,500	
Vehicles at cost	38,672	
Accumulated depreciation at 31 May 2016:		
Machinery		18,600
Vehicles		22,352
Allowance for doubtful debts as at 31 May 2016		1,000
Inventory at 31 May 2016	29,664	
Trade receivables	77,920	
Trade payables		44,568
Cash at Bank		5,702
Drawings	15,000	
Capital account		<u>151,000</u>
	<u>979,292</u>	<u>979,292</u>

Additional information:

- (1) Electricity bill has been owing for RM1,840.
- (2) Ron has paid his rent RM6,000 in advance.
- (3) Ron depreciates his fixed assets on the following bases:

Machinery	20% per annum, straight line
Vehicles	25% per annum, reducing balance
- (4) Ron's inventory at 31 May 2017 is valued for RM34,735.
- (5) The allowance for doubtful debts is to be increased to RM1,500.

Required:

- (a) Prepare an income statement for Ron Green for the year ended 31 May 2017. (15 marks)
- (b) Prepare a statement of financial position for Ron Green for the year ended 31 May 2017. (10 marks)

(Total 25 marks)

Question 2

Raddy Enterprise, who just started his own business in 1 July year 2014, has the following balances from Trial Balance on 30 June each year:

	2015 RM	2016 RM	2017 RM	2018 RM
Accounts receivable (after deducting bad debts)	12,000	18,000	14,000	20,000
Bad Debts	500	200	350	200
Allowance for Doubtful Debts	6%	5%	6%	5%

Additional information:

On 30 June 2018, a recovery of bad debts of RM400 was made in respect of debts written off in 2016.

Required:

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

- (a) Bad debts (4 marks)
- (b) Allowances for doubtful debts (8 marks)
- (c) Bad debts recovered (2 marks)

(d) Income statement (extract) (5 marks)

(e) Statement of financial position (extract) (6 marks)

(Total 25 marks)

Question 3

Simon and Adam have a year-end of 31 December, and their depreciation policy is as follows:

Motor vehicles over 4 years, straight line with no residual value
 Plant and machinery 25% per annum, reducing balance

Whichever method of calculating depreciation is used, a full year's depreciation is charged when an asset is purchased part of the way through the year.

The following were the purchases of non-current assets for the 2 years ended 31 December 2018:

	Date of purchase	Cost (RM)
Motor vehicle	1.10.17	200,000
Motor vehicle	21.9.18	240,000
Plant and machinery	11.10.17	100,000
Plant and machinery	1.11.17	150,000
Plant and machinery	1.10.18	200,000

Required:

Write up the following accounts for the year ended 31 December 2017 and 31 December 2018:

(a) Motor Vehicle account; (3 marks)

(b) Plant and Machinery account; (4 marks)

(c) Accumulated depreciation account (motor vehicle) (7 marks)

(d) Accumulated depreciation account (plant and machinery) (8 marks)

(e) Statement of Financial Position (extract) (3 marks)

(Total 25 marks)

Question 4

Kwisy's financial year ended on 31 December annually. The following information has been extracted from the books at 31 December 2018:

- i. **Insurance:** paid by cheque for the year ended 31 December 2018 RM480; Balance owing as at 31 December 2017 was RM170; at 31 December 2018 RM220
- ii. **Stationery:** paid by cheque for the year ended 31 December 2018 RM870; inventory of stationery at 31 December 2017 was RM230; at 31 December 2018 RM320
- iii. **Electricity:** paid by cheque for the year ended 31 December 2018 RM690; Balance prepaid as at 31 December 2017 was RM330; Balance owing as at 31 December 2018 RM260.
- iv. **Rent received:** Kwisy sublet part of the premises. Kwisy received RM1,700 during the year ended 31 December 2018. Pinbel, the tenant, owed Kwisy RM210 on 31 December 2017 and RM190 on 31 December 2018.

Required:

- a. Write up the necessary ledger accounts for the above transactions: (20 marks)
- b. Prepare a Statement of Financial Position (extract) as at 31 December 2018. (5 marks)

(Total 25 marks)

SECTION B: Answer any ONE (1) question. (25 marks)**Question 5**

- (a) 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)
- (b) What is the purposes of preparing trial balance? (3 marks)
- (c) Explain the meaning of long-term loans. (3 marks)
- (d) Differentiate between **cash discount** and **trade discount**. (4 marks)
- (e) What is the difference between **carriage inwards** and **carriage outwards**? (5 marks)

(Total 25 marks)**Question 6**

- (a) Complete the following table:

		Accounts to be debited	Accounts to be credited
(i)	Take out cash from business for personal use		
(ii)	Goods sold on credit to Pandan trading		
(iii)	Goods purchased by credit is returned to supplier, Kaya trading		

(6 marks)

(b) Explain the following accounting terms:

- (i) business entity (3 marks)
- (ii) historical cost (3 marks)
- (iii) money measurement (3 marks)
- (iv) materiality (3 marks)

(c) Give two examples of the following items:

- (i) Assets (2 marks)
- (ii) Liabilities (2 marks)
- (iii) Expenses (1 mark)
- (iv) Revenue (2 marks)

(Total 25 marks)

~ The End ~

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