

**FINAL**  
Examination Paper

(COVER PAGE)

Session : AUGUST 2018

Programme : Diploma In Business (DIB)

Course : ACC1112: Financial Accounting

Date of Examination : 13 December 2018, (Thursday)

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, Cheah Kong Yong, Doris Koh, Catherine Wong

Moderator : Mr Chow Yuean Siew

*This paper consists of 8 printed pages, including the cover page*

DIPLOMA IN BUSINESS PROGRAMME (DIB)  
ACC1112: FINANCIAL ACCOUNTING  
FINAL EXAMINATION: AUGUST 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 list of balances has been extracted from the books of Niko Bellic at 30 September 2018.

|                                    | Debit (RM) | Credit (RM) |
|------------------------------------|------------|-------------|
| Capital (at 1 October 2017)        |            | 20,000      |
| Loan accounts (Roman – a director) |            | 2,000       |
| Drawings                           | 1,750      |             |
| Premises                           | 8,000      |             |
| Furniture and fittings             | 500        |             |
| Plant and machinery                | 5,500      |             |
| Inventory (at 1 October 2017)      | 8,000      |             |
| Cash at bank                       | 650        |             |
| Accounts payable                   |            | 10,056      |
| Accounts receivable                | 20,280     |             |
| Sales                              |            | 124,450     |
| Purchases                          | 86,046     |             |
| Bank charges                       | 120        |             |
| Returns inwards                    | 186        |             |
| Returns outwards                   |            | 135         |
| Wages                              | 11,750     |             |
| Travelling expenses                | 1,040      |             |
| Carriage inwards                   | 156        |             |
| Carriage outwards                  | 546        |             |

|                              |                |                |
|------------------------------|----------------|----------------|
| Electricity and water        | 2,560          |                |
| Rental                       | 2,000          |                |
| Discount allowed             | 48             |                |
| Discount received            |                | 138            |
| General expenses             | 2,056          |                |
| Stationery                   | 6,120          |                |
| Bad debts                    | 211            |                |
| Allowance for doubtful debts |                | <u>740</u>     |
|                              | <u>157,519</u> | <u>157,519</u> |

Additional information:

- (1) The closing inventory was valued at RM7,550.
- (2) Interest on the loan totaling RM100 had not been paid at 30 September 2018.
- (3) Rent includes RM250 paid in advance to 31 December 2018.
- (4) Plant and machinery is to be depreciated by 10% per annum using straight line method.
- (5) Furniture is to be depreciated by 5% per annum using straight line method.
- (6) The allowance for doubtful debts is to be increased by RM274.

**Required:**

Draw up an Income Statement and Statement of Financial Position as at 30 September 2018, after the above adjustments are made.

**(Total: 25 marks)**

**Question 2**

A firm had the following debtors after deducting bad debts at the end of each of the past five years.

| Year Ended 31 December | Bad Debts | Accounts receivable after<br>Bad Debts |
|------------------------|-----------|--|
|                        | RM        | RM                                     |
| 2013                   | -         | 8,000                                  |
| 2014                   | 300       | 7,000                                  |
| 2015                   | 400       | 9,000                                  |
| 2016                   | 450       | 9,000                                  |
| 2017                   | 375       | 10,000                                 |

It is the practice of the firm to provide 5% of accounts receivable at the end of the year as doubtful debts.

**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) (6 marks)
- (d) Statement of financial position (extract) (5 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.

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:**

- (a) Machinery Account for years 2015, 2016 and 2017. (7 marks)
- (b) Accumulated depreciation of Machinery Account for years 2015, 2016 and 2017. (8 marks)
- (c) Income Statement (extract) for years 2015, 2016 and 2017. (3 marks)
- (d) Statement of Financial Position (extract) for years 2015, 2016 and 2017. (7 marks)

**(Total 25 marks)****Question 4**

Scott Enterprise started their business in year 2010. The enterprise close their accounts end of March every year. Below are the information taken their accounts book in March 2018.

| Dr                  | Bank Account |              | Cr    |
|---------------------|--------------|--------------|-------|
|                     | RM           |              | RM    |
| Commission Received | 7,000        | Utilities    | 2,700 |
| Rental Received     | 14,000       | Stationaries | 500   |
|                     |              | Insurance    | 6,000 |

|                             | 1 April 2017 | 31 March 2018 |
|-----------------------------|--------------|---------------|
|                             | RM           | RM            |
| Stock of Stationary         | 375          | 280           |
| Accrual Commission Received | -            | 1,500         |
| Prepayment Rental Received  | 2,000        | 1,000         |
| Prepayment Insurance        | 1,200        | -             |
| Accrual Utilities           | 700          | 1650          |

- (a) You are required to prepare the following accounts:
- i. Stationary Account (4 marks)
  - ii. Commission Received Account (3 marks)
  - iii. Rental Received Account (4 marks)
  - iv. Insurance Account (3 marks)
  - v. Utilities Account (4 marks)
- (b) Prepare Income Statement (Extracted) for year ended 31 March 2018. (5 marks)
- (c) Prepare Statement of Financial Position (Extracted) for the year ended 31 March 2018. (2 marks)

**(Total 25 marks)**

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

**Question 5**

- (a) Accounting subject is one of the common subjects in business programme.

State any **FOUR (4)** objectives of financial accounting.

(10 marks)

- (b) What is the difference between **carriage inwards** and **carriage outwards**?

(4 marks)

- (c) Define the term 'double-entry accounting.'

(3 marks)

- (d) Is it possible for the Bank Account to have a credit balance? Why?

(3 marks)

- (e) What is the difference between **trade discount** and **cash discount**?

(5 marks)

**(Total 25 marks)**

**Question 6**

- (a) Explain the following accounting terms:

(i) prudence

(5 marks)

(ii) historical cost

(5 marks)

(iii) business entity

(5 marks)

(iv) dual aspect

(5 marks)

(b)

(i) Explain the difference between balances brought down and carried down.

(3 marks)

(ii) State the reason that balances brought down and carried down may not be needed.

(2 marks)

**(Total 25 marks)**

**~ The End ~**

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