

FINAL
Examination Paper

(COVER PAGE)

Session : AUGUST 2019

Programme : Diploma In Business (DIB)

Course : ACC1112: Financial Accounting

Date of Examination : December 10, 2019 (Tuesday)

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, Calvin Lim and Catherine Wong

Moderator : Dr Muhd Fauzi Abd Rahman

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

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

The following information relates to the business of Edwina, a sole trader.

	Debit (RM)	Credit (RM)
Inventory at 1st November 2016	40,000	
Purchases	260,000	
Sales		950,000
Returns inwards	2,000	
Returns outwards		3,900
Carriage inwards	5,000	
Carriage outwards	2,000	
Wages	310,000	
Rent received		10,000
Salesmen's commission	40,000	
Electricity	20,000	
Insurance	22,400	
Bad debts	7,000	
Trade receivables	80,000	
Allowance for doubtful debts at 1 st November 2016		2,200
Trade payables		30,600
Buildings at cost	600,000	
Accumulated depreciation of buildings to 1 st November 2016		77,000
Motor vehicles	120,000	

Accumulated depreciation of motor vehicles to 1 st November 2016		58,000
Drawings	67,000	
Bank overdraft		45,000
Capital at 1 st November 2016		398,700
	<u>1,575,400</u>	<u>1,575,400</u>

Notes:

- (1) The closing inventory was valued at RM48,000.
- (2) Edwina's depreciation policy is as follows:
 - building 2% using the straight line method
 - motor vehicles 25% using the reducing balance method
- (3) Insurance prepaid at 31st October 2017 amounted to RM1,500.
- (4) Wages accrued at 31st October 2017 amounted to RM4,000.
- (5) The allowance for doubtful debts is to be 5% of the accounts receivable.

Required:

Draw up a Statement of Profit and Loss and Statement of Financial Position as at 31 October 2017, after the above adjustments are made.

(Total: 25 marks)

Question 2

Gary, a sole trader, had the following ledger account balances on the 1 January 2018:

	RM
Telephone expenses	125 credit
Insurance	300 debit
Stationery	150 debit
Rent Received	760 debit

During the year, the following payments were made by cheque:

2018	RM
Jan 21 Motor van Insurance	1,200
Feb 21 Purchased stationery for office use	400
Aug 12 Telephone expenses	380

Additional information:

- At 31 December 2018, Gary owed RM150 for telephone. His stationery inventory at the same date was valued at RM110.
- Motor van insurance RM300 was outstanding during the financial year.
- Gary sub-let a room in his office. He received a cheque RM3,800 at the end of 31 December 2018. Halim, the tenant, owed Gary RM190 at 31 December 2018.

Required:

- Write up the necessary ledger accounts for the above transactions; (20 marks)
- Prepare a Statement of Financial Position (extract) as at 31 March 2019. (5 marks)

(Total: 25 marks)

Question 3

The financial period of Yu Yu Co. ends at 31 December. The following information is related to Yu Yu Co.:

As at 31 December	2016	2017	2018
Accounts receivable	24,000	25,000	20,000
Bad debts written off	1,000	820	1,300

Additional information:

- (i) On 30 June 2018, a recovery of bad debts of RM400 was made in respect of debts written off in 2016.
- (ii) The company had decided to make an Allowance for Doubtful Debts at a rate of 2%.

Required:

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

- (a) Bad debts; (3 marks)
- (b) Allowances for doubtful debts; (8 marks)
- (c) Bad debts recovered; (3 marks)
- (d) Statement of Profit and Loss (extract); (5 marks)
- (e) Statement of Financial Position (extract). (6 marks)

(Total: 25 marks)

Question 4

Sonya starts a business on 1 January 2016 and decides to prepare accounts at 31 December each year. Sonya keeps separate non-current asset accounts for each type of non-current assets she owns and also prepares a separate accumulated depreciation account for each non-current asset.

On 1 July 2016, she bought a machine for RM80,000 by internet transfer. She also bought two delivery vans totaled RM200,000 on 1 October 2016, by internet transfer.

In the year of 2017, the following purchases took place:

18 September	a delivery van costs RM110,000
1 November	a machine costs RM150,000
5 December	a delivery van costs RM120,000

Full year Depreciation on the machines is to be calculated at a rate of 25% per annum on cost. Full year depreciation on the delivery van is to be calculated on a straight-line basis over 10 years.

Required:

Write up the following accounts for the year ended 31 December 2016 and 31 December 2017:

- | | | |
|-----|---|-----------|
| (a) | Machine account; | (3 marks) |
| (b) | Motor Vehicle account; | (4 marks) |
| (c) | Accumulated Depreciation account (machine); | (7 marks) |
| (d) | Accumulated Depreciation account (motor vehicle); | (8 marks) |
| (e) | Statement of Financial Position (extract) | (3 marks) |

(Total: 25 marks)

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

(a) Explain the following accounting concepts and give a relevant example for each of the concepts:-

- (i) Consistency Concept (4 marks)
- (ii) Going concern Concept (4 marks)
- (iii) Materiality Concept (4 marks)

(b) Complete the following table and attach it to your answer booklet. The first transaction has been done as an example for you.

Transactions	Effects on: Assets	Liabilities	Capital	Account to Debit	Account to credit
1. Purchase of goods for cash	+ inventory - cash			Purchases	Cash
2. Return defective equipment, which was bought on credit for use in the business, to the supplier					
3. Return goods bought on credit to supplier.					

(8 marks)

(c) What is the difference between carriage inwards and carriage outwards? (5 marks)

(Total: 25 marks)

Question 6

- (a) What is the difference in accounting treatments of both trade discount and cash discount? (4 marks)
- (b) Explain the difference between debit note and credit note. (5 marks)
- (c) Explain the difference between current liability and non-current liability. (4 marks)
- (d) State the reason that balances brought down and carried down may not be needed. (2 marks)

(e) For each of the following items below:

- (i) state whether each of the following items would appear in the Income Statement, (Yes/No), and;
- (ii) if yes, whether it would increase or decrease the profit.
 - (1) Purchase goods on credit from a supplier
 - (2) Purchase a desk for owner's son, payment was made of out business cash
 - (3) Sales order received from a customer for which goods have not been delivered yet
 - (4) Due to the economic recession, more debts are likely to turn bad
 - (5) Adjustment for expenses prepaid
 - (6) Proprietor uses personal cash to pay rent on his own home.

(10 marks)

(Total: 25 marks)

~The End~

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