

 **INTI International  
University & Colleges**

**FINAL  
Examination Paper**

(COVER PAGE)

Session : January 2018

Programme : Diploma In Business (DIB)

Course : ACC1112: Financial Accounting

Date of Examination : 8 March, 2018 (Thursday)

Time : 5:00 pm – 7:00 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) : Liew Wenn Hing, Remeo Dass, Irwin Wong, and Teoh Yih Shien

Moderator : Mr Siew Chow Yuen

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

DIPLOMA IN BUSINESS PROGRAMME (DIB)  
ACC 1112: FINANCIAL ACCOUNTING  
FINAL EXAMINATION: JANUARY 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.

**Question 1**

The trial balance of S.Urban at 31 March 2017 was as follows:

	RM	RM
Inventory 1 April 2016	18,400	
Purchases	60,080	
Returns outwards		240
Cash in hand	340	
Cash at bank	10,084	
Freehold premises at cost	15,440	
Lighting and heating	836	
Printing, stationery and advertising	112	
Accountancy charges	656	
Allowances for doubtful debts		1,400
Accounts receivable	14,400	
Accounts payable		11,868
Wages	10,700	
Salaries	3,500	
Bad debts	900	
Capital account at 1 April 2016		45,860
Drawings	3,000	
Discount allowed	2,520	
Discount received		1,840
Sales		83,580
Office furniture at cost	2,500	
Accumulated depreciation:		
Office furniture		500
Rent, rates and insurance	1,600	
Returns inwards	220	
	145,288	145,288

The following matters are to be taken into account:

1. Closing inventory valued at cost, RM20,800
2. Allowances for doubtful debts are to be increased to RM1,600
3. Rent accrued due RM200
4. Advertising paid in advance RM80
5. Provide for depreciation on office furniture at 5% on cost.

**Required:**

- (a) Prepare an income statement for S.Urban for the year ended 31 March 2017.  
(15 marks)
  - (b) Prepare a statement of financial position for S.Urban for the year ended 31 March 2017.  
(10 marks)
- (Total 25 marks)**

**Question 2**

The financial year of BOSE Music ended on 31 December 2017. The following transactions have been extracted from the company's ledger.

- (i) Maintenance expenses: Paid in 2017 RM1,200; Owing at 31 December 2017 RM300.
- (ii) Stationery: Paid in 2017 RM2,100; Owing at 31 December 2016 RM280; Inventory of stationery at 31 December 2017 RM400.
- (iii) Insurance: Paid in 2017 RM900; Prepaid as at 31 December 2017 RM540.
- (iv) BOSE Music sublets part of the premises. It received RM5,000 during the year ended 31 December 2017. Benson, the tenant owed BOSE Music RM650 on 31 December 2016 and RM210 on 31 December 2017.

**Required:**

- (a) Show the ledger accounts for the year 2017  
(18 marks)
  - (b) Prepare the extracts of income statement for the year ending 31 December 2017 and extracted statement of financial position on that date.  
(7 marks)
- (Total 25 marks)**

**Question 3**

G Cook, a trader, keeps his Non-Current Asset Accounts at cost with separate provision for Depreciation Accounts.

On 1 January 2015, he bought:

- (i) A motor lorry (Lorry No.1), RM100,000
- (ii) A motor car (Car No.1), RM80,000

On 1 July 2017, he bought a new motor car (Car No.2) for RM120,000 on credit from the Royal Motor Company.

On 1 November 2017, he bought a new lorry (Lorry No.2) for RM220,000 on credit from the New Transport Company.

The financial year end of the business is 31 December. Cook decided to provide annual depreciation as follows:

- (A) Motor lorries at the rate of 20% per annum on cost by the Straight Line method.
- (B) Motor car at the rate of 20% on book value 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 asset was bought part of the way through the year.

**Required:**

(a) For the period Year 2015 to Year 2017, prepare the following accounts in the ledger of G Cook:

- (i) Motor Lorries Account (3 marks)
- (ii) Motor Car Account (3 marks)
- (iii) Accumulated Depreciation of Motor Lorries Account (8 marks)
- (iv) Accumulated Depreciation of Motor Cars Account (8 marks)

(b) Show the extract of Statement of Financial Position for Year 2017 only

(3 marks)

**(Total 25 marks)**

**Question 4**

Bee Trading's financial year ends on 31 December every year. Below is a table showing his debtors for the following dates:

	2015	2016	2017
	RM	RM	RM
Accounts receivable at the end of the year (after bad debts written off)	10,000	15,000	12,000
Bad debts written off during the year	700	750	1,000

Bee Trading sets aside 5% of accounts receivable as Allowances for Doubtful Debts every year.

**Required:**

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

- (a) Bad debts (4 marks)
  - (b) Allowances for doubtful debts (9 marks)
  - (c) Extracts of the Income Statement (6 marks)
  - (d) Details of receivables in the Statement of Financial Position (6 marks)
- (Total 25 marks)**

**SECTION B**

**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) Accounting is concerned with the uses which accountants might make of the bookkeeping information given to them.

List any **THREE (3)** possible users of accounting information and briefly describe their purpose for using the accounting information.

(9 marks)

- (b) What is the meaning of trade discount?

(3 marks)

- (c) What do you understand by the following terms:

(i) discounts received?

(ii) bank overdraft?

(6 marks)

- (d) Complete the following table:

		Accounts to be debited	Accounts to be credited
(a)	Started business in the bank		
(b)	Goods bought on credit from Jaya trading		

(4 marks)

- (e) Is it possible to have a credit balance in cash ledger? Explain the reason. (3 marks)

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

- (a) Explain the following accounting concepts:

(i) business entity

(4 marks)

(ii) prudence

(4 marks)

(iii) consistency

(4 marks)

- (b) What is the difference between non-current assets and current assets? (5 marks)
- (c) Explain the difference between returns inwards and returns outwards. (4 marks)
- (d) Explain the effects of each transaction on asset, liability and owners equity.
- (i) Bought van paying by cheque RM64,000
- (ii) A loan of RM5,000 cash is received from bank (4 marks)

**(Total 25 marks)**

**~The End~**

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