

**FINAL
ALTERNATIVE ASSESSMENT**
Examination Paper

(COVER PAGE)

Session : January 2022

Programme : Diploma In Entrepreneurship (DENT)
Diploma In Business (DIB)
Diploma In Marketing (DMKT)

Course : ACC1112: Financial Accounting

Date of Examination : March 9, 2022 (Wednesday)

Time : 8.00am – 10.30am Reading Time : Nil

Duration : 2 Hours : 30 Minutes

Note: 30 minutes is added into the duration of the examination to factor in any connectivity matters and for you to scan and upload your scripts.

Special Instructions :

SECTION A: Answer **ALL THREE (3)** questions.

SECTION B: Answer **ALL** questions.

Materials permitted : Non-Programmable Calculator

Materials provided : Nil

Examiner(s) : Cheah Kong Yong, Liew Wenn Hing, Lee See Seong, Christine Gan, and Janice Malibin

Moderator : Kee Cheun Howe

This paper consists of 5 printed pages, including the cover page

DIPLOMA IN ENTREPRENEURSHIP PROGRAMME (DENT)
 DIPLOMA IN BUSINESS PROGRAMME (DIB)
 DIPLOMA IN MARKETING PROGRAMME (DMKT)
 ACC1112: FINANCIAL ACCOUNTING
 FINAL ALTERNATIVE ASSESSMENT: JANUARY 2022 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 all **THREE (3)** questions. **(75 marks)**

Question 1

The following trial balance had been extracted from the book of Shen You for the year ended 31 October 2021.

	RM	RM
Accounts receivable and payables	435,000	325,000
Bank overdraft		18,200
Inventory at 1 November 2020	85,000	
Sales		1,025,400
Purchases	673,000	
Returns inwards and outwards	5,400	13,000
Carriage	9,600	
Salaries and wages	220,000	
Rent	33,800	
Commission received		18,700
Bad debts	4,680	
Plant and machinery	600,000	
Motor vehicles	300,000	
Accumulated depreciation:		
Plant and machinery		120,000
Motor vehicles		57,000
Allowance for doubtful debts		2,700
Cash in hand	3,100	
Capital		849,580
Drawings	<u>60,000</u>	
	<u>2,429,580</u>	<u>2,429,580</u>

Additional notes:

1. Inventory at the cost of business has been valued at RM126,000 at market price.
2. No records for RM2,000 of goods withdrawn for personal use.
3. RM4,100 of carriage represents carriage inwards on purchases.
4. The allowance for doubtful debts is to be adjusted to 5% of accounts receivable.

5. Salaries in arrears RM10,000.
6. The amount shown for rent on the trial balance includes a rent paid of RM4,200, which represents the annual rent to 28 February 2022.
7. Depreciation is written off non-current assets as follows:
 - Plant and machinery at 10% per annum on cost
 - Motor vehicle at 20% per annum on reducing balance basis

Required:

- (a) Prepare the income statement for Shen You for the year ended 31 October 2021
(15 marks)
 - (b) Prepare a balance sheet for Shen You as at 31 October 2021. (10 marks)
- (Total 25 marks)**

Question 2

The Merlin Company began trading in 2017 and makes all its sales on credit. The company has suffered from a high level of bad debts and an allowance for doubtful debts of 3% of outstanding accounts receivable is made at the end of each year.

Information of Years 2017 to 2019 is as follows:

Year	Trade Receivables (RM)	Bad Debts (RM)
2017	440,000	80,000
2018	550,000	90,000
2019	470,000	

An account receivable, J.Sofiah, whose debt of RM4,000 was written off as bad in 2017, settled her account in full on 30 November 2019. The company's financial year ended 31 December each year.

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) Balance Sheet (extract) (6 marks)
- (Total 25 marks)**

Question 3

- (a) T.Boon started business in year 2019. He bought office equipment costing RM120,000 on 1 November 2019 and a van costing RM150,000 on 1 December 2019.

On 31 December 2020, she bought another van costing RM140,000; and office equipment costing RM120,000 on 1 December 2020.

T.Boon applies the depreciation methods as: Office equipment 20% on cost; while Motor vehicles 10% using the reducing balance basis. Depreciation was calculated on office equipment for each month of ownership, and give a full year's depreciation on van.

Required:

Show the appropriate items in the extracts of the following for years ended 31 December 2020:

- (i) Income Statement (extract) (6 marks)
- (ii) The non-current assets section of the Balance Sheet (9 marks)
- (b) On 1 January 2021 the following balances appeared in the books of a trader:-
Accrued Rent received: RM1200, Insurance prepaid: RM1,500;

During the trading year, Rent received from tenants amounted to RM159,000, Insurance paid amounted RM24,000.

At 31 December 2021, the following information was obtained:-
Tenants still owed for rent during the year amounted RM4,500 and one quarter of the amount for insurance paid during the year was paid in advance.

Required:

Show the appropriate items in the relevant extracts of the following for the month of December 2021:

- (iii) Income Statement (extract) (6 marks)
- (iv) Balance Sheet (extract) (4 marks)

(Total 25 marks)

SECTION B: Answer the ONE (1) question. (25 marks)**Question 4**

- (a) Explain the accounting effects on income statement and balance sheet if expense is accrued while income (other than sales) is earned and accrued at year end. (8 marks)
- (b) (i) List the **FOUR (4)** factors which cause non-current assets to depreciate. (4 marks)
- (ii) Based on four factors at part (i), identify **ONE (1)** factor which will cause each of the following to depreciate:
- (1) A gold mine;
 - (2) A van;
 - (3) A fifty-year lease (rental contract) on building;
 - (4) A machinery;
 - (5) A ship temporarily used to ferry passengers and vehicles across a river before the completion of constructing a new bridge;
 - (6) A franchise to market new computer software package in a certain country.
- (9 marks)
- (b) Describe the difference of **carriage inwards** and **carriage outwards** and their accounting treatments to the ledger. (4 marks)
- (Total 25 marks)**

~ **THE END** ~

ACC1112(F)/January 2022 Session/formatted