



STAMFORD COLLEGE

SCHOOL OF BUSINESS

DIPLOMA IN CORPORATE ADMINISTRATION (SEMESTER 2)

DCA 106: FINANCIAL ACCOUNTING II

Date : 12 October 2006 (Thursday)

Time : 2.00 pm - 4.00 pm

Duration: 2 hours

Instructions to Candidates

Question 1 from Section A is compulsory. Answer TWO out of THREE questions from Section B.

Please ensure that this examination paper contains FOUR questions on FIVE printed pages before you start the examination.

Books, papers and other written materials are not allowed to be brought into the examination hall. A candidate who violates the examination rules of Stamford College or commits a malpractice will be disqualified from the examination.

Candidates may use calculators provided the calculators give no printout, have no work display facilities, are silent and cordless.

Write your Examination Index Number on each page of your answer booklet.

SECTION A (Compulsory).

Question 1

Best Limited has an issued capital of 50,000 ordinary shares of RM 1 each and 10,000, 6% preference shares of RM1 each. The authorised capital is 100,000 ordinary shares of RM1 each and 20,000, 6% preference shares of RM1 each.

The following is the company's Trial Balance for the year ended 31 December 2005:

	Debit (RM)	Credit (RM)
Sales		90,000
Purchases	40,000	
Debenture interest	250	
Directors' remuneration	4,500	
Selling & distribution expenses	13,000	
General expenses	14,000	
Ordinary share capital		50,000
Share premium		5,000
6% Preference shares		10,000
5% Debentures		5,000
Plant & machinery at cost	70,000	
Motor vehicles at cost	20,000	
Accumulated depreciation: Plant & machinery		14,000
Motor vehicles		8,000
General reserves		9,000
Profit & loss account as at 1 Jan 2005		12,000
Creditors		6,000
Debtors	19,000	
Bank	20,450	
Stocks at 1 Jan 2005	5,000	
Interim dividends: 5% Ordinary shares	2,500	
3% Preference shares	300	
	209,000	209,000

Notes:

- The stock in hand at 31 December 2005 was RM 8,000.
- The final preference dividends will be paid on 1 February 2006 and a proposed rate of 10% final dividend on ordinary share was made.
- Audit fees were estimated at RM500 and a provision is to be made in the accounts.

- (d) Depreciation on plant & machinery is at a rate of 10% p.a. on cost and on motor vehicles at 20% p.a. on cost.
- (e) The directors have recommended a transfer of RM5,000 to General Reserves.

Required:

Prepare the Trading, Profit and Loss, and Appropriations Account for the year ended 31 December 2005 and the Balance Sheet at the same date.

(Total = 20 marks)

SECTION B

Answer TWO out of THREE questions.

Question 2

From the following extracted figures of Ampang Manufactures, prepare a Manufacturing, Trading and Profit and Loss Account for the year ended 30 June 2005.

	RM
<i>Stocks, 1 July 2004:</i>	
Raw materials	810
Work-in-progress	360
Finished goods	480
<i>Stocks, 30 June 2005:</i>	
Raw materials	750
Work-in-progress	240
Finished goods	450
Purchases of raw materials	4,785
Freight & carriage inwards	115
Productive wages	2,600
Factory power	180
Insurance on plant	320
Depreciation of plant & machinery	150
Office salaries	300
Administration expenses	105
Advertising	285
Salesmen's salaries	345
Delivery van's expenses	45
Bank charges	20
Sales	10,000

(Total = 15 marks)

Question 3

Rama and Lim have been trading in partnership; sharing profits and losses equally. At 30 June 2005 their assets and liabilities were as follows:

Balance Sheets as at 30 June 2005

	(RM)	(RM)
<u>Fixed Assets</u>		
Furniture		1,300
<u>Current Assets</u>		
Stock	700	
Debtors	2,300	
Cash at bank	<u>200</u>	<u>3,200</u>
		<u>4,500</u>
<u>Partners Capital Account</u>		
Rama		2,800
Lim		200
<u>Current Liabilities</u>		
Creditors	1,000	
Loan-Rama	500	<u>1,500</u>
		<u>4,500</u>

At this date the partners decided to dissolve. Rama agreed to take over the stock at a valuation of RM500. The furniture was sold for RM1,000 and the debtors realised at RM2,000. The expenses of realisation were RM200. All liabilities were paid and Lim brought in the amount owed by him to the firm.

You are required to close the books of the firm. The dissolution was completed by 31 July 2005.

(Total = 15 marks)

Question 4

ABC Ltd
Profit and Loss Account for the year ended 31 March 2005

	(RM'000)
Sales	1,248
Cost of sales	<u>(650)</u>
Gross Profit	598
Distribution costs	(221)
Administration costs	<u>(102)</u>
Operating Profit	275
Interest received	25
Interest paid	<u>(20)</u>
Profit on ordinary activities before taxation	280
Taxation	<u>(130)</u>
Profit after taxation	150
Dividends proposed	<u>(50)</u>
Retained profit for the year	<u>100</u>

ABC Ltd
Balance Sheet as at 31 March

	2005 (RM)	2004 (RM)
<u>Fixed Assets</u>		
Tangible assets	280	150
Intangible assets	150	120
Investments	<u>-</u>	<u>45</u>
	430	315
<u>Current Assets</u>		
Stocks	120	80
Debtors	145	120
Short term investments	50	-
Cash at bank	<u>70</u>	<u>65</u>
	385	265
<u>Current Liabilities</u>		
Trade creditors	98	138
Taxation	130	60
Dividends proposed	<u>50</u>	<u>30</u>
	278	228
	<u>107</u>	<u>37</u>
	537	352
<u>Long Term Liabilities</u>		
10% Debentures	<u>200</u>	<u>150</u>
	<u>337</u>	<u>202</u>
<u>Capital and Reserves</u>		
Ordinary Shares (RM 1 each)	160	130
Share premium	35	30
Profit and Loss Account	<u>142</u>	<u>42</u>
	<u>337</u>	<u>202</u>

Note:

(a) The proceeds of the sale of fixed asset investments amounted to RM50,000.

(b) Tangible fixed assets:

	31 March 2005 (RM'000)	31 March 2004 (RM'000)
Cost	530	300
Accumulated depreciation	<u>250</u>	<u>150</u>
Net book value	<u>280</u>	<u>150</u>

Required:

Prepare a Cash Flow Statement for the year ended 31 March 2005.

(Total = 15 marks)

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