



STAMFORD COLLEGE
SCHOOL OF SECRETARIAL AND ADMINISTRATIVE STUDIES

DIPLOMA IN EXECUTIVE SECRETARYSHIP
SEMESTER 4

DES 2102: BASIC ACCOUNTING

Date : 21 May 2008, Wednesday
Time : 2.00pm to 4.00pm

Duration: 2 hours

Instructions to Candidates



Question 1 in Section A is **COMPULSORY**. Candidates are required to answer **TWO** out of **FOUR** questions from Section B.

Please ensure that this examination paper contains **FIVE** questions on **FOUR** 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.

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

SECTION A**Question 1 (Compulsory)**

The following balances have been extracted from the books of Famous Fruits, a famous wholesaler of South-African oranges, for the year ended 31.12.2005.

Trial Balance as at 31st December 2005

	<u>DR</u> <u>RM</u>	<u>CR</u> <u>RM</u>
Discount Allowed	15,000	
Discount Received		13,000
Purchases	382,350	
Sales		588,650
Carriage Inwards	8,444	
Carriage Outwards	2,475	
Drawings	42,800	
Rent, Rates & Insurance	26,630	
Postage & Stationery	8,000	
Advertising	7,880	
Wages & Salaries	26,420	
Bad Debts	18,833	
Provision for bad debts		830
Debtors/Creditors	42,120	22,474
Cash	2580	
Bank	27,737	
Capital		127,115
Land & Building	40,000	
Equipment (at cost)	88,000	
Accumulated Depreciation		35,200
Stock (1.1.2005)	50,000	
Return Inwards	12,000	
Return Outwards		14,000
	<u>801,269</u>	<u>801,269</u>

The following additional information is also available;

- a) Rent is prepaid by RM8,000 and rates is outstanding by RM10,000.
- b) Stock at 31.12.2005 is valued at RM30,000.
- c) Equipment is to be depreciated at 20% per annum using the Straight Line method.
No depreciation is provided for land and building.

Required:

Prepare the Trading, Profit/Loss account for year ended 31st December 2005.

(10 marks)

SECTION B

Answer any TWO out of FOUR questions.

Question 2

Aminuddin Enterprises maintains control accounts for her Purchases and Sales Ledgers. She extracted the following balances from her books of accounts for the month of June Year 2005:

1 June	Purchases Ledger balances		<u>RM</u>
		Dr	186
		Cr	17,960
	Sales Ledger balances	Dr	28,240
		Cr	235
30 June	Purchases on credit		49,216
	Cash purchases		4,820
	Sales on credit		63,140
	Cash sales		6,280
	Bad debts written off		190
	Returns outwards		1,024
	Returns inwards		1,642
	Cash received from credit customers		67,930
	Discount received		1,045
	Dishonoured cheque recharged to credit customer		315
	Legal fees charged to customers		150
	Payments to suppliers		47,310
	Discount allowed		1,820
	Contra		450
	Purchases Ledger debit balances at 30 June		212
	Sales Ledger credit balances at 30 June		287
	Provision for bad and doubtful debts		320

Required:

Open the Purchases Ledger and Sales Ledger Control Accounts and post the entries for the month of June Year 2005.

(20 marks)

Question 3

A business started trading on the 1st January 2004. The following details are available for the three years ended 31st December 2004, 2005 & 2006.

<u>Year</u>	<u>Year end</u> <u>Debtors</u> <u>RM</u>	<u>Bad debts</u> <u>RM</u>
2004	50,000	15,700
2005	70,000	19,500
2006	60,000	16,400

The business prepares its accounts at 31st December each year.

Required:

- a) Define bad debts and provision for bad debts. (3 marks)
- b) (i) Prepare the bad debts account for the year ended 2004-2006. (8 marks)
- (ii) Show Profit/Loss Extract for 2004-2006. (6 marks)
- (iii) Show Balance Sheet Extract for the year ended 2004-2006. (3 marks)
- (Total = 20 marks)

Question 4

A business purchased a machine for RM75, 000 on 1st January 2002. The scrap value of the machine is estimated to be RM7, 500 and it is to be used for 5 years.

On the 30th June 2002, the business buys a computer for RM50, 000 and is expected to be used for 4 years. The management has decided to use the reducing balance method (RBM) of depreciation at the rate of 44%.

The business prepares the accounts at 31st December annually.

- a) State the four causes of depreciation. (4 marks)
- b) Show the calculation of depreciation for the years 2002-2005 for the machine. (4 marks)
- c) Show the calculation of depreciation for the years 2002 -2005 for the computer. (8 marks)
- d) Show the balance sheet extract for the machine at 31st December 2004. (4 marks)

(Total = 20 marks)

Question 5

F Benjamin of 10 Lower Street, Penang, is selling the following items at the recommended retail prices as shown: white tape RM10 per roll, green felt at RM4 per metre, blue cotton at RM6 per sheet, black silk at RM20 per dress length. He makes the following sales:

2007

- May 1 To F Gray, 3 Keswick Road, Portsmouth: 3 rolls white tapes, 5 sheets blue cotton, 1 dress length black silk. Less 25 per cent trade discount.
- “ 4 To A Gray, 1 Shilton Road, Preston: 6 rolls white tape, 30 metres green felt. Less 33.5 per cent trade discount.
- “ 8 To E Hines, 1 High Road, Malton: 1 dress length black silk. No trade discount,
- “ 20 To M Allen, 1 Knott Road, Southport: 10 rolls white tape, 6 sheets blue cotton, 3 dress lengths black silk, 11 metres green felt. Less 25 per cent trade discount.
- “ 31 To B Cooper, 1 Tops Lane, St Andrews: 12 rolls white tape, 14 sheets blue cotton, 9 metres green felt. Less 33.5 per cent trade discount.

Required:

- a) Draw up a sales invoice for each of the above sales. (10 marks)
- b) Enter them in the Sales Day Book and post to the personal accounts. (7.5 marks)
- c) Transfer the total to the sales account in the General Ledger. (2.5 marks)
- (Total = 20 marks)

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