



STAMFORD COLLEGE

SCHOOL OF BUSINESS AND MARKETING

FOUNDATION STUDIES IN BUSINESS (SEMESTER 1)

FSBN 103 : FINANCIAL ACCOUNTING 1

Date : 22 May 2007 (Monday)

Time : 9.30AM – 11.30AM

Duration : 2 Hours

Instructions to Candidates

There are TWO sections in this paper. The question in section A is compulsory. Answer any TWO out of THREE questions from Section B.

Please ensure that this examination paper contains FOUR 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 Trial Balance was extracted from the books of Tan Ah Kow, a sole trader in 30th June 2006:

	DEBIT	CREDIT
	RM	RM
Capital		12,000
Drawings	2,000	
Cash in hand	1,330	
Land and building	10,182	
Motor van	2,500	
Fixtures and fittings	1,400	
Opening stock	900	
Purchases and sales	14,000	26,200
Returns	100	270
Debtors and creditors	1,500	730
Carriage inwards	170	
Rent and rates	1,800	
Light and heat	100	
Discount	80	142
Delivery expense	200	
Salaries and wages	3,000	
Sundry expense	80	
	39,342	39,342

You are given the following information:

- Stock at 30 June 2006 was valued at RM 1,520.
- Depreciate motor van at 20% on cost.
- Depreciate fixtures and fittings at 10% on cost.
- Rent RM 200 had been paid for July.
- An amount of RM 58 was due for light and heat.
- Write off a debt of RM 20 as irrecoverable.
- Make a provision for bad debts of 5% of debtors.

Required:

- (a) Prepare the Trading, Profit and Loss Account. (20 marks)
- (b) Prepare the Balance Sheet at 30 June 2006. (20 marks)
- (Total: 40 marks)

SECTION B

Answer any TWO Questions.

Question 2

Kendal Berhad's Cash Book for September 2006 shows the following information:

		Receipts	Payments
		RM	RM
Sept	1	Balance	515
	7	Cash sales	64
	9	M Potter	251
	10	C Lyons	87
	12	M Pointer	26
	14	C Hallern	89
	17	Cash sales	171
	20	C David	122
	24	Cash sales	103
	28	S Leeming	116

You have received the following bank statement:

		Receipts	Payments	Balance
		RM	RM	RM
Sept	1	Opening balance		515
	8	Cash sales		579
	11	101202	251	328
	13	Deposit		354
	17	101204	89	265
	17	Direct debit – rates	105	160
	18	Cash sales		331
	26	Cash sales		434
	30	Bank charges	36	398

Required:

(a) Write up Kendal Berhad's Cash Book for September 2006 and prepare a bank reconciliation statement as at 30 September 2006.

(15 marks)

(b) Explain the term "imprest" as used in a petty cash system

(15 marks)

(Total 30 marks)

Question 3

The following trial balance for your organisation has been incorrectly drawn up by an inexperienced member of staff:

	Debit	Credit
	RM'000	RM'000
Sales		540
Purchases		208
Returns inwards		10
Returns outwards	12	
Heating costs	18	
Insurance costs	22	
Rent paid		14
Opening stock		36
Carriage in	8	
Carriage out		11
Discounts received	10	
Discounts allowed		9
Property – cost	160	
Property – cumulative depreciation	20	
Wages and salaries	86	
	336	828
	336	828

Required:

(a) Re-draft the Trial Balance correctly.

(7 marks)

(b) Draft the Profit and Loss account for the organisation at the end of the period. Take note that the closing stock has been valued at RM26,000 and the depreciation for the year for the property, which is already included in the cumulative depreciation figure, is RM10,000

(15 marks)

(c) Explain the essential difference between the Straight Line Method of Depreciation and the Reducing Balance Method.

(8 marks)

(Total 30 marks)

Question 4

Your organisation receives and issues small items, including screws, through a central stores department.

Commodity No: 06713

Unit = 1 Box of 200 screws

November 2006

01	Received 20 boxes valued at RM4.00 each
04	Received 20 boxes valued at RM4.10 each
09	Issued 15 boxes
13	Received 20 boxes valued at RM4.20 each
15	Issued 25 boxes
21	Received 20 boxes valued at RM4.30 each
25	Issued 10 boxes
28	Received 20 boxes valued at RM4.40 each
30	Issued 35 boxes

Required:

Calculate the value of closing stock using:

- (i) Last in First Out (LIFO) (10 marks)
 - (ii) First in First Out (FIFO) (10 marks)
 - (iii) Weighted Average Cost (AVCO) (10 marks)
- (Total 30 marks)

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