

PENANG SANGAM HIGH SCHOOL

P. O BOX 44, RAKIRAKI

LESSON NOTES Week 10

SUBJECT: ACCOUNTING

YEAR/LEVEL: 13

Strand 3: COMPANY ACCOUNTING

Sub-strand 3.3: Annual Accounts of Companies

Content Learning Outcome: Prepare the required final accounts for company business.

Greetings to all my students, weeks 7-9 we have covered preparation of final accounts of companies and this week (week 10) we will continue with our coverage with solutions for previous weeks activities assigned. Please refer to the solutions provided and mark your work, if there are any queries do contact me in our 13C Viber group.

Activity Solutions (Ref: MOE Text Year 13 Accounting pg. 113 Act. 3.3.2)

(a) **General Journal Entries**

Date	Particulars	DR \$	CR \$
2018 Mar. 31			
1.	Income Tax	7 000	
	Provision for Income Tax		7 000
	<i>(To record income tax)</i>		
2.	Interest on debentures	2 500	
	Interest on debenture due		2 500
	<i>(To record interest on debenture accrued)</i>		
3.	Doubtful debts	190	
	Provision for doubtful		190
	<i>(To create doubtful debts)</i>		
4.	Final dividend	10 000	
	Provision for Final dividend		10 000
	<i>(To provide for final dividend)</i>		
5.	Amortisation of Goodwill	2 000	
	Goodwill		2 000
	<i>(To record amortisation of goodwill)</i>		

➤ **Hint:** Apply the rule for preparing general journal)

➤ $A + E + D = L + P + R$

(\uparrow DR / \downarrow CR = \uparrow CR / \downarrow DR)

(b)

Statement of Financial Performance of Fleet Company for the Year Ended 31st March, 2018			
	\$	\$	\$
Sales		110 000	
<u>Less</u> Sales Return		<u>900</u>	
Net Sales			109 100
<u>Less Cost of Goods Sold(COGS)</u>			
Opening stock		9 220	
<u>Add</u> Purchase	33 450		
<u>Less</u> Purchase Return	<u>800</u>	32 650	
<u>Add</u> Customs duty		<u>2 460</u>	
Cost of Goods available for sale		44 330	
<u>Less</u> Closing Stock		<u>12 300</u>	
Cost of Goods Sold (COGS)			<u>32 030</u>
Gross Profit			77 070
<u>Add Other Income</u>			
Discount received		320	
Commission revenue		<u>320</u>	<u>640</u>
			77 710
<u>Less Expenses</u>			
<u>Selling and Distribution Expenses</u>		-	
<u>Administrative Expenses</u>			
Rent	6 500		
Power and lighting	1 380		
Office Salaries	12 620		
Audit fees	760		
Repairs to Motor Vehicle	1 870		
Amortisation of Goodwill	2 000		
Directors fees	<u>3 900</u>	29 030	
<u>Financial Expenses</u>			
Interest on Debentures (3000 + 2500)	5 500		
Doubtful debts	<u>190</u>	<u>5 690</u>	<u>34 720</u>
			42 990
<u>Less Other Expenses</u>			-
Net Profit Before Tax			42 990
Income Tax		7 000	
<u>Less</u> Over-provision for Income Tax		<u>245</u>	<u>6 755</u>
Net Profit After Tax			<u>36 235</u>

(Note: Follow the format given in MOE Text pg. 105-106)

(c)

Profit and Loss Appropriation Statement of Fleet Company For the Year Ended 31st March, 2018		
	\$	\$
Balance	420	
Add Net Profit after Tax	<u>36 235</u>	36 655
Less Final Dividend	2 000	
Interim Dividend	<u>8 000</u>	<u>10 000</u>
Balance Retained Earning		<u>26 655</u>

Note:

- *Opening Balance is given in the question.*
- *NP after tax is taken from statement of Financial performance*
- *Final balance of this statement goes to statement of financial position under **Reserves**.*

(Best wishes for week 10 studies, take care and Stay Safe)