



FINAL
Examination Paper

(COVER PAGE)

Session : August 2017

Programme : Certificate in Business Studies (CBSI)

Course : ACC1001: Book Keeping Skills

Date of Examination : 12 December 2017 (Tuesday)

Time : 11:00am – 1:00pm Reading Time : Nil

Duration : 2 Hours

Special Instructions :

This paper consists of **TWO (2)** sections.

Section A: Answer **ALL** questions in the OMR sheet provided.

Section B: Answer any **THREE (3)** questions in the answer booklet provided.

Materials permitted : Nil

Materials provided : OMR Sheet

Examiner(s) : Tham Yoke Mei

Moderator : Lim Tan Chin

This paper consists of 9 printed pages, including the cover page

INTI INTERNATIONAL COLLEGE PENANG
CERTIFICATE IN BUSINESS STUDIES PROGRAMME
ACC 1001 : BOOKKEEPING SKILLS
FINAL EXAMINATION : AUGUST 2017 SESSION

Section A: 40 marks

Instructions: This section consists of **TWENTY (20)** questions. Answer **ALL** questions in the OMR sheet provided. All questions carry equal marks.

1. You have bought stationery with a company cheque from the stationery shop next door? How should this transaction be recorded?
 - A. Debit Stationery Credit Payable
 - B. Debit Cash Credit Payable
 - C. Debit Stationery Credit Cash
 - D. Debit Payable Credit Cash

2. Which of the following statements is incorrect regarding capital account?
 - A. Drawing decreases the capital account balance
 - B. Initial capital increases the capital account balance
 - C. Additional capital increases the capital account balance
 - D. Profits decreases the capital account balance

3. Assume business will continue its operation in the foreseeable future. This assumption justifies the use of historical cost in the recording of non-current assets. Which accounting principle applies?
 - A. Going concern
 - B. Materiality
 - C. Money measurement
 - D. Prudence

4. The Basic accounting equation is
 - A. Assets= Capital - Liabilities
 - B. Assets= Cash + Capital
 - C. Capital = Assets - Liabilities
 - D. Liabilities = Capital + Assets

5. A firm bought a machine for RM21,000. It is expected to be used for 5 years then will be sold for RM1,000. What is the depreciation expense per year if the straight line method is used?
 - A. \$4,200
 - B. \$3,200
 - C. \$4,400
 - D. \$4,000

6. If the business's owner withdraws cash for personal use what will be the effect on accounting equation?
- Increase in capital, increase in asset
 - Capital remain the same, decrease in asset
 - Decrease in capital; decrease in asset
 - Decrease in capital, increase in asset
7. Unearned revenues are:
- cash received and a liability recorded before services are performed.
 - revenue for services performed and recorded as liabilities before they are received.
 - revenue for services performed but not yet received in cash or recorded.
 - revenue for services performed and already received in cash and recorded.
8. From the following figures, calculate the profit made during the year.
- | | |
|--------------------------|--------|
| capital at start of year | \$ |
| owner's drawings | 20,000 |
| capital at end of year | 6,000 |
| A. \$4,000 | 30,000 |
| B. \$16,000 | |
| C. \$26,000 | |
| D. \$30,000 | |
9. Which of the following best describes the meaning of Purchases?
- Goods bought for resale.
 - Goods bought on credit
 - Goods bought for cash
 - Goods paid for
10. Which of the following would be classified as a non-current liability?
- A trade payable
 - GST due to the government
 - A loan due to be repaid in 18 months
 - A bank overdraft
11. A Provision for Doubtful Debts is created
- when debtors become bankrupt
 - when debtors are no longer in business
 - to write off bad debts
 - to provide for possible bad debts
12. The double-entry system requires that each transaction must be recorded
- in at least two different accounts.
 - in two sets of books.
 - in a journal and in a ledger.
 - first as a revenue and then as an expense.

13. What is depreciation?
- A. Cost of a fixed asset
 - B. Cost of a fixed asset's repair
 - C. The residual value of a fixed asset
 - D. Portion of a fixed asset's cost consumed during the current accounting period

14. Which of the following is an asset of a firm?

- A. Money payable to Mr. Venu.
- B. Bank Overdraft.
- C. Loan to Mr. Ali.
- D. Owner contribute money into business.

15. The following is a list of the assets and liabilities of a firm at a particular date.

Premises owned by the firm	\$21,000
Money owed by the firm to its Accounts payable	\$3,000
Inventory owned by the firm	\$8,000
Loan received by the firm from a bank	\$4,000
Cash in the firm's safe	\$1,000

The firm's capital at that date is:

- A. \$13,000
 - B. \$23,000
 - C. \$29,000
 - D. None of the above.
16. The following accounts are used to calculate the costs of goods sold except :
- A. Purchases
 - B. Carriage inwards
 - C. Carriage outwards
 - D. Opening inventory

17. The following are the year end balances in Vicky's ledgers:

	\$
Sales	43,000
Purchases	16,000
Equipment	22,000
Bank Overdraft	8,000
Inventory	19,000
Capital	6,000

- What is the trial balance's total debit balances?
- A. \$76,000
 - B. \$57,000
 - C. \$65,000
 - D. \$63,000

18. One of Tara's customers has returned goods and Tara is issuing a credit note. In which record of prime entry will this be recorded?
- A. The cash book
 - B. The sales returns day book
 - C. The purchase returns day book
 - D. The sales day book
19. Expenses incurred but not yet paid or recorded are called
- A. prepaid expenses.
 - B. accrued expenses.
 - C. interim expenses.
 - D. unearned expenses.
20. On 1 January 2016, a company purchased machinery for RM26 000. It was decided to depreciate the asset using the reducing balance method at a rate of 20 % per annum. What is the depreciation expense for year end 31 December 2017?
- A. RM5,200
 - B. RM4,160
 - C. RM 3,328
 - D. RM2,662

Section B: 60 marks

Instructions: This section consists of **FIVE (5)** questions. Answer any **THREE (3)** questions in the answer booklet provided. All questions carry equal marks.

Question 1**Total: 20 Marks**

The trial balance of Harmoni Trading as at 31 December 2016:

	Debit (RM)	Credit (RM)
Sales		257,165
Purchases	192,800	
Salaries	32,000	
Insurance Premium	600	
Rent	3,400	
Office furniture, as at 1 Jan 2016	3,000	
Delivery lorry, as at 1 Jan 2016	3,750	
Stock as at 1 Jan 2016	4,120	
Capital		11,500
Drawings	17,100	
Bank overdraft		700
Cash in hand	4,500	
Discounts	800	540
Debtors and Creditors	12,315	5,200
Bad debts written off	720	
	-----	-----
	<u>275,105</u>	<u>275,105</u>

Additional information as at 31 December 2016:

- (a) Stock as at 31 December 2016 has been valued at RM3,000.
- (b) Depreciation for the year ended 31 December 2016 should be provided as follows:
- | | |
|------------------|-----------------------------------|
| Office furniture | 20% on cost |
| Delivery lorry | Depreciable over 3 year life span |

Required:

Prepare the following financial statements for Harmoni Trading:

- a) Income Statement for the year ended 31 December 2016. (10 marks)
- b) Statement of Financial Position as at 31 December 2016. (10 marks)

Question 2**Total: 20 Marks**

The following opening balances were extracted from the books of Global Co. at 1 January 2016:

Receivable	RM30,000
Provision for doubtful debts	RM500

During 2016 the following took place:

1. Credit sales of RM200,000 were made
2. Collected RM160,000 cash from receivable
3. Wrote off debts amounting to RM2,000
4. Recovered debts of RM5,000 which was written off in 2013 (Not included in cash collected as stated in 2.)
5. At the end of 2016, Global Co. decided to make a provision of 3% of outstanding debtors for doubtful debts.

Required:

- (a) Prepare the journal entries for the FIVE (5) transactions took place during 2016. (10 marks)
- (b) Prepare the following accounts for the year ended 31 December 2016:
- (i) Receivable Account (4 marks)
- (ii) Provision for Doubtful Debts Account (4 marks)
- (c) Show the relevant extracts (current assets) in the Statement of Financial Position as at 31 December 2016. (2 marks)

Question 3**Total: 20 marks**

- (a) Explain the following accounting concept with one illustrative example for each:
- (i) Accrual/Matching principle (3 marks)
- (ii) Historical cost concept (3 marks)
- (iii) Consistency concept (3 marks)
- (b) Explain the terms “capital expenditure” and “revenue expenditure”. Provide an example for each of the term. (6 marks)
- (c) State whether the following events are capital or revenue expenditure:
- (i) To add on additional floor at head quarter office building

- (ii) Purchase and installation of 4 units of lift in the office building
- (iii) Re-paint the warehouse external walls
- (iv) Purchase of a second hand truck vehicle
- (v) Cost of replacing battery of a lorry

(5 marks)

Question 4**Total: 20 Marks**

Mr Billy established his catering business on 1 June 2017. The following is a summary of the first month's trading:

June 1. Mr Billy commenced his business by depositing RM250,000 in the firm's account at RHB to get the business started.

- 2. A motor vehicle was purchased and paid with the company cheque for RM120,000.
- 3. Furniture RM4,500 was purchased on credit from KC Home.
- 4. Mr Billy withdrew cash RM1,000 from the business account to pay for his private expenditure.
- 5. A cheque RM2,500 was paid to KC Home, as part of the payment for amount owing.
- 7. Purchased frozen food from Muthu for RM8,000 on credit.
- 8. Cash sales of RM7,500 was banked into the account.
- 10. Settled debts with Muthu by cheque
- 16. Cash sales of RM1,000.
- 20. Purchased spice from Spice Garden by cheque amounting to RM3,000.
- 22. Settled water and electricity bills RM350 by cash.
- 28. Pay workers for June wages by cheque, RM7,000.

Required:

- a. Record the above transactions in the appropriate accounts and balance off all the accounts at month end. (12 marks)
- b. Prepare the trial balance as at 30 June 2017. (8 marks)

Question 5**Total: 20 Marks**

Mr. Smith owns a second hand car trading business. During the year, he has expanded his business by selling and repairing second hand cars. He has just received a copy of his financial statements for the year ended 31 December 2016. He does not understand some of the items in the financial statements. You are his newly appointed accountant and he required your help to explain those items:-

Required:

- a) What is the purpose of financial statements? What is the usage of statement of financial position? (4 marks)
- b) Define the term “Liabilities” and “Equity”. (4 marks)
- c) Mr. Smith’s technical expertise is an “asset” to the business but it does not seem to have been included in the statement of financial position. Explain why such “asset” is not recognized in the statement of financial position. (4 marks)
- d) Why a “second hand car” appears under non-current asset when all other such cars appear under current asset headings in the statement of financial position. Explain how is it possible? (4 marks)
- e) Explain why the salary expense recorded in the income statement can be different from the salary he actually paid to the workers during the year? The pay day is mid of every month. (4 marks)

(Total: 20 marks)

~ The End ~
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