



**FINAL**  
Examination Paper  
(COVER PAGE)

Session : April 2016

Programme : Certificate in Business Studies Programme (CBSI)

Course : ACC1001: Bookkeeping Skills

Date of Examination : 25 July 2016, Monday

Time : 8.00am – 10.00am

Duration : 2 Hours Reading Time : Nil

Special Instructions :

This paper consists of Section A and B.

Section A consists of TWENTY (20) questions to be answered in OMR sheet provided.

Section B consists of FIVE (5) Questions. Answer any THREE (3) questions.

**IMPORTANT NOTE : THIS PAPER SHOULD NOT BE TAKEN OUT OF THE EXAMINATION HALL**

Materials Permitted : Nil

Materials Provided : OMR Sheet and Answer Booklet

Examiner(s) : Mr. Chan Eng Hong

Moderator : Dr. Phua Lian Kee

*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 : APRIL 2016 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. Which of the following is the normal balance of repair and maintenance expense account?
  - A. Credit balance
  - B. Cash balance
  - C. Overdraft
  - D. Debit balance
  
2. Which of the following statements is incorrect regarding capital account?
  - A. Drawing increases the capital account balance
  - B. Initial capital increases the capital account balance
  - C. Additional capital increases the capital account balance
  - D. Profits increases the capital account balance
  
3. A business is separate from its owner. This results in only business transactions being recorded in the accounts. Which accounting principle applies?
  - A. business entity
  - B. materiality
  - C. money measurement
  - D. prudence
  
4. The Basic accounting equation is
  - A.  $\text{Assets} = \text{Capital} - \text{Liabilities}$
  - B.  $\text{Assets} = \text{Cash} + \text{Capital}$
  - C.  $\text{Assets} = \text{Capital} + \text{Liabilities}$
  - D.  $\text{Liabilities} = \text{Capital} + \text{Assets}$
  
5. A firm bought a machine for RM16,000. It is expected to be used for 5 years then sold for RM1,000. What is the depreciation expense per year if the straight line method is used?
  - A. \$3,200
  - B. \$3,100
  - C. \$3,750
  - D. \$3,000
  
6. If the business's owner withdraws cash for his/her personal use what will be the effect on capital?
  - A. Increase in capital
  - B. Remain the same
  - C. Decrease in capital
  - D. No effect on capital

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 | 20 000 |
| owner's drawings         | 7 000  |
| capital at end of year   | 30 000 |
- A. \$7000                      B. \$17 000                      C. \$27 000                      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. The accounting process is correctly sequenced as
- identification, communication, recording.
  - recording, communication, identification.
  - identification, recording, communication.
  - communication, recording, identification.
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?
- Cost of a fixed asset
  - Cost of a fixed asset's repair
  - The residual value of a fixed asset
  - Portion of a fixed asset's cost consumed during the current accounting period

14. Which of the following is a liability of a firm?

- A. A truck owned by the firm.
- B. Cash in the firm's petty cash safe.
- C. Money which the firm has borrowed and has not yet repaid.
- D. Money owed to the firm by its customers.

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

Premises owned by the firm	\$20,000
Money owed by the firm to its Accounts payable	\$3,000
Inventory owned by the firm	\$8,500
Loan received by the firm from a bank	\$4,000
Cash in the firm's safe	\$100

The firm's capital at that date is:

- A. \$32,400
  - B. \$21,600
  - C. \$21,100
  - 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 Sam'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 total?

- A. \$76,000
  - B. \$57,000
  - C. \$65,000
  - D. \$63,000
18. Suppose Amazon.com had sales revenue of \$4.0 billion and Returns inwards of \$1.0 billion. Cost of goods sold was \$2.0 billion. What is the gross profit of Amazon?
- A. \$2.0 billion
  - B. \$1.0 billion
  - C. \$3.0 billion
  - D. Cannot be determined from the data given

19. Expenses incurred but not yet paid or recorded are called
- A. prepaid expenses.
  - B. accrued expenses.
  - C. interim expenses.
  - D. unearned expenses.
20. For year end 31 December 2011, 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 2013?
- A. RM5,200                      B. RM4,160                      C. RM 3,328                      D. RM 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 Good Trading as at 30 June 2015:

	Debit (RM)	Credit (RM)
Sales		157,165
Purchases	92,800	
Salaries	31,400	
Insurance Premium	615	
Rent	3,400	
Office furniture, purchase on 1 July 2014	3,000	
Delivery Van, purchased on 1 July 2014	3,750	
Stock as at 1 July 2014	4,120	
Capital		11,500
Drawings	17,100	
Bank overdraft		100
Cash in hand	4,524	
Discounts	820	565
Debtors and Creditors	12,316	5,245
Bad debts written off	730	
	-----	-----
	<u>174,575</u>	<u>174,575</u>

Additional information as at 30 June 2015 (not yet comprehended in the above trial balance):

- (a) Stock as at 30 June 2015 had been valued at RM2,400.
- (c) Depreciation for the year ended 30 June 2015 should be provided as follows:

Office furniture	20% on cost
Delivery van	Depreciable over 3 years life span

**Required:**

**Prepare the following financial statements for Good Trading:**

- a) Classified Income Statement (Profit and loss statement) for the year ended 30 June 2015.  
(10 marks)
- b) Classified Statement of Financial Position (Balance Sheet) as at 30 June 2015.  
(10 marks)

**Question 2****Total: 20 Marks**

The following balances were extracted from the books of Patsy at 31 December 2013:

Debtors	RM23,000
Provision for doubtful debts	RM600

During 2014 the following took place:

1. Credit sales of RM120,000 were made
2. Collected RM50,000 cash from debtors
3. Wrote off debts amounting to RM3,000
4. Recovered debts of RM5,000 which was written off in 2011 (Not included in amount stated in 2.)
5. At the end of 2014, Patsy decided to make a provision of 5% of outstanding debtors for doubtful debts.

**Required:**

- (a) Prepare the journal entries for the 5 transactions took placed during 2014. (10 marks)
- (b) Prepare the following ledger accounts for the year to 31 December 2014:
- (i) Debtors Account (4 marks)
- (ii) Provision for Doubtful Debts Account (4 marks)
- (b) Show the relevant extracts of Balance Sheet as at 31 December 2014. (2 marks)

**Question 3****Total: 20 marks**

- (a) Explain the following accounting concept with one illustrative example for each:
- (i) Business entity concept (3 marks)
- (ii) Historical cost concept (3 marks)
- (iii) Conservatism 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) Building extension to add on a stock warehouse
- (ii) Purchase and installation of 2 units of lift in the warehouse
- (iii) Theft insurance premium for the warehouse
- (iv) Purchase of a new truck vehicle
- (v) Cost of purchasing production raw materials

(5 marks)

**Question 4**

**Total: 20 Marks**

Fill in your answers in the table format as below (Construct the table format in the answer sheet):

- (a) Type of balance (Debit/Credit)
- (b) What are they (Assets/ Liabilities/Capital/Revenue/Expense)
- (c) Describe how they should appear in the final accounts (e.g. in balance sheet under: current/non-current assets/liabilities, contra assets/equity, equity categories or in Income Statement under Cost of Goods Sold/Revenue/Expense categories)

Items	(a)	(b)	(c)
Accumulated Depreciation			
Buildings			
Creditors			
Drawings			
Long-term loan			
Capital			
Bad debts written off			
Carriage outwards			
Commission received			

(20 marks)

**Question 5****Total: 20 Marks**

Mr. John owns a tailor business. During the year, he has expanded his business by selling and repairing sewing machines. He has just received a copy of his financial statements for the year ended 31 December 2014. He is rather confused by some of the items in the financial statements and required you to explain certain points:-

Required:

- a) What is the purpose of statement of financial position and income statement? (4 marks)
- b) Define the term "Assets" and "Equity". (4 marks)
- c) Mr. John's tailoring skill & 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) "Sewing machines" may appear under both non-current asset and current asset headings in the statement of financial position. Explain how is it possible? (4 marks)
- e) Explain why the interest expense recorded in the income statement can be different from the loan interest paid to the bank during the year? (4 marks)

(Total: 20 marks)

~ The End ~

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