



INTI
International College Penang

FINAL
Examination Paper

(COVER PAGE)

Session : April 2018

Programme : CERTIFICATE IN BUSINESS STUDIES (CBSI)

Course : ACC1001 : BOOK KEEPING SKILLS

Date of Examination : 2 August 2018 (Thursday)

Time : 8:00AM – 10:00AM 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 :

Non-programmable calculator

Materials provided :

OMR & Answer booklet

Examiner(s) : Calvin Lim

Moderator : Lim Tan Chin

This paper consists of 11 printed pages, including the cover page.

INTI INTERNATIONAL COLLEGE PENANG
CERTIFICATE IN BUSINESS STUDIES (CBSI)
ACC1001: BOOK KEEPING SKILLS
FINAL EXAMINATION: APRIL 2018 SESSION

SECTION A: 40 marks

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

- The basic accounting equation is:
 - Assets = Capital + Liabilities
 - Assets = Cash + Capital
 - Capital = Assets + Liabilities
 - Liabilities = Capital + Assets
- Which of the following statements is **incorrect** regarding capital account?
 - Drawing decreases the capital account balance
 - Initial capital increases the capital account balance
 - Additional capital increases the capital account balance
 - Profits decreases the capital account balance
- Which of the following best explains the term 'current asset'?
 - An asset currently in use by a business
 - Something a business has or uses; which is likely to be held only for a short time
 - Money which the business currently has in its bank account
 - An amount owed to somebody else which is due for repayment soon
- Which of the following is correct?

	Assets (RM)	Liabilities (RM)	Capital (RM)
A.	7,850	1,150	6,600
B.	8,820	2,800	5,400
C.	9,550	1,150	8,200
D.	6,540	1,120	5,420

5. When a businessman introduces capital into his business, the transaction is debited in the cash book and credited to his capital account.

Which accounting concept is this an example?

- A. Business entity
- B. Going concern
- C. Matching
- D. Prudence

6. A company decided not to capitalise the purchase of a stapler for use in its office.

Which accounting concept was the company applying?

- A. Consistency
- B. Duality
- C. Materiality
- D. Prudence

7. You have purchased stationery with a company cheque from the stationery shop next door. How should this transaction be recorded?

- A. Debit Stationery Credit Trade payable
- B. Debit Cash Credit Trade payable
- C. Debit Stationery Credit Cash
- D. Debit Stationery Credit Bank

8. A business owner withdraws money from his business' bank account for personal expenses. Which entries record this in his books?

	Debit	Credit
A	Drawings	Capital
B	Bank	Drawings
C	Capital	Bank
D	Drawings	Bank

9. Which of the following best describes the meaning of 'Purchases'?
- A. Goods sold for cash
 - B. Furniture bought on credit
 - C. Cash paid for electricity
 - D. Goods bought for resale
10. The sales day book is best described as...
- A. Part of the double entry system
 - B. Containing customers' accounts
 - C. A list of credit sales
 - D. Containing real accounts
11. Expenses incurred but not yet paid or recorded area called...
- A. Prepaid expenses
 - B. Accrued expenses
 - C. Interim expenses
 - D. Unearned expenses
12. A provision for Doubtful Debts is created...
- A. When debtors become bankrupt
 - B. When debtors are no longer in business
 - C. To provide for possible bad debts
 - D. To write-off bad debts
13. What is depreciation?
- A. Cost of a non-current asset
 - B. Portion of a non-current asset's cost consumed during the current accounting period.
 - C. The residual value of a non-current asset
 - D. Cost of a non-current asset's repair

14. Credit notes sent out are recorded in which prime entry record?
- A. Sales return day book
 - B. General ledger
 - C. Sales day book
 - D. Purchase return day book
15. Which of the following statements concerning a debit entry is **incorrect**?
- A. It records an increase in assets
 - B. It records a business expense
 - C. It records an increase in the liabilities of a business
 - D. It records a decrease in the liabilities of a business
16. The accounting process is correctly sequenced as:
- A. Identification → Communication → Recording
 - B. Recording → Communication → Identification
 - C. Identification → Recording → Communication
 - D. Communication → Recording → Identification
17. The following accounts are used to calculate the costs of goods sold except:
- A. Purchases
 - B. Carriage inwards
 - C. Carriage outwards
 - D. Closing Inventory
18. Assume that Berjaya Corporation Bhd had sales revenue of RM4.0 billion and return inwards RM1.0 billion. Cost of goods sold was RM2.0 billion. What was the gross profit of Berjaya Corporation Bhd?
- A. RM2.0 billion
 - B. RM1.0 billion
 - C. RM3.0 billion
 - D. Cannot be determined from the data given

19. A company purchased a motor vehicle for RM50,000 on 1 January 2017 and closed account on 31 December 2017. It has an estimated residual value of RM10,000 and a four-year life. The company charges depreciation monthly on a straight-line basis.

What will the charge for depreciation be for the year to 30 June 2017?

- A. RM5,000
- B. RM6,250
- C. RM10,000
- D. RM12,500

20. The following are the year end balances in Adam's ledgers:

	RM
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. RM76,000
- B. RM57,000
- C. RM65,000
- D. RM63,000

SECTION B: 60 marks

Instructions: This section consist 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 following trial balance was extracted from Emma's books on 30 December 2017.

	Dr (RM)	Cr (RM)
Sales		18,614
Purchases	11,570	
Inventory at 1 January 2017	3,776	
Carriage outwards	326	
Carriage inwards	234	
Return inwards	440	
Return outwards		355
Salaries and wages	2,447	
Motor expenses	664	
Rent expense	576	
Sundry expenses	1,202	
Motor vehicles	3,400	
Fixtures and fittings	600	
Trade receivables	4,577	
Trade payables		3,045
Cash at bank	3,876	
Cash in hand	120	
Drawings	2,050	
Capital		<u>13,844</u>
	<u>35,858</u>	<u>35,858</u>

Additional Information:

- Closing inventory is RM4,000.
- Depreciation is to be charged at rates of 10% on cost for fixtures and fittings while 25% is to be charged on cost for motor vehicles using the reducing balance method.
- Bad debts of RM800 are to be written off.

Required:

Prepare the following financial statements for Emma's business:

- a) Income statement for the year ended 31 December 2017. [10 marks]
- b) Statement of Financial Position as at 31 December 2017. [10 marks]

Question 2**Total: 20 Marks**

- a) Fill in the missing figures:

Asset: Equipment

Date	Descriptions	Amount (RM)
1/1/14	Cost	88,185
31/12/14	(-) Depreciation	(i) ?
	Net Book Value (NBV)	85,542
31/12/15	(-) Depreciation	(2,566)
	Net Book Value (NBV)	(ii) ?
31/12/16	(-) Depreciation	(2,489)
	Net Book Value (NBV)	(iii) ?
31/12/17	(-) Depreciation	(iv) ?
	Net Book Value (NBV)	78,073

[4 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 van
 - v. Cost of replacing tires of a van

[10 marks]

Question 3**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 the Statement of Financial Position under: current/non-current assets/liabilities, contra assets/equity, equity categories or in Income Statement under Cost of goods sold/Revenue/Expenses categories)

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

Question 4**Total: 20 Marks**

Harith has a textile company that he runs in the local area. The following information is given regarding the accounts receivables before adjustment for bad debts:

Accounts receivables at 31 December 2014	RM 30,000
Accounts receivables at 31 December 2015	RM 25,000
Accounts receivables at 31 December 2016	RM 35,000
Accounts receivables at 31 December 2017	RM 40,000

The allowances for doubtful debts at each year end is estimated to be 5% of accounts receivables figures, after written off bad debts.

Bad debts to be written off are as follows:

31 December 2015	RM 3,000
31 December 2016	RM 2,000

REQUIRED:

Show extracts from the following accounts for each of the years:

- a) Bad Debts [4 marks]
- b) Allowances for doubtful debts [10 marks]
- c) Income statement (extract) for the year ended 31 Dec 2014, 2015, 2016 and 2017. [6 marks]

Question 5

Total: 20 Marks

- (a) Explain the following accounting concepts and provide an example for each:
- (i) Consistency [5 marks]
 - (ii) Prudence [5 marks]
 - (iii) Accruals [5 marks]
- (b) Define the term 'Bad debt' and give three reasons why a debt might be considered as a bad debt. [5 marks]

~ The End ~
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