



INTI
International College Penang
LAUREATE INTERNATIONAL UNIVERSITIES*

FINAL
Examination Paper

(COVER PAGE)

Session : August 2015

Programme : Foundation In Business Information Technology (CFPI)

Course : **MGT1212: Fundamentals of Accounting**

Date of Examination : 4th December 2015 (Friday)

Time : 8:00 am – 10:00am

Duration : 2 Hours Reading Time : Nil

Special Instructions :

This paper consists of **FIVE (5)** questions. Answer any **FOUR (4)** questions. All questions carry equal marks (25%).

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

Materials Permitted : Nil

Materials Provided : Answer Booklet

Examiner(s) : **Mr. Chan Eng Hong**

Moderator : Dr. Phua Lian Kee

This paper consists of 5 printed pages, including the cover page.

INTI INTERNATIONAL COLLEGE PENANG
 FOUNDATION IN BUSINESS INFORMATION TECHNOLOGY (CFPI)
 MGT 1212: FUNDAMENTALS OF ACCOUNTING
 FINAL EXAMINATION: AUGUST 2015 SESSION

This paper consists of **FIVE (5)** questions. Answer any **FOUR (4)** questions. All questions carry equal marks (25%).

Question 1**Total: 25 Marks**

The trial balance of Chip Trading as at 30 June 2015:

	Debit (RM)	Credit (RM)
Purchases and Sales	92,800	157,165
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	160
Provision for bad debts		405
Debtors and Creditors	12,316	5,245
Bad debts written off	730	
	174,575	174,575

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

- (a) Salaries are to be accrued by RM340.
- (b) Stock as at 30 June 2015 had been valued at RM2,400.
- (c) Provision for bad debts should be adjusted to 4% of the adjusted closing debtor balances.
- (d) Depreciation for the year ended 30 June 2015 should be provided as follows:

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

Required:

Prepare the following financial statements for Chip Trading:

- a) Classified Financial Performance Statement (Profit and loss statement) for the year ended 30 June 2015. (15 marks)
- b) Classified Statement of Financial Position (Balance Sheet) as at 30 June 2015. (10 marks)

Question 2**Total: 25 Marks**

Abdullah started business on 1 January 2014 and intends to prepare accounts to 31 December each year. During the year ended 31 December 2014, the following fixed assets were purchased.

1 January	Machinery A	RM70,000
1 May	Motor vehicle, Toyota	RM120,000
1 September	Motor vehicle, Honda	RM90,000

During the year ended 31 December 2015, the only transaction on fixed assets was as follows:

1 March	Machinery B	RM50,000
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Depreciation on the Machinery is to be calculated at a rate of 25% per annum on the reducing balance, to the closest month. Full depreciation on the vehicles is to be calculated on a straight-line basis on year of purchase. The trader intends to use the vehicles for 5 years and at the end of this time, the residual values are estimated to be as follows:

Motor vehicle, Toyota	RM5,000
Motor vehicle, Honda	RM8,000

Required:

- (a) Prepare the ledger accounts for 2014 and 2015:
- (i) Machineries account (4 marks)
 - (ii) Motor vehicles account (4 marks)
 - (iii) Provision for depreciation account – Machineries (4 marks)
 - (iv) Provision for depreciation account – Motor vehicles (4 marks)
- (b) Balance Sheet (extract) as at 31 December 2015. (4 marks)
- (c) Explain briefly **TWO (2)** reasons why company depreciates its fixed assets. (5 marks)

Question 3**Total: 25 marks**

- (a) Explain the following accounting concept with one illustrative example for each:
- (i) Business entity concept (4 marks)
 - (ii) Historical cost concept (4 marks)
 - (iii) Conservatism concept (4 marks)

- (b) Explain the terms “capital expenditure” and “revenue expenditure”. Provide an example for each of the term. (8 marks)
- (c) State which of the following are of 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: 25 Marks**

ABC Ltd started a trading business. The following are the stock movement for the month of May 2014:

	Kilograms	\$
Opening balance	350	7,000
Purchases received:		
6 May 2014	200	\$25/Kilograms
13 May 2014	100	\$27/Kilograms
28 May 2014	200	\$30/Kilograms
Issues to production:		
4 May 2014	120	
14 May 2014	220	
21 May 2014	200	
30 May 2014	120	

Required:

- a) Prepare stores ledger accounts (Stock Card) to record the stock movement (receipts & issuances) for May 2014 showing the value of closing stock on the following basis:
 - i. FIFO (First In First Out) Method (9 marks)
 - ii. Weighted Average Method (9 marks)
- b) Explain the key accounting activities. (3 marks)
- c) List 4 parties who would be interested in the accounting information. Give examples on how the information will be used by them respectively. (4 marks)

Question 5**Total: 25 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			

(25 marks)

~ The End ~

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