



**INTI**

INTERNATIONAL COLLEGE PENANG (507232-U)

LAUREATE INTERNATIONAL UNIVERSITIES

FINAL  
Examination Paper

(COVER PAGE)

Session : AUGUST 2016

Programme : FOUNDATION IN BUSINESS INFORMATION TECHNOLOGY

Course : MGT1212: FUNDAMENTALS OF ACCOUNTING

Date of Examination : 9 December 2016 (Friday)

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

Duration : 2 Hours

Special Instructions :

This paper consists of 5 questions.

Answer any FOUR (4) out of FIVE (5) questions.

Materials permitted :

Nil

Materials provided :

Nil

Examiner(s) : Norhasni Abdul Razak

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)

MGT1212: FUNDAMENTAL IN ACCOUNTING  
FINAL EXAMINATION : AUG 2016 SESSION**Answer any 4 out of 5 questions**

(100 marks)

**Question 1**

The following trial balance was extracted from the books of Mr Chong at the close of business on 31 May 2016.

	Debit (RM)	Credit (RM)
Sales		138,078
Purchases	82,350	
Carriage	5,144	
Drawings	7,800	
Rent, rates and insurance	6,622	
Postage and stationery	3,001	
Advertising	1,330	
Salaries and wages	26,420	
Bad Debts	877	
Allowance for doubtful debts		130
Accounts receivable	12,120	
Accounts payable		6,471
Cash in hand	177	
Cash at bank	1,002	
Inventory as at 1 June 2015	11,927	
Equipment at cost	58,000	
Accumulated Depreciation for Equipment		19,000
Capital		<u>53,091</u>
	<u>216,770</u>	<u>216,770</u>

The following additional information as at 31 May 2016 is available:

- Rent is accrued by RM210.
- Rates have been prepaid by RM880.
- RM2,211 of carriage represents carriage inwards on purchases.
- Equipment is to be depreciated at 15% per annum using the straight line method.
- The allowance for doubtful debts to be increased by RM40.
- Inventory at the close business has been valued at RM13,551.

Required:

Draw up the:

- (i) Income statement for the year ending 31 May 2016
- (ii) Statement of financial position as at 31 May 2016

(25 marks)

### Question 2

(a) The following information relates to XYZ Bhd. For the year ended 31 December 2016:

Items	Balance at 1 January 2016		Balance at 31 December 2016		Amount Paid/Received
		RM		RM	
Salaries and wages	Prepaid	1,500	Accrued	800	500
Electricity	Accrued	300	Accrued	200	550
Commission receivable	Accrued	2,000	Prepaid	1,500	8,600
Rent receivable	Prepaid	1,400	Accrued	1,200	5,800

You are required to:

Prepare the ledger accounts showing the transfer to the final accounts and the balances carried down to the next accounting period for each item.

(12 marks)

(b) Johnny Chew owns a wholesaling business. He adjusts the provision for doubtful debts at the end of each financial year. Irrecoverable debts are written off. The following information is available :

For the year ended	Bad debts written off during the year	Debtors balance at the end of the year <b>before</b> written off bad debts	Percentage rate of allowance for doubtful debts
	RM	RM	
31 March 2015	2 370	28 870	5%
31 March 2016	1 680	25 980	4%

Prepare the following accounts for the year ended 31 March 2015 and 2016 if the balance of the allowance account at 1 April 2014 amounted to RM1,182 :

- (i) Bad debts
- (ii) Allowance for doubtful debts
- (iii) Income statement (extract)
- (iv) Statement of Financial Position (extract)

(13 marks)

Total: (25 marks)

**Question 3**

ABC Bhd starts business on 1 January 2013, the financial year end being 31 December. The machinery bought was:

2013	1 January	1 machine costing RM1,400
2014	1 July	2 machines costing RM600 each
	1 October	1 machine costing RM1,000
2016	1 April	1 machine costing RM400

Depreciation is over ten years, using the straight line method, machines being depreciated for the proportion of the year that they owned.

**Required:**

(a) Prepare the ledger accounts for 2013, 2014, 2015 and 2016:

- (i) Machinery account
- (ii) Accumulated depreciation account

(13 marks)

(b) Statement of Financial Position (extract) for each of the years 2014, 2015 and 2016.

(6 marks)

(c) Explain briefly **THREE (3)** reasons why company depreciates its fixed assets.

(6 marks)

Total: (25 marks)

**Question 4**

(a) Inventory transactions in May 2016.

Date	Transactions	Units Purchased (Sold)	Unit Cost	Inventory Units (Balance)
May 1	Beginning Inventory	700	\$10	700
May 3	Purchase	100	\$12	800
May 8	Sale(*1)	??	??	300
May 15	Purchase	600	\$14	900
May 19	Purchase	200	\$15	1,100
May 25	Sale(*2)	??	??	700
May 27	Sale(*3)	??	??	600
May 31	Ending Inventory		??	

You are required to calculate units sold (\*1,\*2 and \*3), total cost of goods sold and cost of ending inventory using the following methods of valuation:

- (i) First in First Out method (FIFO) (8 marks)
  - (ii) Last in first out method (LIFO) (8 marks)
  - (b) State any three (3) users of accounting information and explain on their information needs. (9 marks)
- Total: (25 marks)

### Question 5

- (a) Explain the following accounting concept:
    - (i) Business entity concept (2 marks)
    - (ii) Historical cost concept (2 marks)
    - (iii) Conservatism concept (2 marks)
  - (b) Explain two errors that may arise when you prepare the trial balance. These errors may not affect the agreement of trial balance but you have to correct these error by posting the journal entries to the appropriate ledger accounts. (6 marks)
  - (c) i. Explain the following accounting terms:
    - (i) Depreciation (2 marks)
    - (ii) Carriage inwards (2 marks)
    - (iii) Expenses (2 marks)
  - ii. What is the difference between an accounting information system and a management information system? (7 marks)
- Total: (25 marks)

--THE END--

