



FINAL
Examination Paper

(COVER PAGE)

Session : August 2017

Programme : Foundation in Business Information Technology (CFPI)

Course : MGT1212: Fundamentals of Accounting

Date of Examination : 11 December 2017 (Monday)

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

Duration : 2 Hours

Special Instructions :

This paper consists of FIVE (5) questions. Answer any FOUR (4) questions in the answer booklet provided. All questions carry equal marks.

Materials permitted :

Non-Programmable Scientific Calculator

Materials provided :

Nil

Examiner(s) : Mr. Calvin Lim

Moderator : Ms. Lim Tan Chin

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

INTI INTERNATIONAL COLLEGE PENANG

FOUNDATION IN BUSINESS INFORMATION TECHNOLOGY (CFPI)
 MGT1212: FUNDAMENTALS OF ACCOUNTING
 FINAL EXAMINATION: AUGUST 2017 SESSION

Instructions: This paper consists of **FIVE (5)** questions. Answer any **FOUR (4)** questions in the answer booklet provided. All questions carry equal marks.

Question 1

The trial balance of Duffy Trading as at 31 December 2017.

	Dr RM	Cr RM
Sales		634,590
Purchases	498,250	
Return inwards	6,543	
Return outwards		4,597
Opening inventory at 1 January 2017	215,794	
Allowance for doubtful debts		980
Salaries and wages	63,260	
Insurance	6,540	
Accumulated depreciation - Van		10,000
Telephone expense	1,455	
Shop fittings at cost	26,700	
Van at cost	56,430	
Debtors and creditors	18,760	12,986
Bad debts	1,675	
Capital		272,024
Bank	18,970	
Drawings	20,800	
	935,177	935,177

The following additional information as at 31 December 2017 is available:

- Closing inventory was valued at RM 184,000
- Insurance has been prepaid by RM 1,500
- Salaries and wages are accrued by RM 5,470
- The allowance for doubtful debts is to be increased to 10% of debtors
- Telephone expense account outstanding RM 195
- Depreciation for shop fittings at 10% per annum and van at 20% per annum on cost

REQUIRED:

- (a) Prepare Duffy Trading's income statement for the year ended 31 December 2017. (15 marks)
- (b) Prepare Duffy Trading's statement of financial position as at 31 December 2017. (10 marks)

Question 2

AeroFlow Berhad commenced its transport business on 1 January 2015 and had purchased the following motor vehicles:

- i. A new truck on 1 January 2015, costing RM 80,000.
- ii. A new truck on 1 April 2016, costing RM 90,000.
- iii. A new car on 1 July 2017, costing RM 20,000.

The depreciation policies of the company are as follow:

- i. Depreciates truck at 40% each year using the reducing-balance method,
- ii. Depreciates cars at 25% each year using the straight-line method.
- iii. If a vehicle is owned for part of a year, calculate depreciation according to full year depreciation for the vehicle.

All the above transactions were paid by cheque. Depreciation is to be provided on a yearly basis. The year end of the company is 31 December.

REQUIRED:

You are required to prepare:

- (a) Motor vehicle account for the year ended 31 December 2015 to 31 December 2017. (6 marks)
(Hint: Write up both trucks and car in the same Motor Vehicle Account)
- (b) Accumulated depreciation accounts for Motor vehicle and the Statement of Financial Position (extract) the year ended 31 December 2015 to 31 December 2017. (19 marks)

Question 3

Johnstone sells one type of equipment. He provides the following information for the month of March. He had no inventory on hand at 1 March.

Date	Purchases	Sales
1 March	8 @ RM1,500	
7 March		4 @ RM2,500
10 March	12 @ RM1,600	
17 March		6 @ RM2,800
24 March	8 @ RM1,800	
29 March		12 @ RM3,000

- (a) Calculate the value of Johnstone's closing inventory at 31 March using the FIFO method. (4 marks)
- (b) Calculate the value of Johnstone's closing inventory at 31 March using the AVCO method. (8 marks)
- (c) Which of the above method of inventory valuation will give the higher profit? Provide reasons for your answer. (4 marks)
- (d) State any **THREE (3)** users of accounting information and explain on their information needs. (9 marks)

Question 4

- (a) Explain the following accounting concepts and provide an example of each:
- (i) Going concern (5 marks)
- (ii) Prudence (5 marks)
- (iii) Consistency (5 marks)
- (b) Define the term 'Bad Debt' and give **three (3)** reasons why a debt might be considered as a bad debt. (5 marks)
- (c) Define and differentiate between the term of 'Bookkeeping' and 'Accounting'. (5 marks)

Question 5

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

(25 marks)

- (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)
Accumulated depreciation			
Buildings			
Creditors			
Drawings			
Long-term loan			
Capital			
Bad debts written off			
Commission received			

~ The End ~

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