



# INTI International College Penang

FINAL  
Examination Paper

(COVER PAGE)

Session : August 2018

Programme : Foundation in Business Information Technology (CFPI)

Course : ACC1201: FUNDAMENTALS OF ACCOUNTING

Date of Examination : 10 December 2018 (Monday)

Time : 11:00AM – 1:00PM Reading Time : NIL

Duration : 2 Hours

**Special Instructions** :

: Answer any **FOUR (4)** out of the **FIVE (5)** questions. All questions carry equal marks

Materials permitted : Non- programmable calculator

Materials provided : Answer Booklet

Examiner(s) : Mohd Hafiz

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)  
ACC 1201: FUNDAMENTALS OF ACCOUNTING  
FINAL EXAMINATION: AUGUST 2018 SESSION

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

**Question 1 (25 marks)**

J Hall, a sole trader, had the following trial balance extracted as at 31 December 2017:

	Dr	Cr
	RM	RM
Sales		52,000
Purchases	23,000	
Inventory as at 1 January 2017	8,550	
Premises	75,000	
Equipment	18,000	
Returns inwards	340	
Bank	1,280	
Wages	5,600	
Insurance	390	
Advertising	260	
Capital		94,660
Drawings	11,800	
Returns outwards		450
Accounts receivable	6,500	
Accounts payable		4,960
Rent	1,350	
	<b>152,070</b>	<b>152,070</b>

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

- i. Inventory as at 31 December 2017 was valued at RM10,660.
- ii. Depreciation is to be provided as follows: Premises 10%, Equipment 20% (both on cost).
- iii. A provision for doubtful debts is to be created at 5% of amounts receivable at the year-end.
- iv. Accrued rent RM211.
- v. Insurance paid in advance RM120.

**Required:**

- a) Prepare J Hall's Income Statement for the year ended 31 December 2017; (13 marks)
- b) A Statement of Financial Position as at 31 December 2017. (12 marks)

**Question 2 (25 marks)**

- a) Accounting concepts and conventions are of fundamental importance in the preparation of financial statements. Explain briefly the following accounting concepts.
- i. Business Entity Concept (2 mark)
  - ii. Money Measurement Concept (2 mark)
  - iii. Going Concern Concept (2 mark)
  - iv. Accounting Period Concept (2 mark)
  - v. Dual Aspect Concept (2 mark)
- b) Accounting is the process of identifying, measuring and communicating financial information to end users. Describe the following users of accounting information on what information each user is interested in and why.
- i. Lenders (3 marks)
  - ii. Payables (3 marks)
  - iii. Receivables (3 marks)
  - iv. Employees (3 marks)
  - v. Government (3 marks)

**Question 3 (25 marks)**

- a) Define the meaning of accounting cycle. (3 marks)
- b) For each transaction below, complete the table to show the names of the accounts which will be debited and credited. (8 marks)
- i. Bought goods on credit from Armscott Limited
  - ii. Sold goods on credit to Orion Limited
  - iii. Paid the carriage charge, by cheque, to deliver the goods to Orion Limited
  - iv. Bought a photocopier for use in the business on credit from Office Products Limited
  - v. Returned unsatisfactory goods to Armscott Limited
  - vi. Orion Limited returned unsatisfactory goods
  - vii. Paid the amount owing to Armscott Limited by cheque
  - viii. Received a cheque from Orion Limited for the amount owing

Example of the table

Transaction	Account debited	Account credited
i.		
ii.		
iii.		

c) The following are the business transactions of Weston Traders for the month of May 2018.

- May,
1. Started in business with capital of RM7,500 in the bank
  3. Bought goods, RM1,000, paying by cheque
  4. Sold goods, RM750, a cheque being received
  6. Bought shop fittings for RM2,000, paying by cheque
  7. Bought goods, RM1,250, on credit from Bristol Supplies Limited
  10. Paid rent, RM750, by cheque
  12. Sold goods, RM1,500, on credit to Gordano Giftware
  14. Returned goods, RM150, to Bristol Supplies Limited
  16. Paid wages, RM1,500, by cheque
  18. Paid the amount owing to Bristol Supplies Limited by cheque
  21. Gordano Giftware returned goods, RM250
  24. Paid rent, RM750, by cheque
  26. Sold goods, RM550, a cheque being received
  28. Received a cheque from Gordano Giftware for the amount owing

**Required:**

You are to record the transactions in the books of account (T-Account) and balance off each account. (14 marks)

**Question 4 (25 marks)**

Transaction	Number of Units	Unit Cost
Beginning Inventory	20	RM2,200
Purchase	25	RM2,250
Sold	10	
Sold	14	
Purchase	15	RM2,300
Sold	26	
Purchase	20	RM2,350

According to the table above, there are 30 units in the ending inventory.

**Required:**

Calculate the cost of these units under each of the following assumptions.

- i. FIFO/Perpetual
- ii. LIFO/Perpetual
- iii. Average Cost/Perpetual

(25 marks)

**Question 5 (25 marks)**

- a) Liliana spends RM20,000 (cash) on a piece of equipment for use in her restaurant. She plans to use the straight-line method to depreciate the equipment over 5 years. She expects it to have no value at the end of the 5 years.

**Required:**

- i. Prepare journal entries to record the above transaction. (4 marks)
  - ii. Post the journal into the ledger account. (4 marks)
- b) A company purchased a machine that cost RM100,000. The machine is expected to last 4 years and has a residual value of RM7,000. Calculate the depreciation expense to be recorded each year under the declining balance method. (8 marks)
- c) Explain briefly THREE reasons why company depreciates its fixed assets with examples. (9 marks)

**~ The End ~**

*acc1201(f)Aug2018*

