



INTI International College Penang

FINAL
Examination Paper

(COVER PAGE)

Session : August 2019

Programme : Foundation in Business Information Technology (CFPI)

Course : ACC1201: FUNDAMENTALS OF ACCOUNTING

Date of Examination : 12 December 2019 (Thursday)

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 2019 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)

The following unadjusted trial balance of Harrison, a sole trader as at 31 December 2018 is as follows:

Harrison		
Unadjusted Trial Balance as at 31 December 2018		
	Debit (RM)	Credit (RM)
Bank		13,000
Trade Payables		3,000
Trade Receivables	120,000	
Inventory	20,700	
Capital		38,200
Motor vehicles, at cost	55,800	
Accumulated Depreciation-Office Equipment		9,000
Sales		400,000
Purchases	240,000	
Returns Inwards & Returns Outwards	5,500	2,000
Provision for Doubtful Debts		1,000
Salary Expense	14,000	
Rent Expense	7,000	
Carriage inwards	2,600	
Carriage outwards	600	
	466,200	466,200

The following additional information were provided as at 31 December 2018:

- i. Closing inventory was RM18,000.
- ii. January 2019 rental of RM1,000 was included in the rent expense.
- iii. Salaries of RM2,000 remained outstanding.
- iv. Motor vehicles current year's depreciation of 25% per annum based on reducing balance method, was not provided for yet.
- v. Provision for doubtful debts was to be increased by RM2,000.

Required:

- a) Prepare the Income Statement for the year ended 31 December 2018. (13 marks)
- b) Prepare the Statement of Financial Position as at 31 December 2018. (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)

a)

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 (20 marks)

b) Explain on why LIFO is not allowed to be used in Malaysia. (5 marks)

Question 5 (25 marks)

A company maintains its fixed assets at cost. Accumulated Depreciation accounts for each asset are kept separately. At 31 December 2017 the position was as follows:

	Total Cost (RM)	Accumulated Depreciation to date (RM)
Office Equipment	94,500	28,350
Motor Vehicles	3,200	1,280

The following additions were made during the financial year ended 31 December 2018:

Office Equipment RM16,000, Motor Vehicle RM460

An Office Equipment bought in 2018 for RM1,600 was sold for RM360 during the year.

The rates of depreciation are:

Office Equipment 20%, Motor Vehicles 10%, using straight line method, calculated on the assets in existence at the end of each financial year irrespective of the date of purchase.

Required:

Prepare the following accounts for the year ended 31 December 2018:

- a) Office Equipment A/C (4 marks)
- b) Motor Vehicles A/C (3 marks)
- c) Accumulated Depreciation – Office Equipment (4 marks)
- d) Accumulated Depreciation – Motor Vehicles (3 marks)
- e) Disposal A/C (7 marks)
- f) Statement of Financial Position as at 31 December 2018 (extract) (4 marks)

(Total: 25 marks)

~ The End ~

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