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University & Colleges**

**FINAL
Examination Paper**

(COVER PAGE)

Session : August 2018

Programme : Diploma In Business Management (DBM)

Course : WACC1107: Accounting In Practice

Date of Examination : December 8, 2018 (Saturday)

Time : 2:00 pm – 4:00 pm Reading Time : Nil

Duration : 2Hours

Special Instructions :

Section A: Answer **ALL** Multiple Choice questions in the **OMR** sheet provided.

Section B: Answer **ALL THREE (3)** question.

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

Material permitted : Non-programmable Calculator

Materials provided : OMR

Examiner(s) : Lee See Seong, Kantaruban and Calvin Lim Wen Quan

Moderator : Liew Wenn Hing

This paper consists of 10 printed pages, including the cover page

DIPLOMA IN BUSINESS MANAGEMENT PROGRAMME (DBM)
WACC1107: ACCOUNTING IN PRACTICE
FINAL EXAMINATION: AUGUST 2018 SESSION

SECTION A (50 marks)

Instructions: This section consist of **TWENTY (25)** questions. Answer **ALL** questions in the **OMR** sheet provided. All questions carry equal marks.

1. "The business entity will continue to operate indefinitely" refers to which of the following accounting concept/assumption?
 - A. Monetary
 - B. Going Concern
 - C. Matching Principle
 - D. Accounting period

2. The basic accounting equation is:
 - A. $\text{Assets} = \text{Capital} + \text{Liabilities}$
 - B. $\text{Assets} = \text{Cash} + \text{Capital}$
 - C. $\text{Capital} = \text{Assets} + \text{Liabilities}$
 - D. $\text{Liabilities} = \text{Capital} + \text{Assets}$

3. Which of the following statements is **incorrect** regarding capital account?
 - A. Drawing decreases the capital account balance
 - B. Initial capital increases the capital account balance
 - C. Additional capital increases the capital account balance
 - D. Profits decreases the capital account balance

4. Which of the following best explains the term 'current asset'?
 - A. An asset currently in use by a business
 - B. Something a business has or uses; which is likely to be held only for a short time
 - C. Money which the business currently has in its bank account
 - D. An amount owed to somebody else which is due for repayment soon

5. Which of the following is correct?

	Assets (RM)	Liabilities (RM)	Capital (RM)
A.	7,850	1,150	6,600
B.	8,820	2,800	5,400
C.	9,550	1,150	8,200
D.	6,540	1,120	5,420

6. Which of the accounting concepts describe the following statement.

“Assets acquired must be recorded as its original cost and not its market value”.

- A. Business entity
- B. Going concern
- C. Cost
- D. Prudence

7. State the relevant accounting concept that is suitable to describe the situation below.

A supermarket owner sells all kinds of goods. It records all the purchase and sales in the accounting books in terms of RM. This is an accordance with the _____ concept.

- A. Consistency
- B. Cost
- C. Money measurement
- D. Prudence

8. You have purchased stationery with a company cheque from the stationery shop next door. How should this transaction be recorded?

- A. Debit Stationery Credit Trade payable
- B. Debit Cash Credit Trade payable
- C. Debit Stationery Credit Cash
- D. Debit Stationery Credit Bank

9. A business owner withdraws money from his business' bank account for personal expenses. Which entries record this in his books?

	Debit	Credit
A	Drawings	Capital
B	Bank	Drawings
C	Capital	Bank
D	Drawings	Bank

10. Which of the following best describes the meaning of 'Purchases'?

- A. Goods sold for cash
- B. Furniture bought on credit
- C. Cash paid for electricity
- D. Goods bought for resale

11. Long-term creditors are usually most interested in evaluating

- A. Liquidity and solvency
- B. Solvency and marketability
- C. Liquidity and profitability
- D. Profitability and solvency

12. Expenses incurred but not yet paid or recorded area called...

- A. Prepaid expenses
- B. Accrued expenses
- C. Interim expenses
- D. Unearned expenses

13. A provision for Doubtful Debts is created...

- A. When debtors become bankrupt
- B. When debtors are no longer in business
- C. To provide for possible bad debts
- D. To write-off bad debt

14. What is depreciation?
- A. Cost of a non-current asset
 - B. Portion of a non-current asset's cost consumed during the current accounting period.
 - C. The residual value of a non-current asset
 - D. Cost of a non-current asset's repair
15. When owner invests cash in the business, what is the effect?
- A. Liability increases and capital increases
 - B. Both assets and liabilities increase
 - C. Both assets and capital decrease
 - D. Both assets and capital increase
16. Which of the following statements concerning a debit entry is **incorrect**?
- A. It records an increase in assets
 - B. It records a business expense
 - C. It records an increase in the liabilities of a business
 - D. It records a decrease in the liabilities of a business
17. The accounting process is correctly sequences as:
- A. Identification → Communication → Recording
 - B. Recording → Communication → Identification
 - C. Identification → Recording → Communication
 - D. Communication → Recording → Identification
18. The following accounts are used to calculate the costs of goods sold except:
- A. Purchases
 - B. Carriage inwards
 - C. Carriage outwards
 - D. Closing Inventory

19. Assume that Berjaya Corporation Bhd had sales revenue of RM4.0 billion and return inwards RM1.0 billion. Cost of goods sold was RM2.0 billion. What is the gross profit of Berjaya Corporation Bhd?
- A. RM2.0 billion
 B. RM1.0 billion
 C. RM3.0 billion
 D. Cannot be determined from the data given
20. A company purchased a motor vehicle for RM50,000 on 1 January 2016. It has an estimated residual value of RM10,000 and a four-year life. The company charges depreciation monthly on a straight-line basis.

What will the charge for depreciation be for the year to 30 June 2016?

- A. RM5,000
 B. RM6,250
 C. RM10,000
 D. RM12,500
21. The following are the year end balances in Adam's ledgers:

	RM
Sales	43,000
Purchases	16,000
Equipment	22,000
Bank overdraft	8,000
Inventory	19,000
Capital	6,000

What is the trial balance total?

- A. RM76,000
 B. RM57,000
 C. RM65,000
 D. RM63,000

22. In Cost-Volume-Profit (CVP), contribution margin equals to:
- A. Fixed costs minus variable costs
 - B. Revenues minus fixed costs
 - C. Revenues minus variables costs
 - D. Variable costs minus fixed cost
23. Which of the following cost is normally fixed?
- A. Food costs
 - B. Wages
 - C. Rent
 - D. Sales commission
24. Budgeting is usually most closely associated with which management function?
- A. Planning
 - B. Directing
 - C. Motivating
 - D. Controlling
25. Which of the following is the truth of budgets?
- A. They are voted on and approved by stockholders.
 - B. They are used in helping, but not in the control process.
 - C. There is a standard form and structure for budgets.
 - D. They are used in performance evaluation.

SECTION B: 50 marks

Instructions: Answer ALL THREE (3) questions in the answer booklet provided.

Question 1**Total: 25 Marks**

The following trial balance was extracted from Emma's books on 30 April 2017.

	Dr (RM)	Cr (RM)
Sales		18,614
Purchases	11,570	
Inventory at 1 May 2016	3,776	
Carriage outwards	326	
Carriage inwards	234	
Return inwards	440	
Return outwards		355
Salaries and wages	2,447	
Motor expenses	664	
Rent expense	576	
Sundry expenses	1,202	
Motor vehicles	3,400	
Fixtures and fittings	600	
Trade receivables	4,577	
Trade payables		3,045
Cash at bank	3,876	
Cash in hand	120	
Drawings	2,050	
Capital		<u>13,844</u>
	<u>35,858</u>	<u>35,858</u>

Additional Information:

- Closing inventory is RM4,000.
- Depreciation is to be charged at rates of 10% on cost for fixtures and fittings while 25% is to be charged on cost for motor vehicles using the reducing balance method.
- Bad debts of RM800 are to be written off.

Required:

Prepare the following financial statements for Emma's business:

- (a) Income statement for the year ended 30 April 2017. (10 marks)
- (b) Statement of Financial Position as at 30 April 2017. (15 marks)

Question 2**Total: 15 Marks**

- (a) Fill in the missing figures:

Asset: Equipment

Date	Descriptions	Amount (RM)
1/1/13	Cost	88,185
31/12/13	(-) Depreciation	(i) ?
	Net Book Value (NBV)	85,542
31/12/14	(-) Depreciation	(2,566)
	Net Book Value (NBV)	(ii) ?
31/12/15	(-) Depreciation	(2,489)
	Net Book Value (NBV)	(iii) ?
31/12/16	(-) Depreciation	(iv) ?
	Net Book Value (NBV)	78,073

(4 marks)

- (b) Explain the terms "capital expenditure" and "revenue expenditure". Provide an example for each of the term.

(6 marks)

- (c) State whether the following events are capital or revenue expenditure

- (i) To add on additional floor at head quarter office building
- (ii) Purchase and installation of 4 units of lift in the office building
- (iii) Re-paint the warehouse external walls
- (iv) Purchase of a second-hand van
- (v) Cost of replacing tires of a van

(5 marks)

Question 3**Total: 10 marks**

- (a) Pedalmania Sdn Bhd has a large factory in Sepang which produces bicycles. Below is a list of some of the costs that the company has incurred in the last accounting period.

Classify each item of expenses as one of the following:

- Direct labour
- Direct materials
- Direct expenses
- Indirect production overheads
- Other indirect overheads

Cost Incurred	Cost Classification
Material for bicycle seat	
Metal for bicycle wheels	
Advertising expenditure	
Machine oil	
Electricity bill for factory	
Wages of assembly line workers	
Wages of factory canteen staff	
Wages of assembly line supervisor	
Rent on factory	
Cost of replacement of machine parts	

(10 marks)

-THE END-

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