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UNIVERSITI KUALA LUMPUR
MALAYSIAN INSTITUTE OF INFORMATION TECHNOLOGY

FINAL EXAMINATION
JANUARY 2016 SEMESTER

COURSE CODE	:	IGD 10703
COURSE NAME	:	FUNDAMENTALS OF ACCOUNTING
PROGRAMME NAME	:	DIPLOMA
DATE	:	23 MAY 2016
TIME	:	9.00 am – 11.30 am
DURATION	:	2.5 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please CAREFULLY read the instructions given in the question paper.
2. This question paper has information printed on both sides of the paper.
3. This question paper consists of TWO (2) section only; Section A and Section B.
4. Answer ALL questions from Section A and Section B.
5. Please write your answers on the answer booklet provided.
6. Answer all questions in English language ONLY.

THERE ARE 10 PAGES OF QUESTIONS, INCLUDING THIS PAGE.

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SECTION A (Total: 25 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided.

1. Which of the following does **NOT** define accounting?
   A. Classifying
   B. Concluding
   C. Summarizing
   D. Recording

2. Bookkeeping mainly involves
   A. identifying
   B. measurement
   C. interpreting
   D. recording

3. All the following statements about users of accounting information are correct **EXCEPT**
   A. taxing authorities are considered as external users
   B. present creditors are considered as external users
   C. management is considered as internal user
   D. regulatory authorities are considered as internal users

4. Which of these business organizations has a separate legal entity from its owner(s), and the owner(s) is/are not liable for the debts of the business?
   A. Soles proprietorship
   B. Public limited company
   C. Partnership
   D. All the above

5. Which of the following correctly states the liabilities of the business entities?

	Limited Company	Partnership	Sole Proprietorship
A.	Limited liability	Unlimited liability	Unlimited liability
B.	Limited liability	Limited liability	Unlimited liability
C.	Unlimited liability	Limited liability	Limited liability
D.	Unlimited liability	Unlimited liability	Limited liability

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6. Which of the following are personal accounts?
   I. Building
   II. Wages
   III. Debtors
   IV. Creditors
   A. I and IV
   B. II and III
   C. III and IV
   D. II and IV

7. Which of these statements is true about current assets?
   A. An asset used to produce a product or service
   B. The latest asset purchased by a business
   C. Expected to be realized in cash, sold or consumed within one year of the statement of financial position or an enterprise's operating cycle, whichever is longer
   D. Usually found as a separate classification in the statement of profit or lost

8. Which of the following can be classified as an intangible asset?
   A. Account receivable
   B. Creditor
   C. Goodwill
   D. Capital

9. Which of the following statement is **INCORRECT**?
   A. Assets – Capital = Liabilities
   B. Liabilities + Capital = Assets
   C. Assets – Liabilities = Capital
   D. Liabilities + Assets = Capital

10. The performance of a service on credit will
   A. increase asset
   B. increase owner's equity
   C. have no effect on liability
   D. All the above

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11. Which of the following accounting procedures are correct?

	Accounts	Effects	Entries in account
I	Assets	An increase A decrease	Debit Credit
II	Capital	An increase A decrease	Debit Credit
III	Expenses	An increase A decrease	Debit Credit
IV	Revenue	An increase A decrease	Debit Credit
V	Liabilities	An increase A decrease	Credit Debit

A. I, II and III

B. II and IV

C. I and V

D. I, III and V

12. Owner's equity will decrease when

I. the business obtain net profit

II. the business incurred net loss

III. there is an additional capital from the owner

IV. the owner pays the business debt using his own pocket money

V. the owner takes business goods for personal use

A. II only

B. II and V

C. I, III and IV

D. II, IV and V

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13. Which of the following changes will **NOT** occur as a result of a business transaction in the bookkeeping records?

A. Increase asset and increase liability

B. Increase asset and increase capital

C. Increase capital and increase liability

D. Increase capital and decrease liability

14. What is the effect on assets, liabilities and capital when owner invests cash in his business?
    A. Liabilities increase and capital decreases
    B. Both assets and liabilities increase
    C. Both assets and liabilities decrease
    D. Both assets and capital increase

15. In a double entry system, a debit is used to record
    A. increase in asset and expenses, and decrease in liability, revenue and capital
    B. increase in asset and revenue, and decrease in liability, expense and capital
    C. decrease in asset and capital, and decrease in liability, revenue and expense
    D. decrease in asset, and increase in capital, liability, revenue and expense

16. Calculate the amount of payment to be made for purchases amounting to RM30,000 if a trade discount of 15% and cash discount of 5% were given to the buyer.
    A. RM28,500
    B. RM4,500
    C. RM1,500
    D. RM24,225

17. Trade discount received should be
    A. debited to purchases account
    B. debited to discount received account
    C. debited to creditors account
    D. None of the above

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18. A trial balance is prepared to
    I. list all the accounts at a certain period of time
    II. check if all the accounts are closed correctly
    III. ensure that the total debit is the same as total credit
    IV. check if all accounts have been opened
    V. ensure that the accounts clerk did not make any errors
    A. I, II and III
    B. I, III and V
    C. I and III
    D. I and IV

19. The 'normal balance' of each of the five basic types of account is either a debit or a credit. Which of the following is **INCORRECT**?
    A. Owner's Equity - Debit
    B. Liability – Credit
    C. Expense – Debit
    D. Asset – Debit

20. Gross profit is
    A. income less discounts
    B. income after tax
    C. total sales less cost of sales
    D. total sales less total expenses

21. A statement of financial position consists of
    A. asset, liabilities and capital
    B. asset, liabilities, capital and expenses
    C. revenues, drawings, asset and liabilities
    D. revenue, expenses and drawings

22. A list of assets, liabilities and owner's equity of a business entity as of a specific date is known as
    A. a statement of profit and lost
    B. a statement of financial position
    C. a statement of cash flows
    D. None of the above

23. What type of account is Prepaid Insurance?
    A. Liability
    B. Expense
    C. Asset
    D. Revenue

24. The main purpose of Statement of Profit and Loss is to determine
    A. the amount of revenue and expenses
    B. the net profit or net loss
    C. the cost of sales
    D. the amount of accrued revenue and expenses

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25. Statement of financial position is a financial statement that shows
    A. both the gross profit and net profit of a business
    B. the revenue and expenses of a business
    C. the financial position of the business in terms of its assets, liabilities and equity
    D. the owners equity in a business

(25 marks)

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SECTION B (Total: 75 marks)

INSTRUCTION: Answer ALL questions.
Please use the answer booklet provided.

Question 1

Aminah has the following assets and liabilities as at 31 December 2014:

	RM
Creditors	5,600
Equipment	12,400
Car	14,600
Stock of Goods	10,200
Debtors	8,100
Cash at Bank	10,000
Cash in Hand	300

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You are not given the capital amount at that date.

During the first week of January 2015:

i. Aminah bought extra equipment by cheque for RM1,500
ii. She bought extra stock by cheque RM760
iii. She paid creditors by cheque RM2,300
iv. Debtors paid Aminah RM1,280 by cheque and RM180 by cash.
v. Aminah put in extra RM3,000 into the business, RM2,600 by cheque and RM400 in cash.

Required:

Draw up a balance sheet as at 7 January 2015 after the above transaction have been completed.

(25 marks)

Question 2

Wendy purchase a motor vehicle for RM86,600 for the use of its business operation. It has an estimated life of five (5) years and a scrap value of RM8,800. She is not certain whether she should use the straight line or the reducing balance basis for the purpose of calculating depreciation on the motor vehicle.

Required

Calculate the depreciation (to nearest RM) using both straight line and reducing balance methods, showing clearly the balance remaining in the motor vehicle account at the end of each of the five (5) years under each method. (Assume that 37% per annum is to be used for the reducing balance method).

(25 marks)

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Question 3

The following trial balance was extracted from Johan's ledger as at 31 December 2015.

	Debit (RM)	Credit (RM)
Purchases and Sales	92,800	132,816
Stock 1 January 2014	4,120	
Capital		55,000
Provision for Bad Debts		350
Cash in Hand	2,850	
Cash at the Bank	25,200	
Drawings	17,100	
Rent	3,400	
Fixtures and Fittings	2,900	
Delivery Van	3,750	
Debtors and Creditors	12,316	5,245
Van Running Cost	615	
Salaries	13,110	
General Expenses	15,250	
	193,411	**193,411**

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Notes:

i. Stock at 31 December 2015 was valued RM2,400
ii. Salaries accrued at 31 December 2015 RM340
iii. Prepaid Rent 31 December 2015 RM230
iv. Van running costs owing at 31 December 2015 RM72
v. Increase the provision for bad debts by RM91
vi. Provide for depreciation as follow: Fixtures and Fittings RM380; Delivery Van RM1,250

Required:

Prepare the Income Statement for the year ended 31 December 2015, together with the Balance Sheet as that date.

(25 marks)

END OF EXAMINATION PAPER