

SECTION A

OBJECTIVES (25 marks)

INSTRUCTION:

This section consists of **TWENTY FIVE (25)** objective questions. Answer **ALL**.

1. Which of the following accounting equation is correct? [CLO 1 : C1]

	Capital	Assets	Liabilities
A.	5,000	10,000	5,000
B.	10,000	5,000	5,000
C.	5,000	5,000	10,000
D.	None of the above		

2. The process of accounting can be described as [CLO 1:C1]

- A. Classifying, summarizing, recording and interpreting
 B. Interpreting, classifying, summarizing and recording
 C. Classifying, recording, summarizing and interpreting
 D. Recording, classifying, summarizing and interpreting

3. In accounting terms, the owner and his business are regarded as two difference parties. [CLO 1 :C2]

- A. Historical cost concept
 B. Conservatism concept
 C. Separate entity concept
 D. Money measurement concept

POLITEKNIK
 Jabatan Pengajian Politeknik

EXAMINATION AND EVALUATION DIVISION
 DEPARTMENT OF POLYTECHNIC EDUCATION
 (MINISTRY OF HIGHER EDUCATION)

COMMERCE DEPARTMENT

FINAL EXAMINATION

JUNE 2012 SESSION

PA101: FUNDAMENTALS OF ACCOUNTING

DATE : 18 NOVEMBER 2012 (SUNDAY)
DURATION : 2 HOURS (8.30 A.M. – 10.30 A.M.)

This paper consists of **FOURTEEN (14)** pages including the front page.

SECTION A : Objective (25 questions – answer all)

SECTION B : Structured (3 questions – answer all)

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THE CHIEF INVIGILATOR

(The CLO stated is for reference only.)

7. When the owner of a business withdraws goods for personal consumption, [CLO 1 : C3]
what is the implication to the firm's basic accounting equation?

ASSET	LIABILITY	EQUITY
A. Unchanged	Decreased	Increased
B. Increased	Increased	Decreased
C. Increased	Decreased	Unchanged
D. Decreased	Unchanged	Decreased

8. Repayment of bank loan will [CLO 1 : C2]

- A. increase an asset and decrease another asset
- B. decrease an asset and decrease owner's equity.
- C. decrease an asset and decrease a liability
- D. decrease an asset and increase a liability.

9. Which of the following are considered as current asset? [CLO 1 : C2]

- i. office furniture
- ii. debtors
- iii. bank overdraft
- iv. office equipments
- v. inventories

- A. i & iv
- B. ii & iii
- C. ii & v
- D. iii & v

4. All of the following are the internal users of accounting information [CLO 1 : C2]
for a company **EXCEPT**

- A. President of the company
- B. Production manager
- C. Purchasing clerk
- D. President of the employee's labor union

5. The word 'credit means' in book-keeping is: [CLO 1 : C1]

- A. Add value onto an account
- B. Deduct value from an account
- C. Left-hand entry in an account
- D. Right-hand entry in an account

6. A firm pays RM50 from its cash till to its bank account. The double entry [CLO 1 : C2]
for this transaction would be:

- A. Debit Cash RM50, Credit Bank RM50
- B. Debit Cash RM25, Credit Bank RM25
- C. Credit Cash RM50, Credit Bank RM50
- D. Credit Cash RM 50, Credit Bank RM50

13. If sales revenue is RM400,000; cost of goods sold is RM250,000; and operating expenses is RM60,000; the gross profit would be: [CLO 1 : C1]
- A. RM90,000
 - B. RM150,000
 - C. RM340,000
 - D. RM400,000
14. Unearned Fees appears on the [CLO 1 : C2]
- A. Balance sheet in the current assets section
 - B. Balance sheet as a current liability
 - C. Balance sheet in the long-term liabilities section
 - D. Income statement as revenue
15. The appropriate journal entry to record equipment depreciation expense would consist of a debit to Depreciation Expense and a credit to which of the following accounts? [CLO 1 : C2]
- A. Equipment
 - B. Provision for Depreciation – Equipment
 - C. Retained Earning
 - D. Cash

10. Which of the following expenses does not involve any payment of cash? [CLO 1 : C2]
- A. Insurance
 - B. Salary
 - C. Bad debts
 - D. General expenses
11. Gross profit will result if: [CLO 1 : C2]
- A. operating expenses are less than net income
 - B. sales revenues are greater than operating expenses
 - C. operating expenses are greater than cost of goods sold
 - D. sales revenues are greater than cost of goods sold
12. If the beginning inventory is RM40,000; cost of goods purchased is RM380,000; and closing inventory is RM50,000. What is the cost of goods sold? [CLO 1 : C2]
- A. RM390,000
 - B. RM370,000
 - C. RM330,000
 - D. RM420,000

19. Purchase figures in the creditors control account refers to [CLO 1 : C2]
- Cash purchase only
 - Credit purchase only
 - Both cash and credit purchase
 - Discount purchase transactions only
20. Balance transfer from debtors account to creditors account or otherwise, refers to [CLO 1 : C2]
- Change
 - Transactions
 - Discount
 - Contra
21. The following particulars are recorded in creditors control account, **EXCEPT** [CLO 1 : C2]
- Return outwards
 - Discount received
 - Carriage inwards
 - Cash purchase

16. The correct double entry to record adjustment entries for one-year interest on fixed deposit has not yet been received. [CLO 1 : C2]
- Dr Unearned Interest on Fixed Deposit
Cr Interest on Fixed Deposit
 - Dr Interest on Fixed Deposit
Cr Unearned Interest on Fixed Deposit
 - Dr Fixed Deposit
Cr Interest on Fixed Deposit
 - Dr Interest on Fixed Deposit
Cr Fixed Deposit
17. When accruing unpaid expenses, the required adjusting entry will include which of the following? [CLO 1 : C2]
- A debit with an expense account and credit the liability account
 - A debit with an expense account and credit the owners' equity account
 - A debit with an expense and credit cash
 - A debit with an expense and credit retained earnings
18. Which of the following is recorded in the credit side of Debtors Control Account? [CLO 1 : C2]
- Discount allowed withdrawn
 - Bad debts
 - Provision for bad debts
 - Bad debts recovered

25. A cheque paid by the bank of RM551 was incorrectly recorded in the company's books as RM511. The appropriate adjustment in the Bank Account in the general journal would be _____.
- [CLO 1 : C3]
- A. debit RM551
 - B. debit RM40
 - C. credit RM40
 - D. credit RM551

22. The accounting entry to record bank charges deducted from the bank account of the business is _____.
- [CLO 1 : C2]
- A. Debit bank charges, Credit bank account
 - B. Debit cash account, Credit bank charges account
 - C. Debit interest account, Credit bank account
 - D. Debit bank charges account, Credit cash account
23. What item should be recorded on the credit side of updated cash book?
- [CLO 1 : C2]
- A. Interest on fixed deposit
 - B. Dividend
 - C. Credit transfer
 - D. Chèque book
24. What are the purposes of preparing the bank reconciliation statements?
- [CLO 1 : C3]
- i. To show company's financial position
 - ii. To adjust the balances in cash book with bank statements
 - iii. To control the recording and handling of cash book
 - iv. To show the discrepancies in the cash book balances with bank statement balances
- A. i and ii
 - B. i and iii
 - C. ii and iv
 - D. iii and iv

QUESTION 2

- (a) What is the accounting equation? [CLO1:C1]
(1.5 marks)
- b) Below is the Trial Balance of Mighty Chocolate Bhd as at 31 December 2011.

	Debit (RM)	Credit (RM)
Capital		35,000
Motor vehicle	60,000	
Office equipment	25,000	
Provision for depreciation - Motor vehicle		10,000
Provision for depreciation - office equipment		5,000
Fixed deposit	5,000	
Bank	6,400	
Cash	2,500	
Loan		22,500
Drawings	2,000	
Inventory	8,500	
Purchases and Sales	46,200	94,800
Return outwards and Return inwards	1,030	1,100
Freight inwards	680	
Freight outwards	850	
Insurance for purchases	450	
Salaries	4,500	
Water and electricity	850	
Rental	3,300	
Bad debts	290	
Debtors and Creditors	9,000	7,500
Provision for doubtful debts		650
	176,550	176,550

SECTION B

STRUCTURED (75 marks)

INSTRUCTION:

This section consists of **THREE (3)** structured questions. Answer **ALL**.

QUESTION 1

- a. List **(FIVE)** 5 Rules of Double Entry [CLO1:C1]
(5 marks)

- b. Miss Yen Yen is the owner of Yen Yen Pastry House in Penang. Following are balance as at 1 JULY 2012:

	RM
Office equipment	8,500
Cash at bank	12,000
Debtor: Siti Catering Services	1,500
Creditor: Yuhana Bhd	3,000
Capital	19,000

Business transactions for July 2012 are as follows:

JULY 2012	TRANSACTIONS
3	Yen Yen withdrew cash from the bank account for office use worth RM 500.
8	Credit sales to Siti Catering Services worth RM 2,220
12	Siti Catering Services returned expired cup cakes worth RM 220
15	Yen Yen made additional contribution to capital by buying in a printer worth RM 1000.
28	Yen Yen paid shoplot rental by cheque worth RM 650.

You are required to:

- [CLO 1 : C3]
- i) Post all the transactions to the relevant ledgers. (10 marks)
- ii) Prepare the Trial Balance as at 31 JULY 2012. (10 marks)

QUESTION 3

The following information was extracted from the books of AC/DC Enterprise at 31 December 2011.

	1 Jan. 2011	31 Dec.2011
	RM	RM
Account receivable balance	4,560	5,475
Account payables balance	5,225	4,770
Inventory	6,770	7,029

These transaction has taken place in current year:

	RM
Cheque paid to supplier	12,885
Received cash and cheque from customer	20,750
Sales return	605
Purchases return	580
Discount received	825
Discount allowed	730
Cash purchases	6,125
Cash sales	9,845
Dishonored cheque from customer	620
Discount allowed withdrawn	215
Interest charges on debtors	85
Carriage charges by creditor	140
Bad debts	335
Bad debt recovered	110
Transfer of sales ledger to purchases ledger	185
Took goods for personal use	580

You are required to prepare the following accounts for the year ended 31 December 2011:

[CLO1:C3]

- a) Debtors control account (10 marks)
- b) Creditors control account (10 marks)
- c) Trading account (5 marks)

Additional information for the year ending 31 December 2011:

1. Stock as at 31 December 2011 is RM14,500.
2. Accrued commission revenue RM1,200.
3. Monthly rental is RM350 per month.
4. Bad debt has been recovered by cash of RM500.
5. Provision for doubtful debts is RM400.
6. Motor vehicle depreciated at a rate of 20% per annum on cost and office equipment is depreciated by 10% per annum using reducing balance method.

You are required to prepare :

[CLO1:C3]

- i) Statement of Comprehensive Income for the year ended 31 December 2011. (12 marks)
- ii) Statement of Financial Position as at 31 December 2011. (11.5 marks)