

POLITEKNIK
Jabatan Pengajian Politeknik

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

COMMERCE DEPARTMENT

FINAL EXAMINATION
DECEMBER 2010 SESSION

PA101: FUNDAMENTALS OF ACCOUNTING

DATE : 18 APRIL 2011 (MONDAY)
DURATION : 2 HOURS (8.30am – 10.30am)

This paper consists of **ELEVEN (11)** pages including the front page.
Section A: Objective (25 questions – answer all)
Section B: Structure (3 questions – answer all)

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CHIEF INVIGILATOR

SECTION A**OBJECTIVES (25 marks)**

Instruction: This section consists of 25 objective questions. Answer all questions in the answer booklet.

1. Bookkeeping differs from accounting. Which part of the accounting process is primarily involved in Bookkeeping?
 - A. Recording
 - B. Measurement
 - C. Identification
 - D. Communication

2. The following are true types of users of accounting information **EXCEPT**
 - A. a director is an internal user
 - B. an investor is an internal user
 - C. a customer is an external user
 - D. a tax authority is an external user

3. The accountants have the tendency to understate rather than overstate the profit and assets. The accounting concept which best describes the above statement is....
 - A. Accrual Concept
 - B. Prudence Concept
 - C. Objectivity Concept
 - D. Consistency Concept

4. The purchase journal is
 - A. used only to record credit purchases
 - B. used only to record cash purchases
 - C. used to record all purchases
 - D. all of the above.

5. What is the function of financial report to management in any organization?
 - A. To acquire additional capital
 - B. To make decision for company
 - C. To supervise their workers
 - D. To enable the business on going basis

6. The basic sequence in the accounting process can be best described as:
- A. Transaction, journal entry, source document, ledger account and trial balance.
 - B. Source document, transaction, ledger account, journal entry and trial balance.
 - C. Transaction, source document, journal entry, trial balance and ledger account.
 - D. Transaction, source document, journal entry, ledger account and trial balance.
7. Which of these is an advantage of the sole proprietorship form of business?
- A. Limited liability
 - B. Difficult to establish the business
 - C. Owner makes all the decisions
 - D. The cost to form and operate the business is higher
8. Which transactions below will be recorded in the Cash Book?
- i. Owner took goods from business for own use
 - ii. Withdrawal of cash to pay children's school fee
 - iii. Payment of salary by cheque
 - iv. Customer returned damaged goods
- A. i and ii
 - B. ii and iii
 - C. i and iv
 - D. iii and iv
9. The cash sales of RM500 to Deigo were banked-in. What is double entry for this transaction?
- A. Deigo Debit and Credit Sales Account
 - B. Bank Account Debit and Credit Accounts Deigo
 - C. Deigo and Credit Debit Cash Account
 - D. Bank Account Debit and Credit Sales Account
10. The normal balance of an asset is a _____ while the normal balance of revenue is a _____.
- A. debit , debit
 - B. credit , credit
 - C. debit , credit
 - D. credit , debit

11. Total liabilities increase by RM7,000. How is the accounting equation affected?
- A. Assets must have increased by RM7,000 or equity must have decreased by RM7000
 - B. Assets must have decreased by RM7, 000
 - C. Assets and equity must have each decreased by RM3, 500
 - D. Owners' equity must have increased by RM7,000
12. The trial balance
- A. is a formal financial statement.
 - B. is used to prove that there are no errors in the journal or ledger.
 - C. provides a listing of every account in the chart of accounts.
 - D. provides a listing of the balance of each account in active use.
13. When a company receives a utility bill but will not pay it right away, it should
- A. debit utilities expense and credit utility prepaid
 - B. debit utilities expense and credit utility accrued
 - C. debit utility accrued and credit utilities expense
 - D. make no entry until the bill is paid
14. The insurance premium of RM600 has been paid for the period of 1 April 2009 to 31 March 2010. The financial year ends on 31 December 2009. The insurance expense for the year is _____
- A. RM450
 - B. RM150
 - C. RM600
 - D. RM400

15.

Trial balance as at 31 December 2010			
Debtor	RM10 000	Provision for doubtful debt	RM 500
Additional information :			
i. Bad debt of RM 300 is not yet written off			
ii. Provision for doubtful debt is 3% of the debtor account			

Referring to the above information, how much is the provision for doubtful debt for year 2005?

- A. RM 209
- B. RM 291
- C. RM 300
- D. RM 285

16. Below is an extracted balance of Trial Balance as at 31 December 2010:

• Debtors	RM 23,000
• Provision for doubtful debt	RM 1,200
• Bad Debt	RM 500

Additional Information:

- Additional bad debt is RM 800
- Provision for doubtful debt to be maintained at 5 % on debtors.

What amount will be recorded in Income Statement?

- Operating expenses; bad debts of RM 800 and other income; Decrease RM 90
- Other Income; bad debts of RM 800 and operating expenses; Increase RM 1,150
- Operating expenses; bad debt of RM 1,300 and other income; Decrease RM 90
- Other Income; bad debts of RM 1,300 and other income; Decrease RM 1,150

17. Below are capital expenditures, **except** after...

- buying a furniture
- buying an office equipment
- buying an office door
- buying a motor vehicle

18. Calculate the depreciation for motor vehicles and how much the accumulated depreciation for the motor vehicles for 3 years. The information is as follow:

Motor vehicles cost	RM 65,000
Method of depreciation	Straight Line Method
Useful life	6 years
Scrap value	RM 5,000

- Depreciation per year is RM 10,000
Accumulated Depreciation is RM 30,000
- Depreciation per year is RM 10,833.33
Accumulated Depreciation is RM 30,000
- Depreciation per year is RM 6,000
Accumulated Depreciation is RM 18,000
- Depreciation per year is RM 5,000
Accumulated Depreciation is RM 55,000

19. Which of the following is the purpose of preparing control account?
- A. To total up the amount of sales and purchases
 - B. To prepare income statement and balance sheet
 - C. To check the accuracy of entries in the sales and purchase ledger
 - D. To trace the sales and purchase transactions
20. The particulars recorded in the debit side of debtors control account include.....
- i. cash sales
 - ii. credit sales
 - iii. bad debts
 - iv. bank (dishonoured cheque)
- A. All the above
 - B. i & iv
 - C. ii & iii
 - D. ii & iv
21. Which of the following will not appear in the Debtors Control account?
- A. Credit Sales
 - B. Cash sales
 - C. Bad debts written off
 - D. Amounts received from credit customer
22. An unpresented cheque is a cheque which has ...
- A. been entered in a cash book, but has not yet been deducted from a bank account.
 - B. not yet been entered in a cash book, but has been added to a bank account.
 - C. been entered in a cash book, but has not yet been added to a bank account.
 - D. not yet been entered in a cash book, but has been deducted from a bank account.
23. When will the Bank Statement be submitted to the customer bank?
- A. After the preparation of the Final Account
 - B. At the end of accounting period
 - C. At the end of the year
 - D. At the end of every month

24. A company wrote a cheque for RM76 and it was cleared by the bank for RM76. However, the company recorded the check in its Cash account as RM67. How is the difference of RM9 being handled?
- A. Add to Cash book balance
 - B. Deduct from Cash book balance
 - C. Add to Bank Reconciliation balance
 - D. Deduct from Bank Reconciliation balance
25. Which of the items below is recorded in the credit column of the Bank Statement:
- A. Bank service charges
 - B. Standing orders
 - C. Direct deposit
 - D. Dishonored cheque

SECTION B**STRUCTURE (75 marks)**

Instruction: This section consists of **THREE (3)** structured questions. Answer all questions.

QUESTION 1

KC and Jojo started a business, Perniagaan KC & Jojo on March 2010. Below is their transactions for the month of March 2010.

March 1	Started a business with cash in hand RM 500 and bank RM 10,000.
5	Bought goods for RM 8,000 from Jaja Enterprise
10	Sold goods to Cumi Sdn Bhd for RM 15,000
15	Bought goods for RM 1,500 by cheque
20	Paid rental for RM 550 with cash
25	Jojo brought his motor vehicle into their business to be used in the business valued at RM 11,700.

You are required to ...

- a) record the transactions in the Book of First Entry (Journal) (10 marks)
- b) post to ledger (10 marks)
- c) prepare the Trial Balance as at 31 March 2010 (5 marks)

QUESTION 2

The following Trial Balance is extracted from the books of Free Trade Bhd as at 31 December 2010:

	Debit (RM)	Credit (RM)
Capital		155,000
Building	100,000	
Office equipment	45,000	
Bank	35,000	
Purchases and Sales	96,655	159,350
Return Inwards and Return outwards	5,400	3,400
Bad debts	5,500	
Opening stock	45,690	
Carriage outwards	3,000	
Carriage inwards	2,500	
Insurance	5,000	
Salary	33,055	
Loan		60,000
Debtors and Creditors	44,000	52,000
Provision for Doubtful Debt		4,000
Discount Allowed and Discount received	2,330	1,430
Motor expenses	2,550	
Cash	9,500	
	<u>435,180</u>	<u>435,180</u>

Additional information for the year ending 31 December 2010:

1. Stock as at 31 December 2010 is RM23, 000.
2. Insurance is paid in advance of RM1,250.
3. The outstanding bills of water & electricity which amounted to RM 2,000.
4. Provision for Doubtful Debt needs to be adjusted at 10%.
5. Provision for depreciation needs to be created based on the straight line method:

Building 10 years of useful life

Office Equipment 5 years of useful life

Required:

- a) Income Statement for the year ended 31 December 2010 (15 marks)
- b) Balance Sheet as at 31 December 2010 (10 marks)

QUESTION 3

The financial year for Darbi Enterprise ended on 31 July 2009. Below is the transactions for the month of July 2009.

2009		RM
July	1	
	Debit balance as per Sales ledger	33,560
	Credit balance as per Sales Ledger	200
	Debit balance as per Purchases Ledger	210
	Credit balance as per Purchases Ledger	21,400
	31	
	Total cash sales	48,900
	Total cash purchases	7,600
	Total credit sales	52,800
	Total credit purchases	34,700
	Total cash and cheques received from debtors including RM350 for bad debt recovered	66,950
	Total payments to suppliers by cheques	37,700
	Sales returns	490
	Purchases returns	640
	Discount allowed	360
	Discount received	510
	Bad debt written off	520
	Dishonoured cheques	420
	Provision for doubtful debt	480
	Carriage of goods charged by creditors	280
	Discount allowed withdrawn	100
	Transfer from Sales Ledger to Purchases Ledger	960
	Balance as at 31 July 2009:	
	Sales Ledger (Cr)	250
	Purchases Ledger (Dr)	300

You are required to prepare :

- Debtors Control Account
- Creditors Control Account for the year ended 31 July 2009:

(25 marks)