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Universiti Tun Hussein Onn Malaysia

**UNIVERSITI TUN HUSSEIN ONN MALAYSIA**

**FINAL EXAMINATION  
SEMESTER II  
SESSION 2022/2023**

COURSE NAME : BASIC ACCOUNTING

COURSE CODE : BWA 20102

PROGRAMME CODE : BWA

EXAMINATION DATE : JULY / AUGUST 2023

DURATION : 2 HOURS

- INSTRUCTIONS
1. ANSWER ALL QUESTIONS.
  2. THIS FINAL EXAMINATION IS CONDUCTED VIA **CLOSED BOOK**.
  3. STUDENTS ARE **PROHIBITED** TO CONSULT THEIR OWN MATERIAL OR ANY EXTERNAL RESOURCES DURING THE EXAMINATION CONDUCTED VIA CLOSED BOOK.

THIS QUESTION PAPER CONSISTS OF EIGHT (8) PAGES

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**TERBUKA**

**Part A: Answer ALL Questions.**

The following are multiple choice questions. Only one of A, B, C, D is true.

- Q1** Which of the following statements about an account is **TRUE**?
- (a) In its simplest form, an account consists of two parts.
  - (b) An account is an individual accounting record of increases and decreases in specific asset, liability, and owner's equity items.
  - (c) There are separate accounts for specific assets and liabilities but only one account for owner's equity items.
  - (d) The left side of an account is the credit or decrease side.
- (1 mark)
- Q2** As of 31<sup>st</sup> December 1999, Stoneland Company has assets of RM3,500 and owner's equity of RM2,000. What are the liabilities for Stoneland Company as of 31<sup>st</sup> December 1999?
- (a) RM1,500
  - (b) RM1,000
  - (c) RM2,500
  - (d) RM2,000
- (1 mark)
- Q3** On the last day of the period, Genesis Company buys a RM900 machine on credit. This transaction will affect the \_\_\_\_\_.
- (a) income statement only.
  - (b) balance sheet only.
  - (c) income statement and owner's equity statement only.
  - (d) income statement, owner's equity statement, and balance sheet.
- (1 mark)
- Q4** Which of the following is **NOT** a step in the accounting process?
- (a) Identification.
  - (b) Verification.
  - (c) Recording.
  - (d) Communication.
- (1 mark)
- Q5** Adjustments for unearned revenues \_\_\_\_\_.
- (a) decrease liabilities and increase revenues.
  - (b) have an assets and revenues account relationship.
  - (c) increase assets and increase revenues.
  - (d) decrease revenues and decrease assets.
- (1 mark)

- Q6** The control features of a bank account **DO NOT** include
- (a) having bank auditors verify the correctness of the bank balance per books.
  - (b) minimizing the amount of cash that must be kept on hand.
  - (c) providing a double record of all bank transactions.
  - (d) safeguarding cash by using a bank as a depository.
- (1 mark)
- Q7** Current assets are listed \_\_\_\_\_.
- (a) by liquidity.
  - (b) by importance.
  - (c) by longevity.
  - (d) alphabetically.
- (1 mark)
- Q8** The sales accounts that normally have a debit balance are \_\_\_\_\_.
- (a) sales discounts.
  - (b) sales returns and allowances.
  - (c) both (a) and (b).
  - (d) neither (a) nor (b).
- (1 mark)
- Q9** Gross profit will result if
- (a) operating expenses are less than net income.
  - (b) sales revenues are greater than operating expenses.
  - (c) sales revenues are greater than cost of goods sold.
  - (d) operating expenses are greater than cost of goods sold.
- (1 mark)
- Q10** The following are the required steps in the accounting cycle **EXCEPT**
- (a) journalizing and posting closing entries.
  - (b) preparing financial statements.
  - (c) journalizing the transactions.
  - (d) preparing a work sheet.
- (1 mark)
- Q11** A sales journal will be used for \_\_\_\_\_.
- (a) cash sales and sales discounts.
  - (b) credit sales and sales discounts.
  - (c) credit sales.
  - (d) credit sales and cash sales.
- (1 mark)

- Q12** Which of the following statements is **CORRECT**?
- (a) The sales discount column is included in the cash receipts journal.
  - (b) The purchases journal records all purchases of merchandise whether for cash or on account.
  - (c) The cash receipts journal record sales on account.
  - (d) Merchandise returned by the buyer is recorded by the seller in the purchases journal.
- (1 mark)
- Q13** Postings from the purchases journal to the subsidiary ledger are generally made \_\_\_\_\_.
- (a) yearly.
  - (b) monthly.
  - (c) weekly.
  - (d) daily.
- (1 mark)
- Q14** Permitting only designated personnel such as cashiers to handle cash receipts is an application of the principle of \_\_\_\_\_.
- (a) segregation of duties.
  - (b) establishment of responsibility.
  - (c) independent check.
  - (d) other controls.
- (1 mark)
- Q15** The use of prenumbered checks in disbursing cash is an application of the principle of \_\_\_\_\_.
- (a) establishment of responsibility.
  - (b) segregation of duties.
  - (c) physical, mechanical and electronic controls.
  - (d) documentation procedures.
- (1 mark)
- Q16** Which of the following statements about a journal is **FALSE**?
- (a) It is not a book of original entry.
  - (b) It provides a chronological record of transactions.
  - (c) It helps to locate errors because the debit and credit amounts for each entry can be readily compared.
  - (d) It discloses in one place the complete effect of a transaction.
- (1 mark)

- Q17** The reconciling item in a bank reconciliation that will result in an adjusting entry by the depositor is \_\_\_\_\_.
- (a) outstanding checks.
  - (b) deposit in transit.
  - (c) a bank error.
  - (d) bank service charges.
- (1 mark)
- Q18** The statement that **CORRECTLY** describes the reporting of cash is
- (a) cash cannot be combined with cash equivalents.
  - (b) restricted cash funds may be combined with cash.
  - (c) cash is listed first in the current asset section.
  - (d) restricted cash funds cannot be reported as a current asset.
- (1 mark)
- Q19** Inventoriable costs consist of two elements: beginning inventory and \_\_\_\_\_.
- (a) ending inventory.
  - (b) cost of goods purchased.
  - (c) cost of goods sold.
  - (d) cost of goods available for sale.
- (1 mark)
- Q20** In periods of rising prices, LIFO will produce \_\_\_\_\_.
- (a) higher net income than FIFO.
  - (b) the same net income as FIFO.
  - (c) lower net income than FIFO.
  - (d) higher net income than average costing.
- (1 mark)
- Q21** Depreciation is a process of \_\_\_\_\_.
- (a) valuation.
  - (b) cost allocation.
  - (c) cash accumulation.
  - (d) appraisal.
- (1 mark)
- Q22** Additions to plant assets are \_\_\_\_\_.
- (a) revenue expenditures.
  - (b) debited to a repair expense account.
  - (c) debited to a purchases account.
  - (d) capital expenditures.
- (1 mark)

- Q23** The advantages of a partnership **DO NOT** include \_\_\_\_\_.
- (a) ease of formation.
  - (b) unlimited liability.
  - (c) freedom from government regulation.
  - (d) ease of decision making.
- (1 mark)
- Q24** Which of the following is **NOT** a characteristic of a partnership?
- (a) Taxable entity.
  - (b) Co-ownership of property.
  - (c) Mutual agency.
  - (d) Limited life.
- (1 mark)
- Q25** Which of the following statements about partnership financial statements is **TRUE**?
- (a) Details of the distribution of net income are shown in the owners' equity statement.
  - (b) The distribution of net income is shown on the balance sheet.
  - (c) Only the total of all partner capital balances is shown in the balance sheet.
  - (d) The owners' equity statement is called the partners' capital statement.
- (1 mark)

**Part B: Answer ALL Questions.**

- Q1** Padma is the owner of a grocery shop in Seremban. In the accounting period, he carried out many business activities. Complete **Table Q1** by identifying the types of action and source documents of his activities.

**Table Q1**

<b>Business Activity</b>	<b>Types of Action and Source Documents</b>
Example: Padma bought goods on credit from Amar.	Padma received invoice from Amar.
(a) Padma ordered goods from Siva Enterprise.	
(b) Siva Enterprise delivered goods ordered by Padma.	
(c) Padma bought goods in cash from Patricia Sdn Bhd.	
(d) Padma bought goods on credit from Malik Enterprise.	
(e) Malik Enterprise charged extra handling fees to Padma.	

(f)	Padma sold goods on credit to Jenny.	
(g)	Padma sold goods in cash to Faizal.	
(h)	Jenny returned goods to Padma.	
(i)	Padma returned goods to Malik Enterprise.	
(j)	Padma settled his debt with Malik Enterprise.	

(10 marks)

**Q2** List **SIX (6)** type of errors which would not affect the agreement of the total balances in a trial balances. Explain each of them.

(12 marks)

**Q3** Iffah is the owner of Red Roses Enterprise which sells precious gems and jewelleryes in Kuching, Sarawak. **Table Q3** summarizes balances extracted from her ledger as at 30<sup>th</sup> June 2017.

**Table Q3**

Accounts	RM
Capital	33,414
Vehicle	32,750
Furniture	8,000
Trade receivables	10,540
Inventory	4,682
Purchases	56,438
Sales	106,439
Sales returns	8,653
Salary	11,200
Rent	10,000
Trade payables	24,198
Advertising	9,900
Purchases returns	12,345
Drawings	835
Cash at bank	21,000
Cash in hand	12,364
Discount revenue	9,966

On 30<sup>th</sup> June 2017, additional information relating to adjustment for Red Roses Enterprise is as follows:

- (i) Closing inventory is RM2,356.
- (ii) Salary is accrued by RM800.
- (iii) Rent has been prepaid by RM450.

- (iv) Depreciation for vehicle is RM7,530 and depreciation for furniture is RM1,040.
- (v) The allowance for doubtful debts is to be adjusted at 2.6% of trade receivables.

Prepare the financial statement for Red Roses Enterprise with the accounting year ended 30<sup>th</sup> June 2017.

(29 marks)

- Q4** Noor Company uses the periodic inventory method and had the following inventory information available in **Table Q4**.

**Table Q4**

<b>Date</b>	<b>Transaction</b>	<b>Units</b>	<b>Unit Cost (RM)</b>
1/8/2020	Beginning inventory	100	4.00
16/9/2020	Purchase	400	5.00
20/11/2020	Purchase	200	7.00
25/11/2020	Purchase	300	8.00

A physical count of inventory on 31<sup>st</sup> December 2020 revealed that there were 400 units on hand.

Assume that the company uses the FIFO method. Calculate the value of the ending inventory at 31<sup>st</sup> December 2020 for FIFO method.

(4 marks)

– END OF QUESTIONS –