



**UNIVERSITI TUN HUSSEIN ONN MALAYSIA**

**FINAL EXAMINATION  
SEMESTER II  
SESSION 2023/2024**

- COURSE NAME : PRINCIPLE OF ACCOUNTING
- COURSE CODE : BWB 20402
- PROGRAMME CODE : BWQ
- EXAMINATION DATE : JULY 2024
- DURATION : 2 HOURS 30 MINUTES
- INSTRUCTIONS :
1. ANSWER ALL QUESTIONS
  2. THIS FINAL EXAMINATION IS CONDUCTED VIA
    - Open book
    - 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 SIX (6) PAGES

**TERBUKA**

**CONFIDENTIAL**

**PART A**

Indicate if the following statement is true or false.

- Q1** The major difference between the balance sheets of a service company and a merchandising company is inventory. (1 mark)
- Q2** The Malaysian Institute of Accounting (MIA) is one of the bodies for accounting professionals. (1 mark)
- Q3** The main objective of preparing the financial statement is to calculate the profit and loss income. (1 mark)
- Q4** The main function of the Financial Reporting Foundation (FRF) is to train competent members. (1 mark)
- Q5** The principle of historical cost is one of the assumptions for accounting standards. (1 mark)

**PART B**

Questions 6 to 13 are optional. Choose the right answer.

- Q6** The accounting guideline that requires financial statement information to be supported by independent, unbiased evidence other than someone's belief or opinion is:
- (a) Business entity principle
  - (b) Monetary unit principle
  - (c) going-concern principle
  - (d) Objectivity principle
- (1 mark)
- Q7** The principle that requires every business to be accounted for separately and distinctly from its owner or owners.
- (a) Objectivity principle
  - (b) Business entity principle
  - (c) Going-concern principle
  - (d) Revenue recognition principle
- (1 mark)

- Q8** Hassan include the personal assets and transactions of a business's owner in the same records and reports of the his business.
- (a) Objectivity principle
  - (b) Realization principle
  - (c) Business entity principle
  - (d) Going-concern principle
- (1 mark)
- Q9** Marian Mosely is the owner of Mosely Accounting Services. Determine accounting principle requires Marian to keep her personal financial information separate from the financial information of Mosely Accounting Service.
- (a) Monetary unit principle
  - (b) Going-concern principle
  - (c) Cost principle
  - (d) Business entity principle
- (1 mark)
- Q10** Determine which of the following accounting principles would require that all goods and services purchased be recorded at cost?
- (a) Going-concern principle
  - (b) Continuing-concern principle
  - (c) Cost principle
  - (d) Business entity principle
- (1 mark)
- Q11** Two categories of expenses for merchandising companies are
- (a) cost of goods sold and financing expenses.
  - (b) operating expenses and financing expenses.
  - (c) cost of goods sold and operating expenses.
  - (d) sales and cost of goods sold.
- (1 mark)
- Q12** Which of the following expressions is incorrect?
- (a) Gross profit minus operating expenses = operating income
  - (b) Sales minus cost of goods sold minus operating expenses = operating income
  - (c) Operating income plus operating expenses = gross profit
  - (d) Operating expenses minus the cost of goods sold = gross profit.
- (1 mark)

- Q13** The accounting principle that requires that the cost flow assumption be consistent with the physical movement of goods is
- (a) called the matching principle.
  - (b) called the consistency principle.
  - (c) nonexistent; that is, there is no accounting requirement.
  - (d) called the physical flow assumption.

**PART C**

- Q14** According to the statement below, classify the principle as violated. Justify your answer
- (a) The owner-manager bought a computer for personal use. The invoice was given to the accountant, who recorded it as an asset of the business.  
(2 marks)
  - (b) The statement of financial position of a company included equipment purchased from Japan for 350,000 yen. It was reported at that amount in the statement of financial position, while all the other assets were reported in Malaysia (RM).  
(2 marks)
  - (c) No financial statements were prepared by Michael Go for his business. He explained that he will prepare the statements when he closes the business, which he predicts to take place after 20 years.  
(2 marks)
  - (d) Aside from owning a shoe store, Albert operates a canteen. The assets of the canteen are reported in the statement of financial position of the shoe store.  
(2 marks)
- Q15** Write the following items as capital or revenue expenditures. Justify your answer given.
- (a) An extension of railway tracks in the factory area.  
(2 marks)
  - (b) Wages paid to machine operators.  
(2 marks)
  - (c) Installation costs of new production machine.  
(2 marks)
  - (d) Materials for extension to foremen's offices in the factor.  
(2 marks)

## PART D

**Q16** Table Q16.1 shows the accounts of Filomena Merchandising for the year ended December 31, 2023:

Table Q16.1

Sales	RM 4,200,000.00
Salaries Expenses	RM 80,000.00
Supplies Expenses	RM120,000.00
Depreciation expenses	RM80,000.00
Utilities Expenses	RM67,000.00
Insurance expenses	RM30,000.00
Rent expenses	RM140,000.00
Beginning Inventory	RM 8,750.00
Purchase	RM 212,000.00
Ending Inventory	RM 12,000.00
Sales Discount	RM 575.00

Accordingly, 25% of salaries, rent, depreciation, and utility expenses pertain to the sales office while the rest pertains to the corporate office. Using the data Table Q16.1 of the balance account;

(a) Calculate;

- (i) Net Sales (6 marks)
- (ii) Cost of Goods Sold (7 marks)
- (iii) Gross Profit (7 marks)
- (iv) Net Income (7 marks)

(b) Based on result in Q16(a), explain if company will have capability to gain more profit by the end of 2024.

(4 marks)

**Q17** Mak Leha purchased a notebook PC on 1 January 2023 for RM2,600. It has an estimated life of four years and a scrap value of RM200. She is not certain whether she should use the straight line method or reducing balance basis for the purpose of calculating depreciation on the notebook PC.

(a) Calculate the depreciation for the four years schedule by using both method

(i) Straight line method

(10 marks)

(ii) Reducing balance basis

(10 marks)

**-END OF QUESTIONS-**