



UNIVERSITI KUALA LUMPUR BUSINESS SCHOOL

FINAL EXAMINATION MARCH 2024 SEMESTER

COURSE CODE	: EAB10403
COURSE NAME	: INTRODUCTION TO FINANCIAL ACCOUNTING
PROGRAMME NAME	: BACHELOR IN ACCOUNTING (HONS)
DATE	: 9 JULY 2024
TIME	: 9.00 AM – 12.00 PM
DURATION	: 3 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 **FIVE (5)** questions.
4. Answer **ALL** questions.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. **This question paper must not be removed from the examination hall.**

THERE ARE SIX (6) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

Question 1

An intern who has been given the task of listing items of expenditure as being either capital or revenue expenditure approaches you for advice. She specifically wants to know whether the following expenditures should be classed as capital or revenue items:

1. Council tax for the year.
2. A new delivery van.
3. Rent for the building.
4. Stock that is not yet sold.
5. Stationery.
6. Telephone bills for the year.

Required:

Identify whether the items stated above are capital expenditure or revenue expenditure.

(6 marks)

[6 marks]

Question 2

Rafah is a market trader who started business on 1 November 2023. The following is a list of transactions for November:

November 2023

- 1 Started business with RM10,000 in the bank
- 2 Paid for advertising by debit card: RM130
- 3 Paid for stationery by debit card: RM50
- 5 Bought goods on credit from Ramallah: RM900
- 5 Sold goods for cash: RM300
- 6 Paid for insurance in cash: RM8
- 8 Bought machinery on credit from Gaza: RM700
- 9 Paid for machinery expenses in cash: RM150
- 10 Sold goods on credit to Hebron: RM800
- 11 Returned goods to Ramallah: RM200
- 12 Paid wages in cash: RM20
- 13 Received cheque from Hebron: RM500
- 15 Paid rents by standing order: RM200
- 20 Bought stationeries on credit for RM60 from Jenin
- 21 Paid Gaza RM700 by bank transfer
- 30 Paid Jenin RM60 by debit card
- 30 Sold goods on credit to Hebron: RM500

Required:

- a) Prepare the above transactions in the T- accounts ledger, and balance-off the accounts.
(33 marks)
- b) Prepare the trial balance at 30 November 2023.
(16 marks)
[49 marks]

Question 3

Jericho is a sole trader, and you are given the following information relating to his business:

Jericho
Trial balance as at 31 December 2023

Details	Debit (RM)	Credit (RM)
Capital		9,250
Inventory as at 1 January 2021	100	
Accounts receivable	5,000	
Accounts payable		1,000
Bank	5,000	
Motor vehicle	10,000	
Allowance for doubtful debts		250
Allowance for depreciation		2,000
Purchases	2,000	
Sales		10,000
Rental expenses	200	
Utilities	300	
Provision for discounts		100
	22,600	22,600

Additional information:

1. Closing inventory value is RM500.
2. The utilities in the trial balance cover the 15 months to 31 March 2024.
3. The motor car is depreciated using 20% using straight-line method.
4. A credit customer with a balance on his account of RM1,000 is bankrupt.
5. Remove the provision for discounts and provide for a 10 per cent allowance for irrecoverable debts.

Required:

- a) Prepare the Statement of Profit or Loss for the year ended 31 December 2023.

(8 marks)

- b) Prepare the Statement of Financial Position as at 31 December 2023.

(5 marks)

[13 marks]

Question 4

Below are the financial statements for the year ended 31 December 2023 for Nablus.

**Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2023**

	2023 RM	2022 RM
Sales Revenue	300,000	170,000
Less: Cost of Goods Sold	<u>(170,000)</u>	<u>(107,000)</u>
Gross Profit	130,000	63,000
Add: Other Income	13,000	10,000
Less: Expenses:		
Operating expenses	(23,000)	(16,000)
Administrative costs	(11,000)	(7,000)
Profit for the year	109,000	50,000

Statement of Financial Position as at 31 December 2023

	2023 RM	2022 RM
<u>Non-current Assets</u>	225,000	71,000
<u>Current Assets</u>		
Inventories	40,000	33,000
Accounts Receivable	68,000	40,000
Bank	30,000	23,000
Cash	14,000	7,000
Total assets	<u>377,000</u>	<u>174,000</u>
<u>Owner's Equities</u>		
Capital	50,000	50,000
Retained Profit	75,000	25,000
Profit for the year	<u>109,000</u>	<u>50,000</u>
	234,000	125,000
<u>Current Liabilities</u>		
Accounts Payable	105,000	34,000
Accruals	12,000	15,000
Short term loan	26,000	-
Total Equities and Liabilities	<u>377,000</u>	<u>174,000</u>

Required:

(a) Calculate the following ratios for both financial years.

i. Gross profit margin

(2 marks)

ii. Net profit margin

(2 marks)

iii. Inventory turnover ratio

(2 marks)

iv. Current ratio

(2 marks)

v. Quick ratio or Acid-test ratio

(2 marks)

vi. Average Collection Period

(2 marks)

(b) Provide comments on the results of the ratios for both business entities.

(6 marks)

Note: Show all relevant workings

[18 marks]

Question 5

The following is a summary of the cash book of Salim for March 2024. The owner received bank statement for the month ended 31 March 2024 which showed a balance of RM3,954.

Cash Book (Bank Column)

Mar 2024	Particulars	RM	Mar 2024	Particulars	RM
1	Balance b/d	4,120		Payments	46,560
	Receipts	45,320	30	Balance c/d	2,880
		49,440			49,440

Upon investigation, the owner realized the differences as follows:

1. The last page in the cash book shows a deposit of RM1,904 that has not yet been credited by the bank.
2. Two cheques paid to suppliers for RM642 and RM1,200 have not yet been presented to the bank.
3. Dividends received of RM189 are shown on the bank statement but not entered in the cash book.
4. Bank charges of RM105 shown on the bank statement have not been entered in the cash book.
5. A cheque for RM540 has been returned by the bank marked 'refer to drawer', but it has not been written back in the cash book.
6. A cheque drawn for RM141 has been entered in error as a receipt in the cash book.
7. The bank has debited a cheque for RM216 in error to the company's account.
8. The bank had recorded a credit transfer amounting to RM1,500 for the business. The business had yet to record this receipt into its cash book.
9. Payments made to ABC Trading RM590 has not yet been presented to the bank.

Required:

- (a) Adjust and update the bank account. Show the adjustments that should be made. (8 marks)
- (b) Prepare a bank reconciliation statement as at 31 March 2024. (6 marks)

[14 marks]**END OF EXAMINATION PAPER**