CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
OCTOBER 2024 SEMESTER

COURSE CODE	:	EIB10403
COURSE NAME	:	FINANCIAL ACCOUNTING
PROGRAMME NAME	:	BACHELOR OF BUSINESS ADMINISTRATION (HONS)
DATE	:	8 FEBRUARY 2025
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 EIGHT (8) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

INSTRUCTION: Answer ALL questions.
Please use the answer booklet provided.

Question 1

(a) Identify **THREE (3)** external users of financial statements. For each user, explain the reason for using the financial information.

(6 marks)

(b) Explain **THREE (3)** purposes of preparing financial statements.

(6 marks)

(c) Adibba Enterprise is in the trading business. During the year, she withdrew RM1,000 cash for her personal use and recorded it as drawings. Adibba understands that a business cannot predict what will happen in the future. As such, she chooses the method of measurement which will report the lowest income or assets or the highest liabilities. In recognising the expenses and revenue, she will record expenses when it is incurred and revenue when it is earned during the particular accounting period.

Required:

Identify **THREE (3)** accounting concepts applied in the above scenario.

(3 marks)
[15 marks]

Question 2

(a) Identify the following costs should be recognized as capital or revenue expenditure on a newly purchased equipment.

i. Spare parts of equipment
ii. Transportation and deliver charges
iii. Installation charges
iv. Painting company's logo
v. Training cost for operation of the equipment

(5 marks)

(b) You are required to show the effects of the following transactions on assets, owner's equity, liabilities, expenses and revenues and state the journal entries using the following format.

Example:

	Effect	**Journal entries**
Started business with cash RM20,000 immediately deposited into the bank account.	Increase Assets Increase Owner's equity	Dr Bank a/c Cr Capital a/c

		Effect	**Journal entries**
i.	Owner brought in motor vehicle worth RM40,000 into the business.		
ii.	Purchased goods on credit from Ella's Bhd amounting RM5,000.		
iii.	Cash sales of RM3,000 is immediately deposited into the bank account.		
iv.	Paid rental of RM800 by cheque.		
v.	Owner took cash worth RM500 for own use.		

(15 marks)

[20 marks]

Question 3

Mr. Aidid, the owner of Marcello Gift Shop that sells a variety of gifts and souvenirs. The following Trial Balance was extracted from the books of the business as at 31 December 2024:

Trial Balance as at 31 December 2024

Accounts	**Debit (RM)**	**Credit (RM)**
Land and building	250,000	
Motor vehicle	98,000	
Equipment	26,000	
Accumulated depreciation – Motor vehicle		49,000
Accumulated depreciation – Equipment		5,200
Purchases and sales	114,100	401,950
Receivables and payables	71,250	30,500
Carriage inwards	2,140	
Returns	2,400	2,700
Discounts	1,350	2,430
Custom duty on purchase	3,362	
Inventory as at 1 January 2024	64,400	
Bank	29,800	
Allowance for doubtful debt		4,860
Repair expenses	2,120	
Salaries and wages	24,000	
8% Loan from CIMB		30,000
Interest on loan from CIMB	1,800	
Insurance	1,800	
Water and electricity	5,160	
Bad debts	540	
Investment	100,000	
Dividend from investments		10,000
Commission received		4,802
Rent revenue		11,000
Rates expenses	420	
General expenses	3,500	
Capital		253,300
Drawings	3,600	
Total	**805,742**	**805,742**

Additional information:

1. Closing inventories as at 31 December 2024 were valued at RM21,210.

2. Insurance expense was paid for a 12-months period commencing 1 July 2024 until 30 June 2025.

3. Rent revenue accrued was RM1,000.

4. Rates paid were for the period from 1 January 2024 to 30 June 2024. Rates for the six months ended 31 December 2024 were still accrued.

5. An additional bad debts of RM250 is to be written off.

6. The allowance for doubtful debts is to be adjusted to 5% of remaining accounts receivable.

7. The depreciation on non-current assets is to be provided at the rate of 10% per annum on cost for motor vehicle and 5% per annum on book value for equipment.

8. Commission of RM580 was received in advance.

9. A loan from BHL Bank was taken out on 1 February 2024 and dividends received from investments at 10% per annum were for the accounting period.

<u>Note</u>: Calculate to the nearest Ringgit Malaysia (RM).

Required:

(a) Prepare a Statement of Profit or Loss for the year ended 31 December 2024.

(17 marks)

(b) Prepare a Statement of Financial Position as at 31 December 2024.

(13 marks)

[30 marks]

Question 4

The bank statement and bank columns in the Cash Book of Azlin Enterprise for the month of November 2024 were as follows:

Bank Statement for the month of November 2024					
Date		Details	Debit	Credit	Balance
November	1	Opening balance			13,145
	2	Deposit		790	13,935
	13	Deposit		465	14,400
	14	Cheque No 560401	1,250		13,150
	15	Deposit		1,535	14,685
	16	Cheque4 No 560403	1,060		13,625
	24	Credit transfer		100	13,725
	25	Cheque No 560404	2,165		11,560
	28	Standing order	660		10,900
	28	Bank charges	52		10,848
	29	Deposit		120	10,968
	29	Dividends		230	11,198

Cash Book

			RM				RM
Nov	1	Balance b/d	13,145	Nov	1	Azizi Sdn Bhd	1,060
	2	Puan Marlia	790		12	Lily & Co	2,165
	11	Irfan Enterprise	465		14	Kedai Mesra	300
	13	Mustafa	1,535		23	Electricity	660
	22	Ching Brothers	2,000		25	Wages	2,000
	24	Puan Roslina	1,920		27	Haidar Store	285
	29	Mr Zul	1,200		30	Balance c/d	14,585
			21,055				**21,055**

Additional information:

1. Dividends of RM230 that actually belongs to Azlina Enterprise were wrongly credited to the business' account by bank.

2. On 29 November 2024, cash sales made by Mr Zul worth RM120 were wrongly recorded as RM1,200 in the cash book.

Required:

(a) State **THREE (3)** reasons for the difference between the cash book (bank column) and bank statement balance.

(3 marks)

(b) Prepare an Adjusted Cash Book and Bank Reconciliation Statement as at 30 November 2024.

(12 marks)

[15 marks]

Question 5

Below are the financial statements for the year ended 31 December 2024 for Gary Sdn Bhd.

Statement of Profit or Loss for the year ended 31 December 2024

	2023 RM	2024 RM
Sales	1,020,000	1,436,000
Less: Cost of sales	(475,000)	(579,000)
Gross profit	**545,000**	**857,000**
Less: Expenses		
Distribution expenses	(102,000)	(142,100)
Administrative expenses	(221,000)	(320,600)
Other expense	(73,000)	(109,200)
Profit before interest and tax	149,000	285,100
Less: Interest expense	(10,000)	(6,000)
Profit before tax	139,000	279,100
Less: Taxation	(52,000)	(56,000)
Profit after tax	**87,000**	**223,100**

Statement of Financial Position as at 31 December 2024

	2023 RM	2024 RM
Non-current Assets	818,000	956,000
Current Assets		
Inventories	208,000	212,000
Receivables	156,000	237,000
Bank	0	32,000
	1,182,000	1,437,000
Owner's Equity		
Share Capital (RM1 shares)	800,000	800,000
P&L Reserves	154,000	334,000
	954,000	1,334,000
Non-current Liabilities: Loan (10%)	100,000	150,000
Current Liabilities		
Payables	118,000	153,000
Bank Overdraft	10,000	0
	1,182,000	1,437,000

Required:

Calculate and comment on the following ratios for both financial years.

(a) Net profit margin

(4 marks)

(b) Inventory turnover period

(4 marks)

(c) Current ratio

(4 marks)

(d) Acid test ratio

(4 marks)

(e) Average collection period

(4 marks)
[20 marks]

Note: Show all relevant workings and rounding up figure.

END OF EXAMINATION PAPER