



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
OCTOBER 2024 SEMESTER**

COURSE CODE	: EAB10403
COURSE NAME	: INTRODUCTION TO FINANCIAL ACCOUNTING
PROGRAMME NAME	: BACHELOR IN ACCOUNTING (HONS)
DATE	: 14 FEBRUARY 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 SEVEN (7) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided

Question 1

“The Code sets out fundamental principles of ethics for professional accountants, reflecting the profession’s recognition of its public interest responsibility. These principles establish the standard of behaviour expected of a professional accountant”.

(ACCA Code of Ethics and Conduct, page 5)

Required:

Discuss **FIVE (5)** fundamental principles under the Professional Code of Ethics and explain why you believe that they are so important for accountants.

[10 marks]

Question 2

The following is a list of balances appearing in Abu Enterprise’s general ledger as at 31st October 2024.

	RM		RM
Rent received	500	Purchases	12,000
Salaries	800	Return inwards	100
Interest received	300	Return outwards	200
Sales	30,000	Interest paid	100
Bank charges	20	Carriage outwards	90
Advertising expenses	350	Trade receivables	15,000
Trade payables	10,000	Capital	46,200
Motor vehicle	20,000	Drawings	1,000
Bank Overdraft	2,000	Bank loan	30,000
Office equipment	2,000	Cash	67,740

Required:

Prepare a Trial Balance for Abu Enterprise as at 31st October 2024.

[10 marks]

Question 3

The following balances were extracted from the books of Cami Enterprise as at 31st December 2023.

Cami Enterprise
Trial Balance as at 31st December 2023

Particulars	Debit (RM)	Credit (RM)
Purchases	57,410	
Sales		123,000
Carriage inwards	1,300	
Trade receivables	92,000	
Trade payables		57,000
Cash	15,000	
Bank	40,000	
Inventory as at 1st January 2023	7,500	
Machinery	14,000	
Lorry (Purchased on 1st January 2023)	45,000	
Accumulated Depreciation – Machinery		5,040
6% Fixed deposit at Kuwait Finance House	40,000	
Capital		120,000
Drawings	1,300	
Interest on fixed deposit		1,200
10% loan from Bank Rakyat		30,000
Rent	5,000	
Return inwards	200	
Return outwards		1,000
Postage and stationery	1,200	
Advertising	9,000	
Import duties	700	
Salaries and wages	7,000	

Bad debts	1,350	
Allowance for doubtful debts		800
Discount allowed	800	
Discount received		520
Bad debts recovered		200
TOTAL	338,760	338,760

Additional information:

- i. Inventory as at 31 December 2023 was RM5,500.
- ii. RM4,000 of the advertising was prepaid.
- iii. There was still an outstanding rent of RM400.
- iv. Half of a year's interest on the fixed deposit had not been received.
- v. The owner took out RM500 worth of goods and RM450 cash for his own use.
- vi. Depreciation is provided as follows:
 - Machinery is to be depreciated by 20% using a reducing balance method.
 - Lorry is to be depreciated by 10% using a straight-line method.
- vii. One of the account receivables having debts worth RM900 was declared bankrupt. The amount should be written off.
- viii. Allowance for doubtful debts is to be increased by RM200.
- ix. Interest on the loan was still accrued. The loan was made on 1 May 2023.

Required:

- (a) Prepare a Statement of Profit or Loss for the year ended 31st December 2023.
(15 marks)
- (b) Prepare a Statement of Financial Position as at 31st December 2023.
(15 marks)

Note: Clearly show your workings.

[30 marks]

Question 4

Miss Elly is a sole trader specializing in leather footwear for women. The following is the bank statement received by Miss Elly for the month of December 2023.

Miss Elly
Bank Statement as at 31 December 2023

Date	Description	Cheque No	Payment RM	Receipt RM	Balance RM
Dec 1	Opening Balance				4,000 CR
8	Cheque	564800	450		3,550 CR
9	Deposit			300	3,850 CR
10	Cheque	564801	220		3,630 CR
12	Deposit			1,220	4,850 CR
13	Deposit			225	5,075 CR
15	Cheque	564803	870		4,205 CR
15	Credit Transfer			150	4,355 CR
16	Cheque	564804	450		3,905 CR
20	Deposit			2,000	5,905 CR
23	Dividend			100	6,005 CR
24	Dishonoured Cheque		350		5,655 CR
25	Standing Order		206		5,449 CR
30	Charges		10		5,439 CR
30	Interest		24		5,415 CR
31	Direct Debit		200		5,215 CR

The following are extracts from the cash book (bank column) for the month of December 2023.

Miss Elly
Cash Book (bank column)

Date	Particulars	RM	Date	Particulars	Cheque No	RM
Dec 1	Balance b/d	4,000	Dec 1	J&C Sdn Bhd	564800	450
7	Usman	300	3	Telecommunications	564801	220
10	Amir Bhd	1,220	5	Purchases	564802	1,530
12	Nadzim Trading	225	14	Utilities	564803	780
13	Zaki	1,600	15	Rent	564804	450
15	Salleh	1,300	18	Sales	573200	2,000
17	Sales	350	29	Salary	564805	2,500
			31	Balance c/d		1,065
		8,995				8,995

Additional information:

- i. Miss Elly had wrongly recorded RM870 paid for utilities (cheque number 564803) as RM780 in the cash book.
- ii. On 18 December 2023, RM2,000 worth of sales was wrongly recorded in the credit side of the cash book.

Required:

- (a) Prepare an adjusted cash book (bank column).

(13 marks)

- (b) Prepare the bank reconciliation statement as at 31 December 2023.

(7 marks)

[20 marks]

Question 5

Nuke Trading and Poma Trading, are two competing companies in the shoes industry. The following are the extracted Statement of Profit or Loss and Statement of Financial Position of both companies.

Nuke Trading and Poma Trading				
Statement of Financial Position (extract)				
as at 31 December 2022 and 31 December 2023				
	Nuke Trading		Poma Trading	
	2022 (RM)	2023 (RM)	2022 (RM)	2023 (RM)
Assets				
Cash	52,600	48,100	34,000	37,700
Account receivables	27,300	35,900	54,600	36,600
Inventory	51,200	57,400	44,000	48,300
Prepaid expenses	10,000	6,600	7,000	6,900
Property, plant and equipments	250,000	260,000	220,000	270,000
Total assets	391,100	408,000	359,600	399,500
Liabilities and Equity				
Current liabilities	48,000	23,900	42,000	41,350
Long-term notes payables	64,800	80,800	18,000	10,000
Capital	180,000	180,000	206,000	206,000
Retained earnings	98,300	123,300	93,600	142,150
Total liabilities and equity	391,100	408,000	359,600	399,500

Nuke Trading and Poma Trading		
Statement of Profit or Loss (extract)		
for the year ended 31 December 2023		
	Nuke Trading (RM)	Poma Trading (RM)
Sales	1,150,000	1,220,200
Cost of goods sold	785,100	932,500
Gross profit	364,900	287,700
Interest expense	64,640	8,000
Income tax expense	67,788	70,524
Net profit	232,472	209,176

Required:

Based on the given financial data, calculate the following ratios for Nuke Trading and Poma Trading. For each ratio, comment on the performance of both companies and determine which company performs better, provide justification for your conclusion.

- (a) Current ratio (3 marks)
- (b) Quick ratio or Acid-test ratio (3 marks)
- (c) Accounts receivable turnover (3 marks)
- (d) Inventory turnover (3 marks)
- (e) Day's sales in inventory (3 marks)
- (f) Average collection period (3 marks)
- (g) Net profit margin (3 marks)
- (h) Gross profit margin (3 marks)
- (i) Total asset turnover (3 marks)
- (j) Return on total assets (3 marks)

Note: Show all relevant workings

[30 marks]

END OF EXAMINATION PAPER