



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
OCTOBER 2024 SEMESTER**

COURSE CODE : EIB11403
COURSE NAME : PRINCIPLES OF ACCOUNTING
PROGRAMME NAME : BACHELOR OF BUSINESS ADMINISTRATION (HONS)
DATE : 12 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 **FOUR (4) 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)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided.

Question 1

Rubina Appliances Solutions (RAS) is a company specialising in supplying innovative and high-quality kitchen appliances under its brand name. Established with a focus on efficiency and modern design, the company caters to households and businesses seeking durable, stylish, and affordable kitchen solutions. To support its expansion and operations, the company secured a bank loan with a 7-year term. The trial balance below was extracted from the ledger of RAS as of 30 June 2024.

Account	RM
Capital	350,000
Drawings	3,000
Bank loan (7-year term)	500,000
Trade payables	45,000
Cash in bank	627,000
Trade receivables	15,000
Warehouse premises	80,000
Land	180,000
Delivery trucks	120,000
Office furniture	25,000
Opening inventory	13,000
Purchases	195,000
Sales	450,000
Return inwards	12,400
Return outwards	6,200
Import duties	2,000
Rental received	8,000
Interest received	1,400
Insurance	4,500
Salaries	34,000
Utilities	3,800

Interest on loan	30,000
Carriage inwards	6,200
Carriage outwards	2,200
Advertising expenses	5,000
Telephone and internet expenses	2,500

Additional information:

1. As of June 2024, the following expenses were still in arrears:
 - i. Salaries RM5,000
 - ii. Advertising RM2,500
2. Rental income earned but not yet received amounted to RM2,000.
3. The following assets will be depreciated using the straight-line method:
 - i. Delivery trucks at 20% per annum.
 - ii. Office furniture at 10% per annum.
 - iii. Warehouse premises over a useful life of 25 years.
4. A physical stock count on 30 June 2024 revealed a closing inventory of RM65,000.
5. Insurance paid in advance as of 30 June 2024 amounted to RM3,000.

Required:

- (a) Prepare a statement of profit or loss for the year ended 30 June 2024.

(23 marks)

- (b) Prepare a statement of financial position as of 30 June 2024.

(Show the working capital)

(17 marks)

[40 marks]

Question 2

- (a) Identify and explain any **THREE (3)** users of financial accounting information and describe how they use this information to make decisions.

(6 marks)

- (b) Ms. Sarah owns and operates an online business called "Tech Gadget Hub," which sells electronic gadgets and accessories. The business follows the accrual basis of accounting, recognising revenue when sales are made and expenses when incurred, regardless of when cash is received or paid.

Recently, Ms. Sarah faced questions from her investors about why the company reported revenue from sales that customers had not yet paid for and recorded expenses for which no cash payment had been made. Ms. Sarah explained that this practice aligns with the accrual accounting concept and provides a more accurate representation of the business's financial performance.

Required:

- i. Define the accrual accounting concept.

(2 marks)

- ii. Evaluate how accrual accounting applies to Tech Gadget Hub, specifically regarding the recognition of revenue and expenses.

(4 marks)

- iii. Discuss **TWO (2)** advantages and **TWO (2)** disadvantages of applying the accrual accounting concept in a business, compared to the cash basis of accounting.

(8 marks)

[20 marks]

Question 3

Majestic Electronics Sdn Bhd is a leading retail company specializing in consumer electronics, offering a wide selection of high-quality and affordable products to customers throughout Malaysia. Established with a focus on providing cutting-edge technology and exceptional customer service, the company prides itself on offering the latest gadgets, home appliances, and electronics. The company ensures accurate financial management by maintaining effective cash flow control and regularly reconciling its bank statements with its cash book to ensure financial stability and smooth operations.

Below are the details of the bank statement for Majestic Electronics Sdn Bhd for March 2024, along with the corresponding cash book for the same month:

BANK STATEMENT

Date	Particulars	Debit	Credit	Balance
March		RM	RM	RM
1	Balance b/d			1,000
3	Cheque no.100020	320		680
	Deposit (31 Jan)		480	1,160
4	Deposit (4 Feb)		1,305	2,465
5	Cheque no.100021	696		1,769
	Bank charges	10		1,759
8	Deposit (7 Feb)		175	1,934
10	Cheque no.100022	118		1,816
11	Deposit (10 Feb)		660	2,476
	Interest – Fixed Deposit		246	2,722
	Cheque no. 100023	911		1,811
15	Cheques no. 100024	1,420		391
16	Deposit (15 Feb)		520	911
	Dividend – Unit Trust		410	1,321
17	Deposit (17 Feb)		355	1,676
20	Cheque no.100025	145		1,531
24	Deposit (24 Feb)		1,235	2,766
	Dishonoured cheque (deposit 17 Feb)	355		2,411
31	Golf Club Fee – Standing order	150		2,261

CASH BOOK

2024	RM	2024	Cheque No.	RM
Mar. 1 Balance b/d	1,480	Mar. 2 Insurance	100020	320
4 Sales	1,305	4 Purchases	100021	696
7 Commission	175	9 Utilities	100022	118
10 Adora Ltd	606	10 Azlin Bhd	100023	911
15 Maria Ltd	520	14 Furniture	100024	1,420
17 Shafina Market	355	16 General expenses	100025	145
24 Sales	1,235	24 Deli Ltd	100026	830
27 Afni Ltd	434	27 Rental	100027	600
31 Furniture	80	31 Balance c/d		1,150
	<u>6,190</u>			<u>6,190</u>
April 1 Balance b/d	1,150			

Additional information:

- i. The bank slip on 10 March showed deposits totalling RM660.00.
- ii. The cheque received from Shafina Market on 17 March has been returned by the bank because the cheque has been dishonoured.

Required:

- (a) Prepare an updated cash book by considering the above.
(8 marks)
- (b) Prepare a bank reconciliation statement with an updated cash book dated 31 March 2024.
(8 marks)
- (c) Explain **TWO (2)** reasons why the balance in the cash book and bank statement is unequal.
(4 marks)

[20 marks]

Question 4

The following are the financial highlights for the year ending 31 December 2024 for two companies in the same industry.

Selected Financial Information as of 31 December 2024:

Item	Teguh Sdn Bhd	Tahan Sdn Bhd
	RM	RM
Current assets	25,600	30,750
Current liabilities	12,800	15,900
Cash and cash equivalents	6,200	8,700
Accounts receivable	8,500	10,200
Inventory	10,900	11,850
Cost of goods sold	62,650	72,880

For **each** company, you are **required** to compute:

- (a) Current Ratio. (2 marks)
- (b) Quick (Acid-Test) Ratio. (2 marks)
- (c) Cash Ratio. (2 marks)
- (d) Inventory Turnover Ratio. (2 marks)
- (e) Comment on each ratio above (a) to (d) for the two companies. (8 marks)
- (f) In conclusion, which company is in a better liquidity position based on the liquidity ratios? Explain. (4 marks)
- [20 marks]**

END OF EXAMINATION PAPER