



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
MARCH 2025 SEMESTER**

COURSE CODE : EIB10403

COURSE NAME : FINANCIAL ACCOUNTING

PROGRAMME NAME : BACHELOR OF BUSINESS ADMINISTRATION IN
MARKETING (HONOURS)/
BACHELOR OF BUSINESS ADMINISTRATION (HONS) IN
MANAGEMENT AND ENTREPRENEURSHIP

DATE : 26 JUNE 2025

TIME : 2.00 PM – 5.00 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.
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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

Little Stars Apparel is a clothing enterprise specialising in the supply of stylish and modern apparel for children under its own brand name. Established with a focus on quality and comfort, the company caters to parents seeking trendy, durable, and affordable clothing for kids. With a commitment to expanding its brand presence, Little Stars Apparel invests in advertising and maintains customer relationships through prompt delivery and excellent service. The trial balance below was extracted from the ledger of Little Stars Apparel as of 30 April 2025:

Account	RM
Capital	283,100
Drawings	5,000
Bank loan (5-year terms)	50,000
Trade payables	45,000
Cash in bank	30,000
Trade receivables	15,000
Warehouse premises	80,000
Land	180,000
Delivery trucks	120,000
Office furniture	25,000
Opening inventory	13,000
Purchases	95,000
Sales	230,000
Return inwards	2,400
Return outwards	1,200
Import duties	2,000
Rental received	8,000
Interest received	1,400
insurance	4,500
Salaries	24,000
Utilities	3,800
Interest on loan	3,000

Carriage inwards	6,200
Carriage outwards	2,200
Advertising expenses	5,000
Telephone and internet expenses	2,600

Additional information:

1. As at 30 April 2025, the following expenses were still in arrears:
 - i. Utilities RM500
 - ii. Carriage outwards RM450
2. Rental income earned but not yet received amounted to RM1,800.
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 April 2025 revealed a closing inventory of RM15,000.
5. Insurance paid in advance as of 30 April 2025 amounted to RM700.

Required:

- (a) Prepare a statement of profit or loss for the year ended 30 April 2025.

(23 marks)

- (b) Prepare a statement of financial position as of 30 April 2025.
(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) Mr. Ahmad owns and operates a cafe business called "Brew Bliss Cafe." The business is registered as a private limited company (Brew Bliss Sdn Bhd). Recently, the café faced financial difficulties, and several creditors approached Mr. Ahmad personally, demanding repayment of the company's debts. Mr. Ahmad insisted that since Brew Bliss Sdn Bhd is a company, he is not personally liable for its obligations. The creditors argued otherwise, claiming that as the owner, Mr. Ahmad is responsible for all debts incurred by the café.

Required:

- i. Define the principle of a separate legal entity.

(2 marks)

- ii. Evaluate whether Mr. Ahmad, as the owner of Brew Bliss Sdn Bhd, can be held personally liable for the company's debts under this principle.

(4 marks)

- iii. Discuss the **TWO (2)** advantages and **TWO (2)** disadvantages of operating a business as a separate legal entity compared to other business structures.

(8 marks)

[20 marks]

Question 3

Bestari Sdn. Bhd. is a retail company specialising in household goods, offering customers a wide range of affordable and high-quality products across Malaysia. Established with a strong commitment to customer satisfaction, the company focuses on efficient operations and excellent service. Bestari maintains accurate cash management practices to ensure smooth financial operations and regularly reconciles its bank statements with its cash book.

Below are the details of the bank statement for Bestari for February 2025, along with the corresponding cash book for the same month:

BANK STATEMENT

Date	Particulars	Debit	Credit	Balance
February		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
28	Golf Club Fee – Standing order	150		2,261

CASH BOOK

2025	RM	2025	Cheque No.	RM
Feb. 1 Balance b/d	1,480	Feb. 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
28 Furniture	80	28 Balance c/d		1,150
	<u>6,190</u>			<u>6,190</u>
March 1 Balance b/d	1,150			

Additional information:

- The bank slip on 10 February showed deposits totalling RM660.
- The cheque received from Shafina Market on 17 February 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 28 February 2025.

(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 income statements for the year ending 31 December 2024 for two companies in the same industry.

Income Statement for the year ended 31 December 2024		
	Mieka Group	Mieza Group
	RM	RM
Sales	75,200	84,350
(-) Cost of goods sold	<u>(62,650)</u>	<u>(72,880)</u>
Gross Profit	12,550	11,470
(-) Total operation expenses	<u>(7,650)</u>	<u>(5,420)</u>
Net profit	4,900	6,050

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

- Percentage (%) of gross profit on the cost of sales.
(2 marks)
- Gross profit margin.
(2 marks)
- Net profit margin.
(2 marks)
- Percentage (%) of total operation expenses on sales.
(2 marks)
- As a potential investor, which company would be the better investment option based on the profitability ratio above? Provide at least **TWO (2)** reasons.
(6 marks)
- Suggest **THREE (3)** other performance indicators, aside from profitability ratios, that are crucial for evaluating the overall performance of a company. For each indicator, explain its significance in assessing a company's financial health.
(6 marks)

[20 marks]

END OF EXAMINATION PAPER