



**UNIVERSITI KUALA LUMPUR
Malaysia France Institute**

**FINAL EXAMINATION
JANUARY 2011 SESSION**

SUBJECT CODE : FVB 30402
SUBJECT TITLE : INTRO TO BUSINESS ACCOUNTS AND FINANCE
LEVEL : BACHELOR
TIME / DURATION : 2.00pm – 4.00pm
(2 HOURS)
DATE : 03 MAY 2011

INSTRUCTIONS TO CANDIDATES

1. Please read the instructions given in the question paper **CAREFULLY**.
 2. This question paper is printed on both sides of the paper.
 3. Please write your answers in the answer booklet provided.
 4. Answer should be written in blue or black ink except for sketching, graphic and illustration.
 5. This question paper consists of **TWO (2)** sections. Section A and B. Answer all questions in Section A and B.
 6. Answer all questions in English.
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THERE ARE 5 PAGES OF QUESTIONS, INCLUDING THIS PAGE.

SECTION A (Total: 40 marks)**INSTRUCTION: Answer ALL questions.****Please use the answer booklet provided.**

- a. Define margin of safety. (2 marks)
- b. Define opportunity cost. (2 marks)
- c. Define preferred stock. (2 marks)
- d. Define variable cost. (2 marks)
- e. Give one reason why companies practice depreciation in the accounting system. (2 marks)
- f. List three importance of cash to the reporting entity. (6 marks)
- g. List two formats of presenting Statement of Financial Position. (4 marks)
- h. State the two capital investment assessment methods. (4 marks)
- i. What decision making basis to make if one company is to decide which depreciation method to adopt? (2 marks)
- j. What is overdraft? (2 marks)
- k. What is the maximum number of members in partnership entity? (2 marks)
- l. What law governed the establishment of Sendirian Berhad companies in Malaysia? (2 marks)
- m. Define accounting equation. (2 marks)
- n. What is the taxable income rate for local businesses? (2 marks)
- o. List two key characteristics of accounting information. (4 marks)

SECTION B (Total: 60 marks)**INSTRUCTION: Answer ALL questions.****Question 1**

Total asset and liabilities at the beginning and ending year of FlexRays Auto Services is as below:

ITEM	BEGINNING	ENDING
Assets	RM 95,000	RM 180,000
Liabilities	RM 48,000	RM 96,000

If owner, Mr Safwan Hadi made additional investment for RM13,000 and later, withdrew RM34,000. What is the amount of the owner's equity for FlexRays Auto Services? Show your calculation.

(2 marks)

Question 2

The following table summarises the inventory movements of a particular product for the year under the perpetual inventory recording system.

	1st. Quarter	2nd. Quarter	3rd. Quarter	4th. Quarter
Opening balance	100 @ 2.00			
Purchase	60 @ 1.80	40 @ 2.00	120 @ 1.50	78 @ 1.70
Sales	80 @ 1.70	70 @ 1.75	80 @ 1.70	65 @ 1.75
Closing stock count	47 units			

- Calculate inventory shortage.
- Determine cost of goods sold using FIFO.
- Determine the value of closing stock using LIFO.
- Determine the value of stock loss using moving average.

(21 marks)

Question 3

Waja Muffler Sdn Bhd operates an automobile service facility that specializes in replacing mufflers on compact car. The following table shows the costs incurred during a month when 600 mufflers were replaced. Calculate the missing figures and show calculation two of your answers.

MUFFLER REPLACEMENT			
	500	600	700
	(RM)		
TOTAL COST:			
Fixed costs	a	42,000	b
Variable costs	c	30,000	d
Total costs	e	72,000	f
COST PER MUFFLER REPLACEMENT			
Fixed costs	g	h	i
Variable costs	j	k	l
Total costs per muffler replacement	m	n	o

(19 marks)

Question 4**(18 marks)**

The following information relates to the business of Sheikh Nazatul who is concerned about the profitability and financial structure of his business at 30 June 2006, especially since the bank has required repayment for his business overdraft. Inventory at 1 July 2004 was RM18,000 and trade debtors at 1 July 2004 were RM9,000.

	June 30, 2005	June 30, 2006
	RM	RM
Sales (credit)	69,000	108,000
Cost of goods sold	44,850	75,600
All other expenses	13,800	25,200
Cash at bank	13,800	(21,600)
Inventory	20,700	39,600
Trade debtors (net)	13,800	36,000
Non-current assets (net)	27,600	57,600
Creditors	6,900	10,800
Sheikh Nazatul's capital	69,000	86,400
Non-current liabilities	0	14,400

QUESTION:

- a. State the formula and calculate the following ratios for 2005 and 2006
 - a. Net profit margin
 - b. Rate of return on owners' equity
 - c. Current ratio
 - d. Quick ratio
 - e. Gearing ratio
 - f. Inventory turnover period

END OF QUESTION