



FINAL EXAMINATION
JULY 2023

COURSE TITLE	BASIC FINANCIAL ACCOUNTING
COURSE CODE	FACT0114
DATE/DAY	16 OCTOBER 2023 / MONDAY
TIME/DURATION	09:00 AM - 12:00 PM / 03 Hour(s) 00 Minute(s)

INSTRUCTIONS TO CANDIDATES :

1. Please read the instruction under each section carefully.
2. Candidates are reminded not to bring into examination hall/room any form of written materials or electronic gadget except for stationery that is permitted by the Invigilator.
3. Students who are caught breaching the Examination Rules and Regulation will be charged with an academic dishonesty and if found guilty of the offence, the maximum penalty is expulsion from the University.

(This Question Paper consists of 9 Printed Pages including front page)

*****DO NOT OPEN THE QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO*****

This question paper consists of TWO (2) sections. Answer ALL questions in the answer booklet provided. [100 MARKS]

SECTION A

(40 Marks)

There are TWENTY (20) questions in this part. Answer ALL questions in the answer booklet.

1. When the owner pays creditors private money outside of the firm, what is the effect on the financial report?
 - A. No transaction will be recorded
 - B. Decrease in liability, increase capital
 - C. Decrease asset, decrease capital
 - D. Decrease liability, decrease capital

2. The following are the components of financial statement **EXCEPT** _____.
 - A. income statement
 - B. trial balance
 - C. balance sheet
 - D. explanatory notes

3. The total of COGS is RM 26,000, sales is RM 38,500 and other expenses is RM 4,500. Calculate the total net profit/loss.
 - A. RM 8,000
 - B. RM 17,000
 - C. RM 12,500
 - D. RM 21,500

4. Which accounting assumption assumes that an enterprise will continue in operation long enough to carry out the business?
 - A. Monetary unit assumption
 - B. Economy entity assumption
 - C. Time period assumption
 - D. Going concern assumption

5. Bangtan Enterprise, wants to establish a provision for doubtful debts based on percentage of the year-end debtors. On October 2022, it had debtors' figures of RM 100,000 and it estimates that 1% of the debtors will be bad. Which of the following is a correct journal entry for this transaction?
- A. Dr Doubtful debts RM 1000
 Cr Provision for doubtful debts RM 1000
- B. Dr Provision for doubtful debts RM 1000
 Cr Doubtful debts RM 1000
- C. Dr Doubtful debt RM 1000
 Cr Income Statement RM 1000
- D. Dr Provision for doubtful debts RM 1000
 Cr Debtors RM 1000
6. What might cause a decrease in a company's non-current asset turnover?
- A. Increase in expenses
B. Increase in sales revenue
C. Purchase of new non-current assets
D. Selling non-current assets
7. A measure of profitability is based on the _____.
- A. current ratio
B. debt to total assets ratio
C. return on assets ratio
D. working capital
8. A business purchased a fixed asset on 1 January 2021 for RM 100,000. The asset was depreciated using balance method at 20% per annum. It was then sold for RM 40,000 on January 2023. Calculate the loss on disposal.
- A. RM 20,000
B. RM 24,000
C. RM 40,000
D. RM 60,000
9. The early capital is RM 25,000, ending capital is RM 37,000, and the withdrawal is RM 23,000. Calculate the amount of net income or net loss for this statement.
- A. (RM 35,000)
B. RM 35,000
C. (RM 14,000)
D. RM 14,000

10. Trade receivable is RM 12,400, fixture and fittings is RM 3,000, return inwards is RM 370, trade payable is RM 8,100, sales is RM 17,500. How much is the net profit/loss for the balance sheet statement?
- A. (RM 17, 130)
 - B. RM 9,030
 - C. RM 7,300
 - D. (RM 17, 500)
11. Which of the following statements is incorrect?
- A. Accrual Basis of accounting requires the income expense to be recognized in the accounting period rather than cash basis.
 - B. Accrual Basis of accounting requires the cash basis to be recognized in the accounting period rather than income statement.
 - C. Accrual Basis has an exception for the cash flow statement.
 - D. Prepaid income and unearned income are the types for Accrual Basis
12. Mappa Enterprise has paid the rental in arrears with the amount of RM987. Determine the correct journal entry for this transaction.
- A.

Dr. Bad Debts	RM 987		
Cr. Rent		RM 987	
 - B.

Dr. Rental expenses	RM 987		
Cr. Accrued rent		RM 987	
 - C.

Dr. Prepaid rent	RM 987		
Cr. Cash		RM 987	
 - D.

Dr. Cash	RM 987		
Cr. Debtors		RM 987	
13. A business sold a non-current asset after six years. It had been purchased for RM 15,000 and had an estimated life of 10 years, with no residual value. The disposal cost was RM 1000 and there was a profit on disposal of RM 3000. Calculate the sale price.
- A. RM 8000
 - B. RM 9000
 - C. RM 10,000
 - D. RM 11,000

14. Nezuko bought 2 cartons of drinking water from Geto and paid RM 270 in cash. The transaction involved debit cash account amounting RM 270, and credit purchase account amounting RM 270. This represents _____ concept.
- A. the dual aspect
 - B. money measurement
 - C. business entity
 - D. historical cost
15. Which of the following is incorrect about the purpose of the trial balance?
- A. Act as equality of the debit and credit balances in the ledger
 - B. Act as part of the financial statements
 - C. Helps to localize errors within a given time period
 - D. Helps to facilitate the preparation of the financial statements.
16. Accrual basis can be defined as _____.
- A. financially healthy business that has no intention of ceasing to trade
 - B. produces reports that help managers to plan and to control what the business is doing
 - C. income must be recorded when it is earned not when cash is received from the customers
 - D. similar items should be treated the same way within one set of financial statements and a chosen particular method must stay one period
17. Accrued expenses are known as _____.
- A. Allocation of the depreciable amount over its estimated useful life.
 - B. Expenses incurred during the accounting period but payment has not been made.
 - C. Payments made in advance.
 - D. Equity.
18. A machine is paid for with a cheque for RM 21,000 on 1st January 2022 and the estimated useful life of the fixed asset is 10 years. The salvage value at the end of the 10 years is estimated to be RM 1,000. By using a straight-line method, calculate the depreciation value.
- A. RM 2,100
 - B. RM 11,000
 - C. RM 2,000
 - D. RM 20,000

19. Neji Trading sells goods on credit at a price above the cost price of the goods. The balance sheet effects are _____.
- A. increase assets, increase liabilities
 - B. increase assets, decrease liabilities
 - C. decrease assets, increase revenues
 - D. increase assets, increase revenues
20. Kook's Cookies Shop started the year with total assets of RM 60,000 and total liabilities of RM 40,000. During the year, the business recorded RM 100,000 in revenue, RM 55,000 in utility expenses, RM 1,000 machine depreciation for the year and RM 10,000 in dividends. Calculate the net income reported for Kook's Cookies Shop.
- A. RM 35,000
 - B. RM 45,000
 - C. RM 44,000
 - D. RM 90,000


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SECTION B

(60 Marks)

There are **THREE (3)** questions in this part. Answer **ALL** questions in the answer booklet.

QUESTION 1

Joon owned a music equipment company known as, Joonie Joon Bhd. The following is the trial balance as at 31st December 2022.

	Debit (RM)	Credit (RM)
Purchases and Sales	765,000	1,277,000
Returns inwards and outwards	15,400	7,300
Salaries	95,000	
Stationery and printing	1,750	
Light and heat	4,200	
Accrued insurance as at 1 January 2022		3,500
Travelling expenses	16,000	
Discount allowed and received	2,500	2,600
General expenses	2,550	
Rent, rates and insurance	25,000	
Debtors and creditors	55,000	22,000
Accumulated depreciation:		
Motor vehicles		21,600
Fixture and fittings		14,000
Motor vehicles	60,000	
Fixture and fittings	35,000	
Shop premises	270,000	
Capital as at 1 January 2022		144,000
Allowance for doubtful debts		1,400
Cash and bank	51,000	
Stock in hand as at 1 January 2022	95,000	
	1,493,400	1,493,400

The following information is to be taken into account:

1. Joon has taken out some music equipment worth RM600 to use at his studio.
2. Inventory on 31st December 2022 was valued at RM82,300.

3. Prepayments at the end of the financial year: Insurance RM1,800; and stationery and printing RM450.
4. Depreciation is to be provided for fixture and fittings at 20% per annum on cost and motor vehicles at 20% per annum on net book value.
5. Accrued expenses as at 31st December 2022 were: light and heat RM125; and general expenses RM150.
6. A debtor of RM600 failed to pay his debt. After repeated attempt to recover the debt, Joon decided to write off this amount as bad debt.
7. The allowance for doubtful debts was set at 2% of net debtors.

You are required to prepare:

- a) The income statement for the year which ended on 31st December 2022. (15 marks)
- b) The balance sheet as at 31st December 2022. (15 marks)

QUESTION 2

Megumi has a sundry shop business registered under the name of Kaizen Enterprise. The following is a summarized version of the bad debts, provision for doubtful debt and the debtors accounts of his business since its start in 2019.

Table 1: Summary of bad debts, provision for doubtful debt and debtors accounts from 2019 to 2023

Year	Debtors at end of the year	Bad debts already written off during the year	Provision for doubtful debts at % of outstanding debtors at end of year
	RM	RM	%
2019	400,000	3,000	1
2020	395,000	3,500	1
2021	420,000	6,000	1
2022	500,000	1,000	1
2023	380,000	500	1

You are required to prepare:

- a) Bad debts account (5 marks)
- b) Doubtful debts account (5 marks)
- c) Provision for doubtful debts account (5 marks)
- d) Balance sheet (5 marks)

QUESTION 3

Ratio analysis is used for analyzing financial statements. There are FOUR (4) ratios analysis including liquidity analysis, debt management analysis, profitability analysis and asset management analysis. Provide TWO (2) formulas from:

- a) Profitability analysis (5 marks)
- b) Liquidity analysis (5 marks)

*** END OF QUESTION PAPER ***

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