



**FINAL EXAMINATION**  
**MARCH 2024**

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<b>COURSE TITLE</b>	<b>BASIC FINANCIAL ACCOUNTING</b>
<b>COURSE CODE</b>	<b>FACT0114</b>
<b>DATE/DAY</b>	<b>11 JUNE 2024 / TUESDAY</b>
<b>TIME/DURATION</b>	<b>09:00 AM - 12:00 PM / 03 Hour(s) 00 Minute(s)</b>

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(This Question Paper consists of **10** Printed Pages including front page)

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This question paper consists of THREE (3) 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. The primary objective of financial accounting is \_\_\_\_\_.
  - A. to record business transactions
  - B. to provide information for decision making
  - C. to know how much cash they have
  - D. to check if they are making a profit or loss
  
2. Given the total net loss is RM 11,200, sales are RM 30,500 and other expenses are RM 5,700. Find the cost of goods sold.
  - A. RM 36,000
  - B. (RM 36,000)
  - C. (RM 24,800)
  - D. RM 24,800
  
3. Which of the following is **NOT** the definition of management accounting?
  - A. Is interested in explaining what has happened and looking into future
  - B. It can be explained by saying about resources, capital, assets and liabilities
  - C. The concept based on a number of longstanding assumptions and conventions
  - D. An accounting record for the foreseeable future
  
4. \_\_\_\_\_ can be defined as to show the idea of monetary value such as the amount that the business paid for them.
  - A. Business entity
  - B. Time interval
  - C. Historical cost concept
  - D. Money measurement

5. Which accounting concept does the financial events should be presented in the financial statements in line with their real, actual impact?
- A. Accrual basis concept
  - B. consistency
  - C. No offsetting principle
  - D. Substance over form
6. A measure of profitability is based on the \_\_\_\_\_.
- A. net profit margin
  - B. total debt to total assets ratio
  - C. current ratio
  - D. inventory turnover
7. The followings are the ratio analysis to analyze financial statement, **EXCEPT** \_\_\_\_\_.
- A. Asset management analysis
  - B. Liquidity analysis
  - C. Liability analysis
  - D. Debt management analysis

Question 8 and 9 will be based on the following scenario:

Jinshi Enterprise, wants to establish a provision for doubtful debts based on percentage of the year-end debtors. On October 2023, it had debtors' figures of RM 100,000 and it estimates that 1% of the debtors will be bad.

8. Which of the following is a current 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

9. Based on your answer above, determine the amount for the balance sheet.
- A. The provision for doubtful debts will appear RM 1000
  - B. The provision for doubtful debts will appear RM 99,000
  - C. The net debtor will appear RM 1000
  - D. The net debtor will appear RM 99,000
10. The total amount of fixed assets and current assets are RM 35,450, while current liabilities are RM 5,750. How much is the total of owner's equity and long-term liabilities?
- A. (RM 29,700)
  - B. RM 29,700
  - C. (RM 41,200)
  - D. RM 41,200
11. On January 2021, an equipment is paid with a cheque for RM 21,000 and the estimated shelf life of the fixed asset is 8 years. The salvage value at the end of the 8 years is estimated to be RM 2,000. Calculate the depreciation value by using the straight-line method.
- A. RM 2,625
  - B. RM 21,000
  - C. RM 2,375
  - D. RM 19,000
12. What is the type of analysis used where the company needs to divide earnings before interest and tax with interest expenses?
- A. Times interest earned (TIE)
  - B. Liquidity
  - C. Net profit margin
  - D. Days sales outstanding (DSO)
13. Mao Mao Enterprise has paid RM 641 for rental in arrears. Which of the following is the correct journal entry for Mao Mao Enterprise?
- A. 

Dr. Bad Debts	RM 641	
Cr. Rent		RM 641
  - B. 

Dr. Rental expenses	RM 987	
Cr. Accrued rent		RM 641
  - C. 

Dr. Prepaid rent	RM 641	
Cr. Cash		RM 641
  - D. 

Dr. Cash	RM 641	
Cr. Debtors	RM 641	

14. A business's sales are RM 38,600, the beginning stock is RM 26,000 and the closing stock is RM 12,300. Calculate stock turnover ratio.
- A. 1.48
  - B. 2.02
  - C. 2.11
  - D. 3.13
15. Geto, a florist bought vases amounting to RM 5,000 on credit from Blossom Garden, in December 2023. When would Geto be able to record costs associated with these vases?
- I. At the time when Geto incurred those costs
  - II. In 2024, after the sales has been completed
  - III. When the florist records the purchase of these vases
  - IV. At the Blossom Garden's discretion
- A. I, II, III
  - B. I, III
  - C. III, IV
  - D. I only
16. Which of the following is related to the trial balance?
- A. Act as equality of the debit and credit balances
  - B. Act as part of the financial statements
  - C. Part of the double entry system, as a checking mechanism
  - D. An account to facilitate the preparation of financial statements.
17. Which of the items below is **INCORRECT** about the components for trading account?
- A. PFDD
  - B. Bad debt
  - C. Interest expense
  - D. Bad debt recovered
18. The nature of provision is to \_\_\_\_\_
- I. charge as an expense in the income statement if the debts never be received from trade debtors
  - II. comply with the matching principle
  - III. set aside of income to meet a highly probable known future liability or loss
  - IV. to record bad debt

- A. I, II, III
- B. I, III
- C. III, IV
- D. All the above

19. Below are two accounts pertaining to the owner of Kakashi Enterprise, a sole trader.

Capital	
	RM
Balance b/d	15,000
Profit and loss	4,000
Drawing	
RM	
Purchase	18,000.00
Bank	2,000.00

Based on these accounts, which of the following statements best describes the situation?

- A. Kakashi Enterprise has made a profit of over 20% on the capital.
  - B. Kakashi Enterprise should stop buying too many goods as they will shoulder additional storage costs.
  - C. Kakashi Enterprise has made a loss this year.
  - D. Kakashi Enterprise should not keep taking goods home for personal use as they're using their capital.
20. Which of the following is / are **TRUE** about tangible assets?
- I. Tangible assets comprise physical assets
  - II. Tangible assets are classified as current and non current assets
  - III. Tangible assets are amortized over their useful life on the income statement
  - IV. Tangible assets are classified as non – current assets
- A. II
  - B. IV
  - C. I and II
  - D. III and IV

**SECTION B**

**(20 Marks)**

There are TEN (10) true or false statements in this part. Answer ALL statements in the answer booklet.

Statements	True or False
1) When the owner takes out goods from the business for his/her personal use, the profit balance of the business will be reduced.	
2) Trade debtor, Eren, has amount due on January 2023 at RM 4,000 and was written off RM 400 as bad debt on 31 December 2023. The accounts involved in recording the bad debt written off are bad debt account and trade debtor account, amounted RM 3,600.	
3) Yuji, a sole trader, did not adjust his trial balance for accruals and prepaid items before he prepared his final accounts. Based on this situation, his asset valuation is unaffected, but the net profit will be affected.	
4) The net book value formula is based on the depreciation minus of the total cost of the fixed assets.	
5) Bochie decided to expand her business and brought into the business a cheque for RM 50,000 which she had inherited upon her own savings, as well as her brother's private van to be used to deliver goods to customers, RM 26,000. The effects of this transaction would be,  Dr Capital Account RM 76,000 Cr Bank RM 50,000 Cr Vehicle RM 26,00	
6) On January 1, 2023, the opening balance for Hana Enterprise was RM 47,900. During the course of the year 2023, the owner took goods worth RM 4,400 for his family's consumption. He also withdrew RM 12,000 from the business bank account for his personal use. By 31 December 2023 his net profit was RM 15,600 and closing capital is RM 47,100.	
7) Levi rented his house to Mikasa, and the rental fee is RM 900 per month. At the end of the year, Mikasa paid RM 11,000 via cheque to Levi. This situation is an example of unearned income.	
8) Joon has the following balance sheet summary:  Net current liabilities RM 76,150 Net current assets RM 167,634.88 Fixed assets RM 114,300.45  The working capital is RM 91,484.88 and the net worth of Joon's business is RM 205,785.33	

9) Prepaid income is income which has been received but not yet earned and must be recorded, while prepaid expense is expense paid in advance which has been incurred but not yet incurred.	
10) To prepare trial balance, Ken realized that he needs to do some adjustment of the RM 820 for rent and rates, RM 100 was rent pain in advance. He will adjust,  Dr rent and rates RM 720 Cr prepaid rent and rates RM 100	

  
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**SECTION C**

**(40 Marks)**

There are TWO (2) questions in this part. Answer ALL questions in the answer booklet.

**QUESTION 1**

Kaze Matsuri Bhd opened a retail shop selling furniture items. The following ledgers took place for trading year 2023:

	<i>RM</i>
Cash	15,000
Bank	21,090
Capital	57,310
Bank loan	14,600
Sales	20,100
Bad debt	9,300
Interest expense	11,270
Purchases	12,000
Utility bills	500
Purchase return	80
Gain on disposal	370
Accumulated depreciation	19,000
Trade debtor	13,500
Trade creditor	6,050
Lorry	50,000
Return inward	750
Dividend received	15,400
PFDD	500

You are required to prepare:

- a) The income statement for December 2023. (10 marks)
- b) The balance sheet for December 2023. (10 marks)

## QUESTION 2

The following table is the comparison of financial statement analysis between the year 2023 and 2022 for Kyo Kyoto Enterprises.

	2022	2023
<b>Inventory turnover ratio</b>	3 times	4 times
<b>Total asset turnover ratio</b>	2.14 times	1.99 times
<b>Net profit margin</b>	23.56%	21.5%
<b>Quick ratio</b>	1.86	1.91

**Table 1**

Based on the table above,

- list down the formula for quick ratio and inventory turnover ratio. (6 marks)
- what is the performance for total asset turnover ratio for year 2023? Justify your reason. (2.5 marks)
- what happens if total asset turnover ratio is at 2.01 times for year 2024? (2.5 marks)
- if year 2024 the net profit is RM 10, 247, discount allowed is RM 461 and sales revenue is RM 54, 773, how much is the net profit margin? (5 marks)
- based on your answer in (d), as a chief accountant what would you suggest to the company? (4 marks)

\*\*\* END OF QUESTION PAPER \*\*\*