



**FINAL EXAMINATION**  
**NOVEMBER 2023**

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<b>COURSE TITLE</b>	<b>FINANCIAL ACCOUNTING</b>
<b>COURSE CODE</b>	<b>AACT3133</b>
<b>DATE/DAY</b>	<b>14 FEBRUARY 2024 / WEDNESDAY</b>
<b>TIME/DURATION</b>	<b>09:00 AM - 12:00 PM / 03 Hour(s) 00 Minute(s)</b>

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**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 5 Printed Pages including front page)

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

This question paper consists of FOUR (4) questions. Answer ALL questions in the answer booklet.

(60 MARKS)

QUESTION 1

(15 Marks)

Paul and Ann are in partnership. Their financial year ends on 30<sup>th</sup> September. When they started the business, they drew up a partnership agreement which provided for:

- Interest on Capital at 4% per annum
- Interest on Drawings at 5%
- An annual salary of RM7,000 for Paul
- Sharing of profits and losses equally 1:1

On 1<sup>st</sup> October 2022, the balances on the partners' account were as follows:

	Paul	Ann
	RM	RM
Capital Account	50,000	85,000
Current account	10,000 credit balance	2,000 debit balance

Drawings during the year ended 30<sup>th</sup> September 2023 were as follows:

	RM
Paul	9,000
Ann	11,000

The Net Profit for the year was RM80,400.

**Required:**

Prepare the profit and loss appropriation account and the current account for the year ended 30<sup>th</sup> September 2023. (15 marks)

**QUESTION 2**

**(25 Marks)**

SE Manufacturing Bhd manufactures cameras. The following balances were extracted at 31 December 2023:

	<b>RM'000</b>
Sales	9,025
Raw materials:	
Purchases	1,000
Returns outwards	30
Carriage inwards	25
Direct labour	900
Direct overheads	200
Factory rent	80
Office rent	25
Electricity	140
Insurance	320
Salaries:	
Factory supervision	105
Office	400
Directors	500
General office costs	310
Canteen services	250
Cleaning:	
Factory	100
Office	25
Stocks at 1 January 2023:	
Raw materials	205
Work-in-progress	125
Finished goods (at transfer price)	300
Factory machinery:	
Cost	6,000
Accumulated depreciation	1,500
Office equipment rental	90

**Additional information:**

	<b>RM'000</b>
(1) Factory rent prepaid at 31 December 2023	10
(2) Electricity accrued at 31 December 2023	60
(3) Insurance prepaid at 31 December 2023	20
(4) Stocks at 31 December 2023:	
Raw materials	250
Work-in-progress	175
Finished goods (at transfer price)	240
(5) Depreciation on factory machinery is to be provided at 25% reducing balance	
(6) Apportion electricity, insurance and canteen costs: 80% factory and 20% office	
(7) Finished goods are transferred to the Trading Account at total factory cost plus 20%.	

**Required:**

Prepare the Manufacturing, Trading and Profit & Loss Accounts for the year ended 31 December 2023 as well as Statement of Financial Position as at that date.

**QUESTION 3**

**(10 Marks)**

- a) A business has a financial year end of 31 December. A computer is bought for RM2,000 on 1 January 2020. It is to be depreciated at the rate of 20% using the reducing balance method. Show the records for the first three years. (3 marks)
- b) Using information in (a), the computer was sold on 2 January 2023. At 31 December 2022, the cost was RM2,000 and a total accumulated depreciation is RM976. Show your calculation if the computer has been sold for RM1,070. (3 marks)
- c) What do you understand by depreciation? Explain **TWO (2)** popular methods in calculating depreciation amount. (4 marks)

**QUESTION 4**

**(20 Marks)**

Two companies, namely Meow-Wolf Sdn Bhd (MWSB) and Doggie-Catty Sdn Bhd (DCSB) are in the business of selling pet food, supplements and related products. Both companies are located in the same township in Petaling Jaya, and their customers are operators of "pet hotel" and veterinary clinics that purchase in bulk and on credit as well as dog and cat owners who make cash purchases.

Below are the summarised statements of profit or loss for the year ended 31 December 2023 of MWSB and DCSB.

	<b>MWSB</b>	<b>DCSB</b>
	<b>RM</b>	<b>RM</b>
Total sales	900,000	600,000
Cost of goods sold	585,000	390,000
Gross profits	315,000	210,000
Operating expenses	207,000	174,000
Net profits	108,000	36,000

The summarised statements of financial position as at 31 December 2023 of MWSB and DCSB are presented below:

	<b>MWSB</b>	<b>DCSB</b>
	<b>RM</b>	<b>RM</b>
<b>Current assets:</b>		
Cash	150,000	80,000
Trade receivables	410,000	140,000
Inventories	280,000	200,000
	840,000	420,000
<b>Current liabilities:</b>		
Trade Payables	460,000	250,000
Accrued expenses	100,000	30,000
<b>Non-current assets</b>	<b>578,000</b>	<b>260,000</b>
	<b>858,000</b>	<b>400,000</b>

<b>Non-current liabilities</b>		
Bank loan	150,000	64,000
<b>Owner's equity:</b>		
Capital	600,000	300,000
Retained earnings	108,000	36,000
	<b>858,000</b>	<b>400,000</b>

**Required:**

Based on the above information:

- a) Compute the following financial ratios for each of the two companies:
- (i) Current ratio
  - (ii) Quick ratio
  - (iii) Gross profit margin
  - (iv) Net profit margin
  - (v) Return on capital employed

Note: Show the appropriate formulae and proper workings (5 marks)

- b) Based on the above ratios, present a comparative discussion on the significance and implications of the respective ratios in respect of (1) financial liquidity and (2) financial performance of each of the two companies. (15 marks)

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

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