

FINAL EXAMINATION
NOVEMBER 2021

COURSE TITLE	BASIC FINANCIAL ACCOUNTING
COURSE CODE	FACT0114
DATE/DAY	17 FEBRUARY 2022 / THURSDAY
TIME/DURATION	09:00 AM - 10:30 AM / 1.5 Hours

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 **8** Printed Pages including front page)

This question paper consists of TWO (2) sections. Answer ALL questions in the question paper. (100 Marks)

Section A (70 Marks)

There is ONE (1) question in this section. Answer ALL questions in the question paper.

Question 1 (70 Marks)

The following balances are recorded in the book of Fawwaz Sdn Bhd as at 31st December 2019:

Accounts	Carried Forward Figure (RM)
Capital	149,950
Trade debtors	45,800
Provision for doubtful debt	687
Trade creditors	25,960
Lorry (cost)	150,000
Accumulated depreciation (lorry)	52,000
Cash	80,700
Bank overdraft	3,450
Land	10,500
Bank loan	54,953

These transactions occurred during the year ending 31st December 2020:

1. Credit purchases amounted to RM 50,000.
2. Sales amounted to RM 150,000 where 50% of it was a cash transaction. The remaining amount was a credit transaction.
3. One of the trade debtors returned goods amounted to RM 3,000 due to a wrong order.
4. Ramzi, one of the trade debtors, went missing and his account amounting to RM 7,350 was closed.
5. Received dividend amounting to RM 15,500 via cheque.

6. Paid trade creditors RM 9,500 by cash.
7. Received commission amounting to RM 300 via cheque.
8. Interest paid amounted to RM 2,000 in cash. RM 500 was an advance payment.
9. Utility bills for the year amounted to RM 850. Payment amounting to RM 500 was made via cheque.
10. One of missing customers, Dahlia returned and settled her account amounting to RM 100 by cash.
11. The lorry has been depreciated by using straight line method for two years.
12. A total rent of RM 22,500 has been paid by cheque for the period from January 2020 to March 2021.
13. On 1st July 2020, purchase of stationaries for office use amounted to RM 8,000 from Amber Sdn. Bhd. Payment was settled via cash. The stationaries will be depreciated using reducing balance method at 25% per annum.
14. Paid 5,000 by cash for the bank loan.
15. The company decided that the Provision for Doubtful Debt (PFDD) for the year ending December 2020 would be 0.15% of total balance of trade debtors.

UNIRAZAK
UNIVERSITI TUN ABDUL RAZAK
Copying, modifying, or reprinting, is not permitted.

Required:

Fill in the blanks for the following income statement and balance sheet. Each correct answer is worth 1.75 marks. (70 marks)

Income Statement for the year ending 31st December 2020

	RM	RM
Sales revenue		1)
(-) Sales returns		2)
Net sales revenue		3)
<u>(-) COGS</u>		
Purchases		50,000.00
Gross profit		4)
<u>(+) Other income</u>		
Dividend income	5)	
Commission income	300.00	
Bad debt recovered	6)	
Decrease in doubtful debt	7)	8)
<u>(-) Expenses</u>		
Bad debt	9)	
Depreciation lorry	10)	
stationaries	11)	
Interest expense	12)	
Utility bills	13)	
Rent expense	14)	15)
		16)
Net profit		17)

Balance Sheet as at 31st December 2020

	RM Cost	RM Acc Depr	RM NBV
<u>Fixed assets</u>			
Land			18)
Lorry	19)	20)	21)
Stationaries	8,000.00	22)	23)
Net fixed assets			24)
<u>Current assets</u>			
Cash		25)	
Trade debtors	26)		
(-) PFDD	27)	28)	
Prepaid interest expense		29)	
Prepaid rent expense		30)	
		31)	
<u>(-) Current liabilities</u>			
Trade creditors	32)		
Bank overdraft	33)		
Accrued utility bills	34)	35)	
Working capital			36)
			37)
Financed by:			
<u>Long-term liability</u>			
Bank loan			38)
<u>Owner's equity</u>			
Capital			149,950.00
Net profit			39)
			40)

Section B

(30 Marks)

There are FIFTEEN (15) questions in this section. Answer ALL questions in the question paper. Each question is worth 2 marks.

1. Higher the ratio, the more favourable it is, doesn't stand true for:
 - A. current ratio
 - B. quick ratio
 - C. debt ratio
 - D. times interest earned ratio

2. Given that sales are RM 120,000 and gross profit is RM 30,000, the gross profit ratio is:
 - A. 25%.
 - B. 24%.
 - C. 40%.
 - D. 44%.

3. Inventory is considered as a liquid asset as anytime it can be converted into cash immediately.
 - A. True
 - B. False

4. Which of the following is not included in current assets when calculating acid test ratio?
 - A. Trade debtors.
 - B. Cash in hand.
 - C. Cash at bank.
 - D. Inventories.

5. Increase in trade debtors _____
 - A. has no impact on current ratio
 - B. decreases current ratio
 - C. increases current ratio
 - D. none of the options

6. What will be the gross profit if, total sales are RM 260,000, cost of goods sold is RM 200,000 and sales return is RM 10,000?
- A. 20%
 - B. 26%
 - C. 19%
 - D. 13%
7. Quick ratio is 1.8, current ratio is 2.7 and current liabilities are RM 60,000. Determine value of inventories.
- A. RM 54,000.
 - B. RM 60,000.
 - C. RM 162,000.
 - D. None of the options.
8. Liquid ratio is also known as _____.
- A. quick ratio
 - B. acid test ratio
 - C. current ratio
 - D. All options are correct.
9. Which ratio is considered as safe margin of solvency?
- A. Quick ratio
 - B. Acid test ratio
 - C. Current ratio
 - D. None of the options
10. The lower inventory turnover ratio highlights the under utilizations of the resources accessible at the disposal of the firm.
- A. True
 - B. False
11. If sales revenue is RM 1,000,000, sales returns is RM 50,000, profit before tax is RM 200,000 and income tax is 40%, net profit ratio is:
- A. 21.05%
 - B. 12.63%
 - C. 8.42%
 - D. 12%

12. If sales revenue is RM 500,000 and net profit is RM 120,000, net profit ratio is:
- A. 24%
 - B. 41.6%
 - C. 60%
 - D. 23%
13. Gross Profit ratio should be adequate to cover:
- A. selling expenses
 - B. administrative expenses
 - C. dividends
 - D. All of the options are correct.
14. While calculating Gross Profit ratio, _____.
- A. closing stock is added to cost of goods sold
 - B. closing stock is deducted from cost of goods sold
 - C. closing stock is ignored
 - D. None of the options
15. Which of the following are limitations of ratio analysis?
- I. Ratio analysis may result in false results if variations in price levels are not considered.
 - II. Ratio analysis ignores qualitative factors.
 - III. Ratio analysis ignores quantitative factors.
 - IV. Ratio analysis is historical analysis.
- A. I, II and III.
 - B. I, II and IV.
 - C. I, III and IV.
 - D. II, III and IV.

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