



FINAL EXAMINATION

COURSE : FOUNDATION IN FINANCIAL ACCOUNTING

COURSE CODE : PAC1143

DURATION : 2 HOURS

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **TWO (2)** parts: PART A (02 questions)
: PART B (02 questions)
2. Answer ALL questions in the Answer Booklet provided.
3. Please check to make sure that this examination paper consists of:
 - i. The Question Paper
 - ii. An Answer Booklet
 - iii. APPENDIX 1
4. Do not bring any material into the examination hall unless permission is given by the invigilator.
5. Please write your answer using a ball-point pen.

MYKAD NO : _____

ID. NO. : _____

LECTURER : _____

SECTION : _____

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

The question paper consists of 09 printed pages

MAR2024/B/PAC1143

PART A

A. State each of the following statement whether is **TRUE** or **FALSE**. (5 points)

1. **(1 point)**

The preparation of bank reconciliation statement is the responsibility of the bank.

2. **(1 point)**

Debit balance in bank statement indicates overdraft by the business.

3. **(1 point)**

Bank reconciliation statement is prepared to reconcile the balance as shown in the cash book and the balance shown in the bank statement.

4. **(1 point)**

Profitability ratios such as the gross profit ratio and net profit ratio indicate the ability of a company to pay short term debt.

5. **(1 point)**

The debt to asset ratio measures the extent to which borrowed funds have been utilised to finance the acquisition of assets.

B. Choose the CORRECT answer. (5 points)

1. (1 point)

Which of the following is **NOT** a reason for the differences between cash book and bank balance?

- A. Time lag
- B. Cheque cleared
- C. Error
- D. Unrecorded transaction

2. (1 point)

A ratio to evaluate a firm's ability to pay its current liabilities is _____.

- A. current ratio
- B. inventory turnover ratio
- C. receivable turnover ratio
- D. debts to asset ratio

3. (1 point)

Which of the following statements is **NOT TRUE** to related acid test ratio?

- A. The acid test ratio is better measurement than the current ratio.
- B. The higher the acid test ratio, the better the liquidity of a business.
- C. Acid test ratio measures the ability of a business to meet the current obligation.
- D. It is used to quickly determine the solvency and ability of a company to pay long-term debt.

4. (1 point)

If inventory turnover ratio is 12 times, it indicates _____.

- A. the receivables for the company are collected 12 times within an accounting period
- B. the inventories have been replaced 12 times within an accounting period
- C. the net profit for the company is 12%
- D. the gross profit for the company is 12%

5. (1 point)

If gross profit margin is 40%, it indicates _____.

- A. for every RM100 of sales, the company has an operating expense of RM40
- B. for every RM100 of sales, the company has a cost of goods sold of RM40
- C. for every RM100 of sales, the company make a gross profit of RM40
- D. for every RM100 of sales, the company make a net profit of RM40 after deducting the operating expenses

PART B**1. (20 points)**

Below are the bank statement and the cash book of Darman Trading for the month of January 2024. Upon comparing the bank statement and the cash book of the company, Ayra as the accountant of Darman Trading has found differences between the balance as per book and the balance as per bank.

Al-Hijrah Commerce Bank
Bank Statement as at 31 January 2024

Date Jan	Description	Cheque No.	Debit (RM)	Credit (RM)	Balance (RM)
1	Balance b/d				281,500 Cr
3	Cheque Cleared	1591	610		280,890 Cr
6	Cheque Deposited	2345		2,900	283,790 Cr
8	Cheque Cleared	1589	8,505		275,285 Cr
8	Dishonoured Cheque	445567	4,700		270,585 Cr
11	Credit Transfer			900	271,485 Cr
14	Standing Order		2,500		268,985 Cr
16	Credit Transfer			1,540	270,525 Cr
18	Cheque Cleared	1592	2,400		268,125 Cr
21	Cheque Cleared	1593	10,200		257,925 Cr
23	Standing Order		5,200		252,725 Cr
23	Dividend	1113		400	253,125 Cr
25	Bank charges		250		252,875 Cr
27	Cheque Cleared	1594	30,000		222,875 Cr
27	Cheque Cleared	1595	20,750		202,125 Cr
28	Standing Order		1,950		200,175 Cr
28	Cheque Cleared	1596	1,000		199,175 Cr
31	Credit Transfer			350	199,525 Cr

Cash Book (Bank Column)

Date Jan	Particular	Cheque No	RM	Date Jan	Particular	Cheque No	RM
1	Bal b/d		281,500	2	KK Resources	1591	610
5	MM Sdn Bhd	2345	2,090	15	Advertising	1589	8,500
10	Mr. Saw	5555	250	17	Insurance	1592	2,400
24	Sales	5353	6,100	19	Purchases	1593	10,200
26	Muthu	63321	4,000	26	Purchases	1594	30,000
28	Kirana	1251	1,000	27	Citra Trading	1595	20,750
				31	Bal c/d		222,480
			<u>294,940</u>				<u>294,940</u>

Additional information:

Cheque no. 2345 and cheque no. 1589 were wrongly recorded in the cash book but there was no adjustment has been made by the company.

Required:

Prepare a bank reconciliation statement for the month ended 31 January 2024.

2. (20 points)

Below are the financial statements for Zenithway Sdn Bhd for the year ended 31 October 2023. As a financial analyst, you are required to prepare the financial statement analysis in order to assist the management to make vigorous decision.

Zenithway Sdn Bhd

Statement of Comprehensive Income for the year ended 31 October 2023

	RM	RM
Sales		420,500
Cost of goods sold		(168,200)
Gross profit		252,300
Less: <u>Operating Expenses</u>		
Selling & distribution expenses	20,200	
Administrative expenses	30,500	
Total operating expenses		(50,700)
Net profit		201,600

Zenithway Sdn Bhd

Statement of Financial Position as at 31 October 2023

	RM
Land and building	200,300
Motor vehicle	120,000
Inventories	10,250
Account Receivables (net)	10,100
Cash and cash equivalents	17,600
TOTAL ASSET	358,250
Capital	120,000
Add: Net Profit	201,600
Less: Drawings	(6,900)
Loan from Bank Islam	30,000
Advertising Payable	5,000
Account Payables	8,550
TOTAL LIABILITIES & OWNER'S EQUITY	358,250

Additional information:

Average inventories for the years amounted RM11,000.

Required:

Calculate the following ratios for the year 2023.

- a. Current Ratio (6 points)
- b. Net Profit Margin (3 points)
- c. Gross Profit Margin (3 points)
- d. Inventory Turnover Ratio (3 points)
- e. Debt to Total Assets Ratio (5 points)

(Note: Show ALL your workings.)

END OF QUESTION PAPER

APPENDIX 1

$$\text{Current ratio} = \frac{\text{Current asset}}{\text{Current liabilities}}$$

$$\text{Quick ratio/ Acid test ratio} = \frac{\text{Current asset} - \text{Inventory} - \text{Prepayment}}{\text{Current liabilities}}$$

$$\text{Inventory turnover ratio} = \frac{\text{Cost of goods sold}}{\text{Average inventory}}$$

$$\text{Receivable turnover ratio} = \frac{\text{Net credit sales}}{\text{Average net receivables}}$$

$$\text{Gross profit margin} = \frac{\text{Gross profit}}{\text{Net sales}} \times 100$$

$$\text{Net profit margin} = \frac{\text{Net profit}}{\text{Net sales}} \times 100$$

$$\text{Debt to total assets ratio} = \frac{\text{Total liabilities}}{\text{Total asset}} \times 100$$