



FINAL EXAMINATION

COURSE : FUNDAMENTAL OF ACCOUNTING

COURSE CODE : PAC1153

DURATION : 2 HOURS

INSTRUCTIONS TO CANDIDATES:

1. This question paper consist 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 10 printed pages

2024/A/PAC1153

MAR2024/A/PAC1153**PART A (10 points)**

A. Fill in the blank with a suitable answer. (5 points)

cash book	profitability ratio	debt ratio
liquidity ratio	bank statement	timing

1. **(1 point)**

A _____ is a copy of the customer's bank account in the books of the bank.

2. **(1 point)**

If the bank statement balance does not agree with the bank balance of the _____,
then a bank reconciliation statement should be prepared.

3. **(1 point)**

Items in the cash book which do not appear on the bank statement are usually caused by
_____ differences.

4. **(1 point)**

A _____ is the indicator of returns provided by business.

5. **(1 point)**

Current Ratio and Quick Ratio are part of _____.

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

1. **(1 point)**

If the bank charges the business for service fees, the bank makes a credit entry in the bank statement.

2. **(1 point)**

In a bank reconciliation, a note receivable collected by the bank is added to the cash balance per book.

3. **(1 point)**

The inventory turnover ratio is 2 times for Megatech Trading. This ratio indicates that the company rejected its inventory 2 times within the accounting period.

4. **(1 point)**

A company's debt ratio of more than 100% shows that it has more debt than assets while a debt ratio of less than 100% indicates that it has more assets than debt.

5. **(1 point)**

Quick ratio is better than current ratio in measuring the liquidity as it does not take into account the inventory and other current assets that least liquid.

PART B

1. (18 points)

Nadaria Sdn. Bhd.			
Bank Reconciliation Statement at 30 June 2023			
	RM		RM
Cash balance per bank			10,250
Add: Deposit in transit			<u>2,570</u>
			12,820
Less: Outstanding Cheque			
CHQ 02	100		
CHQ 03	400		
CHQ 05	<u>280</u>		<u>(780)</u>
Adjusted cash balance per bank			<u><u>12,040</u></u>

The bank statement of Nadaria Sdn. Bhd. for July 2023 shows the following details:

Date	Cheques		Deposits	
	Cheque No	Amount	Date	Amount
04-Jul	CHQ02	100	02-Jul	2,570
05-Jul	CHQ08	3,500	03-Jul	610
10-Jul	CHQ09	1,650	04-Jul	305
15-Jul	CHQ11	2,700	05-Jul	3,000
21-Jul	CHQ12	340	06-Jul	4,500
22-Jul	CHQ13	1,500		
23-Jul	CHQ16	3,300		
		13,090		10,985
Opening balance				20,100
Closing balance				17,995

The record per book has been made for the month:

Cash payment journal			Cash receipts journal	
Date	Cheque No	Amount	Date	Amount
11-Jul	CHQ08	3,500	03-Jul	610
12-Jul	CHQ09	1,650	04-Jul	350
13-Jul	CHQ10	345	05-Jul	3,000
14-Jul	CHQ11	2,700	06-Jul	4,500
15-Jul	CHQ12	340	07-Jul	2,125
16-Jul	CHQ13	1,050		
17-Jul	CHQ14	460		
18-Jul	CHQ15	1,360		
19-Jul	CHQ16	3,300		
		14,705	10,585	
Opening balance			20,100	
Closing balance			15,980	

The cash balance per bank is RM17,995 and cash balance per book is RM15,980.

The following details is gathered throughout the month of July 2023:

- The NSF cheque amounted RM540 was from a customer, Manis Company.
- The notes collected by the bank was RM2,200 plus with a RM200 interest. The bank charged RM10 as a collection fee.
- Bank issue charges for printing cheque book amounted RM60.
- Bank did not make any errors; however, the two errors were made by company.

Required:

Prepare a bank reconciliation statement as at 31 July 2023.

2. (22 points)

A. Choose the **CORRECT** answer. (8 points)

1. (2 points)

RM	RM
Sales	550,000
COGS	350,000
Operating Expenses	100,000
Other Income	20,000

Which of the following is the correct answer when using net profit margin?

- A. 36.4%
- B. 3.6%
- C. 21.8%
- D. 81.3%

2. (2 points)

A firm's statement of financial position shows RM100,000 non-current liabilities, RM 5,000 current liabilities, RM35,000 current assets and RM126,000 non-current assets. Calculate the debt to total asset ratio.

- A. 65.2%
- B. 14.3%
- C. 153.3%
- D. 79.4%

3. (1 point)

The inventory turnover ratio shows a result of 15 times. What is the suitable interpretation to describe this ratio?

- A. An inventory of RM 1.00 ringgit, RM 0.15 is financed by outsider
- B. An inventory has to be replaced 15 times within accounting period.
- C. An inventory has to be replaced at 15th every month.
- D. An inventory has to be replaced 15 times within a month.

4. (2 points)

If the current liabilities are RM250,000 and the answer for current ratio is 2.5:1. What is the value of the current assets?

- A. RM625,000
- B. RM100,000
- C. RM10,000
- D. RM62,500

5. (1 point)

Receivable turnover ratio for Jenna Trading shows 5 times during 2023 and the manager decided to increase the ratio to 10 times in the future. Which of the following plan is possible to achieve the new ratio?

- A. Encourage sales of goods to customer by cash.
- B. Collecting debt 2 times a year.
- C. Increase credit term from 30 days to 90 days.
- D. Provide incentive in term of discount for early payment.

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- B. The data below shows the financial statement taken from Berrycious Trading, a retail company that sell health products and supplements.

Berrycious Trading

Statement of Comprehensive Income for the year ended 31 July 2023

	<u>RM</u>	<u>RM</u>
<u>Sales Revenue</u>		
Sales		260,000
Less: Cost of Goods Sold		
Beginning Inventory	23,450	
Purchases	<u>150,340</u>	
Cost of Goods Available for Sale	173,790	
Ending Inventory	<u>(73,000)</u>	<u>(100,790)</u>
Gross Profit		159,210
Less: Expenses		<u>(23,100)</u>
Net Profit		<u>136,110</u>

Berrycious Trading

Statement of Financial Position as at 31 July 2023

	RM	RM
ASSETS		
Current Assets		
Inventory	73,000	
Account receivable	76,000	
Prepaid insurance	1,000	
Bank	<u>20,000</u>	170,000
Non-Current Assets		
Motor vehicles	100,500	
Equipment	<u>145,000</u>	<u>245,500</u>
Total Assets		<u>415,500</u>

LIABILITIES AND OWNER'S EQUITY**Current Liabilities**

Account payable	125,250
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Non-Current Liabilities

Long term debt	170,000
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Owner's Equity

Beginning Capital	5,000
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(+) Net profit	136,110
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(-) Drawings	<u>(20,860)</u>
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Ending Capital	<u>120,250</u>
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Total Liabilities and Owner's Equity	<u>415,500</u>
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Required:

Determine the following ratios for the year ended 31 July 2023:

- Current ratio (6 points)
- Gross profit ratio (4 points)
- Debt ratio (4 points)

END OF QUESTION PAPER

APPENDIX 1

Current Ratio	$\frac{\text{Current Asset}}{\text{Current Liability}}$
Acid Test Ratio/Quick Ratio	$\frac{\text{Current Asset} - \text{Inventory} - \text{Prepayment}}{\text{Current Liability}}$
Inventory Turnover Ratio	$\frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$
Receivable Turnover Ratio	$\frac{\text{Net Credit Sales}}{\text{Average Net Receivable}}$
Gross Profit Ratio	$\frac{\text{Gross Profit} \times 100}{\text{Net Sales}}$
Net Profit Ratio	$\frac{\text{Net Profit} \times 100}{\text{Net Sales}}$
Debt Ratio	$\frac{\text{Total Liabilities} \times 100}{\text{Total Assets}}$
Average Collection Period	$\frac{365}{\text{Receivable Turnover Ratio}}$