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UNIVERSITI TUN HUSSEIN ONN MALAYSIA

**FINAL EXAMINATION
SEMESTER III
SESSION 2018/2019**

COURSE NAME : ACCOUNTING AND FINANCE
COURSE CODE : DAT 20702
PROGRAMME CODE : DAT
EXAMINATION DATE : AUGUST 2019
DURATION : 2 HOURS 30 MINUTES
INSTRUCTION : ANSWERS ALL QUESTIONS
IN THE ANSWER BOOKLET.

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THIS QUESTION PAPER CONSISTS OF **SIX (6)** PAGES

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SECTION A

State whether each of the following statement is TRUE or FALSE.

- Q1** The first step in accounting process is recording. (1 mark)
- Q2** Companies are subjected to unlimited liability. (1 mark)
- Q3** Financial analyst is considered as external user of accounting information. (1 mark)
- Q4** If a business is likely to be closed down in near future, then it is a going concern. (1 mark)
- Q5** Statement of Financial Position is also called Balance Sheet. (1 mark)
- Q6** Elements of Income Statement are assets, liabilities and owner's equity. (1 mark)
- Q7** Debit note is given during return outwards. (1 mark)
- Q8** Purchases journal records credit purchases only. (1 mark)
- Q9** Cash discount is given to promote bulk purchases. (1 mark)
- Q10** Carriage outwards is added to Cost of Goods Sold. (1 mark)

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SECTION B

Q11 If double entry principle applied correctly, total debit balances is equal to total credit balances. Explain why this is not always true.

(2 marks)

Q12 Differentiate between service, merchandising and manufacturing business. (6 marks)

Q13 Describe **THREE (3)** types of activities in Cash Flow Statement. (6 marks)

Q14 Categorize the following items into expected cash receipt or expected cash payment.

- (a) Advertising
- (b) Account receivables
- (c) Payroll
- (d) Taxes

(4 marks)

Q15 Distinguish finance accounting from management accounting. (2 marks)

SECTION C

Q16 The owner of a shoe company Niko Sdn. Bhd. gives the following information to you on 1st January 2019.

- (i) Owner has cash in bank RM 15 000 on 1st January 2019.
- (ii) Estimated sales for the first three months of 2019 are as follows:

January	RM 22 000
February	RM 20 000
March	RM 24 000

All sales are given one month credit.

Debtors on 31st December 2018 was RM 18 000.

- (iii) Estimated purchases for the first three months of 2019 are as follows:

January	RM 18 000
February	RM 19 000
March	RM 21 000

All purchases are given one month credit.

Creditors on 31st December 2018 was RM 20 000.

- (iv) Cash payments for each month include:

- a. Wages RM 1 200
- b. Rent RM 400
- c. Selling expense RM 300
- d. Utilities RM 250
- e. Administrative expenses RM 120

- (v) Owner plans to buy a machine costing RM 5 000 in March.

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(vi) Drawings (cash) for each month is estimated at RM 200.

You are required to prepare Cash Budget for January until March 2019.

(30 marks)

Q17 You are given the following Balance Sheet of a company.

Pama Sdn. Bhd.
Balance Sheet as at 31 December 2018

	RM	RM
Non-current assets		
Vehicles	20 000	
Office equipment	<u>5 615</u>	25 615
Current assets		
Stock	3 350	
Debtors	4 385	
Prepaid expenses	200	
Bank	<u>3 990</u>	<u>11 925</u>
		<u>37 540</u>
Funded by:		
Owner's equity		
Capital 1 January 2018	25 000	
Add: Net Sales	<u>3 750</u>	
	28 750	
Less: Drawings	<u>980</u>	27 770
Non-current liability		
Loan		5 000
Current liability		
Creditors	4 345	
Accrued expenses	425	
Bank	_____	<u>4 770</u>
		<u>37 540</u>

Calculate the following liquidity ratios. Show each step of your work, including the formula used.

(a) Current ratio

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(b) Acid test ratio

(3 marks)

(c) Debt ratio

(4 marks)

Q18 The information below is gathered from two firms in the same industry on 31 December 2018.

Aditas Sdn. Bhd.

	RM
Capital on 1 January 2018	60 000
Stock 1 January 2018	16 490
Stock 31 December 2018	24 580
Gross profit	27 380
Debtors	6 800
Cash	1 150
Premise	32 000
Office equipment	8 000
Creditors	4 800
Bank overdraft	2 850
Expenses	19 880
Gross profit on sales: 16 %	

Niko Sdn. Bhd.

Return on capital: 10%

(a) You are required to calculate the following for Aditas Sdn. Bhd. Show each step of your work, including the formula used.

(i) Sales (7 marks)

(ii) % Gross profit on cost of goods sold (COGS) (4 marks)

(iii) % Net profit on sales (5 marks)

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(iv) Stock turnover rate (4 marks)

(v) Debt collection period assuming 40% from sales in **Q18(i)** are credit sales. (4 marks)

(vi) Return on capital (3 marks)

(b) If you want to invest, which firm would you choose? Give your reason.

(3 marks)

-END OF QUESTIONS -

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