

FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **ACC1124 ACCOUNTING 2**
Semester & Year : JANUARY – APRIL 2024
Lecturer/Examiner : JAMES LIOW
Duration : 2 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
PART A (25 marks) : Answer all TWENTY FIVE (25) multiple choice questions and shade your answers in the provided space with 2B pencil.
PART B (75 marks) : Answer THREE (3) problem solving questions. Answers are to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorized materials except writing equipment and calculator into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

WARNING: The University Examination Board (UEB) of BERJAYA University College regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students’ Handbook, up to and including expulsion from BERJAYA University College.

Total Number of pages = 11 (Including the cover page)

PART B : PROBLEM SOLVING QUESTIONS (75 MARKS)

INSTRUCTION (S) : There are **THREE (3)** questions in this section. Answer **ALL** questions. Write your answers in the Answer Booklet(s) provided.

QUESTION 1

Batu and Arang are in partnership and named the business Batu Arang Enterprise to supply manufacturing components. Profits and losses to be shared between Batu and Arang in the ratio of 3:1 respectively.

The following is the extract of trial balance as at on December 2023:

	RM
Revenue	980,000
Cost of sales	398,390
Administrative expenses	22,340
Selling and distribution expenses	12,130
Interest expenses	2,350
Capital accounts:	
- Batu	72,600
- Arang	90,900
Current accounts:	
- Batu	2,100
- Arang	900
Drawings:	
- Batu	10,950
- Arang	18,120
Buildings, at carrying amount	1,730,000
Furniture and fittings, at carrying amount	50,150
Goodwill	45,700

Additional information:

- (i) Their partnership agreement provides the following:
- Interest on capital at 5% per annum on the partners' capital account balances held at the beginning of each accounting year.
 - Batu and Arang are entitled for a salary of RM12,000 per annum and RM24,000 per annum respectively.
 - Partners are charged with interest on drawings at 10% per annum.
- (ii) On 30 June 2023, the following assets were revalued as follows:

	RM
Buildings	1,850,000
Furniture and fittings	38,000
Goodwill	62,300

Required:

- a) Prepare the following:
- (i) Statement of profit or loss and appropriation accounts (6 marks)
 - (ii) Current accounts (7 marks)
 - (iii) Revaluation accounts (6 marks)
- b) List **THREE (3)** advantages and **THREE (3)** disadvantages of forming a partnership. (6 marks)
- [Total 25 marks]**

QUESTION 2

Dayabumi Resources Bhd (DRB) is a wholesaler and distributor of gaming component. Below are the financial statements for the period ended 31 December 2023:

Statement of Comprehensive Income for the Year Ended 31 December 2023	
	RM'000
Revenue	755,000
Cost of Sales	(320,000)
Gross Profit	435,000
Distribution costs	(120,500)
Administrative expenses	(159,500)
Operating profit	155,000
Interest paid	(2,200)
Net profit before tax	152,800
Tax expenses	(42,000)
Net profit after tax	110,800

Statement of Financial Position as at 31 December		
	2022 RM'000	2023 RM'000
Non-current Assets		
Freehold land	225,000	350,000
Plant and equipment	53,000	68,000
	278,000	418,000
Current Assets		
Inventories	21,000	38,000
Trade receivables	10,540	20,000
Cash at bank	1,330	4,670
	32,870	62,670
Total assets	310,870	480,670
Equity and reserves		
Share capital	120,000	150,000
Retained earnings	109,300	207,100

	229,300	357,100
Non-current Liabilities		
10% debenture	18,450	51,470
Current Liabilities		
Trade payables	15,900	19,000
Accruals	5,220	4,100
Tax payable	30,000	36,000
Dividends payable	12,000	13,000
	63,120	72,100
Total equity and liabilities	310,870	480,670

Additional information:

- (i) During the year, DRB acquired another freehold land adjacent to its present corporate office.
- (ii) One of the plant and equipment with an original cost of RM30,000 and depreciated by RM17,000 was sold for RM8,500 during the year. New plant and equipment were bought during the year.
- (iii) The following is the breakdown of plant and equipment:

	2022 (RM'000)	2023 (RM'000)
Cost	86,000	90,000
Accumulated Depreciation	(33,000)	(22,000)
	53,000	68,000

- (iv) During the year, DRB has expanded its manufacturing operations and as such additional funds were raised through rights issued to the existing shareholders and also the issuance of additional debentures.
- (v) The final dividend declared in 2022 was paid during the year. For the financial period ended 31 December 2023, the board of directors has announced a final dividend to be payable the following year.

Required

In accordance with MFRS 107 *Statement of Cash Flows*, prepare the statement of cash flows using indirect method for the year ended 31 December 2023.

[Total 25 marks]

QUESTION 3

Sejati Bhd is a company which supplies meat to the retail trade. The following are the financial statements for the year ended 31 December 2023:

Statement of Profit or Loss for the year ended 31 December 2023	
	RM
Sales	924,480
Cost of sales	(527,920)
Gross profit	396,560
Distribution costs	(210,800)
Administration costs	(104,920)
Finance costs	(34,040)
Profit before tax	46,800
Taxation	(14,400)
Profit after tax	32,400

Statement of Financial Position as at 31 December 2023	
	RM
Non-Current Assets	
Property, plant and equipment	191,520
Current Assets	
Inventory	110,880
Account receivables	120,240
Total current assets	231,120
Total assets	422,640
Equity	
Ordinary share capital	28,800
Retained earnings	71,280
Total equity	100,080
Non-Current Liabilities	
Long-term loan	129,600
Current Liabilities	
Account payables	151,200
Bank overdraft	16,560
Tax payable	12,960
Accruals	12,240
Total current liabilities	192,960
Total Equity and Liabilities	422,640

The opening Inventory for 2023 was RM84,960.

Required

a) Calculate correct to **TWO (2)** decimals places the following ratios for 2023. Show all workings.

- (i) Gross profit margin
- (ii) Gross profit markup
- (iii) Return on capital employed (net profit before interest and tax)
- (iv) Current ratio
- (v) Acid test ratio
- (vi) Stock turnover (no. of times)
- (vii) Account receivable collection period (no. of days)
- (viii) Account payable settlement period (no. of days)
- (ix) Debt ratio

(2 marks each = 18 marks)

b) State the effect (increase or decrease) in the following scenarios that will have upon the accounts receivable and accounts payable:

No.	Scenario	Collection/Settlement Period (Days)	Turnover Rate (times)
(i)	Slow in collecting the debts from accounts receivable		
(ii)	Pay the accounts payable before the credit terms		

(4 marks)

c) Explain any **THREE (3)** limitations of financial statements analysis.

(3 marks)

[Total 25 marks]

END OF QUESTION PAPER