PENINSULA COLLEGE GEORGETOWN DK266-03(P)

FINAL EXAMINATION

Semester	:	**MAY 2024 SEMESTER**
Programme Name	:	**DIPLOMA IN BUSINESS STUDIES** **DIPLOMA OF ACCOUNTANCY**
Course Code & Name	:	**DBAC3023 FINANCIAL ACCOUNTING**
Duration	:	**3 HOURS**

INSTRUCTIONS TO CANDIDATES:

1. Please read the instructions given in the question paper **CAREFULLY.**
2. The question paper consists of **FOUR (4)** questions.
3. Answer **ALL** questions in the question paper.
4. Answers to the questions are to be written into the examination booklet.
5. Electronic dictionaries, lecture notes, files, or any unauthorised materials except writing equipment are strictly prohibited.

This question paper must be submitted along with all used and/or unused rough papers and/ or graph papers (if any). Candidates are **NOT ALLOWED** to take any examination paper(s) used or unused out of the examination hall.

WARNING:

The Examination Board of Peninsula College Georgetown regards cheating as a very 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 Peninsula College Georgetown.

(*This booklet contains 7 printed pages including this page*)

DO NOT OPEN THIS BOOKLET UNTIL YOU ARE ALLOWED TO DO SO

Answer **ALL** questions on the separate sheet provided. **[100 marks]**

1. Wani, a pastry chef has started a coffee and bakery business with her two goods friends, Zatul and Lim Sung Kai, which was registered under the name ”MAINA PASTRY HOUSE” (MPH). MPH offers a broad range of coffee products and freshly homemade bakery and pastry products. They started the business by investing a capital totaling RM 150,000. A loan applied by MPH from Bank Bumi was approved amounting to RM 180,000 with 5% interest per annum. The interest on loan is paid on monthly basis by cash. RM 55,000 of the loan was used to buy a delivery van. Part of the remaining loan and amount invested by partners were used to buy the items below:

Items	**RM**
Baking trays and pans	12,000
Computer	5,000
Various cutlery utensils	8,000
3 mixers	2,900 each
4 commercial ovens	3,200 each
5 cooling racks	1,200 each
Waxpaper and packing boxes	5,000
Ingredients	11,600

The monthly salary of the two full-time pastry bakers is RM 3,200 each and six part-time baristas were hired to handle customer services and day-to-day operations. The baristas are paid a monthly wages of RM 1,100 each. For security purposes, the premises and equipment were insured against fire, theft, and damage and incurred a monthly insurance premium of RM 850. The monthly rental of the business premises was RM 1,200.

Required :

a) State any **SIX (6)** characteristics possessed by the business set up above**.**
(6 marks)

b) Explain **THREE (3)** accounting concepts applied by MAINA PASTRY HOUSE.
(6 marks)

c) Find the value of non-current assets owned by MAINA PASTRY HOUSE.
(7 marks)

d) Illustrate the journal entries related to the loan and its interest from Bank Bumi.
(6 marks)
Total : [25 marks]

2. Puan Sumathi is the owner of SUTRA Enterprise in December 2023, she received the following statement from ADIL Bank.

ADIL BANK
Ipoh, Perak Darul Ridzuan
Bank statement for the month of December 2023.

Client	SUTRA Enterprise
Account no	000133459723
Type of account	Current account
Statement date	31 December 2023

Date	Particular	Debit	Credit	Balance
1 DEC	Opening balance			75,000
4 DEC	Credit transfer		8,800	83,800
6 DEC	Cheque -123475	12,000		71,800
6 DEC	Deposit -BMB213492		34,000	105,800
7 DEC	Deposit – CIMB247022		43,000	148,800
16 DEC	Deposit – BIB121331		29,500	178,300
17 DEC	Cheque return – BIB121331	29,500		148,800
18 DEC	Cheque- BSN249081		10,000	158,800
23 DEC	Cheque-123477	45,000		113,800
29 DEC	Standing order	16,000		97,800
30 DEC	Cheque- 123478	21,000		76,800
30 DEC	Deposit -BIB346483		6,000	82,800
31 DEC	Bank charges	250		82,500
31 DEC	Dividend/ interest		275	82,825
31 DEC	credit transfer		5,300	88,125

The cash book of Sutra Enterprise is below:

Cash book

Date	Particular	RM	Date	Particular	RM
Dec					
1	Balance c/d	75,000	6	TNB-Electricity Chq-No.123475	12,000
6	Gegar Shn.Bhd Sales -BMB213492	34,000	15	Kaktus Trading Chq No.123476	32,000
7	Vegenzza Trading CIMB2479022	43,000	23	Salary& wages Chq No. 123477	45,000
16	Tarata Enterprise BIB121331	29,500	27	Perdana Jaya Chq No.123476	19,500
18	Popuzz Enterprise BSN254081	14,000	30	Royaltee Trading Chq No. 123478	21,000
18	GoodHard Trading BSN249081	14,000	31	Balance c/d	80,000
		209,500			209,500

Additional information

i. A cheque received (BSN249081) from GoodHard Trading amounted to RM 10,000 was mistakenly recorded by Megah Berani's account clerk as RM 14,000.

ii. After checking with the bank, it has been confirmed that the bank had wrongly credited Megah Berani Enterprise a deposit on 30 December 2023 worth RM 6,000 which actually belongs to Mega Beriyani Enterprise.

Required :

a) Prepare the adjusted Cash Book for the month of December 2023. (11 marks)

b) Prepare bank reconciliation statement as at 31 of December 2023. (8 marks)

c) Define the meaning of the bank reconciliation and explain **THREE (3)** reasons for the difference between the balance in the bank statement and the company's cash book. (6 marks)

Total: [25 marks]

3. You are the financial accountant for Megah Berani Ltd, a company that manufactures household furniture. Megah Berani Ltd has experienced both a reduction in sales revenue and cash flow during the last financial period. You are provided with the following information regarding Megah Berani Ltd for the years ended 31 October 2022 and 2023:

Statement of profit and loss for years ended

	2023 RM '000	**2022 RM '000**
Revenue	1,000	1,400
Cost of sales	(600)	(700)
Gross profit	400	700
Operating expenses	(150)	(280)
Operating profit	250	420
Interest on debenture	(60)	(100)
	190	320
Tax	(24)	(40)
Profit before tax	**166**	**280**

Statement of Financial Position as below:

	2023 RM '000		**2022 RM '000**	
Non-current asset				
Property, plant, and equipment	2,320		2,400	
Intangible asset	1,300		800	
		3,620		3,200
Current asset				
Inventory	82		78	
Trade receivable	138		134	
Bank	-		300	
		220		512
Total assets		**3,840**		**3,712**
Equity and liabilities				
Issued share capital	1,600		1,600	
Retained earning	1,224		1,058	
		2,824		2,658

Non-current liabilities				
10% Debenture	600		1,000	
Current liabilities				
Bank Overdraft	342		-	
Trade payable	74	1016	54	1054
		3,840		**3,712**

Required:

a) Calculate the following ratios for both years: (12 marks)

i. Operating profit margin

ii. Return on capital employed

iii. Acid test ratio

iv. Receivable days.

v. Gross profit margin

vi. Current ratio

b) Write a report to the Managing Director of Megah Berani Ltd explaining why the cash flow of the company has deteriorated during the current financial year. You should base your report on both the ratios calculated in **(a)** and any additional information provided in the financial statements. (13 marks)

Total: [25 Marks]

4. The following information is taken from the book of B&G company, manufacturer of babies' items, on 31 December 2023.

	RM
Inventory on 1 January 2023:	
Raw material	36,700
Work-in-progress cost	13,980
Factory stationery	600
Finished goods	36,300
Purchases of raw materials	285,300
Water and electricity	27,600
Purchases of factory stationery	1,400
Factory Insurance	4,800
Carriage inward	4,320
Direct wages	160,200
Sales	820,750
Royalty factory	30,960
Indirect wages	54,000
Rent	36,000
Indirect factory expenditure	2,160
Plant and machine	120,000
Office equipment	21,960
Return outward	8,820
Machine maintenance	2,700

Additional Information:

i. Stock on 31 December 2023:

Raw materials	RM 38,400
Work in progress cost	RM 15,600
Factory stationery	RM 1,300
Finished goods	RM 35,100

ii. Purchase of raw material invoices is not yet recorded at RM 10,200.

iii. Plant and machine are depreciated 10% per year at cost.

iv. 80% of the rent paid is factory rent.

v. Factory water and electricity prepaid was RM 800.

Required:

a) Prepare manufacturing account for the year ended 31 December 2023. (20 marks)

b) Prepare trading account for the year ended 31 December 2023. (5 marks)

Total: [25 marks]

- END OF QUESTIONS -

Format ratio:

Operating profit margin	(Operating profit / Sales) x 100%
Return on capital employed	[Operating profit / (total asset - current liabilities)] x 100%
Acid test ratio	Current assets – inventory / current liabilities
Receivable days.	(Receivables / Revenue) *365 days
Gross profit margin	(Gross profit / Sales) x 365
Current ratio	Current asset / Current liabilities