

FINAL EXAMINATION

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Student Name : _____

Subject Code & Name : Professional Diploma in Business and Accounting – Financial Accounting
Semester & Year : final, 2021
Lecturer/Examiner : Jass Chow
Duration : 2 Hours

INSTRUCTIONS FOR CANDIDATES

1. Answer all questions.
2. Section A - Multiple choice questions 25 Marks allocated
3. Section B - 2 calculation questions 20 Marks allocated
4. Candidate required to answer on provided answer sheet
5. All answers must be correctly numbered but need not be in numerical order.
6. Workings must be shown.
7. Marks may be lost through lack of neatness and poor presentation
8. Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
9. 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.
10. Formula Sheet is provided for your reference

WARNING: EC Global Academy 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 EC Global Academy

Section A – 25 multiple choice questions ANSWER ALL

1. A sole proprietor of a business is
 - A. A business owned by one person
 - B. A separate legal entity
 - C. A business owned by two or more persons
 - D. None of the above

2. One of the characteristics of a limited liability partnership is that
 - A. It is owned by sole owner
 - B. It has unlimited liabilities
 - C. It has a separate legal entity from its partners
 - D. It can issue share to the public

3. Ernie and Ellis are partners in an engineering firm. They have a limited liability partnership. Each invested \$20,000 to start the firm. Ernie recently gave bad advice that resulted in a large office building being built on a known land fault. The engineering firm was sued and now has to pay a \$1,000,000 court judgment. Ernie can be held personally liable for:
 - A. None of it
 - B. Up to half, or \$500,000
 - C. The full \$1,000,000
 - D. Up to \$20,000

4. The main difference between a general partnership and a limited liability partnership is:

A. All limited liability partners have responsibility for everyday business operations, but general partners do not

B. All general partners have personal liability for business debts, but limited liability partners do not

C. All general partners have responsibility for everyday business operations, but limited liability partners do not

D. All limited liability partners have personal liability for business debts, but general partners do not

5. How is a sole proprietorship taxed?

A. The business is taxed on profits and the owner also pays income tax

B. The business is taxed on profits but the owner doesn't have to pay income tax

C. The owner pays income tax on profits but the business isn't separately taxed

D. None of the above

6. A form of business organization that is authorized to act as a legal entity regardless of the number of owners.

A. corporation

B. proprietorship

C. partnership

D. distributor

7. What is the advantage of corporations?
- A. minimal government regulation
 - B. limited liability
 - C. short life span
 - D. has one owner
8. Under the Companies Act 2016, a public company;
- A. Not more than 50 members
 - B. Not required Annual General Meeting
 - C. Must have minimum of 2 directors
 - D. Prohibited to offer shares to public
9. Under the Companies Act 2016, a private company;
- A. Allow allotment of shares to pub
 - B. Must have minimum of 1 director
 - C. Name end with "Sendirian/Sdn
 - D. Unlimited number of members
10. The maximum number of members for the public company:
- A. 20
 - B. 49
 - C. 50
 - D. Unlimited

11. The maximum number of members for the private company:

- A. Not more than 20
- B. Not more than 50
- C. Not more than 55
- D. Unlimited

12. To incorporate a new company which form need to use

- A. Section 14
- B. Section 15
- C. Section 16
- D. Section 17

13. When a company successful incorporated which from will issued

- A. Section 78
- B. Section 58
- C. Section 15
- D. Section 14

14. The company should lodge its Annual Return with SSM

- A. 30th monthly
- B. Half Yearly on 30th June
- C. Yearly on 31st Dec
- D. within thirty (30) days from its anniversary of incorporation date each calendar year.

15. The following information has been extracted from the books of a trader for a financial year.

Account	RM
Carriage Inwards	2,000
Opening Stock	17,000
Closing Stock	23,000
Purchase	56,000
Revenue	94,000

What was the trader's gross profit for the financial year?

- A. RM30,000
- B. RM32,000
- C. RM42,000
- D. RM44,000

16. The balance sheet of a company

- A. Lists the assets, liabilities, and equity at a point in time
- B. Lists all assets and liabilities at present value
- C. Gives all the facts regarding financial position
- D. Is the only financial report of importance

17. The following information has been extracted from a business's income statement.

Account	RM
Opening Stock	30,000
Closing Stock	10,000
Purchase	200,000
Revenue	300,000

What is the business cost of sales?

- A. RM180,000
- B. RM220,000
- C. RM280,000
- D. RM320,000

18. Which of the following describes the profit and loss report?

- A. Summarizes the changes in retained earnings over a specific period
- B. Presents the income and expenses of an entity for a specific period
- C. Reports the changes in assets, liabilities, and equity over a period
- D. Reports the assets, liabilities, and equity at a specific point in time

19. From the following list, which item will be recorded as income?

- A. A loan is received from a bank
- B. Money is collected from a customer owing from goods sold last week
- C. A sale is made on credit
- D. Additional capital is contributed by the owner

20. What is the formula for the profit margin?

- A. Gross profit for the year divide by revenue
- B. Profit for the year divide by capital
- C. Profit for the year divide by cost of sales
- D. Profit for the divide by revenue

21. The following information relates to a business:

Account	RM
Opening stock	15,000
Purchases	60,000
Revenue	85,000
Closing stock	19,000

What is the inventory turnover ratio?

- A. 2.9 times
- B. 3.3 times
- C. 3.5 times
- D. 5 times

22. Which if the following is not required when calculating the current ratio

- A. Non-Current Assets
- B. Current Assets
- C. Current liabilities
- D. Inventory

23. The percentage gross margin for a business for two years was:

Year 1 - 30%

Year 2 - 35%

Which of the following would be one of the possible reasons for the change?

- A. Average inventory was lower
- B. Cost price per unit has increased
- C. Expenses had increased
- D. Selling price per unit had increased

24. What is the formula for current ratio?

- A. Current Asset divide by Current liabilities
- B. Non-current assets divide by non-current liabilities
- C. Cost divide by sales
- D. Profit divide by sales

25. Which of the following is the reason why we need to exclude stock when computing quick ratio?

- A. Because stock is noncash item
- B. Because stock easily can turn into sales
- C. Because stock is slow movable
- D. Because stock is not easily converted to cash

Section B – 2 computation questions ANSWER ALL

1. Calculate profitability ratio and liquidity ratios

The financial statements of T Harrison are given below:

Profit & Loss for the year ended 31 March 2018

Account	RM	RM
Revenue		115,000
Opening stock	16,000	
Add: Purchase	<u>78,000</u>	
	94,000	
Less: Closing stock	<u>(18,000)</u>	
Cost of Sales		<u>(76,000)</u>
Gross Profit		39,000
Expenses		<u>(25,000)</u>
Net Profit		14,000

Balance Sheet As At 31 March 2018

Account	RM	RM
Non-Current Assets		48,500
Current Assets		
Inventory	6,000	
Trade Receivables	15,500	
Bank	<u>7,500</u>	<u>29,000</u>
		<u>77,500</u>
Capital		
Opening Balance		44,200
Add: Net Profit		<u>14,000</u>
		58,000
Less: Drawings		<u>(8,000)</u>
		50,200
Non-Current Liabilities		
Bank Loan		9,000
Current Liabilities		
Trade payables	16,300	
Other payables	<u>2,000</u>	<u>18,300</u>
		<u>77,500</u>

- A. Percentage gross margin (1 mark)
- B. Percentage net profit margin (1 mark)
- C. Inventory turnover days (1.5 marks)
- D. Current Ratio (1.5 marks)
- E. Quick Ratio (1.5 marks)
- F. Trade receivables turnover days (1.5 marks)
- G. Trade payable turnover days (1.5 marks)
- Understanding & Presentation (0.5 mark)

2 Prepare Financial Statements for the below: (10 Marks)

From the following trial balance of I.Lamb, Extracted after one year's Trading
Prepare an income statement and Balance Sheet
As At 31 October 2019

Trial Balance As At 31 October 2019

	DR RM	CR RM
Sales		100,250.00
Purchase	60,400.00	
Salaries	29,300.00	
Motor Expenses	1,200.00	
Rent	950.00	
Insurance	150.00	
General Expenses	85.00	
Premises	47,800.00	
Motor Vehicles	8,600.00	
Account Receivables	13,400.00	
Account Payables		8,800.00
Cash At Bank	8,200.00	
Cash in Hand	300.00	
Drawings	4,200.00	
Capital		65,535.00
	<u>174,585.00</u>	<u>174,585.00</u>

Inventory at 31 October 2019 was RM15,600