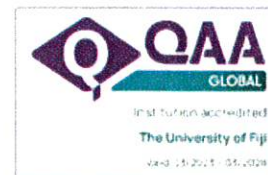




The University of Fiji
(An Entity of Arya Pratinidhi Sabha of Fiji)



SCHOOL OF BUSINESS AND ECONOMICS
Department of Accounting and Finance
Semester 1, Year 2026

FINAL EXAMINATION PAPER

ACC104: ACCOUNTING FOR NON-ACCOUNTANTS

INSTRUCTIONS:

1. Read the questions and the instructions carefully and answer the questions.
2. You are allowed an **extra 10 minutes reading time** (during this time, you are not allowed to write with pen) and **180 minutes (3 Hours) to complete this paper**.
3. Silent, non-programmable calculators is allowed, but not supplied.
4. Write all your answers in the answer booklet provided. If you need extra sheets, please ask from the supervisor. Write your name, course code and student identification number in the answer booklet and on the attendance sheet.
5. This paper contains four (4) sections A, B, C and D. All questions are compulsory to answer.
6. Write all your answers legibly. The marker has the right to award zero for answers that are not legible.
7. This is a **Closed Book Examination**. The University views plagiarism, cheating and dishonest practices as serious offences and if found, offenders are penalised.

Examination Paper Content (Format):

<u>Section</u>	<u>Question</u>	<u>Content</u>	<u>Marks</u>	<u>Suggested Time</u>
A	1	Financial Statement Analysis	25	45 Minutes
B	1-5	Information for Creating Value and Managing Resources	35	63 Minutes
C	1-4	Cost and Costing Systems	30	54 Minutes
D	1-4	Introduction to Finance and Investment Decisions	10	18 Minutes
		TOTAL	100	180 Minutes

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SECTION A

FINANCIAL STATEMENT ANALYSIS

25 MARKS

(Suggested time: 45 Minutes)

1. Ideal Distributors wants to improve its annual report for their shareholders by incorporating financial ratio analysis for the first time. You have been appointed as the company's business consultant, and your role is to analyse their financial data provided below and interpret the results to assist the board of directors in enhancing the quality of their financial reporting disclosures for better decision-making.

Key Financial Figures	2025 (\$)	2024 (\$)
Sales (All on Credit)	90 000	60 000
Cost of Goods Sold	63 000	39 000
Gross Profit	27 000	21 000
Total Expenses	15 000	12 000
Net Profit	12 000	9 000
Balance Sheet Figures		
Cash at Bank	0	12 000
Inventory	33 000	18 000
Accounts Receivable	30 000	12 000
Non-Current Assets	93 000	69 000
Total Assets	156 000	111 000
Bank Overdraft (Secured \$3000)	18 000	0
Accounts Payable	24 000	21 000
Non-Current Liabilities	12 000	0
Total Liabilities	54 000	21 000
Total Shareholders' Equity (Capital)	102 000	90 000

***The business operated for 300 days in both years.

REQUIRED:

A. Based on the information above, calculate and interpret the following ratios or percentages for the respective years.

- i. Debt Ratio (2024)
- ii. Equity Ratio (2025)
- iii. Working Capital Percentage (2025)
- iv. Net Profit Percentage (2024)
- v. Accounts Receivable Turnover in Days (2025)
- vi. Inventory Turnover in Days (2025)
- vii. Mark Up Percentage (2024)
- viii. Capital Adequacy Ratio (2025)

(15 Marks)

Use the format provided to answer part A.

No	Ratio	Formula	Working	Answer
(i)	Debt ratio (2024)			

B. Briefly describe the difference between Percentage Analysis (Vertical and Horizontal) and Ratio Analysis. **(5 Marks)**

C. Discuss the inherent limitations of using Financial Accounting Statements to predict a company's future value. **(5 Marks)**

SECTION B

INFORMATION FOR CREATING VALUE AND MANAGING RESOURCES

35 MARKS

(Suggested Time: 63 Minutes)

1. Management Accounting is designed specifically for people inside a business. Discuss who the primary internal users of these management accounting reports are. **(5 Marks)**
2. To run a company effectively, management accounting performs three core functions. What are the main functions that management accounting provides information for? **(5 Marks)**
3. Unlike financial accounting, management accounting looks at more than just the bottom line. Besides financial data, what are the other types of performance-related information that management accounting is concerned with? **(5 Marks)**
4. The Balanced Scorecard provides a company with a complete picture of its financial health. List the four perspectives that make up a standard Balanced Scorecard. **(5 Marks)**
5. Proudozzie Ltd operates across four distinct geographic regions, each with its own level of investment and operational costs. To assist the board in determining which area of the business is generating the best value relative to the capital tied up, you have been asked to analyse the following financial performance data.

PROUDOZZIE LTD
Partial Divisional Income Statement

Item	North	East	West	South
Sales	\$150 000	\$175 000	\$220 000	\$135 000
Cost of sales	45%	46%	44%	43%
Expenses	\$79 000	\$85 000	\$105 000	\$91 000
Investment in division	\$50 000	\$60 000	\$100 000	\$70 000

Additional Information:

- The company's cost of capital is 12%.

REQUIRED:

- A. Construct a more detailed income statement showing the gross profit and profit for each division and for the company as a whole. **(5 Marks)**
- B. Calculate **(i)** the return on investment (ROI) and **(ii)** the residual income (RI) for each division and for the company as a whole. **(5 Marks)**
- C. What recommendations would you make based on the above results in B? **(5 Marks)**

SECTION C
COST AND COSTING SYSTEMS
30 MARKS

(Suggested Time: 54 Minutes)

1. The selling price of a service is \$25 per hour. Variable costs of providing the service are \$7.00 per hour, and the fixed costs for the business are \$3,000.

REQUIRED:

- A. Calculate the contribution margin per unit. **(2.5 Marks)**
 - B. Calculate the contribution margin ratio. **(2.5 Marks)**
2. A company has a target profit of \$100 000. Its fixed costs are \$150,000, variable costs are \$12 per unit, and the average selling price is \$20 per unit.

REQUIRED:

Calculate:

- A. The number of units to be sold to achieve the target profit. **(2.5 Marks)**
 - B. The total sales value in dollars necessary to achieve the target profit. **(2.5 Marks)**
3. Absorption costing relies on the calculation of a predetermined overhead rate. A professional services firm has a total cost of \$700 000 per annum, of which \$300,000 is direct labour costs. The firm expects to charge 2,500 hours per annum to customers.

REQUIRED:

- A. Calculate the direct labour cost per hour. **(2 Marks)**
- B. Calculate the predetermined overhead rate per direct labour hour. **(2 Marks)**
- C. Assuming a client's job requires 30 hours of direct labour, what is the total cost applicable to that job? **(2 Marks)**

4. Zoo Transport Limited has the following maintenance costs and the kilometres driven for its fleet of mini-buses over a six months period which are as follows:

Months	Kilometres Driven	Total Cost (\$)
June	5 000	10 000
July	2 000	4 000
August	7 500	15 000
September	1 500	3 000
October	1 750	4 250
November	2 750	5 500

REQUIRED:

- A. Using the high-low method, calculate the variable cost per unit and the fixed cost. **(6 Marks)**
- B. What will be the total cost (estimated) for the next 3 months with the following kilometres driven: December – 10,000 km, January – 9,900 km and February – 12,250 km **(8 Marks)**

SECTION D
INTRODUCTION TO FINANCE AND INVESTMENT DECISIONS
10 MARKS

(Suggested Time: 18 Minutes)

1. Finance is often described as the science of money management. In your own words, what is finance, and what is its primary focus in a business setting? **(5 Marks)**
2. A dollar today is worth more than a dollar tomorrow due to its potential earning capacity. Discuss the concept of "Time Value of Money", and why it is a fundamental aspect of financial decision-making. **(5 Marks)**

IMPORTANT FORMULAE:

- Net Profit % = Net Profit / Net Sales * 100
- Inventory Turnover in Days = Average Inventory / COGS * Operational Days
- Debtors Turnover in Times = Net Credit Sales / Average Debtors
- Mark Up % = Gross Profit / COGS * 100
- Working Capital % = Current Assets / Current Liabilities * 100
- Debtors Turnover in Days = Average Debtors / Net Credit Sales * Operational Days
- Inventory Turnover in Times = COGS / Average Inventory
- Equity Ratio = Shareholders Equity / Total Assets
- Debt Ratio = Total Liabilities / Total Assets
- Operating Expenses Ratio = TOE / Net Sales
- Debt to Equity Percentage = Total Liabilities / Total Equity * 100

$$\begin{aligned} ROI &= \frac{\text{Profit}}{\text{Invested Capital}} \\ &= \frac{\text{Profit}}{\text{Sales Revenue}} \times \frac{\text{Sales Revenue}}{\text{Invested Capital}} \\ &= \text{Return on Sales} \times \text{Investment Turnover} \end{aligned}$$

$$\text{Residual Income} = \text{Profit} - (\text{Invested Capital} \times \text{Imputed Interest Rate})$$

- Contribution Margin per Unit = Selling Price – Variable Cost per Unit
- Contribution Margin Ratio = (Contribution Margin per Unit ÷ Selling Price) × 100
- Total Contribution Margin = Units Sold × Contribution Margin per Unit
- Net Profit = Total Contribution Margin – Fixed Costs
- Units to Achieve Target Profit = (Fixed Costs + Target Profit) ÷ Contribution Margin per Unit
- Sales Value for Target Profit = (Fixed Costs + Target Profit) ÷ Contribution Margin Ratio
- Direct Labour Cost per Hour = Total Direct Labour Costs ÷ Total Direct Labour Hours
- Total Manufacturing Overhead = Total Costs – Direct Labour Costs
- Predetermined Overhead Rate = Total Manufacturing Overhead ÷ Total Direct Labour Hours
- Total Job Cost = (Direct Labour Rate + Overhead Rate) × Hours for the Job

THE END

