CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2024 SEMESTER

COURSE CODE	:	EAB20703
COURSE NAME	:	FINANCIAL ACCOUNTING AND REPORTING 2
PROGRAMME NAME	:	BACHELOR IN ACCOUNTING (HONS)
DATE	:	10 JULY 2024
TIME	:	2.00 PM – 5.00 PM
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES

1. **Please CAREFULLY read the instructions given in the question paper.**
2. **This question paper has information printed on both sides of the paper.**
3. This question paper consists of **FOUR (4)** questions.
4. Answer **ALL** questions.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. **This question paper must not be removed from the examination hall.**

THERE ARE SEVEN (7) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 Marks)

INSTRUCTION: Answer ALL questions.
Please use the answer booklet provided

Question 1

On 1 January 2020, Alpad Berhad issued 60 million 5% Redeemable Preference Shares for RM40 million. These shares are redeemable in four years' time at a premium of 13.5%. The effective interest rate is 8%.

Alpad Berhad measures the Preference Shares at Amortized Cost.

Required:

(a) Determine interest paid for every fiscal year.

(8 marks)

(b) Prepare the journal entries to record the issuance then Amortized Cost of Premium from 1 January 2020 to 31 December 2023.

(8 marks)

(c) Present the Redeemable Preference Shares Account in the Statements of Financial Position from the years 31 December 2020 to 31 December 2023.

(4 marks)

[20 marks]

Question 2

The Trial Balance of Berta as at 31 December 2023 is as following:

	Debit RM'000	Credit RM'000
Sales		40,000
Cost of sales	30,000	
Inventory	2,000	
Selling and distribution expenses	2,000	
Administrative expenses	1,500	
Directors' salaries	200	
Auditors' fee	250	
Dividend received		100
Interest income		50
Depreciation Expenses:		
Building	300	
Plant and equipment	650	
2 million 8% preference shares		2,000
5 million ordinary shares		17,000
Retained profits at 1 January 2023		20,680
Trade payables		5,000
Trade receivables	3,000	
Bank balance	500	
Interim Dividends Paid:		
Preference dividends	80	
Ordinary dividends	50	
Tax under-provided in year 2023	50	
Tax paid for current year	1,750	
Investment in equity shares of listed companies, classified as fair Value through profit or loss	900	
Investment in loan stock of listed companies, classified as non-current	600	
Freehold land	19,000	
Building (at cost)	41,000	
Plant and equipment (at cost)	12,000	

Accumulated Depreciation at 31 December 2023		
Building		26,000
Plant and equipment		5,000
	115,830	**115,830**

Additional information:

1. The tax expense for the year is RM2,350,000
2. At year-end the fair value of investment in equity shares is RM920,000. There is no change in the value of the loan stock investment.
3. Equity shares issued during the year total 2 million at RM7 per share.
4. Depreciation is charged as follows: cost of sales 50 percent, administrative expenses 30 percent and selling expenses 20 percent.

Required:

(a) Prepare the statement of profit or loss for the year ended 31 December 2023.

(10 marks)

(b) Prepare the Statement of Changes in Equity for the year ended 31 December 2023.

(5 marks)

(c) Prepare the Statement of Financial Position as at 31 December 2023.

(5 marks)

[20 marks]

Question 3

Gurney Company's balances for years 2023 and 2024 are as follows:

	30 June, 2024 RM'000	30 June, 2023 RM'000
Bank	60,250	38,000
Trade receivables	230,000	125,000
Trade payables	122,600	128,000
Inventories	55,000	83,000
Accrued operating expenses	19,000	12,000
Land	65,000	45,000
Building (cost)	146,000	112,000
Accumulated depreciation-building	28,000	24,000
Plant and machinery (cost)	114,000	100,000
Accumulated depreciation-plant and machinery	64,000	64,000
Preference shares	100,000	100,000
Ordinary shares	220,000	120,000
Share premium	30,000	-
Retained profits	63,650	54,000
Tax payable	3,000	1,000
Asset revaluation reserve	20,000	-

Additional Information:

1. Statement of Profit or Loss for the year ended 30 June 2024 is as follow:

	RM'000	RM'000
Sales		600,000
Cost of sales		(400,000)
Gross profits		200,000
Operating expenses	115,600	
Directors" remuneration	27,000	
Depreciation- plant	8,000	
Depreciation-building	4,000	
Loss on sale of plant	5,000	(159,600)
Profit before Tax		40,400
Tax		(10,000)
Profit after Tax		**30,400**

2. Land with carrying value of RM45,000,000 was revalued to RM65,000,000.
3. Plant and machinery costing RM33,000,000 was sold.
4. No buildings were sold during the year.
5. The company paid preference dividends of RM9,750,000 and ordinary dividend of RM11,000,000.

Required:

Prepare the Statement of Cash Flows for the year ended 30 June 2024. (Reconciliation table is not required).

[30 marks]

Question 4

The statement of financial position of Dana Bhd as at 31 December 2023.

	RM'000
Research and development	120,000
Furniture and fixtures	640,000
Motor vehicles	100,000
Inventories	50,000
Trade receivables	30,000
Prepayments	10,000
	950,000
500,000 ordinary shares	1,000,000
Accumulated losses	(200,000)
10% Debentures	100,000
Trade payables	50,000
	950,000

Dana Berhad had been incurring trading losses for a number of years and was unable to pay dividends for a number of years. The company decided to undertake a scheme of capital reduction.

The company passed a special resolution and the approval of the court was obtained to the following scheme of reconstruction:

1. The ordinary shares are to be reduced to 1.25 sen per share, fully paid up.
2. Assets are revalued to the following values.

	RM'000
Furniture and fixtures	620,000
Motor vehicles	65,000
Inventories	50,000

3. Research and development are to be written off.
4. The accumulated losses and all intangibles assert are to be written off.

Required:

(a) Prepare the Capital Reduction T-Account.

(10 marks)

(b) Prepare the Statement of Financial Position of Dana Bhd after the Re-organization.

(20 marks)

[30 marks]

END OF EXAMINATION PAPER