# UNIVERSITI KUALA LUMPUR
## BUSINESS SCHOOL

## FINAL EXAMINATION
## OCTOBER 2024 SEMESTER

| | | |
|---|---|---|
| COURSE CODE | : | EAB10503 |
| COURSE NAME | : | FINANCIAL ACCOUNTING AND REPORTING 1 |
| PROGRAMME NAME | : | BACHELOR IN ACCOUNTING (HONS) |
| DATE | : | 3 FEBRUARY 2025 |
| 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 **FIVE (5)** 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**

There are several different legal forms of organization. These can be grouped into two categories, known as unincorporated bodies and incorporated bodies. Unincorporated bodies consist of sole traders and partnerships. All other forms of organization are incorporated bodies. Incorporated bodies are recognized by law as being a legal entity separate from their members.

**Required:**

Explain seven main differences between a limited company and a sole trader.

**[7 marks]**

**Question 2**

Jackal, Nuria and Bianca are in a partnership sharing profits and losses in the ratio 4 : 2 : 2. Bianca died in a shooting accident during her trip to Cadiz, Spain on 30 June 2024. The partnership statement of financial position as at 30 June 2024 was detailed below:

**Jackal, Nuria and Bianca**
**Statement of financial position as at 30 June 2024**

| | | |
|---|---|---|
| **ASSETS** | RM | RM |
| Non-current assets | | 280,000 |
| Current assets | | 950,000 |
| TOTAL ASSETS | | 1,230,000 |
| **EQUITY AND LIABILITIES** | | |
| OWNER'S EQUITY | | |
| Partner capital accounts | | |
| - Jackal | 220,000 | |
| - Nuria | 260,000 | |
| - Bianca | 180,000 | 660,000 |
| Partner current accounts | | |
| - Jackal | 80,000 | |
| - Nuria | 120,000 | |
| - Bianca | 60,000 | 260,000 |
| TOTAL OWNER'S EQUITY | | 920,000 |
| Current liabilities | | 310,000 |
| TOTAL EQUITY AND LIABILITIES | | 1,230,000 |

**Additional information:**

It was agreed between Jackal, Nuria and Bianca's estate (representatives who cares for Bianca's affairs after her passing) that on 30 June 2024:

1. Goodwill be valued at RM120,000.

2. Freehold land (the only non-current asset) be valued at RM360,000.

3. The balance owing to the late Bianca will remain on loan to the partnership for 6 years at a rate of 15 per cent interest per annum.

4. Jackal and Nuria agree that the new value of freehold land should be reflected as an asset in the financial statements.

5. Jackal and Nuria agree that goodwill should not be reflected as an asset in the financial statements. Therefore, no account for goodwill is to be maintained.

6. Jackal and Nuria agree that in the new partnership agreement after Bianca's passing the profits and losses will be shared equally.

**Required:**

(a) Prepare the capital accounts for Jackal, Nuria and Bianca.

(3 marks)

(b) Prepare the current accounts for Jackal, Nuria and Bianca.

(3 marks)

(c) Prepare the revaluation account for Jackal, Nuria and Bianca.

(4 marks)

(d) Prepare the statement of financial position for the new Jackal and Nuria partnership as at 30 June 2024.

(8 marks)

**[18 marks]**

## Question 3

Kahar Abu Yamin, a sole trader who operates a burger eatery, has produced the following statements of financial position for the years ended 31 March 2023 and 31 March 2024.

**Kahar**
**Statements of financial position as at 31 March**

| | | | | |
|---|---|---|---|---|
| **ASSETS** | **2024** | | **2023** | |
| *Non-current assets* | **RM** | **RM** | **RM** | **RM** |
| Freehold premises | | 15,000 | | 15,000 |
| Shop fittings | 1,200 | | 1,000 | |
| Depreciation - fittings | -870 | 330 | -750 | 250 |
| Motor vehicle | 800 | | 800 | |
| Depreciation - vehicle | -600 | 200 | -400 | 400 |
| | | 15,530 | | 15,650 |
| *Current assets* | | | | |
| Inventories | | 15,400 | | 11,000 |
| Receivables | | 540 | | 1,000 |
| Bank | | 3,000 | | 9,500 |
| Cash | | 30 | | 50 |
| | | 18,970 | | 21,550 |
| *Total assets* | | 34,500 | | 37,200 |
| **EQUITY AND LIABILITIES** | | | | |
| *Equity* | | | | |
| Capital | | 20,000 | | 20,000 |
| Current account | 5,200 | | 3,000 | |
| Profits | 5,800 | | 5,400 | |
| | 11,000 | | 8,400 | |
| Drawings | -4,500 | 6,500 | -3,200 | 5,200 |
| *Total equity* | | 26,500 | | 25,200 |
| *Current liabilities* | | | | |
| Trade payables | | 8,000 | | 12,000 |
| *Total liabilities* | | 8,000 | | 12,000 |
| *Total equity and liabilities* | | 34,500 | | 37,200 |



**Required:**

Prepare a statement of cashflows in accordance with IAS 7 using the indirect method.

**[22 marks]**

**Question 4**

The Beast Chess Club prepares its annual financial statements to 31 October. The following receipts and payments account has been prepared by the treasurer below:

**The Beast Chess Club**
**Receipts and Payments Account**

| | | RM | | | RM |
|---|---|---|---|---|---|
| Cash in hand | 31-Oct-23 | 10 | Bar purchases | | 1,885 |
| Bank balances | 31-Oct-23 | | Wages | | 306 |
| - Current account | | 263 | Rent | | 184 |
| - Deposit account | | 585 | Electricity | | 143 |
| Tournament fees | | 54 | New timer | | 120 |
| | | | (old one trade-in value RM40) | | |
| Subscriptions: | | | General expenses | | 132 |
| - To | 31-Oct-23 | 30 | Catering purchases | | 80 |
| - To | 31-Oct-24 | 574 | Additional furniture | | 460 |
| - To | 31-Oct-25 | 44 | Cash in hand | 31-Oct-24 | 8 |
| Bar takings | | 2,285 | Bank balances | 31-Oct-24 | |
| Deposit account interest received | | 26 | - Current a/c | | 176 |
| Catering receipts | | 120 | - Deposit a/c | | 497 |
| | | 3,991 | | | 3,991 |

**Additional information:**

1. The book values of the non-current assets on 31 October 2023 were:
   (i) Furnitures, RM396 (cost RM440).
   (ii) Timer, RM20 (cost RM120)

2. The current assets and liabilities were as follows:

| | 31-Oct-23 RM | 31-Oct-24 RM |
|---|---|---|
| Bar inventory at cost | 209 | 178 |
| Amount owed to the supplier for bar purchases | 186 | 248 |
| Due for rent | 12 | 26 |
| Due for electricity | 9 | 11 |
| Subscriptions in arrears | 30 | 50 |

3. During the year the caterer began to provide light refreshments at the bar and it has been agreed that in the annual financial statements that the caterer to be paid a bonus of 40 per cent of the gross profit arising from this catering venture.

4. Depreciation policies are as follows:
   - (i) Depreciation to furnitures is to be provided at a rate of 10 per cent on cost.
   - (ii) No depreciation is to be provided on the new timer.
   - (iii) A full year depreciation is to be provided on the new furnitures.

**Required:**

(a) Prepare a statement showing the accumulated fund of the club as on 31 October 2023.
(8 marks)

(b) Prepare a bar trading account for the year ended 31 October 2024.
(4 marks)

(c) Prepare a catering statement of profit or loss for the year ended 31 October 2024.
(3 marks)

(d) Prepare an income and expenditure account for the year ended 31 October 2024.
(10 marks)

(e) Prepare a statement of financial position as at 31 October 2024.
(10 marks)

**[35 marks]**

**Question 5**

Ampang Armory, a firearms manufacturing outfit located in Selangor, provided the following information for the year ended 31 December 2024 below:

| Detail | RM |
|---|---|
| ***Inventories, 1 January 2024*** | |
| -Raw materials | 7,500 |
| -Finished goods | 14,300 |
| -Work-in-progress | 10,070 |
| ***Wages and salaries*** | |
| -Factory direct | 98,500 |
| -Factory indirect | 17,500 |
| Purchases - raw materials | 90,600 |
| Power and fuel | 28,260 |
| Sales revenue | 385,400 |
| Insurance | 6,640 |
| Return inwards (finished goods) | 6,000 |
| **Inventories, 31 December 2024** | |
| -Raw materials | 9,200 |
| -Finished goods | 8,600 |
| -Work-in-progress | 8,700 |



**Additional information:**

1. The manufacturer's machinery cost RM102,000.

2. Provision for depreciation at the start of the year is RM47,000. The company has a policy of providing for depreciation at the rate of 20% per cent per year calculated using the reducing balance method.

3. Accrued power and fuel amount at the year end is RM740.

4. Prepaid insurance amount at the year end is RM240, where:
   (i) The factory proportion of this is 75 per cent, whereas the;
   (ii) Administration is to be allocated 25 per cent of the expense.

**Required:**

(a) Prepare the manufacturing account for the year ended 31 December 2024.

(8 marks)

(b) Prepare the statement of profit or loss for the year ended 31 December 2024.

(10 marks)

**[18 marks]**

**END OF EXAMINATION PAPER**