



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
OCTOBER 2024 SEMESTER**

COURSE CODE : EAB20703
COURSE NAME : FINANCIAL ACCOUNTING AND REPORTING 2
PROGRAMME NAME : BACHELOR IN ACCOUNTING
DATE : 10 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 **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 2021, AI Berhad issued 600 million 5% Redeemable Preference Shares for RM600 million. These shares are redeemable in four years' time at a premium of 13.5%. The effective interest rate is 8%.

Alpha Berhad measures the Preference Shares at Amortised Cost.

Required:

- (a) Prepare the journal entries to record the above transactions from 31 December 2021 to 31 December 2024.
- (b) Prepare the Extracts of Redeemable Preference Shares at the Statements of Financial Position from the years 31 December 2021 to 31 December 2024.

(16 marks)

(4 marks)

[20 marks]

Question 2

The Trial Balance of Bare, a public company as of 31 December 2024 is as following:

	Debit	Credit
	RM'000	RM'000
Turnover		130,000
Cost of sales	120,000	
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 of RM1 each		2,000
5 million ordinary shares of RM1 each		5,000
Retained profits at 1 January 2024		32,680
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 2024	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 2024		
Building		26,000
Plant and equipment		5,000
	205,830	205,830

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 2024.
(10 marks)
 - (b) Prepare the Statement of Changes in Equity for the year ended 31 December 2024.
(5 marks)
 - (c) Prepare the Statement of Financial Position as at 31 December 2024.
(5 marks)
- [20 marks]**

Question 3

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

	30 June 2024 RM'000	30 June 2023 RM'000
Bank	150,250	128,000
Trade receivables	230,000	125,000
Trade payables	112,600	118,000
Inventories	55,000	83,000
Accrued operating expenses	19,000	12,000
Land	75,000	45,000
Building (cost)	136,000	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	250,000	120,000
Retained profits	63,650	54,000
Tax payable	3,000	1,000
Asset revaluation reserve	20,000	-

Additional Information:

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

	RM'000	RM'000
Sales		500,000
Cost of sales		<u>(300,000)</u>
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	<u>5,000</u>	<u>(159,600)</u>
Profit before Tax		40,400
Tax		<u>(10,000)</u>
Profit after Tax		<u>30,400</u>

1. Land with a carrying value of RM45,000,000 was revalued to RM65,000,000. There was no disposal of land during the year but there was an acquisition.
2. Plant and machinery costing RM33,000,000 were sold.
3. No buildings were sold during the year.
4. The company paid preference dividends of RM9,750,000 and ordinary dividend of RM11,000,000.

Required:

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

[30 marks]

Question 4

The Statement of Financial Position of Dave Bhd as at 31 December 2024.

	RM'000
Research and development	120,000
Furniture and fixtures	140,000
Motor vehicles	100,000
Inventories	50,000
Trade receivables	30,000
Prepayments	<u>10,000</u>
	<u>450,000</u>
500,000 Ordinary Shares	500,000
Accumulated losses	<u>(200,000)</u>
	300,000
10% debentures	100,000
Trade payables	<u>50,000</u>
	<u>450,000</u>

Dave 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 25 sen each, fully paid up.
2. Research and development are to be written off.
3. Assets are revalued to the following values.

	RM'000
Furniture and fixtures	120,000
Motor vehicles	65,000

Inventories

50,000

4. The accumulated losses and all intangibles assets are to be written off.

Required:

- (a) Prepare the Capital Reduction Account.

(10 marks)

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

(20 marks)

[30 marks]

END OF EXAMINATION PAPER