



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
MARCH 2025 SEMESTER**

COURSE CODE : EAB30703

COURSE NAME : FINANCIAL ACCOUNTING AND REPORTING 4

PROGRAMME NAME : BACHELOR IN ACCOUNTING (HONS)

DATE : 3 JULY 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 EIGHT (8) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided.

Question 1

- (a) On 1 April 2022, Maju Selalu Sdn. Bhd. acquired a patent of a popular textile design from a renowned local designer for RM1.75 million and has been amortised for a period of 7 years using the revaluation model. After 2 years on 31 March 2024, the patent was revalued to RM1 million and on the following year on 31 March 2025, the auditors of the company instructed for it to recognise an impairment loss of RM300,000.

Required:

- i. Compute the accumulated amortisation and the carrying amount of the patent on 31 March 2024.
(3 marks)
- ii. Calculate the revaluation deficit to be expensed off on 31 March 2024 and provide the related journal entry.
(3 marks)
- iii. Show the journal entry of the impairment loss to be expensed off and calculate the carrying amount of the patent on 31 March 2025.
(2 marks)
- iv. Define asset impairment and explain on how an impairment loss differs from a revaluation deficit.
(2 marks)

- (b) On 1 January 2025, due to a shift in the company's core business activities, the franchise for a yoghurt ice cream business were sold to a competitor for RM35,000. The franchise had originally been acquired three years earlier for RM75,000 and was estimated to have a useful life of 5 years with no residual value. The company applied the cost model for accounting of the franchise.

Required:

- i. Calculate the gain or loss on the sale of the franchise.

(2 marks)

- ii. Prepare the journal entries to record the derecognition of the franchise.

(3 marks)

[15 marks]

Question 2

Gurney Berhad entered into an agreement with Keramat Sdn. Bhd. to lease a machinery on 1 January 2020. The financial year end for Gurney Berhad is on 31 December each year. The terms of the agreement are as follows:

1. Gurney Berhad will pay five instalment of RM50,000 on the 15th. day of its financial year.
2. The agreed value of the machine is RM205,000, which is the same as it's PVMLP, with an interest rate of 7% per year.
3. The expected economic life of the machine is five years with zero residual value.
4. At the end of the lease period, the title of the machine is transferred to the lessee.
5. Interest allocation is based on sum of digit method.

Required:

- (a) Prepare an extract of Gurney Berhad's Income Statement for each of the five years (show all workings).

(10 marks)

- (b) Prepare an extract of Gurney Berhad's of Statement of the Financial Position for each of the five years.

(10 marks)

[20 marks]

Question 3

- (a) Simanes Sdn. Bhd. is a heavy engineering company with its headquarters based in Europe. On 1 October 2024, it entered into a contract with a customer Abobba Sdn. Bhd. to install one of its latest machinery. The company is also to provide training to Abobba's plant staff and a six-months post installation support service. As the company is still promoting this machinery to potential customers, it has offered a total payment of RM2.1 million for the machinery and the services above.

Typically, the cost of each contract item is:

Items	Cost (RM'000)
Machinery	1,674
Installation	372
Training	186
Post installation support	93

The machinery was delivered and successfully installed by 30 November 2024 and the training was conducted a week after that and completed by 21 December 2024. Post installation support only began in January 2025 and will end by June 2025. The company is allowed to bill Abobba Sdn. Bhd. in December 2024 once the training is completed. Billing of the post installation support service can only be done after six months in June 2025.

Required:

- i. Discuss the difference between contract asset and contract liability.

(2 marks)

- ii. Calculate the allocation of revenue for each of the contract item above.

(6 marks)

- iii. Provide the journal entry to be recorded on 31 December 2024.

(2 marks)

- (b) In view of the post installation support service, Simanes Sdn. Bhd. has also purchased some machinery parts as backup should it require the parts in that six months of support. Below is the breakdown of the costs incurred in purchasing the parts:

Items	Cost (RM)
Invoice price	73,500
Transportation and handling	1,700
Import duty	2,300
Storage	850
Freight insurance	310
Administrative cost	530

Required:

- i. Calculate the cost of the inventory .

(3 marks)

- ii. According to MFRS 102 — *Inventories*, inventories must be measured at the lower of cost and net realizable value (NRV), except for inventories held in certain specialized industries. Discuss the concept of net realizable value (NRV) as it applies to inventory valuation.

(2 marks)

[15 marks]

Question 4

On 1 January 2023, Semarak PLC issued a RM2 million 5% preference shares at a discount of 10%. The discount of the issue is amortised over two years and the current market rates is 4%. Semarak PLC has a 20 million RM1.00 each paid up capital. The profit after tax for the year end 2023 and 2024 were RM8 million and RM7 million respectively.

Required:

- (a) Calculate the Earnings Per Share (EPS) for Semarak PLC for the year 2023 and 2024.
(Show all workings) (8 marks)
- (b) Briefly discuss the **SIX (6)** exercise on Changes in Share Capital. (12 marks)
- [20 marks]**

Question 5:

The following is the preliminary trial balance of Little Mermaid Bhd. as at 30 June 2025:

	Debit RM'000	Credit RM'000
Revenue		152,932
Cost of sales	84,950	
Administrative expenses	8,570	
Sales and distribution expenses	7,450	
Director's remuneration	460	
Staff benefits expenses	850	
Finance expenses	560	
Dividend income		3,270
<i>Non-current assets – at cost</i>		
Land	129,785	
Building	66,940	
Plant and machinery	40,100	
Research and development	15,620	
<i>Accumulated depreciation at 1 July 2024</i>		
Building		19,940
Plant and machinery		17,742
Research and development		8,978
Investments	2,850	
Inventory	9,570	
Trade receivables	12,987	
Bank	4,583	
Trade payables		11,770
Bank overdraft (unsecured)		350
Tax paid	1,957	
Ordinary share capital		47,000
6% Redeemable preference shares		28,300
Other payable		29,820
Retained earnings as at 1 July 2024		47,140
Deferred tax liability		19,990
	387,232	387,232

Additional information

1. Included in the revenue is an order amounting to RM432,000 which was only delivered to the customer on 15 July 2025. The term of the sale is on credit basis.
2. Closing inventories which were recognised at costs amounting to RM272,500 was ascertained to be damaged and their net realisable value were RM48,500.
3. Finance expenses of RM560,000 includes:

	RM'000
Interest on bank overdraft	35
Lease rentals	525
	<u>560</u>

The lease rentals were for a plant which was used 20% for administrative purposes and 80% for distribution.

4. Investments comprise financial assets valued at:

	<u>Carrying Amount</u>	<u>Fair Value</u>
	RM'000	RM'000
Fair value through profit or loss	1,460	1,680
Fair value through other comprehensive income	1,210	1,430
At amortised cost	180	250
	<u>2,850</u>	<u>3,360</u>

There were no purchases or disposals of any of these investments during the year.
Fair value shown above is as at 30 June 2025.

5. Dividends on preference shares for the year have not been provided.
6. The tax paid account is related to the tax paid during the year for the current year. The current year's tax expense was estimated to be RM5.5 million inclusive of an increase to deferred tax liability of RM2.9 million of which RM55,000 was related to financial assets at fair value through other comprehensive income.

7. Little Mermaid Bhd depreciates its assets on the following basis. The depreciation for the year has not been made:

	Depreciation expenses method	Annual Percentage (%)
Building	Reducing Balance	5
Plant and machinery	Cost	10

All depreciation is charged to cost of sales.

8. The research and development expenditure listed in the balance sheet pertains to the capitalised costs of developing a product named Feast. Initially, the product was expected to have a useful life of seven years. However, production and sales began in July 2022, and a recent review of Feast's sales performance indicates that its estimated remaining useful life has now been reduced to two years.

Required:

- i. Prepare the statement of profit or loss and comprehensive income for the year ended 30 June 2025.

(12 marks)

- ii. Prepare the statement of financial position as at 30 June 2025.

Note: Clearly show your workings.

(18 marks)

[30 marks]

END OF EXAMINATION PAPER