UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2025 SEMESTER

COURSE CODE	:	EAB20703
COURSE NAME	:	FINANCIAL ACCOUNTING AND REPORTING 2
PROGRAMME NAME	:	BACHELOR IN ACCOUNTING (HONS)
DATE	:	25 JUNE 2025
TIME	:	9.00 AM – 12.00 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, Syafinaz Berhad issued 30 million 5% Redeemable Preference Shares for RM30 million. These shares are redeemable in four years' time at a Premium of 13.5%. The effective interest rate is 8%.

Syafinaz 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 2021 to 31 December 2024.

(8 marks)

(c) Present the Redeemable Preference Shares Account in the Statements of Financial Position from the years 31 December 2021 to 31 December 2024.

(4 marks)

[20 marks]

Question 2

The following trial balance was extracted from the books of Fintech Bhd. as at 31 December 2024.

Fintech Bhd.
Trial Balance as at 31 December 2024

	Debit RM'000	Credit RM'000
Cost of sales and sales	23,600	44,500
Inventory	2,500	
Warehouse wages	1,800	
Salespersons' salaries and commissions	1,050	
Administrative salaries	4,000	
Administrative expenses	580	
Selling and distributive expenses	490	
Directors' remuneration	870	
Auditors' fees	970	
Interest paid	100	
Dividends paid (interim)	120	
Property, plant and equipment (at cost)	18,000	
Accumulated depreciation as at 1 January 2024:		
Property, plant and equipment		3,900
Accounts receivable and accounts payable	6,900	3,800
Allowance for doubtful debts as at 1 January 2024		200
Balance at bank	2,080	
10% Debentures		1,000
4 million ordinary shares		4,000
Retained profits as at 1 January 2024		4,910
Tax paid for the current year	950	
Tax over-provided in prior year		50
Suspense account		1,650
	64,010	**64,010**

Additional information:

1. The Net Realizable Value of the closing inventory is RM2,400,000. Any decrease in the value of inventory from its cost is charged to cost of sales.

2. Bad debts of RM200,000 had to be written off and the allowance for doubtful debts is to be adjusted to 2% of the remaining accounts receivable.

3. Depreciation expense of the property, plant and equipment was RM1,400,000. It is the policy of the company to charge full year depreciation in the year of purchase and none in the year of disposal. Depreciation expense for the year is allocated as follows: cost of sales 50%, administrative expenses 30% and selling and distributive expenses 20%.

4. Two transactions have been debited to the bank account of the company and credited to the suspense account shown in the trial balance:

		RM'000
i.	The receipt from the issue of 500,000 ordinary shares at RM3 each.	1,500
ii.	The receipt from the sale of an item of property, plant and equipment The cost of the plant was RM1,000,000 and had a carrying value of RM100,000.	150

5. The income tax expense for the year is RM1,050,000.

6. On 20 December 2024, the company proposed a final dividend of 5%.

7. An item of property, plant and equipment was revalued during the year. The surplus on revaluation was RM1,500,000.

Required:

(a) Prepare the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2024.

(12 marks)

(b) Prepare the Statement of Changes in Equity for the year ended 31 December 2024.

(6 marks)

(c) Prepare the Statement of Financial Position as at 31 December 2024.

(12 marks)

[30 marks]

Question 3

Fatimah Bhd is a public company listed on Bursa Malaysia. Its financial year ends on 31 December each year. Given below are the list of balances for the years 2023 and 2024.

	31 December 2024	31 December 2023
	RM'000	RM'000
Bank	58,762	34,000
Accounts receivable	112,000	72,500
Accounts payable	72,031	78,860
Inventories	31,454	51,500
Accrued operating expenses	23,490	7,000
Accrued interest expense	350	140
Property, plant and equipment	104,328	94,500
Ordinary shares	190,000	127,000
Retained profits	32,173	29,000
Tax payable	1,500	500
Revaluation reserve	10,000	-
Intangible assets	44,000	25,000
Long-term borrowings	10,000	30,000
Dividend payable	11,000	5,000

Additional information:

1. The statement of profit or loss for the year ended 31 December 2024 is as follows:

	RM'000	RM'000
Revenue		350,000
Cost of sales		(250,000)
Gross profit		100,000
Operating expenses	63,000	
Directors' remuneration	13,500	
Loss on sale of plant	2,500	
Interest expense	800	(79,800)
Profit before tax		20,200
Income tax expense		(5,000)
Profit after tax		15,200

2. Operating expenses include depreciation expense of RM6,000,000 for property, plant and equipment and amortization expense of RM2,500,000 for intangible assets.

3. Plant and machinery costing RM16,500,000 with accumulated depreciation of RM8,000,000 was sold during the year.

4. There was no disposal of intangible assets during the year.

5. An interim dividend of RM1,027,000 together with dividend payable from last year were paid during the year.

Required:

(a) Prepare the Statement of Cash Flows for the year ended 31 December 2024 using the **direct method** and in compliance with MFRS 107 Statement of Cash Flows.

(22 marks)

(b) Prepare net cash flow from the operations through the reconciling statement.

(8 marks)

[30 marks]

Question 4

Jacksonville Bhd, a public company, has not been performing well for the past five years of its operations. Besides incurring losses, it was not able to pay dividends to its shareholders. The company decided to carry out the scheme of capital reduction to address these issues. The following balances were extracted from the books of the company on 31 December 2024.

	Debit RM'000	Credit RM'000
4,000,000 Ordinary Shares of RM2 each		8,000
2,000,000 6% Preference Shares of RM1 each		2,000
Accumulated losses	3,000	
Intangible assets	4,500	
Accounts receivable	500	
Accounts payable		370
Land and building	2,000	
Plant and machinery	700	
Inventories	180	
Short-term loan		160
Bank		350
	10,880	10,880

The following scheme of capital reduction was proposed by the Board of Directors of Jacksonville Bhd:

1. The Ordinary Shares are to be reduced to 20 sen per share. These shares are then consolidated to ordinary shares of RM2 each.

2. The preference shares are to accept 1,500,000 ordinary shares of RM1 each in exchange for the 6% preference shares.

3. The accumulated losses will be written off.

4. The value of the following assets must be reflected in the books.

	RM'000
Land and building	2,200
Plant and machinery	250
Intangibles	500
Inventories	50
Accounts receivable	180

5. The existing ordinary shareholders, after consolidation into RM2 are to subscribe **THREE (3)** ordinary shares, RM1, for every **ONE (1)** share held. The proceeds from the issue will be used to pay the short-term loan and bank overdraft.

6. Half of the creditors will be paid immediately, and the remainder will be paid after six months.

Required:

(a) Prepare the necessary journal entries and Capital Reduction T-Account to affect the above reconstruction scheme.

(15 marks)

(b) Prepare the Statement of Financial Position of the company after the completion of the Capital Reduction Scheme.

(5 marks)

[20 marks]

END OF EXAMINATION PAPER