



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
MARCH 2025 SEMESTER**

COURSE CODE	: EAB20704
COURSE NAME	: FINANCIAL ACCOUNTING & 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 SIX (6) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided

Question 1

- (a) In 2025, the management of Gurney Berhad commissions its engineering and construction division to build a plant for its manufacturing division. The cost incurred for the construction of the plant are as follows:

	<u>RM'000</u>
Contractor's cost	21,000
Direct material and labour	10,000
Engineering and technical overheads	3,000
Interest cost	2,000
General administrative expenses	1,500
	<u>37,500</u>

Of the direct material and labour use, 10% are attributed to inefficiencies. The manufacturing division capitalized the plant at transfer price which was RM38 million. The fair value of the similar plant was RM37 million.

Required:

- (i) Determine the initial cost of the plant. (6 marks)
- (ii) Calculate the adjustment needed for the amount capitalized in the manufacturing division records. (5 marks)

- (b) On 1 January 2021, Platinum Berhad acquired a franchise for RM400,000. The expected economic life is eight years and the entity adopts the revaluation model. On 31 December 2022, the fair value of the franchise increased to RM420,000 and on 31 December 2024 revised downwards to RM170,000.

Required:

Explain the accounting treatment of Platinum Berhad in the Ledger (T-Accounts) from the Financial Year 2021 to 2024.

(14 marks)

[25 marks]

Question 2

Padang Berhad enters into an agreement with Tembak Berhad to lease an equipment on 1 January 2022. The financial year end for Tembak Berhad is on 31 December each year. The term of the agreement are as follows:

- i. Padang Berhad will pay three instalments of RM70,000 on the 1st. day of its financial year.
- ii. The agreed value of the machine is the same as it's Present Value Minimum Lease Payment (PVMLP), with an interest rate of 8% per year, chargeable based on the actuarial method.
- iii. The expected economic life of the machine is three years with zero residual value. However, the useful life of the equipment is four years.
- iv. At the end of the lease period, the title of the machine is transferred to the lessee.

Required:

- (a) Calculate the interest charges for Tembak Berhad for all the three years (show all workings).

(19 marks)

- (b) Prepare Tembak Berhad's extract of Statement of Profit or Loss for all the three years.

(2 marks)

- (c) Prepare Tembak Berhad's extract of Statement of the Financial Position for all the three years.

(4 marks)

[25 marks]

Question 3

Below are the assets and liabilities carrying amounts for Keramat Berhad as at 1 January 2025.

	<u>RM'000</u>
Goodwill	200
Land and building (cost)	100
Property, Plant & Equipment (NBV)	500
Investment Property	120
Financial assets	80
Inventories	120
Loans	(300)
Total	<u>820</u>

Additional information:

At at 30 March 2025;

- Land and building was revalued at RM150 million before the reclassification as Asset Held for Sale.
- The fair value for investment property was RM130 million.
- The market value for financial instrument was RM75 million.
- The net realizable value for inventories was RM110 million.
- PPE was depreciated on a straight line method, on monthly basis.

Keramat Berhad plans to exit its existing business and met all the required criterias on 1 April 2025. The fair value of all its business unit on this date was RM600 million with a cost to sell of 5%.

Required:

- (a) Remeasure the assets and liabilities of Keramat Berhad as at 1 April 2025 (show all workings).

(7 marks)

- (b) Calculate the impairment loss and allocate the loss to the assets of Keramat Berhad as at 1 April 2025.

(6 marks)

- (c) Define “Discontinued Operations” and briefly discuss one example of discontinued operation.

(12 marks)

[25 marks]**Question 4**

The following Trial Balance was extracted from the books of Semarak Berhad, a confectionery retailer as at 31 December 2024.

	<u>RM</u>	<u>RM</u>
Ordinary share capital (RM1 shares)		300,000
Retained earnings at 1 January 2025		56,394
10% Debentures		70,000
Debenture interest	7,000	
Freehold land at cost	174,000	
Motor vehicles at cost	55,000	
Motor vehicles accumulated depreciation, 1 January 2025		21,800
Inventory at 1 January 2025	87,206	
Trade receivables	50,960	
Allowance for doubtful debts at 1 January 2025		2,152
Bank	161,916	
Trade payables		33,944
Revenue		550,724
Purchases	338,546	
Administrative expenses	118,978	
Distribution costs	41,408	
	<u>1,035,014</u>	<u>1,035,014</u>

Additional information:

- i. Following the year-end stock take, closing inventory has been valued at RM92,316 based on its historic cost. The net realizable value of the closing inventory was RM90,500.
- ii. Freehold land was purchased in 2020 for a low price during the Covid-19 pandemic lockdown. During 2025, the directors of Semarak Berhad decided to adopt a policy of valuing the freehold land at its 'fair value'. A professional valuation at 31 December 2024 has valued the freehold land at RM524,000.
- iii. Motor vehicles are depreciated at 25% per annum using the 'reducing balance' method. Depreciation has not yet been charged for the year ended 31 December 2024 and is treated as administrative expense.
- iv. Fuel expense paid in advance at 31 December 2024 amounted to RM3,500. Fuel costs is treated as a distribution cost.
- v. The allowance for doubtful debts is to be increased to 6% of trade receivables as at 31 December 2024.
- vi. During financial year 2024, it was found that the previous year closing inventory had been over valued by RM15,000.
- vii. Corporation tax for the year ended 31 December 2024 has recently been assessed at RM4,300.
- viii. On december 2024 Semarak Berhad was sued by one of its creditors on a contractual disputes with a total claim of RM100,000. Semarak Berhad's lawyer strongly believed that the court will dismiss the case.

Required:

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

(13 marks)

- (b) Prepare the Statement of Financial Position as at 31 December 2024 (show all workings).

(12 marks)

[25 marks]

PRESENT VALUE INTEREST FACTOR ANNUITY TABLE

Percentage (%) / Period (n)	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
1	0.9901	0.9804	0.9709	0.9615	0.9524	0.9344	0.9346	0.9259	0.9174	0.9091
2	1.0704	1.9416	1.9135	1.8861	1.8594	1.8334	1.8080	1.7833	1.7591	1.7355
3	2.9410	2.8839	2.8286	2.7751	2.7232	2.6730	2.6243	2.5771	2.5313	2.4869
4	3.9020	3.8077	3.7171	3.6299	3.5460	3.4651	3.3872	3.3121	3.2397	3.1699
5	4.8534	4.7135	4.5797	4.4518	4.3295	4.2124	4.1002	3.9927	3.8897	3.7908
6	5.7955	5.6014	5.4172	5.2421	5.0757	4.9173	4.7665	4.6229	4.4859	4.3553
7	6.7282	6.4720	6.2303	6.0021	5.7864	5.5824	5.3893	5.2064	5.0330	4.8684
8	7.6517	7.3255	7.0197	6.7327	6.4632	6.2098	5.9713	5.7466	5.5348	5.3349
9	8.5660	8.1622	7.7861	7.4353	7.1078	6.8017	6.5152	6.2469	5.9952	5.7590
10	9.7133	8.9826	8.5302	8.1109	7.7217	7.3601	7.0236	6.7101	6.4177	6.1446

END OF EXAMINATION PAPER