



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
MARCH 2025 SEMESTER**

COURSE CODE	: EAB10504
COURSE NAME	: FINANCIAL ACCOUNTING AND REPORTING 1
PROGRAMME NAME	: BACHELOR IN ACCOUNTING (HONS)
DATE	: 2 JULY 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 **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

SE Innovation is a company that specialises in interior design solutions and custom-built furnishings, operating in Tasek Industrial Park. Due to the increasing demand for personalised and functional interior spaces, the company has experienced a significant surge in project requests from both residential and commercial clients. In order to meet this growing demand, the company purchased a specialised piece of equipment on 31 May 2021 to enhance its production and design capabilities.

Details of the cost incurred are as follows:

	RM
Purchase price	409,000
Import duty	5,200
Engineer fees	3,900
Pre-production testing	5,800
Shipping and transportation cost	1,900

SE Innovation received a trade discount of 5% from the purchase price. The specialised equipment has an estimated useful life of ten years with no residual value and to be depreciated on a straight-line method, monthly basis. The company closes its accounts on 31 December each year.

On 31 October 2024, due to cost ineffective of maintaining the specialised equipment, the company sold the specialised equipment at RM250,500.

Required:

- (a) Briefly explain whether the specialised equipment is an asset of SE Innovation in accordance with the Malaysian Conceptual Framework for Financial Reporting.

(6 marks)

- (b) Compute the initial cost of the specialised equipment as at 31 May 2021.

(5 marks)

- (c) Calculate depreciation on the specialised equipment for the year ended 31 December 2021.
(3 marks)
- (d) Briefly explain the accounting treatment for the disposal of specialised equipment as at 31 October 2024 to the management of SE Innovation.

(5 marks)

[19 marks]**Question 2**

Harmoni Trading is a business that sells home furnishing and decor items to both cash and credit customers. The following information relates to Harmoni Trading as at 1 April 2024:

Description	RM
Account receivables, 1 April 2024	85,000
Allowance for doubtful debts (opening balance)	2,000

Transaction during April 2024:

Description	RM
Credit sales	96,000
Return inwards	3,000
Discount allowed	5,400
Payment from credit customers	66,000

As of 30 April 2024, it was discovered that:

1. Misha, one of customers was declared bankrupt and could not pay her debt of RM3,100.
2. Another customer Dani, left the country permanently, leaving an uncollectible balance of RM2,400.
3. Harmoni Trading decides to maintain an allowance for doubtful debts at 5% of the remaining accounts receivable.

Required:

- (a) Calculate the closing balance of account receivable as at 30 April 2024.

(5 marks)

- (b) Determine the amount of bad debts to be written off.

(2 marks)

- (c) Calculate the new allowance for doubtful debts.

(2 marks)

- (d) Prepare the journal entries for:

- i. bad debts written off and,
- ii. adjustment to allowance for doubtful debts.

(5 marks)

[14 marks]

Question 3

The following is a summary of the cash book of D-Motion enterprise for January 2025.

Cash Book (Bank column)					
Date	Particulars	RM	Date	Particulars	RM
Jan-01	Sales-Jaja	22,700	Jan-01	Balance b/d	3,500
Jan-05	Daud (002502)	7,160	Jan-02	Flower supplier (002501)	8,970
Jan-07	Sales	5,400	Jan-08	Aliah Sdn.Bhd (002503)	2,030
Jan-11	Sales	18,550	Jan-12	Latifah (002504)	15,000
Jan-15	Hanisah (500067)	32,000	Jan-23	Megat (002505)	18,000
Jan-20	Amalina (125019)	12,830	Jan-28	Purchases (002506)	27,550
Jan-28	Sales	15,600	Jan-31	Salary (002507)	28,000
Jan-30	Sales	8,500	Jan-31	Insurance (002508)	2,010
				Bal c/d	17,680
		122,740			122,740

Date	Particulars	Debit (RM)	Credit (RM)	Balance (RM)
Jan-01	Opening balance			(3,500)
Jan-01	Cheque returned (502017)	7,050		(10,550)
Jan-02	Electronic fund transfer (EFT)		4,260	(6,290)
Jan-02	Cash deposit		22,700	16,410
Jan-07	002501	8,970		7,440
Jan-07	Cash deposit		5,400	12,840
Jan-11	Cash deposit		18,550	31,390
Jan-13	002503	20,300		11,090
Jan-15	002502	7,160		3,930
Jan-18	Cheque deposit-500067		32,000	35,930
Jan-18	Electronic fund transfer (EFT)	14,000		21,930
Jan-21	Bank collection		15,300	37,230
Jan-23	Cheque deposit-125019		12,830	50,060
Jan-23	002504	15,000		35,060
Jan-25	002505	18,000		17,060
Jan-31	Bank charges	340		16,720

Upon investigation, the following matters revealed:

1. The electronic fund transfer (EFT) deposit was for commission received. The electronic fund transfer (EFT) deduction was for monthly rental transfer.
2. The cheque returned (502017) was due to insufficient funds in the amount of RM7,050 received from a receivable, Aliah.
3. The correct amount for a cheque 002503 was RM20,300.
4. Cheque 002502 amounting to RM7,160 and issued to Daud was entered into the wrong side of account.
5. The bank collected an amount of RM15,300 from an account receivable, Juana on behalf of the business.

Required:

- (a) Prepare the adjusted cash book. (10 marks)
- (b) Prepare the bank reconciliation statement as at 31 January 2025. (6 marks)
- (c) Suggest **TWO (2)** steps the business should take after preparing the bank reconciliation. (4 marks)
- [20 marks]**

Question 4

Kinabalu Sdn. Bhd. is a company involved in the distribution and retail of consumer electronics, particularly smart appliances and portable devices. The company maintains a range of inventory sourced locally and internationally.

As at 31 December 2024, Kinabalu Sdn. Bhd holds the following existing inventory in its warehouse:

Model	Cost/unit (RM)	Quantity	NRV(RM)	Selling cost/unit (RM)
AP-300	950	60 units	870	50
AP-100	700	40 units	780	30

In addition to this, Kinabalu Sdn. Bhd made two new purchases in the final week of December 2024:

Model	Supplier Country	Quantity	Cost/unit (RM)	Insurance	Shipping Term	Date
AP-500	Korea	100 units	1,200	RM2,500	FOB Shipping Point	30/12/2024
AP-700	Germany	80 units	1,500	RM2,000	FOB Destination	3/01/2025

Due to market shifts, the Net Realisable Value (NRV) and selling cost for newly purchased items are:

Model	NRV (RM)	Selling Cost (RM)
AP-500	1,150	80
AP-700	1,520	50

Required:

- (a) In accordance with MFRS 102 *Inventories*, identify whether the item qualifies as inventory as at 31 December 2024. Support your answer with reasons.
(6 marks)
- (b) Calculate the total value of inventory to be reported in the statement of financial position as at 31 December 2024.
(6 marks)
- (c) Explain the recognition criteria for inventories under MFRS 102 *Inventories*.
(5 marks)
[17 marks]

Question 5

Petrinas Trading is a company engaged in the trading of electronic appliances. Below is the financial information for the year ended 31 December 2024.

Petrinas Trading Trial Balance as at 31 December 2024		
	Debit (RM)	Credit (RM)
Sales		800,000
Inventory (as at 1.1.2024)	55,000	
Purchases	300,000	
Return	15,000	10,500
Land	386,740	
Building	768,000	
Accumulated depreciation – Building (as at 1.1.2024)		92,160
Motor vehicles	90,000	
Accumulated depreciation – Motor vehicles (as at 1.1.2024)		4,500
Capital		1,010,000
Trade receivables and trade payables	110,000	12,210
Bad debts	10,440	
Allowance for doubtful debts		2,600
General expenses	6,500	

Salaries and wages expenses	65,000	
Cash	15,000	
Bank	237,000	
Drawings	11,500	
Long-term loan at 10% per annum		199,000
Electricity expenses	25,080	
Discount	11,000	16,960
Rental expenses	24,000	
Carriage outwards	5,520	
Insurance expenses	2,400	
5% Fixed deposit	10,000	
Interest of fixed deposit		250
Total	2,148,180	2,148,180

Additional information:

1. A physical count of inventories at the end of the financial year revealed inventory with a cost of RM15,000. However, inventory costing RM4,000 was damaged and it was estimated that it could be sold for RM3,000.
2. Smart Cop Sdn Bhd, one of the customers has just been declared bankrupt by the court and the company has decided to write off its debts of RM12,000.
3. The allowance for doubtful debts is estimated to be 2% of the net trade receivables.
4. The insurance expense is for a 12-months fire insurance policy which was purchased on 1 April 2024 and paid in cash.
5. During the year, the owner took goods costing RM3,000 and cash RM1,000 from the business for his personal consumption. These have not been reflected in the books.
6. Depreciation expense for the property, plant and equipment is to be provided on a yearly basis as follows:

Building	2% on cost
Motor vehicle	5% on cost
Plant and machinery	20% on carrying amount
7. Only half a year's interest on the fixed deposit has been received by the business.

8. An electricity payment of RM1,200 was incorrectly debited to rental expenses.
9. On 1 October 2024, the company purchased a new machine costing RM50,000 paid by cheque. The following additional cost incurred in relation to the purchase:
- i. Transportation cost RM2,000
 - ii. Installation cost RM1,500
 - iii. Training expenses RM800
 - iv. Repair cost due to damage during delivery RM1,200

No journal entry have been recorded for the above transaction.

Required:

- (a) Prepare the Statement of Profit or Loss for Petrinas Trading for the year ended 31 December 2024.
- (16 marks)
- (b) Prepare the Statement of Financial Position for Petrinas Trading as at 31 December 2024.
- (14 marks)
- [30 marks]**

END OF EXAMINATION PAPER