



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
OCTOBER 2025 SEMESTER**

COURSE CODE	: FINANCIAL ACCOUNTING AND REPORTING 1
COURSE NAME	: EAB10504
PROGRAMME NAME	: BACHELOR IN ACCOUNTING (HONS)
DATE	: 31 JANUARY 2026
TIME	: 09:00AM – 12:00PM
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

Pizza Mendonia Sdn. Bhd. is a manufacturer of pizzas and bakery products in Kuala Lumpur. Due to increased demand for pizza, Pizza Mendonia Sdn. Bhd. purchased a new heavy duty oven on 1 January 2022 at an invoice price of RM550,000. The delivery and handling cost were RM5,000. The oven was tested by producing free sample pizzas which cost RM3,000 to ensure it was suitable for production. Maintenance and insurance costs for the oven amounted to RM6,000 per year. The oven has a useful life of 10 years.

After a viral social media campaign, the demand for pizzas increased significantly and the company decided to expand its operation. The company acquired a vacant building at a cost of RM2,000,000 and paid legal fees of RM100,000 to set up a second pizza production facility. Pizza Mendonia Sdn Bhd incurred the following costs during the renovation process:

Cost	RM
Architect fees to design the renovation area	120,000
Construction cost	1,030,000
General administrative cost	50,000
Annual clean up cost	30,000

The building was occupied by the company on 25 May 2025, with a useful life of 20 years.

Required:

- (a) Briefly explain whether the heavy duty oven is an asset of Pizza Mendonia Sdn. Bhd. in accordance with the Malaysian Conceptual Framework for Financial Reporting.
(5 marks)
- (b) Compute the initial cost of:
- i. heavy duty oven as at 1 January 2022 and;
 - ii. the building as at 25 May 2025.

(7 marks)

- (c) Calculate the annual depreciation of the heavy duty oven and the building using the straight line method.

(5 marks)

- (d) Prepare journal entry related to the heavy duty oven on 1 January 2022 and 31 December 2022.

(3 marks)

- (e) Explain the capitalization criteria of subsequent cost for an asset.

(2 marks)

[22 marks]

Question 2

Enchantour Sdn. Bhd. is a distributor of luxury perfumes in Malaysia. On 21 June 2025, the company sold goods to HY on credit with terms 1.5/10, n/30 for RM23,500. The company also sold perfumes to Dewi Trading on 27 June 2025 for RM15,000 and received 4% promissory note payable in 60 days.

During the financial year ended 31 December 2025, Enchantour Sdn. Bhd. has presented the following aging analysis for the company trade receivables:

No. of days due	Receivable Amount (RM)	Expected Credit Loss Rate (%)
0 - 30 days	550,000	0.5
31 - 60 days	170,000	2
61 - 90 days		
- ABC Enterprise	15,600	
- Bibi Chua	3,500	10
Over 90 days	18,500	30
Total	757,600	

The allowance for expected credit loss on trade receivable amounted to RM12,500 as at 1 January 2025. During the year, the company decided to write off the receivable amount of RM5,000 owing from Bibi Chua after she was declared bankrupt.

Required:

- (a) State **THREE (3)** differences of note receivables as compared to account receivables.
(3 marks)
- (b) Prepare the relevant journal entries for Enchantour Sdn.Bhd. in June 2025.
(2 marks)
- (c) Identify the maturity date of note receivable of Enchantour Sdn.Bhd.
(2 marks)
- (d) Calculate the expected credit loss on trade receivables to be disclosed in the Statement of Profit or Loss for the year ended 31 December 2025.
(3 marks)
- (e) Determine the net realisable value of receivable in the Statement of Financial Position as at 31 December 2025.
(3 marks)
- [13 marks]**

Question 3

On 10 April 2025, Jumanji Enterprise received the monthly bank statement for the month of March 2025. The bank statement showed the following.

Date	Particulars	Debit (RM)	Credit (RM)	Balance (RM)
March-1	Opening balance			31,000
3	Cheque : 224566	1,500		29,500
4	Cheque deposit - 303201		2,650	32,150
6	Cheque : 224567	650		31,500
8	Cheque : 224568	2,710		28,790
9	Cheque deposit - 432512	1,080		27,710
15	Cheque: 224569	800		26,910
16	Cheque deposit - 113998		800	27,710
20	Credit transfer		500	28,210
23	Direct debit	300		27,910
24	Cheque : 224570	300		27,610

26	Cheque deposit - 145321		341	27,951
28	Bank charges	100		27,851

The cash records prepared by the company for the month of March 2025 were as follows:

Cash Book (Bank column)					
Date	Particulars	RM	Date	Particulars	RM
March-1	Balance b/d	31,000	March-2	Purchases (224566)	1,500
3	Sales (303201)	2,650	5	Fattah Amin (224567)	560
8	Ain Hasanah (432512)	1,800	7	Haziq (224568)	2,710
13	Adli (854654)	1,000	14	Purchases (224569)	800
15	Dira (113998)	800	23	Utilitties bill (224570)	300
24	Sales (145321)	341	25	Harry (224571)	800
27	Sales (134523)	200		Balance c/d	31,121
		37,791			37,791

Upon investigation, the following matters revealed:

- Cheque no. 224567 issued to Fattah Amin amounting to RM650 was wrongly recorded in the cash payments journal as RM560.
- Cheque no. 432512 amounting to RM1,800 received from Ain Hasanah was wrongly recorded as payment of RM1,080 in the bank statement.

Required:

- Prepare the adjusted Cash Book. (7 marks)
- Prepare the Bank Reconciliation Statement as at 31 March 2025. (6 marks)
- State **THREE (3)** reasons for the cheque to be classified as a dishonoured cheque. (3 marks)
- Suggest **TWO (2)** internal control procedures that a company can implement to safeguard its cash. (4 marks)

[20 marks]

Question 4

Zafira Sports Sdn. Bhd. is a wholesaler of fitness and recreational equipment, supplying products throughout the central region of Malaysia. The following information relates to one of its best-selling items, the Smart Treadmill, for the financial year ended 31 December 2025. The Smart Treadmill is available in two (2) different models, namely Model X and Model Y.

	Model X	Model Y
Purchase quantity	2,500 unit	4,500 unit
Sales quantity	2,000 unit	4,150 unit
Net realisable value per quantity	RM690	RM520
Invoice price per quantity	RM700	RM550
Storage costs per quantity	5% from invoice price	2% from invoice price
Total handling and import costs	RM11,250	RM9,900

Note: Both models have no opening inventories.

Required:

- (a) State **TWO (2)** examples of situation in which net realisable value is lower than cost. (2 marks)
- (b) Identify whether the unsold Smart Treadmill are items of inventories for company as at financial year ended 31 December 2025 in accordance with MFRS 102 *Inventories*. (7 marks)
- (c) Show the value of inventories for both Model X and Model Y on item-by-item basis as at 31 December 2025 in accordance with MFRS 102 *Inventories*. (6 marks)

[15 marks]

Question 5

UrbanHome Essential Enterprise is leading company in the furniture and fittings industry, specializing in the trading and distribution of high-quality home and office furnishings. Below is the financial information for the year ended 31 December 2025.

UrbanHome Essential Enterprise		
Trial Balance as at 31 December 2025		
	Debit (RM)	Credit (RM)
Capital as at 1.1.2025		200,000
Asset at cost as at 1.1.2025		
Freehold properties	220,000	
Plant and machinery	78,600	
Fixtures and fittings	84,000	
Motor vehicles	180,000	
8% BIMB Loan		40,000
Accumulated depreciation as at 1.1.2025		
Plant and machinery		27,510
Fixtures and fittings		40,320
Motor vehicles		34,200
Interest on loan	1,600	
Trade payable		34,206
Inventories as at 1.1.2025	25,000	
Trade receivables	69,600	
Bank	83,396	
Sales		334,210
Purchases	75,000	
Return	1,500	4,000
Investment income		254,000
Allowance for expected credit loss as at 1.1.2025		4,000
Administrative expenses	23,000	
Repair and renewals of motor vehicles	50,000	
Salary expenses	58,500	
Rental expenses	15,000	
Insurance expenses	2,400	
Transportation cost	1,500	

Bank charges	1,000	
Bad debts	1,350	
Drawing	1,000	
Total	972,446	972,446

Additional information:

1. Closing inventory as at 31 December 2025 amounted to RM25,000. The balance includes damaged inventories costing RM5,000 which have been written down to their net realisable value of RM2,000.
2. The company acquired a motor vehicle costing RM50,000 on 30 June 2025 and settled the payment on the same date by cheque.
3. Freehold properties are not depreciated. The company's policy is to provide depreciation on a yearly basis as follows:

Plant and machinery	5% per annum on cost
Fixture and fittings	8% per annum on cost
Motor vehicle	10% per annum on net carrying amount
4. On 1 November 2025, Hamidah Enterprise was declared bankrupt, and the outstanding amount of RM2,000 was written off as bad debts. The trade receivable expected credit loss allowance at year end was RM5,820.
5. The following expenses are to be provided:
 - i. Audit fees of RM1,300.
 - ii. Accrued interest on loan for the year.
 - iii. Prepaid insurance of RM1,200.
 - iv. Accrued investment income of RM500.
6. During the year, the company sold some essentials product worth RM25,000 on credit to Atikah Trading. No journal entry has been recorded.

Required:

- (a) Prepare the Statement of Profit or Loss for UrbanHome Essential Enterprise for the year ended 31 December 2025.

(16 marks)

- (b) Prepare the Statement of Financial Position for UrbanHome Essential Enterprise as at 31 December 2025.

(14 marks)

[30 marks]

END OF EXAMINATION PAPER