



**UNIVERSITI KUALA LUMPUR  
BUSINESS SCHOOL**

---

**FINAL EXAMINATION  
OCTOBER 2025 SEMESTER**

---

<b>COURSE CODE</b>	<b>: EAB20703</b>
<b>COURSE NAME</b>	<b>: FINANCIAL ACCOUNTING AND REPORTING 2</b>
<b>PROGRAMME NAME</b>	<b>: BACHELOR IN ACCOUNTING (HONS)</b>
<b>DATE</b>	<b>: 29 JANUARY 2026</b>
<b>TIME</b>	<b>: 09:00AM – 12:00PM</b>
<b>DURATION</b>	<b>: 3 HOURS</b>

---

**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**

Below is the Statement of Financial Position (extract) of Gemini Bhd. as at 31 December 2025:

	RM
<b>Issued and paid-up capital</b>	
200,000 Ordinary shares of RM2.00 each	400,000
100,000 7% Preference shares of RM1.00 each	100,000
Retained earnings	410,000
<b>Non-current liability</b>	
10% Debentures	200,000
200,000 6% Redeemable preference shares of RM1.00 each	240,000

During the year ending 31 December 2025, the following transaction took place:

1. All the redeemable preference shares were redeemed at a premium of 20%. The premium was amortised over the issued period.
2. A new issue of 35,000 ordinary shares each fully paid at RM2.50 per share was made to partly finance the redemption of preference shares. The issue was fully subscribed.
3. A three year 5% RM3,000,000 debentures were issued at 97.5% as at 1 January 2025 with an effective interest rate of 6%. Costs related to the issue amounted to RM100,000. The debenture discount will be amortised.

**Required:**

- (a) Prepare the journal entries to record the above transactions.

(10 marks)

- (b) Prepare the Statement of Financial Position (extract) as at 31 December 2025.

(10 marks)

**[20 marks]**

## Question 2

The following trial balance was extracted from the books of Huda Bhd. as at 31 December 2025.

<b>Huda Bhd</b>		
<b>Trial Balance as at 31 December 2025</b>		
	<b>Debit</b>	<b>Credit</b>
	<b>RM'000</b>	<b>RM'000</b>
Turnover		3,880,000
Inventory as at 1 January 2025	10,000	
Trade receivables and payables	1,060,000	55,000
Purchases	1,400,000	
Administrative salaries	98,000	
Selling and distribution expenses	1,065,000	
Finance expenses	5,500	
Treasury shares	234,000	
Cash in hand and bank	10,500	
Administrative expenses	37,000	
Ordinary share capital as at 1 January 2025		2,400,000
Retained profit as at 1 January 2025		97,000
5% debentures repayable in 10 years		140,000
Interim dividend paid	15,000	
Debentures interest paid	6,000	
Tax paid	65,000	
Tax underprovided	7,000	
Plant and machinery at cost	100,000	
Building at cost	400,000	
Freehold land	2,118,000	
<i>Accumulated depreciation as at 1 January 2025</i>		
Plant and machinery		20,000
Building		39,000
	<b>6,631,000</b>	<b>6,631,000</b>

**Additional information:**

1. A physical count of inventories at the end of financial year revealed inventory at a cost of RM15,500,000. However, inventory costing RM6,000,000 was damaged and it was estimated that it could be sold for RM2,000,000.
2. Depreciation is charged on the following asset:  

Plant and machinery	: 20% on Cost
Building	: 15% on Net Book Value (NBV)

Depreciation is charged as follows: Plant and machinery (cost of sales)  
: Building (administrative expenses)
3. The income tax expense for the year is RM72,000,000.
4. On 20 December 2025, the company proposed a final dividend of 5%.
5. Land was revalued during the year. The surplus on revaluation was RM2,500,000.
6. At the end of the financial year, a bonus issue of 20,000,000 units was made.

**Required:**

- (a) Prepare the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2025.  
(18 marks)
  - (b) Prepare the Statement of Changes in Equity for the year ended 31 December 2025.  
(4 marks)
  - (c) Prepare the Statement of Financial Position as at 31 December 2025.  
(8 marks)
- [30 marks]**

## Question 3

Buzz Bhd is a public company in Subang Jaya, Selangor. The Statement of Financial Position as at 31 December 2024 and 2025 are as follows:

**Buzz Berhad**  
**Statement of Financial Position as at 31 December 2024 and 2025**

<b>ASSET</b>	<b>2024</b>	<b>2025</b>
	<b>(RM)</b>	<b>(RM)</b>
Freehold Land	550,000	550,000
Investment Property	-	300,000
Property Plant and Equipment	700,000	900,000
Short Term Investment	40,000	130,000
Long Term Investment	-	250,000
Inventories	250,000	290,000
Trade Receivables	400,000	470,000
Bank	410,000	260,000
	<b>2,350,000</b>	<b>3,150,000</b>
<b>EQUITY AND LIABILITIES</b>		
Ordinary Shares of RM2.00 Each	800,000	800,000
7% Debentures	-	500,000
8% Preference Shares of RM1.00 Each	400,000	600,000
Retained Earnings	300,000	220,000
6% Bank Loan	-	250,000
Trade Payables	545,000	430,000
Accrued Administration Expense	15,000	20,000
Tax Payable	40,000	30,000
Accumulated Depreciation:		
Property Plant and Equipment	250,000	300,000
	<b>2,350,000</b>	<b>3,150,000</b>

**Additional information:**

1. There were cash purchases of property, plant and equipment.
2. Tax expense for the year was RM100,000.
3. Dividend paid for the year ended 31 December 2025 amounted to RM48,000 for 8% preference shares and RM72,000 for ordinary shares.
4. Short term investment qualifies as cash and cash equivalents.

**Required:**

- (a) Prepare a Statement of Cash Flow for Buzz Berhad for the year ended 31 December 2025 using the **indirect method**.  
(23 marks)
- (b) List **TWO (2)** usefulness of cash flow statement.  
(2 marks)  
**[25 marks]**

**Question 4**

Manikam Bhd. found itself in financial difficulty and decided to reorganize its affairs. Due to the financial difficulties faced by the company, it has decided to carry out a scheme of internal reconstruction which was approved by the court. The following is a trial balance as at 31 December 2025 extracted from the books of the company.

	RM
<b>Non-current assets</b>	
Freehold land	1,800,000
Building	550,000
Plant and machinery	55,700
Patent and trademark	95,000
Investment	342,000
	<u>2,842,700</u>
<b>Current assets</b>	
Inventories	85,000
Trade receivables	53,000
	<u>2,980,700</u>
<b>Equity</b>	
Ordinary shares of RM1.00 each	2,000,000
6% Cumulative preference shares of RM2 each	600,000
Accumulated losses	(182,300)
	<u>2,417,700</u>
<b>Current liabilities</b>	
Debenture interest payable	22,500
Trade payables	273,000
Loan from directors	153,000
Bank overdraft	114,500
	<u>2,980,700</u>

**The following scheme has been approved by the court:**

1. Ordinary shares of RM1 each was reduced to 20 sen per share.
2. The loan from directors is to be settled by the issue of ordinary shares at the new value.

3. The existing preference shares are to be exchanged for a new issue of 100,000 8% cumulative preference shares of RM3.00 each and 1,500,000 ordinary shares of 20 sen each.
4. Patent and trademark and accumulated losses are to be written off.
5. Half of the trade payables are to be paid now and the balance at quarterly intervals.
6. 5% of the trade receivables are to be written off.
7. The remaining assets were professionally valued as follows:

	RM
Freehold Land	700,000
Building	344,350
Plant and machinery	44,300
Investment	370,000
Inventories	54,000

**Required:**

- (a) Journalise the above transactions. (15 marks)
  - (b) Prepare the Capital Reduction Account. (5 marks)
  - (c) Prepare the Statement of Financial Position after Reconstruction. (5 marks)
- [25 marks]**

**END OF EXAMINATION PAPER**