CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EAB21304
COURSE NAME	:	FINANCIAL ACCOUNTING AND REPORTING 4
PROGRAMME NAME	:	BACHELOR IN ACCOUNTING (HONS)
DATE	:	29 JUNE 2026
TIME	:	2:00PM – 5:00PM
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 **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) AWS Berhad's sales are largely denominated in US dollars (USD$) up to 60% and the balance 40% of sales are denominated in Ringgit Malaysia (RM). AWS buys most of its inventories and pays a large portion of operating costs in RM. AWS does not convert receipts from customers into other currencies. AWS has two bank loans outstanding which are denominated in US dollars. On 1 December 2025, these two transactions took place:

1. AWS Berhad sold goods on credit for USD$280,000. By 31 December 2025, the sale was still outstanding.

2. AWS secured a bank loan amounting to USD$100,000 on the same date.

3. Exchange rates were as follows:

   1 December 2025 - USD$1 = RM4.10
   31 December 2025 - USD$1 = RM4.22

Required:

i. State the functional currency for AWS Berhad and supporting reasons,
(2 marks)

ii. Differentiate between functional currency and presentation currency.
(2 marks)

iii. Discuss **THREE (3)** factors in determining functional currency.
(6 marks)

iv. If the functional currency of above is in Ringgit Malaysia, provide the accounting treatment for the above transactions and show journal entries.
(8 marks)

(b) On 1 January 2024, Entity A enters into a forward contract to purchase a specified number of barrels of oil at a fixed price on 1 February 2025. Entity A is speculating that the price of oil will increase and plans to net settle the contract if the price increases. Entity A does not designate the forward contract as a hedging instrument. At the end of 2024, the fair value of the forward contract has increased to RM400,000. On 31 December 2025, the fair value of the forward contract has declined to RM350,000.

Required:

Prepare the appropriate journal entries on 1 January 2024, 31 December 2024, and 31 December 2025.

(7 marks)

[25 marks]

Question 2

Deli Bhd is a company that produces and supplies a wide range of food and beverages nationwide. The following information is extracted from Statement of Financial Position of Deli Bhd. as at 31 December 2025.

	RM	RM
Non-Current Asset		
Property, Plant and Equipment		1,200,000
10% Fixed deposit		800,000
Current Asset		
Trade receivables	900,000	
Less: Provision for doubtful debt	(26,000)	874,000
Accrued interest on fixed deposit		80,000
Non-Current Liability		
Deferred tax liability (1 Jan 2025)		90,000
Current Liabilities		
Accrued fines and penalty		13,000
Rental received in advance		60,000

Additional information:

1. The property, plant and equipment comprise of heavy machineries. The heavy machineries were bought on 1 January 2022 at a cost of RM2,000,000 and depreciated at 10% per annum based on straight line method. The capital allowance is 20% for initial allowance and 10% in subsequent years.

2. The trade receivables was after deduction for general provision for doubtful debts. The tax rules only allow specific provision for bad debts.

3. For the year ended 31 December 2025, the company has a taxable profit of RM850,000.

4. The tax rate was 24% in 2024. However, it has been reduced to 22% for year 2025 to ease cost pressures on businesses and support economic activity.

Required:

(a) Identify **FOUR (4)** items of asset or liabilities that may lead to temporary differences with reference to MFRS 112 Income Taxes.

(4 marks)

(b) Calculate the carrying amount of heavy machineries and its tax base for the year ended 31 December 2025.

(4 marks)

(c) Calculate the deferred tax liability or deferred tax asset arising from all the above items to be recognised in the Statement of Financial Position as at 31 December 2025. Show all workings.

(13 marks)

(d) Determine the amount of tax expense to be recognised in the Statement of Profit or Loss for the year ended 31 December 2025. Show all workings.

(4 marks)

[25 marks]

Question 3

Weiser Bhd. is a company that operates in the fragrance and cosmetics industry. The following Trial Balance relates to Weiser Bhd. as at 31 December 2025:

	Notes	RM'000	RM'000
Revenue			213,500
Cost of sales	(iii)	136,800	
Distribution costs		12,000	
Administrative expenses		23,200	
Equity financial asset investments	(ii)	17,000	
Loan notes interest	(i)	1,500	
6% loan notes	(i)		25,000
Building - cost		35,000	
Plant and equipment at cost		22,250	
Accumulated depreciation:			
Building			5,000
Plant and equipment			7,250
Inventory	(ii)	27,400	
Trade receivables		20,550	
Trade payables			13,500
Bank		19,000	
Equity Shares			43,100
Retained earnings at 1 January 2025			4,150
Deferred tax at 1 January 2025	(iv)		3,200
		314,700	**314,700**

Addiltional information

1. Weiser Bhd. issued a RM25,000,000 6% loan note on 1 January 2025. Issue costs were RM1,000,000 and these have been charged to administrative expenses. The loan will be redeemed on 31 December 2029 at a premium which gives an effective interest rate on the loan of 8%.

2. As at 31 December 2025, the investments had a fair value of RM17,700,000. Weiser Bhd. previously acquired these quoted investments on 1 January 2024, with the intention of holding them for a long-term strategic reason.

3. Weiser Bhd. also sold goods to an overseas customer on 1 December 2025 for 215,000 Euro (EUR). They agreed a 60-day payment term. No entries have yet been made to record this sale, although the goods were correctly removed from inventory and expensed in cost of sales. The amount remains unpaid at 31 December 2025. It is the company's policy to record any gain on foreign currency exchange in other income and any loss in other expenses.

4. The exchange rates EUR to RM1 are as follows:

   i. 1 December 2025: 0.25 EUR
   ii. 31 December 2025: 0.20 EUR

5. Weiser Bhd. estimates that tax payable for the year ended 31 December 2025 is RM12,000,000 and at that date, the deferred tax liability is RM4,600,000. The movement in deferred tax should be recognised in profit or loss.

Required:

(a) Prepare the Statement of Profit or Loss and Other Comprehensive Income for Weiser Bhd. for the year ended 31 December 2025.

(12 marks)

(b) Prepare the Statement of Financial Position for Weiser Bhd. as at 31 December 2025.

(13 marks)

[25 marks]

Question 4

(a) Discuss **THREE (3)** main differences between Malaysia Private Entity Reporting Standards (MPERS) and Malaysia Financial Reporting Standards (MFRS) in financial reporting.

(6 marks)

(b) Define sustainability and describe **THREE (3)** core elements in sustainability reporting.

(7 marks)

(c) The Companies Commission of Malaysia (CCM) has fully transitioned to the Malaysian Business Reporting System (MBRS) 2.0 which requires all companies to submit their financial statements and annual returns in eXtensible Business Reporting Language (XBRL) format.

Required:

i. Describe the workflow an entity must follow to convert its financial data into a validated XBRL instance document for regulatory submission.

(6 marks)

ii. Discuss **THREE (3)** benefits of XBRL in reporting financial information.

(6 marks)

[25 marks]

END OF EXAMINATION PAPER