CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EAB20703
COURSE NAME	:	FINANCIAL ACCOUNTING AND REPORTING 2
PROGRAMME NAME	:	BACHELOR IN ACCOUNTING (HONS)
DATE	:	26 JUNE 2026
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 EIGHT (8) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

INSTRUCTION: Answer ALL questions.
Please use the answer booklet provided.

Question 1

The following items appeared in the statement of financial positon (extract) of Jambul Bhd. as at 31 December 2024.

Statement of Financial Position (extract)

Asset	**RM '000**
Plant and equipment (net book value)	600,000
Bank	240,000
Investment	140,000
Issued share capital	
50,000,000 5% redemable preference shares	110,000
Retained earnings	25,000
Non current liabilities	
5% debentures	55,000

On 1 January 2025, the following transactions took place:

1. The board of directors of Jambul Bhd. agreed to redeem all the 5% redeemable preference shares.

2. In order to facilitate the redemption, 30,000,000 units of ordinary shares of RM1.50 were issued to the public, payable in full upon application. The issue was fully subscribed.

3. In order to raise fund, 20% of investments were sold at a profit of RM50,0000.

4. The company also issued 3 % debentures of RM200,000 at 98%. The issuance cost is RM20,000. The effective interest rate is 6% and the interest will be paid at the end of the year.

Required:

(a) Show relevant journal entries (without narration) to record the above transactions.
(12 marks)

(b) Prepare the extract of the Statement of Financial Positon as at 31 December 2025.
(8 marks)

(c) Briefly explain **TWO (2)** methods a company can use to raise capital.
(5 marks)
[25 marks]

Question 2

Ghocs Bhd.

Statement of Profit and Loss for the year ended 31 December 2025

	RM	RM
Sales		5,316,000
Cost of goods sold		(2,305,000)
Gross profit		3,011,000
Gain on disposal of plant and equipment		70,000
Investment income		2,067,000
Less : Expenses		
Loan interest	20,000	
Salaries and wages	1, 701,000	
Other expenses	984,000	(2,705,000)
Net profit before tax		2,443,000
Less : Taxation		(900,000)
Net profit after tax		1,543,000

Ghocs Bhd.

Statement of Financial Position as at 31 December 2025

		2024 (RM)		2025 (RM)
Assets				
Freehold land		4,000,000		7,200,000
Plant and equipment	1,300,000		1,100,000	
Accumulated depreciation	(260,000)	1,040,000	(200,000)	900,000
Motor vehicles	690,000		560,000	
Accumulated depreciation	(96,000)	594,000	(80,000)	480,000
		5,634,000		8,580,000
Intangible asset		180,000		180,000
Long term investments		1,300,000		1,000,000
Inventories		164,000		191,000
Trade receivable		713,000		761,000
Prepaid salaries and wages		92,000		99,000
Cash in hand		801,000		989,000
		8,884,000		**11,800,000**
Equities and Liabilities				
Ordinary shares		5,000,000		6,600,000
5% Preference shares		1,000,000		1,000,000
Retained profit		620,000		2,058,000
Asset revaluation reserve		-		1,200,000
Long term loan		1,050,000		400,000
Tax payable		120,000		100,000
Accrued interest		24,000		20,000
Trade payable		425,000		416,000
Bank overdraft		645,000		6,000
		8,884,000		**11,800,000**

Additional information:

1. Included in the other expenses were depreciation for plant and equipment of RM40,000 and depreciation for motor vehicles of RM30,000.

2. A motor vehicle was sold during the year for RM84,000. No purchase of motor vehicle was made during the year.

3. The land was revalued with a surplus on revaluation of RM1,200,000.

4. The long term investments was sold at cost.

5. The increase in the ordinary shares capital arise from the issuance of new shares.

6. Dividend paid during the year was RM105,000.

Required:

(a) Prepare the Cash Flow Statement **(direct method)** for the year ended 31 December 2025. Show all workings.

(23 marks)

(b) List **TWO (2)** usefulness of cash flow accounting.

(2 marks)

[25 marks]

Question 3

Zakirah Bhd. was incorporated in 2005. The following is the trial balance as at 31 December 2025.

	Debit RM'000	**Credit RM'000**
Freehold land at valuation as at 1 January 2025	24,000	
Building at cost as at 1 January 2025	40,000	
Plant and equipment at cost as at 1 January 2025	22,310	
Accumulated depreciation as at 1 January 2025:		
Building		3,200
Plant and equipment		11,155
Investment property	9,000	
Capitalized development cost	43,200	
Ordinary shares capital		95,905
Retained earnings as at 1 January 2025		18,869
Asset revaluation reserve		4,000
4% debentures		10,000
Trade receivables and payables	700	1,000
Deferred tax		240
Bank	3,670	
Inventories	513	
Tax paid	1,775	
Cost of sales	12,534	
Other income		700
Revenue		28,614
Dividend received		28
Interim dividend	1,275	
Administrative expenses	10,225	
Distribution expenses	4,331	
Finance cost	300	
Accruals		122
Total	**173,833**	**173,833**

Additional information:

1. Included in revenue is RM200,000, company's auditors have advised to be recorded as dividend received.

2. The current year revaluation shows an unrecorded increase in the value of land amounting to RM400,000. The company measures the land under the revaluation model as per MFRS 116 *Property, Plant and Equipment.*

3. The company's policy is to depreciate its buildings over 25 years and its plant and equipment over 10 years, on a yealry basis. Depreciation expense is to be included as part of administrative expenses.

4. As at 31 December 2025, the tax expense for the year was RM1,000,000 excluding any increase in deferred tax liability. The tax liability was determined to be RM260,000.

5. The investment property is measured using the fair value model with an estimated of RM8,000,000 as at 31 December 2025.

Required:

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

(15 marks)

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

(10 marks)

[25 marks]

Question 4

Seniorke 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 summary of financial information related to the company.

Seniorke Bhd.

Statement of Financial Position as at 31 December 2025

	RM
Non-current assets	
Land and building	450,000
Plant and machinery	150,000
Motor vehicles	52,600
Intangible asset	105,000
Investment	157,000
	914,600
Current assets	
Inventories	225,000
Trade receivables	150,000
	1,289,600
Equity and reserves	
Ordinary shares of RM1.00 each	430,000
5% cumulative preference shares of RM2 each	572,000
Accumulated losses	(139,400)
	862,600
Current liabilities	
Debenture interest payable	21,500
Trade payables	174,000
Loan from directors	147,000
Bank overdraft	84,500
	1,289,600

The following scheme has been approved by the court:

1. Ordinary share of RM1 each was reduced to 50 sen for each share.

2. The existing cumulative preferences shares are to be exchanged for a new issue of 250,000 8% cumulative preference shares of RM2 each and 144,000 ordinary shares of 50 sen each.

4. The loan from directors is to be settled by the issue of ordinary shares at a new par value.

5. Intangible asset and accumulated losses are to be written off.

6. Half of the trade payables are to be paid now and the balance at quarterly intervals.

7. 5% of the trade receivables are to be written off.

8. The remaining assets were professionally valued as follows:

	RM
Land and building	600,000
Plant and machinery	210,000
Motor vehicle	32,650
Investment	360,000
Inventories	164,000

Required:

(a) Prepare the journal entries for the above transactions.

(20 marks)

(b) Prepare the capital reduction account.

(5 marks)

[25 marks]

END OF EXAMINATION PAPER