CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EAB10504
COURSE NAME	:	FINANCIAL ACCOUNTING AND REPORTING 1
PROGRAMME NAME	:	BACHELOR IN ACCOUNTING (HONS)
DATE	:	27 JUNE 2026
TIME	:	2:00 PM – 5:00 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

HealthPlus Sdn. Bhd. is a company involved in distributing medical supplies to hospitals and pharmacies across Malaysia. In order to improve the efficiency of its operations, the company decided to invest in new equipment.

On 1 January 2025, HealthPlus Sdn. Bhd. purchased a labelling machine at a price of RM200,000. A trade discount of 10% was granted by the supplier.The machine is expected to speed up the packaging and labelling process of medical products.

In preparing the machine for use, the company incurred several additional costs. These include transportation costs of RM8,000 to deliver the machine to the factory, installation costs of RM12,000, and testing costs of RM5,000 to ensure the machine was functioning properly. During the testing process, the machine generated sample output which was sold for RM2,000.

The company also incurred staff training costs of RM6,000 to train employees on how to operate the machine, as well as RM10,000 for an annual maintenance contract.

The machine was ready for use immediately on 1 January 2025. It is estimated to have a useful life of 5 years with no residual value, and the company applies the straight-line method for depreciation.

Later in the year, on 1 July 2025, the company purchased a delivery van costing RM80,000 to support its distribution activities. The van is expected to be used for 4 years and has an estimated residual value of RM8,000.

HealthPlus Sdn. Bhd. has a policy of charging a full year's depreciation if an asset is held for more than 6 months.

Required:

(a) Briefly explain whether the labelling machine meets the definition of an asset in accordance with the Malaysian Conceptual Framework for Financial Reporting.

(5 marks)

(b) Compute the total cost of the labelling machine to be recognised as a non current asset.

(7 marks)

(c) Calculate depreciation expense for the year ended 31 December 2025 for :

i. the labelling machine.

ii. the delivery van.

(6 marks)

(d) On 31 December 2027, HealthPlus Sdn. Bhd. disposed of the labelling machine for RM120,000 cash. Describe the accounting treatment for the disposal of a non current asset.

(7 marks)

[25 marks]

Question 2

The following information was extracted from the accounting books of Affendy Trading for the month of June 2025.

Bank Statement for the month of June 2025

Date	Particulars	Debit (RM)	Credit (RM)	Balance (RM)
June 1	Balance b/d			105,000
3	Deposit (88180)		33,000	138,000
5	Cheque clearing (456891)	50,000		88,000
9	Deposit (22123)		5,000	93,000
13	Cheque clearing (456892)	25,000		68,000
16	Cheque clearing (456894)	45,000		23,000
18	Credit transfer		15,000	38,000
21	Bank charges	1,000		37,000
26	Dividend received		5,000	42,000
28	Direct debit		10,000	52,000

The cash records prepared by the company for the month of June 2025 were as folllows:

Cash Book (Bank column)					
Date	**Particulars**	**RM**	**Date**	**Particulars**	**RM**
June 1	Balance b/d	105,000	June 3	Aminah (456891)	50,000
1	Syahidah (88180)	30,300	10	Jasina (456892)	25,000
5	Darwisya (22123)	5,000	11	Izzah (456893)	5,000
15	Sumayyah (69663)	10,000	13	Mariana (456894)	54,000
				Balance c/d	16,300
		150,300			**150,300**

Upon investigation, the following matters revealed:

1. The correct amount of cheque number 88180 received from Syahidah is RM33,000.

2. Cheque number 456894 issued to Mariana was wrongly recorded by the bank. The correct amount should be RM54,000.

3. The bank had wrongly recorded the transaction of direct debit.

Required:

(a) Prepare the adjusted cash book.

(5 marks)

(b) Prepare the bank reconciliation statement as at 30 June 2025.

(5 marks)

(c) Explain **THREE (3)** disadvantages for businesses to use cheque as payment method.

(6 marks)

(d) Discuss **TWO (2)** reasons for the differences of the balance in the bank statement and the cash book.

(4 marks)

[20 marks]

Question 3

Mright Manufacturing Sdn. Bhd. uses the First-In First-Out (FIFO) method to value its inventory. The following transactions relate to Component X for the month of January 2025:

Date	Details
Jan 1	Opening inventory of 100 units @ RM10 each
Jan 5	Purchased 200 units @ RM12 each
Jan 12	Issued 180 units to production
Jan 18	Purchased 150 units @ RM13 each (FOB Shipping Point; goods received on 22 January)
Jan 25	Issued 120 units to production

On 31 January 2025, 50 units from the 18 January purchase were still in transit.

Required:

(a) Define inventory in accordance with MFRS 102 *Inventories*.

(2 marks)

(b) Compute the cost of goods issued on 12 January and 25 January using First - In First - Out (FIFO) method.

(4 marks)

(c) Briefly explain how the closing inventory value is determined using the FIFO method.

(4 marks)

[10 marks]

Question 4

Titan Manufacturing Sdn. Bhd., a producer of metal components, extends credit facilities to its customers. During the year ended 31 December 2025, the company encountered several issues relating to its receivables.

- One of its customers, Delta Engineering, was unable to settle an outstanding balance of RM8,000, and the amount was written off during the year.
- Another customer, Nova Industrial Supplies, requested to convert its outstanding balance of RM30,000 into a 4-month, 8% promissory note, which was accepted on 1 October 2025.

At the end of the year, Titan Manufacturing Sdn. Bhd. reviewed its trade receivables and estimated expected credit losses using the ageing method as follows:

No. of days due	**Receivable amount (RM)**	**Expected loss rate (%)**
Current	600,000	1
1-60 days	150,000	5
61-120 days	50,000	15
>120 days	25,000	50

The allowance for expected credit loss had a credit balance of RM12,000 at the beginning of the year.

Required:

(a) State **TWO (2)** importances of monitoring the receivables ageing schedule.

(2 marks)

(b) Prepare the relevant journal entries to record the above transactions.

(6 marks)

(c) Calculate the maturity value of the promissory note from Nova Industrial Supplies.

(3 marks)

(d) Calculate the required closing allowance for expected credit loss.

(4 marks)

[15 marks]

Question 5

EcoFresh Grocery Enterprise is a business involved in the trading and distribution of organic food and daily grocery products across Malaysia. The following Trial Balance was extracted from the books of the business as at 31 December 2025.

EcoFresh Grocery Enterprise Trial Balance as at 31 December 2025		
	Debit (RM)	**Credit (RM)**
Sales		390,000
Bank	60,000	
Capital as at 1.1.2025		439,050
Trade receivables	75,000	
Trade payables		38,500
Asset at cost as at 1.1.2025:		
Land	280,000	
Delivery vehicles	140,000	
Equipment	95,000	
Shelving and fittings	65,000	
Accumulated depreciation as at 1.1.2025 :		
Delivery vehicles		30,000
Equipment		25,000
Shelving and fittings		20,000
Purchases	110,000	
Inventories (1.1.2025)	28,000	

Import duties on purchases	1,000	
Drawings	4,000	
9% bank loan		51,000
Commission		6,500
Return	2,500	5,500
Salaries	68,000	
Admistrative expenses	30,000	
Rental expenses	18,000	
Insurance expenses	4,800	
Delivery expenses	3,800	
Vehicle maintenance	20,000	
Bad debts	1,800	
Bank charges	900	
Interest on loan	2,250	
Allowance for expected credit loss as at 1.1. 2025		4,500
Total	**1,010,050**	**1,010,050**

Additional information:

1. A payment of RM18,000 to a supplier was wrongly recorded as administrative expenses.

2. At the end of the financial year, the business conducted a stock count and determined that the closing inventory was valued at RM30,000. Included in this amount were some damaged goods which originally cost at RM4,000. These items are now expected to be sold for only RM1,500.

3. On 1 July 2025, the company disposed of a portion of land with a cost of RM80,000 for RM95,000 cash. This transaction has not been recorded in the books.

4. Depreciation policy:

Equipment	10% per annum on cost
Shelving and fittings	8% per annum on cost
Delivery vehicle	15% per annum on net carrying amount

5. During the year, a customer with an outstanding balance of RM2,800 was declared bankrupt, and the amount is considered irrecoverable. The allowance for expected credit loss is to be adjusted to RM5,200 at year end.

6. Rental was paid in advance on 1 October 2025 for one year.

7. As at 31 December 2025, audit fees of RM1,800 were outstanding.

8. Included in the insurance expense is a prepaid amount of RM1,200.

9. Included in purchases are goods costing RM3,000 which were taken by the owner for personal use during the year.

Required:

(a) Prepare the Statement of Profit or Loss for EcoFresh Grocery Enterprise for the year ended 31 December 2025.

(16 marks)

(b) Prepare the Statement of Financial Position for EcoFresh Grocery Enterprise as at 31 December 2025.

(14 marks)

[30 marks]

END OF EXAMINATION PAPER