CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EIB10403
COURSE NAME	:	FINANCIAL ACCOUNTING
PROGRAMME NAME	:	BACHELOR OF BUSINESS ADMINISTRATION (HONS)
DATE	:	27 JUNE 2026
TIME	:	9AM – 12PM
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 NINE (9) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

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

Question 1

(a) Describe **THREE (3)** qualitative characteristics of useful financial information according to the conceptual framework.

(6 marks)

(b) Explain the term "going concern" assumption in financial accounting.

(2 marks)

(c) Differentiate **TWO (2)** common methods of inventory valuation.

(2 marks)

(d) The accrual basis of accounting requires that revenues and expenses are recognised in the period they are earned or incurred regardless of when cash is received or paid. State clearly the accounting treatment for prepaid expenses and provide **TWO (2)** reasons for making adjustments for prepayments.

(5 marks)

[15 marks]

Question 2

(a) Hilal Sdn. Bhd. commenced operations on 1 April 2022. A delivery truck was purchased at a cost of RM450,000 on 1 July 2024. In addition to the purchase price, other costs incurred were as follows.

Transactions	RM
The purchase of a delivery truck	450,000
Vehicle registration fee	8,500
Road tax and insurance (annual)	4,200
Custom clearance fee	6,000
Annual servicing and maintenance	1,800
Painting company logo on the truck body	3,200
Legal fee for purchase agreement	5,500
Modification to increase cargo capacity	22,000
GPS tracking system installation	9,600

Hilal Sdn. Bhd. decided to provide for depreciation on the delivery truck using a Straight-Line Method. Depreciation rate is 20% per annum. The accounting year ended on 31 December 2025.

Required:

i. Calculate the cost of the delivery truck including its related capital expenditure. (6 marks)

ii. Calculate the depreciation expense for the above delivery truck for the year ended 31 December 2025 and prepare its journal entries. (4 marks)

(b) TechNest Trading, a small IT solutions company based in Shah Alam, recently expanded its operations. On 1 January 2022, the company purchased a production machine for RM80,000. The management estimates the machine has a useful life of 5 years and a residual (scrap) value of RM5,000 at the end of its useful life.

The company is evaluating two methods of recording depreciation, the Straight-Line Method and the Reducing Balance Method. For the Reducing Balance Method, the company applies an annual depreciation rate of 30%.

Required:

i. Calculate the annual depreciation charge and the net book value at the end of each year for 2 years using the Straight-Line Method.

(4 marks)

ii. Calculate the annual depreciation charge and the net book value at the end of each year for 2 years using the Reducing Balance Method at a rate of 30% per annum.

(4 marks)

iii. Based on your calculations above, briefly explain which method results in a higher depreciation charge in Year 1, and state one practical reason why a company might prefer to use the Reducing Balance Method over the Straight-Line Method for a production machine.

(2 marks)

[20 marks]

Question 3

Maisarah Enterprise is a small retail business selling clothing and accessories, recording daily sales, purchases, and expenses throughout the year. On 31 December 2025, a trial balance was prepared to summarise all account balances before preparing financial statements.

Trial Balance as at 31 December 2025

Accounts	Debit (RM)	Credit (RM)
Land and building, at cost	224,000	
Motor vehicle, at cost	75,000	
Accumulated depreciation – motor vehicle		22,500
Inventories as at 1 January 2025	18,200	
Accounts receivable	42,000	
Allowance for doubtful debts		1,260
Cash at bank	35,450	
Accounts payable		24,300
Bank loan, 5-year term		40,000
Capital		112,500
Sales		428,650
Discount allowed	6,800	
Purchases	178,400	
Return outwards		9,200
Discount received		3,100
Carriage inwards	5,400	
Drawings	2,000	
Rental income		14,800
Commission received		4,200
General expenses	6,100	
Insurance expense	15,600	

Utilities expense	3,200	
Advertising expense	10,500	
Salaries and wages expense	32,000	
Maintenance expenses	4,000	
Carriage outwards	1,860	
Total	**660,510**	**660,510**

Additional information:

1. Inventory as at 31 December 2025 was RM11,500.
2. Commission received in advance at 31 December 2025 amounted to RM600.
3. Utilities for the month of December 2025 amounting to RM850 has yet to be paid.
4. Insurance expense of RM1,800 for the following period that was paid in advance.
5. The bank loan is a 5-year loan taken on 1 July 2025. The interest on bank loan of 8% per annum was not yet paid.
6. Maisarah returned defective goods of RM2,100 to a credit supplier. This transaction has not been recorded.
7. Bad debts of RM3,000 were to be written off.
8. The owner withdrew goods worth RM1,500 for personal use.
9. Depreciation is to be provided as follows:
   Motor Vehicle - 25% on Straight-Line Method

Required:

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

(18 marks)

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

(12 marks)

[30 marks]

Question 4

Bayu Enterprise compared its cashbook with the July 2025 bank statement and found several differences due to recording errors, bank charges, direct transfers, and unrecorded items. Adjustments were needed to update the cashbook and prepare a bank reconciliation to ensure accurate records. Bayu Enterprise has prepared the cash book as shown:

Cashbook (Bank column)

2025		RM	2025		RM
1/7	Balance b/d	52,840	5/7	Perdana Supplies (Chq No: 204310)	18,500
10/7	Ceria Sdn Bhd	22,150	10/7	TNB – electricity (Chq No: 204311)	5,430
20/7	Gemilang Corp	8,600	18/7	Purchases (Chq No: 204312)	9,250
22/7	Harmoni Trading	16,300	31/7	Salary and wages	28,760
31/7	Sejahtera Ltd	14,000	31/7	Balance c/d	51,950
		113,890			**113,890**

On 8 August 2025, Bayu Enterprise received a bank statement for the month of July 2025. The bank statement showed the following details:

Bank Statement as at 31 July 2025

Date	Particulars	Cheque No	Debit	Credit	Balance
			RM	RM	RM
1 July	Balance				52,840
5 July	Credit transfer			3,420	56,260
10 July	Cheque	204311	5,430		50,830
10 July	Deposit	BSN312840		22,150	72,980
18 July	Deposit	BNM198712		1,500	74,480
20 July	Deposit	BIMB43921		8,600	83,080

22 July	Cheque Returned		8,600		74,480
22 July	Deposit	MBB512190		17,800	92,280
31 July	Cheque	204313	28,760		63,520
31 July	Credit transfer			2,100	65,620
31 July	Bank charges		25		65,595
31 July	Dividend			78	65,673

Additional information:

1. A cheque received from Harmoni Trading amounting to RM17,800 was mistakenly recorded as RM16,300.

2. After checking with the bank, it has been confirmed that the bank had wrongly credited a deposit on 18/7/2025 worth RM1,500 which belongs to Bayu Murni Sdn Bhd.

Required:

(a) Adjust and prepare the updated cashbook for Bayu Enterprise.

(8 marks)

(b) Prepare a bank reconciliation statement as at 31 July 2025.

(7 marks)

[15 marks]

Question 5

Kenanga Enterprise prepared its statement of profit or loss for the year ended 30 June 2025 based on its financial records. This statement is used to evaluate performance and compare results with the previous year.

Statement of Profit or Loss for the year ended 30 June

	2025	2024
	RM	RM
Sales Revenue	680,000	490,000
Less: Cost of Goods Sold	(310,000)	(195,000)
Gross Profit	370,000	295,000
Add: Other Income	28,000	24,000
Less: Expenses		
Operating expenses	(165,000)	(138,000)
Administrative costs	(28,000)	(12,000)
Profit for the year	**205,000**	**169,000**

Statement of Financial Position as at 30 June

	2025	2024
	RM	RM
Non-current Assets	325,000	198,000
Current Assets		
Inventories	55,000	62,000
Accounts Receivable	78,500	45,000
Bank	48,200	39,000
Cash	9,300	7,500
Total Current Assets	**191,000**	**153,500**
Total Assets	***516,000***	***351,500***

Owner's Equities		
Capital at beginning of the year	248,000	118,000
Profit for the year	205,000	169,000
Less: Drawings	(55,000)	(39,000)
Capital at end of the year	**398,000**	**248,000**
Current Liabilities		
Accounts Payable	72,500	52,000
Accruals	6,500	9,000
Short term trade financing loan	39,000	42,500
Total Current Liabilities	**118,000**	**103,500**
Total Equities and Liabilities	***516,000***	***351,500***

Required:

(a) Calculate and comment on the following ratios for both financial years 2024 and 2025.

i. Gross profit margin (2 marks)

ii. Net profit margin (3 marks)

iii. Inventory turnover ratio (4 marks)

iv. Current ratio (4 marks)

v. Quick ratio or Acid-test ratio (4 marks)

vi. Average collection period (3 marks)

Note: Show all relevant workings and rounding up figure.

[20 marks]

END OF EXAMINATION PAPER