UNIVERSITI POLY-TECH MALAYSIA

UPTM

FINAL EXAMINATION

BACHELOR OF ACCOUNTANCY (HONOURS)

COURSE	:	**FINANCIAL ACCOUNTING AND REPORTING 3/FINANCIAL REPORTING II**
COURSE CODE	:	**ACC3384/ACC3264**
DURATION	:	**3 HOURS**

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **FIVE (5)** questions.
2. Answer **ALL** questions in the answer booklet provided.
3. Please check to make sure that this examination pack consists of:
   i. The Question Paper
   ii. An Answer Booklet
4. Do not bring any material into the examination hall. The use of a calculator is allowed.
5. Please write your answer using permanent ink.

MYKAD/ PASSPORT NO : ______________________

ID. NO. : ______________________

LECTURER : ______________________

SECTION : ______________________

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

This question paper consists of 8 printed pages including the front page

QUESTION 1

A. State **TWO (2)** criteria for an item of property, plant and equipment to be recognized as an asset according to *MFRS116, Property, Plant and Equipment.*
(2 marks)

B. Orion Bhd. is a leading manufacturer of renewable energy components. On 1 November 2024, the company acquired new machinery to be used in its production of solar panel frames. The following information relates to the machinery:

	RM
Purchase price	12,500,000
Installation costs	600,000
Consultancy fee in the acquisition of the machinery	30,000
Delivery costs	18,000
Import duties	200,000
Legal fees	140,000
Insurance on shipment	80,000
Testing of the machinery in the production	28,000
Cleaning of machine per year	6,000
General overheads	22,000
Lubricants of machine yearly	12,000
Training cost	75,000

The annual maintenance of the machinery is RM150,000 per year. The company received a trade discount of RM100,000 on the purchase price of the machinery. The company estimated that dismantling costs of RM220,000 would be incurred at the end of the useful life of the machinery. The present value of future dismantling costs was RM180,000.

It is the policy of Orion Bhd. to depreciate its machinery over 8 years, based on the period of ownership. The company adopted the revaluation model and revalued its machinery on 1 November 2025. The fair value as at that date was RM13,800,000.

Required:

i. Calculate the initial cost of the machinery on 1 November 2024 and the cost to be written off into the Statement of Profit or Loss for the year ended 31 October 2025.
(16 marks)

ii. Prepare the journal entries on the revaluation of machinery on 1 November 2025.
(4 marks)

C. On 1 November 2025, Orion Bhd. sold one unit of its plant for RM850,000. The plant was acquired 5 years ago at cost of RM1,200,000. Depreciation was charged at RM120,000 per year.

Required:

i. Justify whether Orion Bhd. can derecognize its plant and machinery from the Statement of Financial Position in accordance with the requirements stipulated in *MFRS 116, Property, Plant and Equipment.*

(3 marks)

ii. Prepare the appropriate accounting treatment for the disposal of the plant and machinery.

(5 marks)

(Total: 30 marks)

QUESTION 2

Marqeen Bhd. was incorporated in Malaysia. The following is the trial balance as at 31 October 2025.

	Debit RM'000	Credit RM'000
Ordinary share capital		140,000
Preferences share capital		5,000
Retained earnings at 1 November 2024		38,500
Asset revaluation reserve		1,200
Long term loan		2,800
Sales		815,000
Cost of sales	420,500	
Administrative expenses	135,800	
Selling and distribution costs	62,400	
Finance costs	650	
Tax paid	25,300	
Land at revaluation on 1 November 2024	96,500	
Building at valuation on 1 November 2024	72,000	
Equipment	21,700	
Accumulated depreciation as at 1 November 2024:		
- Building		3,200
- Equipment		4,800
Preference dividend	450	
Intangibles assets as at 1 November 2024	6,200	
Inventories	55,800	
Trade receivables	61,900	
Trade payables		39,500
Bank	92,400	
Tax payable		1,600
	1,051,600	**1,051,600**

Additional information:

1. Below is the information related to Marqeen Bhd.'s land and building:

   i. On 1 November 2024, land was revalued to RM95,000,000. The land was previously revalued resulting surplus of RM1,200,000.

   ii. As at 1 November 2024, one of the buildings was classified as Investment Property, measured at a fair value of RM3,380,000. The building was purchased on 1 November 2022 for RM3,300,000 and has a useful life of 50 years. The fair value of the building as at 31 October 2025 was RM3,600,000. Marqeen Bhd. adopts fair value model for its investment property. It is the policy of the company to depreciate non-current assets using straight line method on a monthly basis. Other buildings have expected useful life of 50 years.

2. The company has recognised RM600,000 of research cost as intangible assets during the year. The intangible assets valued at 31 October 2025 was RM4,800,000.

3. On 3 November 2024, Marqeen Bhd. purchased a specialised equipment at a cost of RM1,200,000 with useful life of 5 years. At the same date, government grant of RM600,000 was received in relation to the equipment. Marqeen decided to use deferred income method to account for the government grant received.

   To increase the production, on 1 May 2025, Marqeen Bhd. purchased another equipment amounted to RM1,000,000 by issuing new ordinary shares. The useful life of the new equipment is 10 years.

   Other equipment has expected useful life of 5 years. It is the policy of the company to depreciate non-current assets using straight line method on a monthly basis.

4. The tax charge for the year is estimated to be RM24,890,000.

Required:

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

(8 marks)

b. Prepare a Statement of Changes in Equity for the year ended 31 October 2025.

(8 marks)

c. Statement of Financial Position of Marqeen Bhd. as at 31 October 2025.

(8 marks)

d. Notes to the accounts for property, plant and equipment is required.

(6 marks)

(Total: 30 marks)

QUESTION 3

Settle Bhd. owns a graphical technology business. The following information relates to the research and development activities carried out by the company.

Project Solar Car Auto Pilot:

As at 1 October 2024, the total development cost capitalised was RM215,000. Due to some technical problem, the project is now behind schedule and the competitor are gaining ground. As a result, the profitability of this project is now in doubt. The company incurred additional cost of RM70,000 during the year.

Project High-Tech Moulding Chip:

On 1 October 2024, a company incurred development expenditure of RM92,000 on the project. This amount was written off in the financial year ended 31 October 2025, as it did not meet the capitalisation criteria under accounting standards.

Subsequently, the directors have been advised by an expert team that the project is expected to generate considerable revenue in excess of all development costs in the future. Consequently, they wish to reinstate the expenditure previously written off.

During the current financial year, the company incurred further development costs of RM300,000 on the project. The useful life of the resulting high-tech moulding chip is estimated to be 5 years.

Patent:

On 1 November 2024, Settle Bhd. purchased a patent at a cost of RM230,000. The patent has a finite useful life of 5 years and is to be amortised on a straight-line basis.

Required:

a. List any **THREE (3)** forms of intangible asset with an example for each. (6 marks)

b. Explain the above project and patent should be treated in financial statements of Settle Bhd. for the year ended 31 October 2025. (9 marks)

c. Calculate the carrying amount of each intangible assets for Settle Bhd. as at 31 October 2025. (5 marks)

(Total: 20 marks)

QUESTION 4

On 1 November 2024, Marhab Bhd. acquired an asset at a cost of RM840,000. The estimated economic life of the asset was estimated to be 8 years. The fair value of the asset as at 31 October 2025 was RM750,000. It is the policy of Marhab Bhd. to adopt cost model and fair value model for its property, plant and equipment and investment property respectively subsequent to its initial measurement and recognition.

Required:

a. Assuming the asset was a building that Marhab Bhd. rents out to independent third party in return for rental payments. Discuss the accounting treatment of the asset for the year ended 31 October 2025. (State the relevant MFRS)

(5 marks)

b. Assuming the asset was motor vehicles for the exclusive business and private use of its chief financial officer. Discuss the accounting treatment of the asset for the year ended 31 October 2025. (State the relevant MFRS)

(5 marks)

(Total: 10 marks)

QUESTION 5

Jingles Farm is engaged principally in the breeding and trading of cattle. The company prepares its financial statements on 31 October each year. On 1 November 2024, the company owned 120, six-month old calves and on 1 May 2025, the company purchased 100, six-month old calf on cash. No animals were sold or disposed during the year and the cattle matured at the age of one and a half year old (1½).

The fair value less cost to sell per animal was determined as follows:

	6 months RM	1 year old RM	1.5 years old RM
1 November 2024	600	2,000	4,000
1 May 2025	1,000	2,500	4,500
31 October 2025	1,500	3,000	5,000

Required:

a. Compute the amount to be recognized in the Statement of Profit or Loss for the year ended 31 October 2025. (4 marks)

b. Prepare journal entries to record the acquisition of six-month old calves and changes in fair values for the year ended 31 October 2025. (3 marks)

c. Compute the amount of biological assets of Jingles Farm as at 31 October 2025. (3 marks)

(Total: 10 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER