UNIVERSITI POLY-TECH MALAYSIA
UPTM

FINAL EXAMINATION

DIPLOMA OF ACCOUNTANCY

COURSE	:	**INTRODUCTION TO FINANCIAL REPORTING/ INTRODUCTION TO FINANCIAL REPORTING AND MFRS**
COURSE CODE	:	**ACC2213/ACC2033**
DURATION	:	**2 HOURS**

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **THREE (3)** 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 7 printed pages including the front page

QUESTION 1

Zeta Holdings Bhd is a public listed company in Malaysia. The company commenced its operations in 1995. As at 31 December 2024, the retained earnings balance of Zeta Holdings Bhd was RM7,580,000.

During the financial year ended 31 December 2025, the internal auditor identified the following matters:

i. In February 2025, it was discovered that a payment to a supplier amounting to RM318,000, made in November 2024, had been wrongly recorded as advertising expense.
ii. In March 2025, a customer named Farah settled her outstanding balance of RM94,500. However, the receipt was wrongly credited to another customer named Faris.
iii. On 1 January 2021, the company acquired a production machine at a cost of RM2,400,000. The machine was originally depreciated over 10 years with a residual value of RM100,000. In January 2025, management revised the useful life to 8 years with no residual value.
iv. Goods purchased on credit from Prima Bhd amounting to RM41,200 on 20 December 2024 were not recorded in the accounting records.

Required:

With reference to MFRS108 *Accounting Policies, Changes in Accounting Estimates and Errors*:

a. Classify whether it is a change in accounting policy, a change in accounting estimate or an error, for each of the above situation.

(4 marks)

b. State whether each situation should be adjusted retrospectively or prospectively.

(4 marks)

c. Prepare the appropriate journal entries for all of the above situations for the year ended 31 December 2025.

(12 marks)

(Total: 20 marks)

QUESTION 2

Prima Traders, a trading company located in Kajang, Selangor, is reviewing its credit control procedures to improve receivables collection. The allowance for impairment of trade receivables as at 1 January 2025 amounted to RM28,000.

The following transactions were extracted from the books for the financial year ended 31 December 2025:

Date	Description	Amount (RM)
8 January 2025	Prima Traders received an order from Maju Retail worth RM12,000.	12,000
14 February 2025	Issued invoice worth RM12,000 for goods delivered to Maju Retail on credit.	12,000
20 March 2025	A customer, Haziq Enterprise, paid by cheque RM10,500 for a debt previously written off as bad debts.	10,500
25 April 2025	Sold goods worth RM30,000 to Zamri Mini Market and accepted a 60-day, 10% note in full settlement.	30,000
5 May 2025	Credit sales to Citra Supplies.	28,000
18 May 2025	Maju Retail paid 75% of the amount owed.	9,000
10 August 2025	Citra Supplies was declared bankrupt. Only 25% of the debt was recovered.	7,000
15 September 2025	The directors agreed to write off the remaining balance of Citra Supplies as irrecoverable.	21,000

Prima Traders prepared the following ageing analysis of receivables as at 31 December 2025:

Past due days	Amount outstanding (RM)	Expected credit loss rate (%)
Within maturity	300,000	1
1 – 30 days	160,000	2
31 – 90 days	90,000	3
91 – 180 days	110,000	5
181 – 365 days	80,000	10

Required:

a. Prepare the necessary journal entries to record the above transactions for the financial year ended 31 December 2025.

(14 marks)

b. Compute the amount of impairment of trade receivables to be recognized in the Statement of Profit or Loss and the net realizable of receivables to be disclosed in the Statement of Financial Position as at 31 December 2025.

(6 marks)

(Total: 20 marks)

QUESTION 3

Zenith Industrial Bhd a trading company dealing in heavy equipment, was incorporated in Malaysia with an authorised share capital of RM1,640,000,000 consisting of 1,400,000,000 ordinary shares of RM1 each and 120,000,000 6% preference shares of RM2 each.
The following account balances were extracted from the company as at 31 December 2025.

	Debit (RM)	Credit (RM)
Sales		299,110,000
Cost of sales	130,800,000	
Dividend income		6,120,000
Research expenditure	10,900,000	
Administrative expenses	17,650,000	
Directors' remuneration	54,300,000	
Audit fees	6,250,000	
Discount received		5,180,000
6% preference shares fully paid		120,000,000
Ordinary shares fully paid		400,000,000
General reserve		48,500,000
Share premium		9,600,000
Retained earnings (1 Jan 2025)		62,000,000
9% debentures		48,000,000
Quoted investments (cost)	132,750,000	
Taxation paid	23,400,000	
Plant and equipment (cost)	92,000,000	
Office equipment (cost)	108,000,000	
Freehold land (cost)	245,000,000	
Delivery vehicles (cost)	185,000,000	
Accumulated depreciation on 1 January 2025:		
Plant & equipment		36,000,000
Office equipment		52,000,000
Delivery vehicles		41,000,000
Interest on debentures	2,160,000	
Accounts payable		98,300,000
Inventories	31,600,000	
Accounts receivable	86,900,000	
Bank	90,400,000	
Interim dividends – ordinary shares	4,100,000	
Interim dividends – preference shares	4,600,000	
	1,225,810,000	**1,225,810,000**

Additional information:

1. Opening inventory was understated by RM120,000.

2. Market value of quoted investments at 31 Dec 2025 is RM133,900,000. The directors consider the decline permanent and not recorded.

3. 9% debentures are secured over property and are repayable in 4 equal annual instalments, starting 31 Dec 2025.

4. Inventories costing RM5,500,000 were damaged; NRV is RM3,000,000.

5. Sales exclude goods costing RM12,000,000, invoiced at RM14,100,000, which are to be delivered on 10 January 2026.

6. Depreciation policy:

Asset	Rate	Charged to
Plant & Equipment	10% on cost	Administrative
Office Equipment	10% on cost	Administrative
Delivery Vehicles	20% on cost	Selling & Distribution

7. Directors decided to write off all research expenditure and transfer RM10,000,000 to general reserve.

8. Tax expense for the year was RM25,600,000.

9. The company has entered into a contract to purchase a piece of land at an estimated cost of RM420,000,000.

10. A former employee has claimed compensation amounting to RM10,000,000. The claim has been submitted to the insurance company. As the outcome of the claim is uncertain, no provision has been made in the financial statements.

11. Annual report is finalised by 31 December each year.

Required:

Prepare the following statements in a form suitable for publication and in compliance with the Companies Act 2016 and approved relevant accounting standards:

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

(24 marks)

b. Statement of Changes in Equity for the year ended 31 December 2025.

(11 marks)

c. Statement of Financial Position as at 31 December 2025.

(15 marks)

d. Notes to the account for:

i. Property, Plant and Equipment.

ii. Investment.

iii. Capital commitment.

iv. Contingent liability

(10 marks)

(Total: 60 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER