UNIVERSITI POLY-TECH MALAYSIA
UPTM

FINAL EXAMINATION

BACHELOR OF CORPORATE ADMINISTRATION (HONOURS)

COURSE	:	**INTERMEDIATE FINANCIAL ACCOUNTING AND REPORTING**
COURSE CODE	:	**ACC3323**
DURATION	:	**3 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 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 6 printed pages including the front page

QUESTION 1

Rashid Enterprise is a manufacturing company expanding its operations. The financial statements are being prepared for the year ended 30 April 2025.

As at 1 May 2024, the company owned the following non-current assets:

Item	RM
Land	60,000
Building	240,000
Machine A (purchased on 1 August 2023)	50,000
Machine B (Purchased on 1 January 2024)	40,000

Additional Information

i. The land and building were originally acquired on 1 May 2020 at the stated costs.
ii. The building has a useful life of 40 years and is depreciated using the straight-line method.
iii. Machinery is depreciated at 10% per annum using the reducing balance method, calculated on a month-to-month basis.
iv. Land is not depreciated.

During the year ended 30 April 2025, the following transactions occurred:

i. On 1 May 2024, the land and building were revalued to:
   a. Land: RM90,000
   b. Building: RM280,000
ii. On 1 February 2025, Machine A was disposed of for RM20,000 cash.
iii. On the same date, a new Machine C was purchased for RM60,000, inclusive of installation cost.

Required:

a. Prepare the journal entries for the revaluation transaction as at 30 April 2025. (6 marks)

b. Calculate the depreciation for the building and machine accounts. (6 marks)

c. Prepare the journal entries for disposal account for Machine A. (4 marks)

d. Prepare an extract of the Statement of Financial Position showing non-current assets and Revaluation reserve as at 30 April 2025. (3 marks)

e. Identify **THREE (3)** indicators that may suggest a non-current asset is impaired. (6 marks)

(Total: 25 marks)

QUESTION 2

Emerald Bhd is a medium-sized trading company that distributes consumer electronic products across Malaysia. The company finances its operations through a combination of ordinary share capital, preference share capital, and long-term borrowings. During the financial year ended 31 December 2025, Emerald Bhd experienced steady growth in sales but also faced operational adjustments related to inventory valuation, equipment depreciation, and dividend obligations to preference shareholders. The accountant of Emerald Bhd has extracted the following trial balance as at 31 December 2025 together with additional information that must be considered before preparing the financial statements in accordance with the Companies Act 2016 and the relevant Malaysian Financial Reporting Standards.

Trial Balance as at 31 December 2025

	RM	RM
Sales		2,950,000
Purchases	1,750,000	
Distribution expenses	210,000	
Administrative expenses	330,000	
Interest income		45,000
Trade receivables	640,000	
Trade payables		420,000
Ordinary share capital		1,800,000
6% Preference share capital		600,000
Retained earnings (1 Jan 2025)		550,000
Freehold property (cost)	2,825,000	
Equipment (cost)	980,000	
Accumulated depreciation – equipment		240,000
Inventories (1 Jan 2025)	250,000	
Bank loan (long-term)		500,000
Bank	120,000	
	7,105,000	7,105,000

Additional information:

i. Closing inventory RM300,000.
ii. Depreciation: Equipment 12% reducing balance.
iii. Preference dividend unpaid for the year.
iv. Tax expense RM150,000.
v. RM18,000 sales recorded relate to goods delivered next year (cut-off).

Required:

Prepare the following financial statements in a form suitable for publication in accordance with the companies Act 2016 and *MFRS101 Presentation of Financial Statements* and other relevant Malaysia Financial Reporting Standards:

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

(15 marks)

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

(10 marks)

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

(5 marks)

d. The following notes to accompany the above statements for property, plant and equipment.

(5 marks)

(Total: 35 marks)

QUESTION 3

Suria Sdn Bhd is a medium-sized manufacturing company involved in the production of household electrical appliances. During 2025, the company expanded its operations by acquiring additional property, plant and equipment and issuing new shares.

Given below are the Statements of Profit or Loss for the year ended 31 December 2025 and Statement of Financial Position as at 31 December 2024 and 2025.

Suria Sdn Bhd
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2025

	RM
Sales	4,800,000
Cost of Sales	(2,400,000)
Gross Profit	2,400,000
Wages	(700,000)
Administrative Expenses	(600,000)
Depreciation	(180,000)
Operating Profit	920,000
Investment Income	200,000
Net Profit	820,000

Suria Sdn Bhd
Statement of Financial Position
As at 31 December 2025

	2024 RM	2025 RM
Property, Plant and Equipment	2,000,000	2,450,000
Accumulated Depreciation	(800,000)	(980,000)
Investments	600,000	700,000
Inventories	320,000	360,000
Receivables	500,000	470,000
Cash	180,000	290,000
Ordinary Shares	1,000,000	1,200,000
Retained Earnings	650,000	820,000
Debentures	300,000	300,000
Payables	450,000	560,000
Tax Payable	70,000	90,000

Additional Information:

i. The investments are classified as cash equivalents.
ii. The increase in property, plant and equipment was due to cash purchase.
iii. Dividend paid during the year amounted to RM650,000.
iv. All interest expenses were fully paid during the year
v. There was no disposal of property, plant and equipment.

Required:

a. Explain **THREE (3)** possible reasons why a company may report high accounting profit but low operating cash flow.
(9 marks)

b. Discuss whether this situation may indicate financial risk. Support your answer with appropriate reasoning.
(6 marks)

c. As a financial manager, suggest **TWO (2)** strategies to improve operating cash flow without affecting sales volume.
(5 marks)

d. Prepare a Statement of Cash Flows for the year ended 31 December 2025 for Suria Sdn Bhd using the **direct method** and in compliance with *MFRS 107 Statement of Cash Flows.*
(20 marks)

(Total: 40 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER