



FINAL EXAMINATION
DIPLOMA OF ACCOUNTANCY

COURSE	: INTRODUCTION TO FINANCIAL REPORTING
COURSE CODE	: ACC2213/ACC2333
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 6 printed pages including the front page

QUESTION 1

Urban Tech Solutions Sdn Bhd is a supplier of smart security systems to commercial buildings throughout Malaysia. The company provides credit facilities to its customers ranging from 30 to 120 days. The accountant is currently reviewing the accounting treatment for receivables in accordance with MFRS 9 Financial Instruments.

The following information was extracted from the company's records for the year ended 31 December 2025:

- On 5 January 2025, Urban Tech Solutions Sdn Bhd sold security equipment costing RM45,000 to Metro Holdings on credit for RM60,000.
- On 18 February 2025, Metro Holdings returned defective goods worth RM8,000.
- On 20 March 2025, Metro Holdings settled the remaining balance and received a cash discount of 5%.
- On 15 May 2025, the company sold surveillance systems worth RM90,000 to Nova Empire Sdn Bhd and accepted a 6-month, 10% notes receivable.
- On 30 November 2025, the notes receivable together with interest were fully collected.
- On 8 August 2025, Urban Tech Solutions Sdn Bhd sold goods on credit to Brilliant Retailers amounting to RM50,000.
- On 20 December 2025, Brilliant Retailers was experiencing severe financial problems. The company estimated that RM35,000 of the debt may not be recoverable.

The following information relates to trade receivables as at 31 December 2025:

- The ageing analysis of trade receivables as at 31 December 2025 is as follows:

Category	Amount (RM)
Trade receivables	520,000
Allowance for impairment (1 January 2025)	12,500

- The company estimated expected credit losses based on historical experience and forward-looking information as follows:

Ageing Category	Expected Credit Loss Rate
Current receivables	1%
1–60 days overdue	4%
More than 60 days overdue	10%

- At year-end, receivables were analysed as follows:

Ageing Category	Amount (RM)
Current receivables	300,000
1–60 days overdue	150,000
More than 60 days overdue	70,000

Required:

- a. Explain the purpose of recognising impairment losses on trade receivables under MFRS 9.
(4 marks)
 - b. Prepare the journal entries to record ALL the transactions above for the year ended 31 December 2025.
(8 marks)
 - c. Calculate:
 - i. Expected credit loss for trade receivables.
(7 marks)
 - ii. Allowance for impairment of trade receivables to be reported as at 31 December 2025.
(1 marks)
- (Total: 20 marks)

QUESTION 2

Inspirasi Food Industries Bhd is a manufacturer of frozen food products in Malaysia. The company closes its accounts annually on 31 December. During the preparation of the financial statements for the year ended 31 December 2025, several accounting issues were identified by the finance manager.

The following situations were discovered:

- i. On 12 March 2025, the company paid RM95,000 for factory renovation works. However, the amount was mistakenly recorded as factory utilities expense.
- ii. On 25 May 2025, payment received from customer Zafran Trading amounting to RM54,600 was correctly banked in but mistakenly credited into the account of Zufran Trading.
- iii. The company purchased a delivery truck on 1 January 2022 for RM480,000. The truck was originally estimated to have a useful life of 8 years with a residual value of RM40,000. On 1 January 2025, management revised the remaining useful life to 3 years due to excessive usage. The residual value remained unchanged.
- iv. The Goods purchased on credit from Teguh Suppliers amounting to RM36,500 on 29 December 2024 were completely omitted from the accounting records for the year ended 31 December 2024.
- v. In 2025, Inspirasi Food Industries Bhd changed its method of valuing inventories from FIFO method to weighted average method because management believed the new method provides more reliable and relevant information.

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.
(2.5 marks)
- b. Determine whether each of the above situations should be accounted for retrospectively or prospectively.
(2.5 marks)
- c. Prepare the journal entries required for ALL the above situations for the year ended 31 December 2025.
(15 marks)

(Total: 20 marks)

QUESTION 3

Kesuma Bhd. is a listed trading company in Malaysia. It is a local company and was incorporated in 2010 with an authorized capital of RM840,000,000 ordinary shares. The following account balances were extracted from the company as at 31 December 2025.

	RM	RM
Sales		79,800,000
Cost of sales	50,904,000	
Distribution costs	2,100,000	
Administrative expenses	8,874,600	
Rental income		33,600
Finance costs	130,200	
Dividend income		168,000
Interim dividend – Ordinary Shares	2,016,000	
Land (at cost)	4,200,000	
Motor vehicles (at cost)	9,240,000	
Office equipment (at cost)	10,080,000	
Accumulated depreciation on 1 January 2025:		
Motor vehicles		1,848,000
Office equipment		2,016,000
Development Cost	3,360,000	
Accounts receivable	5,292,000	
Bank	504,000	
Inventories	9,912,000	
Accounts payable		6,258,000
Tax paid	5,040,000	
Ordinary shares		12,600,000
Retained earnings as at 1 January 2025		6,161,200
Bank overdraft		168,000
10% Loan from ACBC Bank on 1 July 2025		2,600,000
	<u>111,652,800</u>	<u>111,652,800</u>

Additional information:

- During a stock-take conducted on 20 September 2025, inventories costing RM80,000 were found to be damaged and had a net realizable value of RM56,000.
- Sales do not include goods costing RM54,000 sold to a customer who had requested for the goods to be delivered on 20 January 2026. Goods sold were invoiced at RM72,000.
- Dividend income of RM30,000 was received in advance.
- There has been a fraud case committed by a senior officer of the company in July 2024. The culprit misappropriated a sum of RM100,000 cash in bank and had since disappeared. No adjustment has been made in the books.
- The directors of the company have decided on the following matters:
 - Transfer to general reserve RM42,000.
 - Write off 60% of the development cost.

6. The following expenses are to be provided:
 - i. Rental expense amounting to RM130,000.
 - ii. Half year interest on Loan from ACBC Bank.
7. Freehold land is not depreciated. The company's policy is to provide depreciation as follows:
 - i. Office Equipment – 5% on net book value (charged as administrative expenses)
 - ii. Motor vehicles – 10% on cost (charged as selling and distribution cost)
8. Tax expense for the year was RM2,000,000.
9. The company has entered into a contract to purchase a piece of land at an estimated cost of RM2,000,000.
10. The directors declared final dividends for 15% for ordinary shares on 28 December 2025. The dividend has not yet been disbursed to the shareholders.
11. A legal claim amounting to RM3,000,000 has been filed against the company. The company has forwarded the claim to the insurance company.
12. The financial statement was authorized for issue by board of directors on 31 March every year.

Required:

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

- a. Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2025.
(22 marks)
- b. Statement of Changes in Equity for the year ended 31 December 2025.
(9 marks)
- c. Statement of Financial Position as at 31 December 2025.
(19 marks)
- d. Notes to the accounts for
 - i. Property, Plant and Equipment.
 - ii. Capital commitment.
 - iii. Contingent liability
(10 marks)

(Total: 60 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER