



FINAL EXAMINATION
DIPLOMA OF ACCOUNTANCY

COURSE	: INTERMEDIATE FINANCIAL REPORTING
COURSE CODE	: ACC2223
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 this examination pack consists of:
 - i) the Question Paper
 - ii) an Answer Booklet
4. Do not bring any material into the examination hall. Electronic 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

- A. Hang Jebat Bhd, a reputable public listed company headquartered in Penang, operates in the consumer electronics industry and is widely known for manufacturing advanced household automation devices. On 18 September 2025, the company undertook a modernization program to enhance its production efficiency by purchasing a new computerised production machine. The supplier quoted a selling price of RM4,650,000 for the equipment. As part of a seasonal incentive package, the supplier granted a trade discount of 7% on the quoted amount.

Besides the acquisition cost of the computerised production machine, Hang Jebat Bhd incurred several additional expenditures to ensure that the asset was fully operational for manufacturing purposes as below:

	RM
Transportation and insurance charges	53,000
Installation, system integration, and trial run activities	74,000
Specialised training program	81,000
Administrative and processing expenses	29,000
Servicing and routine maintenance cost	118,000

Hang Jebat Bhd depreciates its machinery at the rate of 11% per annum based on cost using the monthly apportionment method. The estimated useful life of the machine is 9 years. The company's financial year ends on 31 December 2025.

Required:

- Determine whether the new computerised production machine satisfies the definition of an asset according to the MASB Conceptual Framework
(4 marks)
- Determine whether the new computerised production machine qualifies as Property, Plant and Equipment in accordance to *MFRS 116 Property, Plant and Equipment*.
(6 marks)
- Calculate the initial measurement (cost) of the new computerised production machine to be recognised in the financial statements.
(9 marks)
- On 1 October 2025 the computerized production machine required a major component replacement in order to sustain its operating capacity and production efficiency. During the replacement the machine's integrated power control module is replaced with a new unit that significantly enhances the machine's performance and extends its useful operating life. The expenditure incurred for the replacement of the integrated power control module is material in amount and provides future economic benefits to the company over several accounting periods.
(6 marks)

- B. On 1 July 2023, AHang Jebat Bhd acquired a manufacturing facility for RM18,000,000. The building is depreciated using the straight-line basis over an estimated useful life of 40 years. According to the company's depreciation policy, a full year of depreciation is provided in the year of acquisition, while no depreciation is charged in the year the asset is disposed of. On 2 September 2025, the manufacturing facility was reassessed by an independent qualified valuer and its value was determined to be RM22,500,000.

Required:

- a. Compute the amount of revaluation reserve as at 31 December 2025. (7 marks)
- b. Discuss the accounting treatment for the revaluation reserve. (3 marks)

(Total: 35 marks)

QUESTION 2

Sabihah Systems Sdn Bhd, a prominent manufacturing company based in Petaling Jaya, received a government assistance grant on 1 July 2025 to support the company's industrial modernization programme. The grant amounted to RM1,200,000 and was specifically designated for the acquisition of advanced production equipment costing RM7,500,000.

Sabihah Systems Sdn Bhd adopts the policy of accounting for government grants using the "write-off" method. In addition, the company depreciates its production equipment over an estimated useful life of 10 years using the straight-line method.

Required:

- a. Show the journal entries (**narrations are not required**) to record the above transactions for the year ended 31 December 2025.
(4 marks)
- b. Prepare Statement of Profit or Loss for the year ended 31 December 2025 and a Statement of Financial Position (extract) as at 31 December 2025
(8 marks)
- c. If the company decides to adopt the 'deferred income' method, determine the carrying amount of the machine on 31 December 2025.
(3 marks)

(Total: 15 marks)

QUESTION 3

Fakhriz Sdn Bhd, is a reputable technology enterprise based in Setiu that specializes in the design and commercialisation of intelligent building management systems for Malaysian commercial real estate sector.

In preparation for the completion of its annual reporting process, the company's directors are in the process of finalizing the financial statements for the financial year ended 31 December 2025. The financial statements were approved for release on 31 March 2026.

	Debit RM	Credit RM
Sales		5,700,000
Cost of sales	2,168,000	
Inventories	204,000	
Administrative expenses	248,000	
Selling and distribution expenses	164,000	
Audit fees	28,000	
Directors' remuneration	208,000	
Tax paid	780,000	
Freehold industrial land (cost)	1,800,000	
Factory building (cost)	1,840,000	
Plant and machinery (cost)	1,140,000	
Motor vehicles (cost)	300,000	
Accumulated depreciation as at 1 January 2026:		
Factory building		260,000
Plant and machinery		100,000
Motor vehicles		60,000
Investment	2,000,000	
Interim dividend – ordinary shares	180,000	
Retained earnings as at 1 January 2026		1,940,000
Ordinary shares		5,252,000
5% Bank loan – Bank Rakyat		600,000
Investment income		200,000
Interest on bank loan	30,000	
Cash at bank	2,160,000	
Trade receivable and payable	1,040,000	142,000
Allowance for impairment of trade receivable		36,000
	14,290,000	14,290,000

Additional information:

1. Sales revenue and trade receivables were overstated by RM720,000 due to goods sent on consignment that remained unsold at year-end. Closing inventory was therefore understated by RM500,000.
2. The trade payables included inventory purchased from a supplier in South Korea amounting to KRW1,600,000 on 1 December 2025. The exchange rate on purchase date was RM0.031: KRW1 while the closing rate on 31 December 2025 was RM0.034: KRW1.
3. On 28 December 2025, the company purchased a new motor vehicle costing RM26,000 through bank transfer. The transaction had not yet been recorded.
4. The company applies the following depreciation policy:

Factory building	2% per annum on cost
Plant and machinery	10% per annum on cost
Motor vehicles	20% per annum on carrying amount

Depreciation on factory buildings and plant and machinery is classified under administrative expenses, while motor vehicle depreciation is charged to selling and distribution expenses

5. The freehold land was professionally revalued at RM2,480,000 and the directors decided to incorporate the revaluation into the financial statements
6. Outstanding directors' remuneration of RM24,000 and accrued loan interest of RM5,000 had not yet been recorded.
7. On 18 December 2025, a former production employee initiated legal action against the company for injuries sustained while operating machinery. The company's legal adviser believes it is highly probable that the company will have to settle the claim amounting to RM38,000 in 2025.
8. The income tax expenses for the financial year were estimated at RM592,000.

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.
(20 marks)
- b. Statement of Changes in Equity for the year ended 31 December 2025.
(16 marks)
- c. Statement of Financial Position as at 31 December 2025.
(6 marks)
- d. Notes to the above account for property, plant and equipment.
(8 marks)

(Total: 50 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER

