



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

Nova Electrical Trading Sdn Bhd is a wholesaler of electrical appliances located in Johor Bahru. The company sells goods mainly on credit terms to retailers throughout Malaysia. The finance manager is reviewing the receivables management and impairment assessment policy in accordance with MFRS 9 Financial Instruments. The allowance for impairment of trade receivables as at 1 January 2025 was RM18,500. The following transactions were extracted from the company's accounting records for the year ended 31 December 2025:

Date (2025)	Transactions
5 January	Sold goods on credit to Kencana Enterprise amounting to RM12,000.
20 February	Received cheque amounted to RM7,000 from Kencana Enterprise as partial settlement.
15 March	Sold goods on credit to Dinamik Trading amounting to RM25,000.
10 April	Dinamik Trading accepted a 90-day, 8% promissory note for the outstanding debt.
2 June	A customer previously written off as bad debt paid RM5,500 to the company.
18 August	Sold goods on credit to Mega Jaya Sdn Bhd amounting to RM30,000.
15 October	Mega Jaya Sdn Bhd was declared bankrupt. The liquidator estimated that only 40% of the debt could be recovered.
20 November	The company decided to write off the irrecoverable balance from Mega Jaya Sdn Bhd.

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

Past Due Days	Amount Outstanding (RM)	Expected Credit Loss Rate (%)
Current	180,000	1%
1 – 30 days	90,000	2%
31 – 90 days	70,000	4%
91 – 180 days	50,000	8%
More than 180 days	40,000	15%

Required:

- a. Explain the meaning of financial instruments and trade receivables according to MFRS 9. (4 marks)
- b. Prepare the necessary journal entries to record the above transactions for the year ended 31 December 2025. (8 marks)
- c. Compute:
 - i. Expected credit loss on trade receivables. (6 marks)
 - ii. Net carrying amount of trade receivables to be presented in the Statement of Financial Position as at 31 December 2025. (2 marks)

(Total: 20 marks)

QUESTION 2

Nusantara Media Bhd is a publishing and digital advertising company based in Malaysia. The company prepares its financial statements annually on 31 December. During the review of the financial statements for the year ended 31 December 2025, the finance director discovered the following matters:

- i. On 3 April 2025, the company paid RM125,000 for annual insurance coverage of its office building. However, the amount was mistakenly recognized as advertising expense.
- ii. A cheque received from customer Lina Enterprise amounting to RM72,400 on 15 July 2025 was correctly deposited into the bank account but was wrongly credited to the account of Liana Enterprise.
- iii. Nusantara Media Bhd purchased a high-speed printing machine on 1 January 2021 for RM3,000,000. The machine was initially estimated to have a useful life of 15 years with no residual value. Due to heavy usage and frequent breakdowns, management revised the remaining useful life on 1 January 2025 to only 5 years.
- iv. On 28 December 2025, the company received office equipment costing RM48,000 purchased on credit from Prisma Office Sdn. Bhd. The transaction was completely omitted from the accounting records for the financial year ended 31 December 2025.
- v. In 2025, the company decided to change the method of measuring investment property from the cost model to the fair value model to provide more relevant information to users of the financial statements.

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 situation should be applied retrospectively or prospectively.
(2.5 marks)
- c. Prepare the journal entries required to correct or record the above situations for the year ended 31 December 2025.
(15 marks)

(Total: 20 marks)

QUESTION 3

Tekun Capital Bhd is a listed trading company in Malaysia specializing in heavy duty machinery. It is a local company and was incorporated in 2016. The following account balances were extracted from the company as at 31 December 2025:

	RM	RM
Sales		114,000,000
Cost of sales	72,720,000	
Distribution costs	3,000,000	
Administrative expenses	12,678,000	
Rental income		48,000
Finance costs	186,000	
Dividend income		240,000
Interim dividend – Ordinary Shares	2,880,000	
Land (at cost)	6,000,000	
Motor vehicles (at cost)	13,200,000	
Office equipment (at cost)	14,400,000	
Accumulated depreciation on 1 January 2025:		
Motor vehicles		2,640,000
Office equipment		2,880,000
Development Cost	4,800,000	
Accounts receivable	7,560,000	
Bank	720,000	
Inventories	14,160,000	
Accounts payable		8,940,000
Tax paid	7,200,000	
Ordinary shares		18,000,000
Retained earnings as at 1 January 2025		8,816,400
Bank overdraft		240,000
10% Loan from BCBC Bank on 1 July 2025		3,699,600
	<u>159,504,000</u>	<u>159,504,000</u>

Additional information:

1. On 20 October 2025, inventories costing RM144,000 were damaged and had a net realizable value of RM84,000.
2. Sales do not include goods costing RM96,000 sold to a customer who had requested for the goods to be delivered on 30 January 2026. Goods sold were invoiced at RM144,000.
3. Dividend income of RM36,000 was received in advance.
4. There has been a fraud case committed by a senior account manager of the company in November 2024. The culprit misappropriated a sum of RM380,000 cash in bank and had since disappeared. This transaction was completely not recorded in the business' account yet.
5. 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)
6. The board of directors approved the following year-end adjustments:
 - i. Transfer to general reserve RM60,000.
 - ii. Write off 50% of the development cost.
7. The following expenses are to be provided:
 - i. Rental expense amounting to RM180,000.
 - ii. Half year interest on Loan from BCBC Bank.
8. Tax expense for the year was RM2,400,000.
9. The company has entered into a contract to purchase a piece of land at an estimated cost of RM3,660,000.
10. The directors declared final dividends for 8% for ordinary shares on 25 December 2025. The dividend has not yet been disbursed to the shareholders.
11. An employee was injured and the compensation requested is RM10,000,000. The company has forwarded the compensation claim to the insurance company.
12. The company tables its annual report by 28 February 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 account for:
 - i. Property, Plant and Equipment to accompany the above statements.
 - ii. Capital commitment.
 - iii. Contingent liability
(10 marks)

(Total: 60 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER