



FINAL EXAMINATION

BACHELOR OF ACCOUNTANCY (HONOURS)

COURSE : FINANCIAL STATEMENTS ANALYSIS**COURSE CODE : ACC4313****DURATION : 3 HOURS****INSTRUCTIONS TO CANDIDATES:**

1. This question paper consists of **FOUR (4)** 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***CONFIDENTIAL**

QUESTION 1

BrightVision Berhad is a Malaysian company involved in providing customised cloud-based accounting systems to medium-sized businesses.

During the financial year ended 31 December 2025, the company entered into several customer contracts.

The following transactions were recorded during the year:

Transaction	RM
Revenue recognised for a two-year software subscription service received in advance on 1 October 2025.	480,000
Revenue recognised for software installation services that were only completed in January 2026.	220,000
Revenue recognised from products delivered to customers on a consignment basis.	160,000

Additional information:

1. The software platform became available for use on 1 October 2025.
2. The software is expected to have a useful life of 5 years with no residual value.
3. Profit before adjustments relating to the above expenditures was RM2,000,000.
4. Total assets before adjustments amounted to RM15,000,000.

The finance director proposed to capitalise all expenditures as intangible assets in order to improve the company's reported financial performance for the year ended 31 December 2025. The directors are concerned that the accounting treatment adopted may affect the reliability of the company's financial statements and investors' decision-making.

Required:

Assess **FIVE (5)** implications of the accounting treatment proposed by the finance director on the faithful representation of the company's financial statements.

(15 marks)

(Total: 15 marks)

QUESTION 2

EverPeak Berhad is a Malaysian company involved in manufacturing and distributing household cleaning products. During the financial year ended 31 December 2025, the company reported strong growth in revenue and profit following aggressive sales expansion strategies.

However, several shareholders expressed concern that the company's cash position did not improve despite the increase in reported profitability.

Selected financial information of EverPeak Berhad is shown below:

	2024 RM	2025 RM
Revenue	28,500,000	36,800,000
Profit before tax	3,400,000	5,200,000
Net operating cash flow	3,000,000	850,000
Trade receivables	4,200,000	8,100,000
Inventories	3,500,000	6,400,000
Short-term borrowings	1,800,000	4,600,000

During 2025, EverPeak Berhad introduced more flexible credit terms to increase sales revenue. As a result, trade receivables increased significantly during the year. In addition, a large portion of inventories remained unsold at year-end due to weaker customer demand and slower inventory turnover.

Despite the decline in net operating cash flow, management continued expanding the company's operations and relied more heavily on short-term borrowings to support working capital needs. The finance director stated that the increase in profit before tax indicates that the company's financial performance improved significantly in 2025. However, several investors expressed concern that the company may face future cash flow and liquidity problems if the current trend continues.

Required:

- Analyse **THREE (3)** factors that may have contributed to the decline in EverPeak Berhad's net operating cash flow in 2025 despite the increase in profit before tax. Support your answer using relevant financial information from the scenario.
(12 marks)
- Examine **TWO (2)** major concerns that investors may have arising from the decline in EverPeak Berhad's net operating cash flow.
(8 marks)
- Recommend **TWO (2)** actions that management should prioritise to improve the company's operating cash flow and long-term sustainability.
(10 marks)

(Total: 30 marks)

QUESTION 3

Apex Venture Partners is evaluating the potential acquisition of Vertex Manufacturing Berhad.

The investment committee of Apex Venture Partners believes that companies generating high returns on invested capital are more likely to create long-term value for investors. Before proceeding with the acquisition, the committee requested an assessment of Vertex Manufacturing Berhad's ability to generate returns from the capital invested in its operations.

The following information was extracted from the audited financial statements of Vertex Manufacturing Berhad for the years ended 31 December 2024 and 2025:

	2024 (RM)	2025 (RM)
Operating profit before interest and tax (EBIT)	12,000,000	14,000,000
Income tax rate	25%	25%
Total assets	120,000,000	160,000,000
Cash and cash equivalents	10,000,000	12,000,000
Non-interest-bearing current liabilities	25,000,000	28,000,000
Industry average Return on Invested Capital (ROIC)	13%	13%

Further investigation revealed that Vertex Manufacturing Berhad invested heavily in automation equipment and factory expansion during 2025. Management stated that these investments positioned the company for future growth and improved competitiveness.

However, members of the investment committee are concerned that the increase in invested capital may not have generated sufficient returns compared to industry expectations.

Required:

- Calculate the Return on Invested Capital (ROIC) of Vertex Manufacturing Berhad for 2024 and 2025.
(6 marks)
- Compare your answer in (a) with the industry average.
(4 marks)
- Analyse **THREE (3)** possible reasons why Vertex Manufacturing Berhad's investment in automation equipment and factory expansion did not result in a higher ROIC in 2025.
(12 marks)
- As a member of Apex Venture Partners' investment committee, assess whether Apex Venture Partners should acquire Vertex Manufacturing Berhad based on its ROIC performance.
(8 marks)

(Total: 30 marks)

QUESTION 4

The following extract was taken from a credit assessment report prepared by Zenith Bank Berhad.

Titan Logistics Berhad has applied for an additional long-term loan of RM50 million to finance the next phase of its expansion programme. Before approving the application, Zenith Bank Berhad conducted a review of the company's recent financing and operating performance.

During 2025, Titan Logistics Berhad acquired several warehouses and delivery vehicles to increase distribution capacity and support future growth. The expansion programme was financed primarily through long-term borrowings. Management believes that the investment will strengthen market coverage and improve future revenue growth.

Although revenue increased during the year, the credit assessment team observed that total assets and borrowings increased at a much faster rate. As a result, the bank is concerned whether the newly acquired assets are being utilised efficiently and whether the company can sustain its increasing reliance on debt financing.

The credit assessment team has been asked to evaluate the company's financial risk and operating efficiency before making a recommendation on the loan application.

Selected financial information of Titan Logistics Berhad is presented below:

	2024 (RM'000)	2025 (RM'000)
Revenue	220,000	250,000
Total Assets	180,000	280,000
Total Debt	60,000	140,000
Total Equity	120,000	140,000
Earnings before Interest and Tax (EBIT)	30,000	34,000

Industry averages:

Ratio	Industry Average
Asset Turnover Ratio	1.10 times
Debt-to-Equity Ratio	0.80 times

Required:

- a. Calculate the Debt-to-Equity Ratio and Asset Turnover Ratio for 2024 and 2025.
(4 marks)
- b. Determine whether the company's borrowings were used effectively to support its expansion programme in 2025.
(8 marks)
- c. Analyse **ONE (1)** concern that Zenith Bank Berhad may have before approving Titan Logistics Berhad's loan application.
(7 marks)
- d. Recommend **TWO (2)** conditions that Zenith Bank Berhad should impose to Titan Logistics Berhad before approving the loan application.
(6 marks)

(Total: 25 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER