

**FINAL EXAMINATION****BACHELOR OF ACCOUNTANCY (HONOURS)**

COURSE	: FINANCIAL ACCOUNTING AND REPORTING 1
COURSE CODE	: ACC3364
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 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 a ball-point pen 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

The following trial balance was extracted from the records of Cahaya Murni Enterprise as at 31 December 2025:

Account	DR (RM)	CR (RM)
Motor lorry	22,000	
Trade creditors		8,400
Owner's equity		30,000
Inventory on hand	7,800	
Trade debtors	6,200	
Service income		18,600
Cash at bank	5,500	
Operating expenses	9,400	
Insurance expense	2,600	
Drawings	2,300	
Total	55,800	57,000

Additional information:

During a review of the accounting records, the following errors were discovered:

- A credit transaction of RM500 was recorded in service income but omitted from trade debtors.
- A motor vehicle repair cost of RM800 was wrongly recorded as motor lorry.
- A payment of RM400 to a creditor was recorded in cash but omitted from trade creditors.
- Goods returned by customers RM250 were recorded as operating expenses.
- Cash received RM700 was recorded twice in cash but once in trade debtors.
- Insurance expense RM200 was recorded but not credited in cash.

Required:

- Prepare a worksheet in adjusting the trial balance to correct those errors.

(20 marks)

QUESTION 2

The following trial balance was extracted from the books of Sentosa Jaya Trading for the year ended 31 December 2025:

	Debit (RM)	Credit (RM)
Capital		200,000
Opening inventory (1/1/2025)	20,000	
Trade receivables and trade payables	45,000	55,000
Bank	20,000	
Cash	8,500	
Shop equipment	40,000	
Motor vehicle	60,000	
Land and building	300,000	
Investment	35,000	
Allowance for doubtful debts (1/1/2025)		1,800
Accumulated depreciation – Shop equipment (1/1/2025)		10,000
Mortgage loan		100,000
Bank loan (5%)		30,000
Bank overdraft		24,700
Purchases and Sales	120,000	300,000
Returns inward and outward	5,500	6,200
Carriage inward	7,200	
Carriage outward	2,800	
Salaries and wages	35,000	
Rent expense	15,600	
Insurance	6,400	
Utilities	5,200	
Drawings	4,500	
Discount allowed and received	4,200	5,000
Commission received		3,200
Interest on Investment		3,000
Repairs and maintenance		
Total	<u>738,900</u>	<u>738,900</u>

Additional information:

- i. At the end of the financial year, closing inventory was valued at RM18,500. Goods costing RM1,500 and cash of RM2,000 were withdrawn by the owner for personal use but were not recorded.
- ii. A debt of RM2,500 is to be written off as irrecoverable. The allowance for doubtful debts is to be adjusted to 5% of the remaining receivables.
- iii. Depreciation is to be provided as follow:
 - Shop equipment at 10% per annum (reducing balance).
 - Motor vehicle at 20% per annum (straight line).
 - No depreciation provided for land and building.

- iv. At year end, salaries of RM2,500 and utilities of RM600 remain unpaid. Rent includes RM2,000 paid in advance, while insurance includes RM1,200 prepaid.
- v. Interest on bank loan is outstanding for the year and the Commission income of RM800 has been earned but not yet received.
- vi. At the end of the accounting period, the amount of RM1,500 for interest on investment still outstanding.
- vii. An amount of RM1,000 for repairs and maintenance for machinery had been incurred but not yet paid.

Required:

- a. Prepare the Statement of Profit or Loss for the year ended 31 December 2025.
(18 marks)
 - b. Prepare the Statement of Financial Position as at 31 December 2025.
(15 marks)
 - c. Explain the term “**accrual**” and give **ONE** example.
(2 marks)
- (Total: 35 marks)

QUESTION 3

Seri Harmoni Enterprise is a partnership business owned by Aina, Ben, and Chong. The partnership agreement includes:

- Interest on capital at 5% per annum
- Ben is entitled to an annual salary of RM18,000
- Profit-sharing ratio is 4: 3: 3

Balances as at 1 January 2025:

Partner	Capital (RM)	Current (RM)
Aina	300,000	60,000
Ben	250,000	50,000
Chong	200,000	40,000

Changes during the year:

On 31 May 2025, Chong retired. His balance is to be treated as a loan to the business.

- His total balance would remain in the business as a loan to the firm.
- On 1 June 2025, a new partner, Dina, was admitted with:
 - Capital contribution of RM160,000
 - Goodwill contribution of RM30,000

A new partnership agreement was as follows:

- No interest on capital for all partners.
- 6% per annum to be charged for interest on drawings.
- The new profit-sharing ratio is 50% for Aina, 30% for Ben and 20% for Dina.

Additional Information:

- i. During the admission of new partners, the goodwill is valued at RM190,000 and is not to be maintained in the books.
- ii. The partners agreed to revalue assets where the building increased by RM40,000 while the office fixtures decreased by RM10,000.
- iii. The partnership's net profit for the year ended 31 December 2025 was RM600,000, earned evenly over the year.
- iv. Ben withdrew RM15,000 on 2 March 2025, while Dina withdrew RM12,000 on 5 October 2025.

Required:

- a. Prepare the following:
(Round up all the answer to the nearest Ringgit)
- i. Goodwill adjustment account. (4 marks)
 - ii. Revaluation account. (3 marks)
 - iii. Profit and Loss Appropriation Account, clearly distinguishing between pre-admission and post-admission periods for the year ended 31 December 2025. (12 marks)
 - iv. Partners' current accounts. (6 marks)
 - v. Partners' capital accounts. (8 marks)
- b. Explain the implication of unlimited liability for partners in a partnership, and discuss its financial consequences. (2 marks)
- (Total: 35 marks)

QUESTION 4

The following is an extract of the Statement of Financial Position of Kencana Group Berhad as at 31 January 2026:

Kencana Group Berhad	
<u>Statement of Financial Position (extract) as at 31 January 2026</u>	
Assets	RM
Investment	6,800,000
Bank	<u>3,500,000</u>
	<u>10,300,000</u>
Equity	
Issued and Paid-up Capital:	
2,500,000 Ordinary Shares of RM1.30 each	3,250,000
Retained Earnings	3,650,000
Non-current Liabilities	
7% Debentures	1,800,000
1,600,000 Redeemable Preference Shares of RM1.00 each	<u>1,600,000</u>
	<u>10,300,000</u>

Additional information:

During the financial year ended 30 April 2026, the following corporate restructuring activities took place:

- The company redeemed 45% of its redeemable preference shares at a premium of 12%. The redemption was partly financed by issuing 350,000 new ordinary shares at RM1.30 each, while the remaining balance was paid using retained earnings.
- To reward shareholders, the company issued a bonus issue of 1 new ordinary share for every 5 existing shares held, utilising retained earnings.
- The company repurchased 200,000 ordinary shares at RM1.55 per share, using the treasury share method.
- Subsequently, one-four of the treasury shares was reissued at RM1.70 per share.
- The company also redeemed 55% of its debentures at par value, and the payment was made directly from the bank account.

Required:

Prepare the journal entries to record all the above transactions.
(Narration are not required).

(Total: 10 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER

