Section A: Compulsory Questions (60%)

Attempt all the questions in this section.

Question 1

On 1 July 2025, W, a sole trader, X and Y were equal partners in a partnership, agreed to combine their businesses and form a partnership, namely Wayz Partners. They share profits and losses in the ratio 3 : 1 : 1.

The following was the financial status provided by both entities before amalgamation:

	W	X And Y
	RM	RM
Freehold Premises	35,000	20,000
Motor Vehicles	28,000	22,000
Fixtures And Fittings	6,000	9,000
Furniture	5,000	4,200
Inventory	12,000	9,000
Accounts Receivable	15,000	16,000
Prepayments	600	—
Bank	1,100	—
	102,700	80,200
Accounts Payable	12,400	8,000
Bank Overdraft	—	700
Accruals	300	500
Capital — W	90,000	—
— X	—	36,000
— Y	—	30,000
Current — X	—	2,000
— Y	—	3,000
	102,700	80,200

The terms and conditions provided that:

① All the assets and liabilities of the businesses were taken over by the new partnership at the following values:

	W	X And Y
	RM	RM
Freehold Premises	45,000	28,000
Motor Vehicles	24,000	20,000
Furniture	4,500	3,800
Inventory	14,500	9,600
Allowance For Doubtful Debts	5% of accounts receivable	5% of accounts receivable

Other assets and liabilities remain unchanged.

② Goodwill of RM 6,000 had been created by partnership X And Y, and the new partnership decided not to maintain the Goodwill account in the books.

③ After amalgamation, both accruals were paid off by X from his private resource.

④ The partners agreed to contribute or withdraw cash so that their total capital would be equal to RM 200,000, in accordance with their profit sharing ratio.

You are required to prepare:

(a) the following ledger accounts in the books of partnership X And Y before amalgamation:

(i) Revaluation;

(ii) partners' Capital in columnar form.

(b) Journal entries (**without** narrations) to open the books of the new partnership.

Question 2

Jay Bhd was incorporated with an authorised capital of RM 500,000 ordinary shares and 450,000 5% preferred shares of RM 2 each. Prior to the issue, the following balances were extracted from the company's books on 1 July 2024:

	RM
Preferred Share Capital	400,000
Ordinary Share Capital	100,000
8% Loan Notes	50,000
Share Premium	15,000
General Reserve	8,000
Retained Profits	30,000
Bank Overdraft	2,500

On 1 January 2025, the company offered to public for subscription 100,000 ordinary shares of RM 2 each at a premium of RM 0.50 per share, payable as follows:

2025	
Jan 5	RM 1 per share on application
Feb 20	RM 0.50 per share on allotment, including premium
Mar 30	Balance on first and final call

The applications were closed on 10 January 2025. The issuance was oversubscribed for 2.20 times and dealt with as follows:

① Application for 50,000 shares — Full allotment

② Application for 5,000 shares — No allotment and returned to unsuccessful applicants

③ The remaining shares were allotted on the following pro-rata basis:

Application for 45,000 shares — 2 shares for every 3 shares applied for

Application for 120,000 shares — 1 share for every 6 shares applied for

The monies due on allotment were retained by the company, the excess being returned to the applicants.

On 20 February 2025 allotment was made and the excess application monies were refunded. The remaining monies were received when the first and final call were made on that day.

Following the half year result, the directors declared a half year's preferred shares dividend and an interim dividend of RM 0.08 per ordinary share. This was completely paid in the last day of March 2025.

Profit for the year was amounted to RM 40,000. On 30 June 2025 the board of directors recommended:

① increase the general reserve to RM 12,000;

② creation of assets replacement reserve RM 3,000;

③ proposed the remaining dividend for preferred shares;

④ proposed a dividend of RM 0.06 per ordinary share.

You are required to:

(a) prepare Journal entries, including cash transactions, to record the issuance of ordinary shares and the payment of shares dividend (Narrations are **not** required);

(b) show the company's Statement Of Changes In Equity for the year ended 30 June 2025;

(c) calculate the final dividends on preferred shares and ordinary shares respectively.

Remark:

Copy the following format for your answers in item (b) of the above:

Statement Of Changes In Equity for the year ended 30 June 2025

	Share Capital				Retained Profits	Total
	RM	RM	RM	RM	RM	RM
Balance at 1 July 2024						
Balance at 30 June 2025						

Question 3

On 1 January 2024, Lee Enterprise had the total trade receivables of RM 8,500 on which the enterprise had made an allowance for doubtful debts of 3% at the same date.

During 2024, a debt of RM 250 due from Chan was written off on 3 March. In addition, Lim able to pay settlement of RM 0.25 in every Ringgit of his RM 900 amount due, and the balance was treated as irrecoverable on 13 May 2024. Later on 23 July, Wong paid RM 300 in respect of a debt previously written off in year 2023. On 30 December, Chan paid RM 125 in respect of his debt written off earlier in the current year.

At the end-of-period, a list of total trade receivables amounted to RM 7,600 before taking the following adjustments:

① RM 500 owed by Lau who was declared bankruptcy and this amount was to be written off.

② Goods overcharged made to debtors amounted to RM 400.

③ A cheque RM 300 from Qin was returned by the bank marked 'refer to drawer'.

④ Overpayments returned to credit customers totaled RM 200.

⑤ RM 100 owing by Teo is set off against RM 180 owing to him.

Lee Enterprise maintained its allowance for doubtful debts at 4% of the adjusted accounts receivable when preparing financial reports.

You are required to:

(a) present the above entries and balancing each account:

(i) Bad Debts;

(ii) Bad Debts Recovered;

(iii) Allowance For Doubtful Debts;

(iv) Adjusted Trade Receivables Ledger Control.

(b) show the net amount of trade receivables in the extracted Statement Of Financial Position as at 31 December 2024.

(c) briefly state **two** reasons why Lee Enterprise creates an allowance for doubtful debts at the the end of the reporting period.

Section B: Elective Questions (20%)

Attempt any one of the three questions in this section.

Question 4

Ping Ltd, a merchandise business in Cyberjaya has branches in Kepong and Johor Bahru. All purchases are made by head office and sent to the branch at cost plus $33\frac{1}{3}$ %. Branch accounting records are maintained at head office.

All cash received at branch are banked in by head office. Depreciation is charged on delivery van at the rate of 10% per annum on straight line basis.

The following information related to Johor Bahru branch is available:

	RM
Balances at 1 October 2024:	
Branch inventory at selling price	3,600
Branch accounts receivable	12,400
Motor van at cost	18,000
Transactions for the 3 months ended 31 December 2024:	
Goods from head office at selling price	36,600
Cash sales	9,300
Goods sold on credit returned by customers	
—— to branch at selling price	420
—— direct to head office at selling price	660
Goods on cash sales returned by a customer and cash refunded	300
Cash received from branch credit customers	8,250
Bad debts	500
Branch expenses paid by head office	1,200
Branch cash lost by stolen	100
Trade discount on slow moving inventory sold	360
Unsaleable on inventory occurred at branch valued at selling price	180
Transfer of branch inventory at selling price from Johor Bahru to Kepong	480
Branch accounts receivable, 31 December 2024	20,570

Remark: There was no any discrepancy in the inventory value at the end-of-period.

You are required to prepare the following accounts in the books of head office for the period ended 31 December 2024:

(a) Branch Inventory (separate columns on each side for memo selling price and cost price);

(b) Branch Accounts Receivable;

(c) Branch Profit And Loss.

Question 5

The following information relates to the business of Yew Manufacturing Ltd, a manufacturer of consumer products:

Balance at 1 April 2024:	RM
Inventory — Raw materials	56,000
— Work in progress (at prime cost)	14,000
— Factory tools	8,000
— Finished goods	20,000
Non-current assets at carrying amounts — Machinery	105,000
— Office fixtures	32,000

Summary of bank account during the year ended 31 March 2025:

	RM		RM
Balance at 1 April 2024	42,800	Purchases — Raw materials	322,000
Sales of finished goods	808,000	— Finished goods	34,000
Dividend from Z Bhd	2,000	— Factory tools	3,000
Royalty Income	5,000	Plant	60,000
		Office fixtures	8,000
		Investment — 40,000 ordinary shares of Z Bhd at RM 2.50 per share	100,000
		Salaries — Production	95,000
		— Office management	58,000
		Indirect factory wages	26,600
		Hire of productive machine	10,000
		Rent and rates	36,000
		Freight on raw materials	2,000
		Factory utilities	3,000
		Maintenance on machinery	1,600
		Advertising	3,400
		Printing and stationery	900
		Directors' fees	10,500
		Sundry expenses — Factory	12,000
		— Office	7,000

Balance at 31 March 2025:	RM
Inventory — Raw materials	64,000
— Work in progress (at prime cost)	23,800
— Factory tools	6,000
— Finished goods	30,000
Non-current assets at carrying amounts — Machinery	95,000
— Office fixtures	35,000

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Additional information:

① An invoice of RM 11,000 for raw materials purchased was overlooked.

② Production salaries were understated by RM 800.

③ Rent and rates included an amount of RM 3,000 paid for owner's residence. The balance is to be apportioned ⅔ to the factory and the rest to the office.

④ Plant is charged at a depreciation of 10% per annum on equal instalment basis. The plant has a scrap value of RM 2,000 at the time of disposal.

⑤ Sales figure included RM 3,000 to scrap raw materials.

⑥ Goods manufactured were transferred from factory to sales department at a standard cost of RM 556,000.

You are required to prepare the following financial reports for the year ended 31 March 2025:

(a) Manufacturing Account;

(b) Income Statement (Trading account section only).

Question 6

Q Trading acquired a second-hand Nissan truck from TCMH Bhd (commonly known as Tan Chong Motor Holdings Berhad) under the following hire purchase terms:

Date Of Purchase: 31 August 2023

Cash price: RM 84,000

Down payment: 20% of cash price

Hire purchase interest: 5% per annum were charged on the cash price outstanding

Instalments: 14 quarterly instalments

Hire purchase interest was to be spread evenly over the period of hire purchase agreement. The first instalment starts on 30 September 2023. All payments were made on the due dates.

The truck was estimated to have an useful life of 8 years with residual value of RM 6,000 at the end of its useful life.

On 1 September 2024, the truck was completely destroyed in a road accident and became total loss. The insurance company agreed to compensate RM 75,250 under the insurance policy. On the same date, the vendor has also agreed to terminate the hire purchase agreement with a settlement amount of RM 49,000.

The reporting period of Q Trading ends on 31 December each year.

In the books of buyer, **you are required to:**

(a) calculate:

- (i) hire purchase price;
- (ii) total hire purchase interest;
- (iii) quarterly instalment.

(b) prepare the following accounts for the 2 years up to 31 December 2024:

- (i) Motor Vehicles;
- (ii) Hire Purchase Vendor;
- (iii) Hire Purchase Interest Suspense;
- (iv) Accumulated Depreciation Of Motor Vehicles;
- (v) Disposal Of Motor Vehicle.