



FINAL EXAMINATION
MARCH 2024

COURSE TITLE	FINANCIAL ACCOUNTING IV
COURSE CODE	AACT1143
DATE/DAY	20 JUNE 2024 / THURSDAY
TIME/DURATION	02:00 PM - 05:00 PM / 03 Hour(s) 00 Minute(s)

INSTRUCTIONS TO CANDIDATES :

1. Please read the instruction under each section carefully.
2. Candidates are reminded not to bring into examination hall/room any form of written materials or electronic gadget except for stationery that is permitted by the Invigilator.
3. Students who are caught breaching the Examination Rules and Regulation will be charged with an academic dishonesty and if found guilty of the offence, the maximum penalty is expulsion from the University.

(This Question Paper consists of 5 Printed Pages including front page)

*****DO NOT OPEN THE QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO*****

There are FOUR (4) questions in this question paper. Answer ALL questions in the answer booklet provided. **[83 MARKS]**

QUESTION 1

(24 Marks)

The following is an extract from the published accounts of Ocean Bhd for the year ended 31 March 2024.

Statement of Profit and Loss

	RM'000
Turnover	4,230
Cost of sales	(2,560)
Gross profit	<u>1,670</u>
Distribution costs	(470)
Administrative expenses	(380)
Operating profits	820
Interest payable on debentures	(240)
Profit before taxation	<u>580</u>
Tax	(270)
Profit after taxation	<u>310</u>
Dividend paid on ordinary shares	(200)
Retained profit for the financial year	<u><u>110</u></u>

Statement of Financial Position as at 31 March 2024

<i>Non-Current assets</i> at cost	7,240
Aggregate depreciation	(2,370)
	<u>4,870</u>
Current assets	
Inventories	480
Trade receivables	270
Bank and cash	320
	<u>1,070</u>
Current liabilities	
Trade payables	(460)
Corporation tax	(270)
	<u>(730)</u>
Net current assets	<u>340</u>
	<u>5,210</u>
Non-Current liabilities	
8% debentures	(3,000)
Net assets	<u>2,210</u>
Capital and reserves	
Paid-up share capital : 500,00 ordinary shares of RM1 each	500
Profit and loss account	1,710
Shareholders equities	<u><u>2,210</u></u>

QUESTION 3

(20 Marks)

Tappy Bhd designs and sells computer games. During the year ended 30 September 2024 they launched two new games as follows:

Game 1: Lost Underworld

Lost Underworld is a series of computer games created by Tappy Bhd. One member of staff has been working on developing and expanding the Lost Underworld brand in the last year and estimates the costs associated with this to be RM320,000.

Required:

- (a) Discuss with reasons whether or not the Lost Underworld brand can be capitalised as an intangible asset on the Statement of Financial Position. (5 marks)

Game 2: High Seas Pirate Adventure

Rather than developing this game by itself, on 1 February 2023 Tappy Bhd purchased the exclusive rights to make and distribute the High Seas Pirate Adventure game. The costs involved in the purchase are as follows:

Cost	RM
Purchase price	RM220,000
Legal fees associated with the sale	RM32,000
Directors' meeting time to discuss the purchase	RM17,000
General overheads allocated to the purchase	RM8,000

It is currently believed that the High Seas Pirate Adventure game will be popular for three years, before it is anticipated that new games releases will make the game obsolete.

Required:

- (b) Explain the accounting treatment of the High Seas Pirate Adventure game in the financial statements for the year ended 30 September 2024. (15 marks)