



FINAL EXAMINATION

COURSE : INTERMEDIATE FINANCIAL REPORTING

COURSE CODE : PFA2203

DURATION : 2 HOURS 30 MINUTES

INSTRUCTIONS TO CANDIDATES :

1. This question paper consists of **TWO (2)** parts:
Part A : True or False (10 questions)
Short Essay (2 questions)
Part B : Essay (1 question)
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 unless permission is given by the invigilator.
5. Please write your answer using a ball-point pen.

MYKAD NO : _____

ID. NO. : _____

LECTURER : _____

SECTION : _____

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

The question paper consists of 05 printed pages

2024/A/PFA2203

MAR2024/A/PFA2203

PART A:**TRUE or FALSE QUESTIONS****(10 points)**Indicate whether the statement is **TRUE** or **FALSE**.

1.	An asset is defined as a resource controlled by an individual for a future event.
2.	Tangible non-current assets are long-term operating assets that have physical substance from the investment decision of the reporting entity.
3.	Property, plant, and equipment are items in a statement of profit or loss.
4.	The purchase price of an asset is one of the cost components of an assets.
5.	Site preparation cost for an asset to be used for an intended purpose is an example of a directly attributable cost of an asset.
6.	Biological assets include living animals and plants.
7.	Biological assets must be recognized and recorded under MFRS116.
8.	Accounting treatment for gain or loss for biological assets should be recorded in the Statement of Profit or Loss.
9.	To measure biological assets, an entity will use its net realizable value.
10.	There are three factors to be considered in the recognition of biological assets; i.e. entity control, future economic benefit and reliable measurement.

SHORT ESSAY**1. (10 points)**

The following information is regarding the acquisition of an asset by Ekoni Trading.

Name of asset	Motor lorry
Date of acquisition	31 January 2022
Purchase price	RM 105,000
Cash discount	RM 5,000
Road tax and insurance	RM 3,000
Depreciation rate	40% per annum
Depreciation method	Reducing Balance Method
Accounting year end	31 December

Required:

- a. Calculate the initial cost of motor lorry. (2points)
- b. Calculate depreciation charge of motor lorry for year 2022 and 2023. (3 points)
- c. Record ledger for motor lorry, depreciation, and accumulated depreciation for year 2022 and 2023. (5 points)

2. (10 points)

- a. Chicken Poultry Sdn Bhd has 4,000 chickens which are saleable at a principal market price of RM 6 each. Transportation cost to the market is RM 1 per chicken. Commission at the point-of-sale cost is 10% of the principal market price.

Required:

- i. Compute the fair value less cost to sell of one chicken. (2.5 points)
 - ii. Compute total fair value less cost to sell of the chickens. (1.5 points)
 - iii. Prepare journal entry to record the biological asset. (2 points)
- b. Briefly explain why a bearer plant recorded as property, plant and equipment and not as biological asset. (4 points)

PART B: ESSAY

1. (30 points)

Village Farm Bhd is a company involved in goat farming in Air Keroh, Melaka. It has an issued capital of 500,000 ordinary shares and 350,000 5% preference shares. The following is the list of balances as at 31st December 2023.

	DEBIT (RM)	CREDIT (RM)
Ordinary share		750,000
5% preference share		350,000
Land (at cost)	550,000	
Motor vehicles (at cost)	260,000	
Biological assets (at cost)	340,000	
Tractor (at cost)	110,500	
Accumulated depreciation as at 1 st January 2023:		
Motor vehicles		37,500
Tractor		11,050
Account receivables / payables	8,400	4,300
Investment held for trading (at cost)	26,000	
Cash at bank	43,900	
Inventories as at 31 st December 2023	15,700	
Retained profit as at 1 st January 2023		8,900
5% Bonds		23,200
Loan from Maybank		80,600
Sales		420,100
Cost of sales	187,600	
Commission received		10,700
Administrative expenses	78,000	
Selling and distribution expenses	54,050	
Tax paid	4,800	
Interim dividend paid:		
Ordinary shares	10,000	
Preference shares	7,400	
	1,696,350	1,696,350

Additional information:

- As at 31st December 2023, the net realizable value of inventories is RM14,600.
- Auditor and tax agent fees amounted to RM25,000 and RM18,200 is still outstanding as at 31st December 2023.
- Interest expenses are to be provided for bank loan and bonds. The interest on a bank loan is 3% per annum. All interest will be paid in January 2024.
- Carriage inwards to transfer goats from Kajang's Farm to Air Keroh's Farm was charged at RM5,000. This transaction is not yet recorded in the account. The amount is still outstanding at year-end.
- Tax expense on the current year's profit is calculated to be RM12,300. No transaction has been recorded yet.

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- f. The depreciation on company's property, plant and equipment will be charged to administrative expenses and to be provided as follows:
- | | |
|----------------|-----------------------|
| Tractor | 10% on net book value |
| Motor vehicles | 5% on cost |
- g. Fair value as at 31st December 2023 for:
- | | |
|-----------------------------|-----------|
| Goat | RM355,600 |
| Investment held for trading | RM32,100 |
- h. On 31st December 2023, the directors declared and paid a final dividend of 5 sen on the units of ordinary shares and the remaining dividend for preference shares.

Required:

- Prepare the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st December 2023. (12.5 points)
- Prepare the Statement of Changes in Equity for the year ended 31st December 2023. (6 points)
- Prepare the Statement of Financial Position as at 31st December 2023. (7.5 points)
- Prepare the notes to the accounts for Property, Plant and Equipment. (4 points)

(Show all workings. Round up figure to the nearest ringgit)

END OF QUESTION PAPER