



**FINAL EXAMINATION**

**COURSE : INTRODUCTION TO FINANCIAL REPORTING**

**COURSE CODE : PFA2193**

**DURATION : 2 HOURS 30 MINUTES**

**INSTRUCTIONS TO CANDIDATES :**

1. This question paper consists of **TWO (2)** parts: PART A (10 questions)  
PART B (2 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 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/B/PFA2193**

**MAR2024/B/PFA2193**

**PART A: TRUE or FALSE QUESTIONS**

**(10 points)**

Indicate whether the statement is **TRUE** or **FALSE**.

1. It is compulsory for companies to prepare a statement of change in equity in accordance with MFRS101.
2. The three elements of accounting which are assets, equity and liabilities will be shown in the Statement of Profit or Loss and Other Comprehensive Income at the year end.
3. Alam Berhad has a right to prepare its financial statement for 13 months with disclosure of the reason for using a longer period in a third year of operation.
4. The objective of preparing financial statements is to provide information about the financial position, financial performance and cash flow of an entity that is useful for the economic decision-making process.
5. There is no statutory format for financial statements presentation that must be followed by companies as per MFRS101.
6. Redemptions of debentures are recorded under investing activities.
7. The net increase in cash equivalent is resulting from the excessive value of cash flow from operating activities, investing activities and financing activities.
8. Cash inflow from financing activities involves issuing stock or taking on more loans.
9. The disposal of land is recorded under operating activities in the cash flow statement.
10. An increase in working capital indicates a reduction in current assets or an increase in current liabilities.

PART B: ESSAY

1. (30 points)

Aayna Beauty Sdn Bhd is a company that supply healthy care products. It has an issued capital of 3,500,000 ordinary shares and 1,500,000 7% preference share

The following balance was extracted from the books of Avyna Beauty Sdn Bhd as at 31 December 2023.

	Debit (RM)	Credit (RM)
Ordinary share capital		3,500,000
7% Preference shares capital		1,500,000
5% Debentures		800,000
Investment in quoted shares (cost)	600,000	
Trade receivables	580,000	
Trade payables		300,400
Accrued audit fee		23,700
Inventories	410,000	
Other receivables	47,000	
Other payables		24,600
Cash and Bank	760,000	
Property at cost	4,500,000	
Plant and equipment at cost	2,000,000	
Accumulated depreciation as at 31 December 2023:		
Property		675,000
Plant and Equipment		542,000
Revenue		2,058,000
Administrative expenses	500,600	
Selling and distribution expenses	320,000	
Cost of sales	200,500	
Retained profit as at 1 January 2023		494,400
	<b>9,918,100</b>	<b>9,918,100</b>

Additional information:

a. The administrative expenses consisted of:

	RM
Debenture interest	40,000
Audit fee	23,700
Depreciation- Property	225,000
Depreciation- Plant and equipment	145,800

b. Non-current assets are depreciated as follow:

Property                      5% on cost  
Plant and equipment    10% on net book value

c. Tax charge for the current year's profit is estimated at RM200,000.

- d. Investment in quoted shares is an available for sales investment.
- e. At year ended 2023, the directors have decided to provide and pay dividend to its shareholders but no transaction were recorded yet (ignore tax effect) as follow:

Ordinary share 10 sen per share  
7% preference share

**Required:**

- i. Prepare statement of profit and loss account for the year ended 31 December 2023. (6 points)
- ii. Prepare statement of changes in equity for the year ended 31 December 2023. (5.5 points)
- iii. Prepare statement of financial position as at 31 December 2023. (7.5 points)
- iv. Prepare notes to the account for the year ended 31 December 2023. (11 points)

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

**2. (30 points)**

Presented below is the financial information of Razali Maju Sdn Bhd:

	<b>2023 RM</b>	<b>2022 RM</b>
Ordinary share of RM1 each	510,000	450,000
Retained profit	260,000	174,000
Loan	240,000	300,000
Account payable	60,000	84,000
Accrued salaries	30,000	24,000
Tax payable	24,000	30,000
	<b><u>1,124,000</u></b>	<b><u>1,062,000</u></b>
Land (cost)	500,000	600,000
Equipment (cost)	105,000	120,000
Accumulated depreciation - equipment	(36,000)	(30,000)
Motor vehicles (cost)	100,000	90,000
Accumulated depreciation – motor vehicles	(30,000)	(27,000)
Inventories	130,000	120,000
Account receivables	75,000	87,000
Prepayments	21,000	15,000
Cash	259,000	87,000
	<b><u>1,124,000</u></b>	<b><u>1,062,000</u></b>

Additional information :

- A piece of land costing at RM100,000 was sold for cash at RM112,000.
- During the year, the company disposed one of its old equipment costing RM80,000 at RM56,000. The accumulated depreciation of the equipment was RM20,000.
- At the same date, the company purchased new equipment at RM65,000.
- Tax charge for the year is RM30,000.
- The company earned profit before interest and tax of RM120,000.
- Dividend paid for the year was RM4,000.

**Required :**

Prepare a Statement of Cash Flows for the year ended 31 December 2023, using an indirect method.

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

**END OF QUESTION PAPER**