



**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 :** \_\_\_\_\_

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

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*The question paper consists of 06 printed pages*

**2024/C/PFA2193**

**OCT2024/C/PFA2193**

**PART A: MULTIPLE CHOICE QUESTIONS**

**1. (1 point)**

Which of the following usually presented first in the notes to the financial statements?

- A. Company activities.
- B. Property, plant and equipment.
- C. Significant accounting policies.
- D. Components of equity.

**2. (1 point)**

When is an interim dividend paid?

- A. At beginning of financial year.
- B. At the end of the financial year.
- C. Two months after annual general meeting.
- D. During the financial year.

**3. (1 point)**

Interest on debenture is treated as \_\_\_\_\_.

- A. non-current liability (Statement of Financial Position)
- B. final dividend paid (Statement of Changes in Equity)
- C. finance cost (Statement of Profit or Loss)
- D. equity (Statement of Financial Position)

**4. (1 point)**

Which financial statements provides information about a company's ownership structure and retained earnings?

- A. Statement of Profit or Loss
- B. Statement of Cash Flow
- C. Statement of Changes in Equity
- D. Statement of Financial Position

**5. (1 point)**

Which of the business mandatory to prepare and publish the financial statement?

- A. Semerah Padi Bhd.
- B. Merak Kayangan Sdn Bhd.
- C. Beauty Enterprise.
- D. Aisha Lam & Partners

**6. (1 point)**

Which of the following is cash inflow from investing activity?

- A. Sales of goods or rendering of services.
- B. Sales of property, plant and equipment.
- C. Issuing shares or other equity instruments.
- D. Issuing bonds and other debt instruments.

**7. (1 point)**

When a company make a payment of loan, how does it affect the cash flow statement?

- A. Increase cash flow from operating
- B. Decrease cash flow from operating
- C. Increase cash flow from financing
- D. Decrease cash flow from financing

**8. (1 point)**

Identify the purpose of preparing a statement of cash flow.

- A. To evaluate a company's management team
- B. To report changes in a company's share price
- C. To assess the ability of the entity to generate cash and cash equivalent.
- D. To encourage entities to report cash flows from operating activities using the direct method.

**9. (1 point)**

How does an increase in payables impact the cash flow statement?

- A. Increase cash flow from operating
- B. Decrease cash flow from operating
- C. Increase cash flow from financing
- D. Decrease cash flow from financing

**10. (1 point)**

Why depreciation is added back in the cash flow statement?

- A. To show a lower profit margin
- B. To reflect the impact of these expenses on cash flow
- C. To permits certain items to be reported on net basis
- D. To explain how the cash position has changed

PART B: ESSAY

1. (30 points)

Riaa Jaya Bhd, located in Hulu Langat, Selangor, is a company that mainly supplies cosmetic products in Malaysia. The company has an issued capital of 5,000,000 ordinary shares and 1,700,000 5% preference shares.

The following is Riaa Jaya Bhd.'s extracted trial balance as at 30 September 2024:

	Debit RM'000	Credit RM'000
Investment in quoted shares (cost)	1,600	
Property at cost	5,000	
Plant and equipment at cost	2,300	
Accumulated depreciation: Property Plant and Equipment		1,750 1,030
Ordinary shares		2,500
5% Preference shares		1,700
8% Debentures		1,500
Accrued audit fee		29
Retained profit as at 1 October 2023		2,700
Inventories	1,400	
Trade receivables and Trade payables	1,500	1,776
Cash and bank	2,691	
Allowance for impairment of trade receivable as at 1 October 2023		56
Other receivables and other payables	1,116	1,126
Sales		5,020
Cost of sales	2,050	
Administrative expenses	890	
Selling and distribution expenses	640	
	<b><u>19,187</u></b>	<b><u>19,187</u></b>

Additional information:

a. Included in the administrative expenses are the followings:

	RM ,000
Interest on debenture	120
Depreciation - Property	250
Depreciation – Plant and equipment	180
Audit fee	29

- b. Non-current assets are depreciated as follow:
- |                     |                   |
|---------------------|-------------------|
| Property            | 5% on cost        |
| Plant and equipment | 15% on book value |
- c. At year ended 30 September 2024, the directors have decided to provide and pay dividend to shareholders but no transaction were recorded yet (ignore tax effect) as follows:
- |                      |                  |
|----------------------|------------------|
| Ordinary share       | RM0.12 per share |
| 5% preference shares |                  |
- d. Allowance for impairment of trade receivables at the end of the year is provided at 5% of trade receivables.
- e. Tax charged for current year's profit is estimated at RM180,000

**Required:**

- i. Prepare the Statement of Profit or Loss for the year ended 30 September 2024. (5.5 points)
- ii. Prepare the Statement of Changes in Equity for the year ended 30 September 2024. (5.5points)
- iii. Prepare the Statement of Financial Position as at 30 September 2024. (8 points)
- iv. Prepare the notes to the accounts. (11 points)

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

**2. (30 points)**

The summarised statement of financial position of Cotswolds Sdn Bhd are as follows:

Cotswolds Sdn Bhd  
Statement of Financial Positions for the Year Ended 31 August

	<b>2024 RM</b>	<b>2023 RM</b>
Cash	54,000	40,000
Accounts receivable	50,000	25,000
Inventory	25,000	35,000
Prepaid insurance	27,000	18,000
Freehold land (cost)	22,000	40,000
Plant and machinery (cost)	70,000	60,000
Accumulated depreciation – Plant and machinery	(20,000)	(13,000)
	<b>228,000</b>	<b>205,000</b>
Accounts payable	13,000	6,000
Accrued salaries	2,000	5,000
Tax payable	0	5,000
Bond payable	30,000	19,000
Ordinary shares of RM1 each	140,000	115,000
Retained earnings	43,000	55,000
	<b>228,000</b>	<b>205,000</b>

Additional information:

- Net loss before tax for the year ended 31 August 2024 is RM10,000. There is no provision for taxation made for the year.
- Cash dividends were declared and paid in 2024.
- Freehold land was sold for cash at a gain of RM3,000.
- A machine with a cost of RM12,000 and accumulated depreciation of RM10,000 was sold for RM5,000 cash.
- RM12,000 of bonds were redeemed during the year.

**Required:**

Prepare a Statement of Cash Flows for the year ended 31 August 2024, using an indirect method.

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

**END OF QUESTION PAPER**