



**KOLEJ YAYASAN PELAJARAN JOHOR
FINAL EXAMINATION**

COURSE NAME : FINANCIAL ACCOUNTING &
REPORTING 3
COURSE CODE : DAC2073
EXAMINATION : DECEMBER 2022
DURATION : 3 HOURS

INSTRUCTION TO CANDIDATES

1. This question paper consists of FIVE (5) questions. Answer all questions.
2. Candidates are not allowed to bring any material to examination room except with the permission from the invigilator.
3. Please check to make sure that this examination pack consist of:
 - i. The Question Paper
 - ii. An Answering Booklet

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This examination paper consists of 8 printed pages including front page

QUESTION 1

Suria Food Bhd started a food processing business on 1 January 2019. The company bought a new food processing machine to cater the demand of products on 1 February 2019. The details of machine are as follows:

	RM
Purchase price	70,000
Trade discount (2%)	
Import and excise duties	1,000
Delivery cost	3,000
Installation cost	3,500
Insurance on shipment	1,500
Maintenance cost	2,500
Advertising of new product	800
General overhead cost	1,200

The company adopts a depreciation policy using reducing balance method; calculated on a monthly basis at the rate of 20% per annum. The food processing machines are expected to have a useful life of 5 years. Company closes its books on 31 December each year.

Required:

- a. Identify if the food processing machine is an asset of Suria Food Bhd.
(4 marks)

- b. Explain briefly whether the food processing machine can be classified as property, plant and equipment in accordance with *MFRS 116 Property, Plant and Equipment*.
(4 marks)

- c.
 - i. Calculate the initial cost of the food processing machine.
(3 marks)

 - ii. Prepare the journal entries during the acquisition of the food processing machine on 1 February 2019.
(3 marks)

 - iii. Compute the depreciation expenses on machine for year 2019 and 2020 and prepare the journal entry for the depreciation expenses on machine for the year 2020.
(4 marks)

d. Suria Food Bhd owns a delivery van which was acquired 4 years ago. During the year 2020, the following expenditure are incurred:

1. Insurance and road tax RM1,500
2. Rustproof treatment that will extend the life of the delivery van for 3 years amounted to RM7,000

Explain the accounting treatment on the subsequent cost incurred by Suria Food Bhd.

(6 marks)

e. Suria Food Bhd also has an old machinery which is required on 1 January 2012 at a cost of RM1,010,000. The estimated useful life of the old machinery is 10 years with estimated residual value of RM10,000. As at 1 January 2020, the old machinery was sold to Berjaya Bhd for RM214,000. It is the policy of the company to depreciate its machinery equally over its estimated useful life on a monthly basis.

Advice the accounting treatment on the disposal of the old machinery.

(6 marks)

[30 MARKS]

QUESTION 2

The following are data pertaining to the products of the Mawar Bhd for the year ended 30 June 2020:

	Product BBNU	Product KPOP
Inventories	1,000 bottles	800 bottles
Cost	RM150 per bottle	RM50 per bottle
Total import duty	RM3,000	RM1,500
Transportation cost	RM200	RM100
Total handling cost	RM1,200	RM700
Net Realizable Value	RM155 per bottle	RM70 per bottle
Estimated costs necessary to make sale	RM10	RM5

Required:

- a. Define the term inventories in accordance with MFRS 102 Inventories.

(3 marks)

- b. Compute the cost of inventories of Product BBNU and Product KPOP.
(6 marks)
- c. Advice the value of the inventories on item-by-item basis that will be disclosed in Statement of Financial Position as at 30 June 2020. Show the writing down value (if applicable).
(6 marks)

[15 MARKS]

QUESTION 3

Faridah Bhd has the following record of its trade receivables ageing as at 31 December 2021. The company's policy is to provide allowance for impairment of trade receivables based on expected credit loss rate according to the outstanding period of debt.

No of days past due	Amount of Receivables (RM)	Expected Credit Loss rate
Not yet due	55,000	2%
1-30 days	10,900	4%
31-60 days	4,200	6%
61-90 days	1,000	12%
Over 90 days	2,500	100%

The balance of allowance for impairment of trade receivables as at 1 January 2021 was RM2,100. On 31 December 2021, the following transactions has occurred:

- Customer, Mr. Tan with an account balance of RM700 is deemed to be uncollectible.
- Bad debt recovered from Mr.Ganesh amounted to RM850.

Both transactions have not yet been recorded in the company's book.

On 20 August 2021, Faridah Bhd sold goods worth RM70,000 to Hills Bhd and the goods were delivered on the same day. Faridah received 8% promissory notes due in 90 days from Hills Bhd. On 2 November 2021, Faridah Bhd was discounted the note from Hills Bhd for immediate fund from RHB Bank at a discount rate of 12%.

Required:

- a. List THREE (3) grouping characteristics that may be applied in estimating the impairment loss.

(3 marks)

- b. Calculate the loss allowance for trade receivables as at 31 December 2021.
(5 marks)
- c. Advice Faridah Bhd on the amount of trade receivables to be disclosed in Statement of Profit or Loss **AND** Statement of Financial Position as at 31 December 2021.
(6 marks)
- d. Determine the maturity date of the note receivables of Hills Bhd **AND** the proceeds value after discounting the note. (Use 360 days a year).
(6 marks)

[20 MARKS]

QUESTION 4

The following are the financial statements of Cempaka Bhd:

Cempaka Bhd
Statement of Profit or Loss and Other Comprehensive Income for the year
ended 31 December 2021

	RM
Turnover	1,164,160
Cost of Sales	(853,000)
Gross Profits	311,160
Gain on disposal of motor vehicles	15,580
Administrative expenses	(145,380)
Selling and distribution expenses	(28,000)
Investment income	45,800
Interest expenses	(23,000)
Profit before tax	176,160
Tax charge for the year	(44,040)
Profit for the year	132,120

Cempaka Bhd
Statement of Financial Position as at 31 December ...

	2020	2021
	RM	RM
Non-Current Assets		
Property plant and equipment (note 1)	323,000	320,220
Investments	1,340,000	804,000
Current Assets		
Inventories	66,000	78,700
Account receivables	123,800	144,050
Bank	102,700	333,340
Short term fixed deposit	77,000	571,280
	2,032,500	2,251,590
Equity and Liabilities		
Ordinary Share Capital	1,650,000	1,900,000
Retained Earnings	172,200	228,570
Non-Current Liabilities		
10% Bank Loan	90,000	45,000
Current Liabilities		
Account payables	78,450	36,370
Tax payables	10,200	11,000
Dividend payables	13,000	27,000
Accrued expenses	18,650	3,650
	2,032,500	2,251,590

Note to the accounts:

1. Property, plant and equipment

	2020	2021
	RM	RM
Motor Vehicles (cost)	340,000	249,300
Accumulated depreciation	(136,000)	(116,340)
Furnitures (cost)	170,000	250,800
Accumulated depreciation	(51,000)	(63,540)
Carrying value	323,000	320,220

Additional Information:

1. Cempaka Bhd disposed an old motor vehicle costing RM90,700 with cash RM70,000. There was no purchase of motor vehicles during the year.
2. Depreciation for the year consist of depreciation for Motor Vehicles RM16,620 and depreciation for Furnitures RM12,540. The depreciation is after include disposal of motor vehicles.
3. Dividend paid to shareholder is RM61,750.
4. The increase in the ordinary shares was due to the issue of new shares to the public during the year.
5. The short-term fixed deposit qualified as cash equivalent.

Required:

- a. Prepare the Statement of Cash Flow for the year ended 31 December 2021 for Viral Bhd using the **INDIRECT METHOD** and in compliance with MFRS 107.
(18 marks)
- b. List TWO (2) benefits the preparation of cash flow statement to Cempaka Bhd.
(2 marks)

[20 MARKS]**QUESTION 5**

KIM Bhd entered into a contract with NSK Enterprise to sell a specialised water filter on the 30 November 2019. The purchase price of the water filter alone was RM250,000 and the water filter was delivered on the 1 January 2020. Due to high technological advance, the installation process of the water filter required an engineer expert with additional amount of RM10,000. The water filter and installation cost were paid by cheque upon the completion of installation process on the 1 January 2020. To maintain the high quality of water supply, the water filter needed to be serviced monthly for one year which cost another RM1,800 per month. All of these goods and services could be provided by KIM Bhd at a special price of RM270,000. The maintenance services are billed at the end of each month after the installation was complete. The maintenance services are still receivable at the end of the year. KIM Bhd closes its account on the 30 June annually.

Required:

Explain the treatment of these transactions by KIM Bhd for the year ended 30 June 2022 using the five-step model in MFRS15 *Revenue from Contracts with Customers*.

[15 MARKS]

END OF QUESTION PAPER