



**FINAL EXAMINATION**  
**NOVEMBER 2023**

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<b>COURSE TITLE</b>	<b>FINANCIAL ACCOUNTING AND REPORTING 1</b>
<b>COURSE CODE</b>	<b>AACT2123</b>
<b>DATE/DAY</b>	<b>17 FEBRUARY 2024 / SATURDAY</b>
<b>TIME/DURATION</b>	<b>09:00 AM - 12:00 PM / 03 Hour(s) 00 Minute(s)</b>

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**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 4 Printed Pages including front page)

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

This question paper consists of FOUR (4) questions. Answer ALL questions in the answer booklet provided. [80 MARKS]

QUESTION 1

(25 Marks)

Terapi is a retail business, owned by a sole proprietor. Terapi has prepared its Income Statement (Profit & Loss Statement) for the year ended 31 July 2023 as shown below:

	RM	RM
Sales		987 000
Less: Cost of goods sold		<u>654 000</u>
Gross profit		333 000
Profit on sale of building		101 000
Interest revenue		<u>10 000</u>
		444 000
Less : Expense		
Interest expense	9 000	
Salaries expense	123 000	
Sundry operating expenses	16 000	
Depreciation of motor vehicle	56 000	
Depreciation of building	<u>18 000</u>	
		<u>222 000</u>
Net income		<u>222 000</u>

In reviewing the Balance Sheet Statements of Terapi, the following was noted:  
The cash balance was RM53 000 on 1 August 2022. In addition, the following changes were also noticed

Accounts	As at 1 August 2022	As at 31 July 2023	Change
	RM	RM	RM
Accounts receivable	72 000	82 000	10 000
Inventory	52 000	58 000	6 000
Accounts payable	64 000	62 000	2 000
Salaries payable	4 000	0	4 000

During the financial year, Terapi sold an old building for RM301 000 cash and issued a note payable for RM100 000 cash. The owner withdrew RM36 000 cash on 2 January 2023 and another RM24 000 cash on 30 June 2023. Merapi bought a new building for RM400 000 cash.

It was also noted that the interest revenue, interest expense and sundry operating expenses were received or paid as they arose.

Required:

- Prepare a statement of cash flows of Terapi for the for the year ended 31 July 2023. (20 marks)
- Explain the need of a cash flows statement when you already have an Income statement (Profit or loss statement). (5 marks)

- vi. Based on past experience the allowance for receivable is to be increased to 5% of trade receivable and allocated to administrative expenses.
- vii. There are salaries outstanding of RM60,000 for the year ended 31st December 2023.
- viii. The item listed below should be a portion as indicated.

	Cost of sales	Distribution cost	Administrative expenses
Property expenses	20%	30%	50%
Insurance	20%	40%	40%
Salaries	25%	35%	40%
Discount received	-	-	100%

- ix. Income tax of RM150,000 is to be provided for the year.

**Required:**

- a) Prepare a statement of comprehensive income for the year ended 31 December 2023. (15 marks)
- b) Prepare statement of financial position as at 31st December 2023. (15 marks)

**QUESTION 3**

**(10 Marks)**

- a) Explain the purpose of accounting standards (whether national or international) and identify the advantages that stem from the standardisation of accounting practice. (6 marks)
- b) Are there any disadvantages? (4 marks)

**QUESTION 4**

**(15 Marks)**

- a) Outline the structure of an international standard (IFRS or IAS). (5 marks)
- b) Explain the structure of an international standard (IFRS or IAS) that discussed in required (a). (10 marks)

\*\*\* END OF QUESTION PAPER \*\*\*