



CHARTERED TAX INSTITUTE OF MALAYSIA  
(Institut Percukaian Malaysia)  
Registration Number: 199101015438 (225750-T)

PROFESSIONAL EXAMINATIONS

INTERMEDIATE LEVEL

FINANCIAL ACCOUNTING AND REPORTING

MARCH 2025

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Student  
Registration No.

Date

Desk No.

Examination Centre

Time allowed: 3 hours

#### INSTRUCTIONS TO CANDIDATES

1. This paper consists of **FOUR** questions.
2. Answer **ALL** questions.
3. Each answer should begin on a separate answer template.
4. All workings **MUST** be shown as marks will be awarded.

***DO NOT TURN OVER THIS PAGE UNTIL INSTRUCTED BY THE INVIGILATOR***

## Question 1

Yash Bhd is a public listed company started with a capital of 100,000,000 ordinary shares of RM2.00 each. Below is the trial balance of the company as at 31 December 2024.

	Debit (RM)	Credit (RM)
Investments	10,000,000	
Ordinary shares		154,000,000
Retained profit as at 1 January 2024		146,400,000
Gross profit for the year		112,200,000
General reserve		2,800,000
Freehold land	100,000,000	
Motor vehicles (cost)	150,000,000	
Buildings (cost)	300,000,000	
Plant and machinery (cost)	6,000,000	
Accumulated depreciation as of 1 January 2024:		
Motor vehicles		120,000,000
Buildings		50,000,000
Plant and machinery		3,000,000
6% long term loan		25,000,000
Allowance for impairment of trade receivable as at 1 January 2024		200,000
Investment income		1,000,000
Accounts receivable and payable	6,200,000	5,000,000
Prepayments and accruals (expenses)	400,000	9,000,000
Inventories as at 31 December 2024 (at cost)	3,300,000	
Bank balance	5,900,000	
Tax paid	3,500,000	
Dividend paid	400,000	
Interest on long term loan	1,500,000	
Petrol for delivery van	6,400,000	
Wages and salaries	28,000,000	
Director's remuneration	7,000,000	
	<b>628,600,000</b>	<b>628,600,000</b>

### Additional Information:

- One of the motor vehicles was disposed on 5 July 2024, in which the cost of motor vehicle amounted to RM40,000. The agreed disposal price was RM6,000. Gain on disposal was RM2,000. This transaction has not yet recorded in the books.
- Provisions are to be made as follows:
  - Transfer RM100,000 from retained profits to general reserve.
  - The company's estimated tax expense for the current year is RM4,096,000.
  - The following is the aging schedule of the trade receivable as at 31 December 2024:

	Within maturity	30 days	60 days	90 days and over
Amount outstanding	RM3,720,000	RM1,240,000	RM930,000	RM310,000
Expected credit loss rate (%)	2%	4%	8%	16%

3. The depreciation expense for the following assets is to be calculated based on the following rates:

Buildings	2% on cost (monthly basis)
Motor vehicles	20% on cost (yearly basis)
Plant and machinery	20% on carrying value (yearly basis)

Depreciation expense on buildings, plant and machinery is classified as administrative expense while depreciation on motor vehicles is treated as distribution cost. Land is not depreciated.

4. Sales revenue for the year amounted to RM294,000,000.
5. On 31 December 2024, the accountant discovered that the net realizable value of the inventory was amounted to RM3,000,000.
6. On 1 July 2024, the company paid RM3,500,000 to acquire a double- storey building. This transaction has not yet been recorded in the books.

**Required:**

Prepare the following, in a form suitable for publication, after taking into consideration the above information:

- (a) **A Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2023.**

(15 marks)

- (b) **A Statement of Financial Position as at 31 December 2023.**

(15 marks)

**[Total: 30 marks]**

**Question 2**

Andy, Ben and Cliff are partners of ABC Enterprise in a conventional partnership. Below is the Statement of Financial Position of ABC Enterprise as at 31 March 2025.

	RM	RM	RM
<b>Non-current Assets</b>			
Furniture & Fixtures			30,000
<b>Current Assets</b>			
Inventories (at cost)		25,500	
Trade Receivables		22,500	
Cash in Bank		<u>3,000</u>	
		51,000	
Less: Current Liabilities			
Trade Payables	12,000		
Accrued Expenses	<u>1,500</u>	<u>(13,500)</u>	<u>37,500</u>
			<u>67,500</u>
<b>Owners' Equity</b>			
Capital: Andy		27,000	
Capital: Ben		22,500	
Capital: Cliff		<u>15,000</u>	<u>64,500</u>
Revenue Reserve			<u>3,000</u>
			<u>67,500</u>

Based on the partnership agreement, the partners are to share profit or loss as follows:

Andy:	40%
Ben:	40%
Cliff:	20%

Due to unforeseen circumstances, the partners decided to dissolve ABC Enterprise on 31 March 2025.

Pursuant to their agreement to dissolve ABC Enterprise, the following were transacted on 31 March 2025:

- (a) The furniture and fixtures were sold for RM22,500.
- (b) Inventories costing RM3,000 were taken by Andy.
- (c) The remaining inventories were sold for RM27,000.
- (d) RM16,500 of Trade receivables were realised / collected.
- (e) Trade payables were paid RM10,500 in final settlement.
- (f) Accrued expenses were paid in full.
- (g) Paid RM1,500 for "Realisation Expense".

All the above transactions involving payments were transacted through the ABC Enterprise's Cash in Bank account.

Upon completion of the dissolution of the partnership, all amount due to / from each partner were also transacted through the ABC Enterprise's Cash in Bank account.

**Required:**

Pursuant to the dissolution of ABC Enterprise, post the relevant transactions to the following accounts"

- (a) **Realisation Account** (8 marks)
- (b) **Cash in Bank Account** (5 marks)
- (c) **Capital Account of each individual partner** (7 marks)

**Show all relevant workings.**

**[Total: 20 marks]**

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### Question 3

Alan Chan is the sole proprietor of AC Enterprise (ACE), a business dealing in wholesale and retailing of “T-Shirts”. Alan Chan does not apply the “double entry” accounting practices for ACE, although records pertaining to ACE’s Trade Receivable, Trade Payables, Cash in Hand, Cash in Bank, inventories are kept. Based on whatever other available record, the following balances and transactions were found:

Balances as at:	note	1 January 2024	31 December 2024
		RM	RM
Trade Receivables		32,000	27,600
Inventories		41,000	27,000
Prepaid Expenses	(1)	3,800	2,400
Fixtures & Fittings (CV)	(2)	90,000	60,000
Cash in Hand		21,000	9,500
Cash in Bank (overdraft)	(3)	(10,000)	7,400
Trade Payables		25,800	14,500
Accrued Rental Expenses		12,000	6,000

Note:

1. Prepaid expenses were in relation of “Other Business Operation Expenses”
- 2.

The balances of “fixtures & fittings” are the carrying value (CV).

As at 1 January 2024, the cost was RM120,000, and as at 31 December 2024 the cost was RM100,000.

3. As at 1 January 2024, the Cash in Bank showed an overdraft of RM10,000.

Cash in Bank	note	RM	RM
Balance as at 1 January 2024			(10,000)
Receipts during the year from:			
Trade Receivables		28,500	
Sales		42,300	
Sale of fixtures & fittings	(4)	<u>25,000</u>	<u>95,800</u>
			85,800
Payments during the year to / for:			
Trade Payables		20,300	
Other business operating expenses		33,100	
Down payment – purchase of a car	(5)	<u>25,000</u>	<u>(78,400)</u>
Balance as at 31 December 2024			<u>7,400</u>

4. The fixtures & fittings sold had a CV “carrying value” of RM12,000, while the historical cost was RM20,000
5. The down payment was for the purchase of a car for the personal use of Alan Chan’s wife.

Other information:

Cash in Hand	<b>RM</b>	<b>RM</b>
Balance as at 1 January 2024		21,000
Receipts during the year from:		
Trade Receivables	31,600	
Sales	<u>65,000</u>	<u>96,600</u>
		117,600
Payments during the year to / for:		
Trade Payables	19,600	
Staff Salaries	36,000	
Rental Expenses	42,000	
Purchases	<u>10,500</u>	<u>(108,100)</u>
Balance as at 31 December 2024		<u>9,500</u>

	<b>RM</b>
Sales Returns	5,000
Purchases Returns	6,500
Discount Allowed	3,200
Discount Received	3,800
Bad Debts: written off	5,100

**Required:**

- (a) **Compute AC Enterprise's capital as at 1 January 2024.**  
(4 marks)
- (b) **Compute AC Enterprise's credit sales and total sales for the year 2024.**  
(4 marks)
- (c) **Compute AC Enterprise's credit purchases and total purchases for the year 2024.**  
(3.5 marks)
- (d) **Prepare AC Enterprise's Statement of Profit or Loss for the year ended 31 December 2024.**  
(8 marks)
- (e) **Prepare AC Enterprise's Statement of Financial Position as at 31 December 2024.**  
(5.5 marks)

**Show all relevant workings**

**[Total: 25 marks]**

#### Question 4

Below is the draft Statement of Financial Position of Oris Sdn Bhd as at 30 June:

	2024	2023
<b>Assets</b>	<b>RM</b>	<b>RM</b>
Land and building at cost	1,250,000	1,138,000
Plant and machinery at carrying value	231,200	195,700
Motor vehicles at carrying value	201,900	148,000
Investments	125,000	223,300
Inventories	63,500	54,500
Trade receivables	58,000	49,500
Bank	118,500	99,500
Tax recoverable	<u>15,000</u>	<u>-</u>
	<b><u>2,063,100</u></b>	<b><u>1,908,500</u></b>
<b>Equity and Liabilities</b>		
Accrued wages and salaries	5,750	7,500
Tax payable	-	10,300
Trade payables	224,250	197,000
Share capital	811,000	658,000
Retained earnings	606,500	575,000
10% Debentures	375,000	435,000
Deferred taxation	<u>40,600</u>	<u>25,700</u>
	<b><u>2,063,100</u></b>	<b><u>1,908,500</u></b>

Additional information:

- Information below is in relation to income and expenses for the year ended 30 June 2024. All turnover were sales on credit.

	<b>RM</b>
Turnover	1,397,300
Cost of sales	805,500
Gain from disposal of Investment	12,800
Income from investment	24,800
Operating expenses	457,300
Taxation expense	95,000

- Included in the operating expenses for the year ended 30 June 2024 are the following:

	<b>RM</b>
Depreciation:	
Plant and machinery	11,860
Motor vehicles	22,400
Loss on disposal of plant and machinery	11,000

- Disposal of plant and machinery was for cash. The carrying value of this plant of RM26,900.
- All plant, property and equipment were purchased for cash.
- RM75,000 10% debentures were redeemed on 1 July 2023 at par.
- The increase in the share capital was due to new issue of shares for cash.

**Required:**

- (a) For the year ended 30 June 2024, prepare the Statement of Cash Flows of Oris Sdn Bhd, using the direct method. (14 marks)
- (b) Prepare a statement reconciling the profit before tax to the cash flow from operations for the year 30 June 2024. (6 marks)
- (c) Analysts have commented on a growing disillusionment with the usefulness and reliability of the information in the Statement of profit or loss. Discuss the extent to which a company's Statement of Cash Flows may be useful and reliable than its Statement of Profit or Loss. (5 marks)

**[Total: 25 marks]**

**(END OF QUESTION PAPER)**