

QUESTION 3 (28%) (38.5)

The financial statements of Lucky Bhd were as follows:

Income Statement
For the year ended 31 December 2015

	RM	RM
Sales		800,000
Cost of Sales		
Opening Inventory	50,000	
Purchases	330,000	
	380,000	
Less: Closing Inventory	(70,000)	(310,000)
Gross Profit		490,000
Interest Income		4,000
		494,000
Less: Depreciation	40,000	
Wages and Salaries	185,000	
Other Operating Expenses	107,500	
Interest Expenses	2,500	
Loss on Disposal of Motor Vehicles	4,000	(339,000)
Profit before taxation		155,000
Taxation		(41,000)
Profit for the year		114,000

Statement of Financial Position
As at 31 December 2015

	31 December 2015		31 December 2014	
	RM	RM	RM	RM
Non- current Assets				
Cost	435,000		360,000	
Less: Accumulated Depreciation	(125,000)	310,000	(110,000)	250,000
Investments		20,000		25,000
		330,000		275,000
Current Assets				
Inventory	70,000		50,000	
Trade Receivables	95,000		53,000	
Short-term Investments	9,000		2,000	
Bank	17,000	191,000	7,000	112,000
		521,000		387,000
Equity				
Ordinary Share Capital		240,000		200,000
Share Premium		30,000		15,000
Retained Earnings		130,000		38,000
		400,000		253,000
Non-Current Liabilities				
Secured Bank Loan	12,000		30,000	
Current Liabilities				
Trade Payables	57,000		70,000	
Salaries Accrued	13,000		8,000	
Tax Payable	39,000	121,000	26,000	134,000
		521,000		387,000

QUESTION 3

Additional information:

- (1) Goods were all purchased and sold on credit.
- (2) Motor vehicles cost RM 47,000 with an accumulated depreciation of RM 25,000 was sold for RM 18,000.

- (3) The dividends paid during the year was RM 22,000.

(I) You are required to prepare **Statement of Cash Flows** for the year ended 31 December 2015 by using **Direct Method**.

(II) State **three items** not involving cash (i.e. **non-cash items**) that need to be adjusted in the Statement of Cash Flows.