

Question 2 (20%)

The following was the information from Empire Bhd:

Income Statement For The Year Ended 31 December 2021

	RM
Sales	660,000
Costs of Sales	(250,000)
Depreciation	(20,000)
Wages and Salaries	(17,600)
Loss on Disposal of Machinery	(10,000)
Interest Expenses	(31,000)
Profit before taxation	331,400
Taxation	(50,000)
Profit for the year	281,400

Statement of Financial Position As At 31 December

	2020		2021	
	RM	RM	RM	RM
<b>Non-current Assets</b>				
Plant and Machinery	510,000		550,000	
Less: Accumulated Depreciation	(100,000)	410,000	(85,000)	465,000
<b>Current Assets</b>				
Inventory	120,000		152,000	
Trade Receivables	280,000		196,000	
Bank	206,000	606,000	775,400	1,123,400
<b>Total Assets</b>		1,016,000		1,588,400
<b>Non-current Liabilities</b>				
8% Loan Notes	300,000		370,000	
<b>Current Liabilities</b>				
Trade Payables	174,000		100,000	
Accrued Wages and Salaries	4,000		7,000	
Tax Payable	38,000		50,000	
	216,000		157,000	
<b>Total Liabilities</b>		(516,000)		(527,000)
<b>Net Assets</b>		500,000		1,061,400
<b>Equity</b>				
Ordinary Shares of RM 1 each		400,000		600,000
Share Premium		-		100,000
Retained Profits		100,000		361,400
<b>Total Equity</b>		500,000		1,061,400

Additional information:

- (i) All sales and purchases were on credit.
- (ii) Machinery cost RM 90,000 with an accumulated depreciation of RM 35,000 was sold during the year.

You are required to prepare Statement of Cash Flows for the year ended 31 December 2021 in accordance with the requirement of IAS 7, using direct method. (20%)