

Section B: Elective Questions (20%)
Attempt any one of the two questions.

Question 4 (20%)

The following are the financial statements of Yi Fa Bhd:

Income Statement For The Year Ended 31 December 2019

| | RM | RM |
|-------------------------|--------|----------|
| Sales | | 156,000 |
| Less: Cost of Sales | | (94,000) |
| Gross Profit | | 62,000 |
| Rental Income | | 12,000 |
| | | 74,000 |
| Less: Expenses | | |
| Distribution Costs | 8,000 | |
| Administrative Expenses | 14,000 | |
| Interest | 2,800 | |
| Depreciation | 13,000 | (37,800) |
| Profit before taxation | | 36,200 |
| Taxation | | (10,860) |
| Profit after Taxation | | 25,340 |

Statement Of Financial Position As At 31 December 2019

| | RM | RM | RM |
|-------------------------------------|---------|--------------------------|-----------------|
| | Cost | Accumulated Depreciation | Carrying Amount |
| Non-current Assets | | | |
| Property, Plant And Equipment | 240,000 | (64,000) | 176,000 |
| Current Assets | | | |
| Inventory | | 12,000 | |
| Trade Receivables | | 46,000 | |
| Bank | | 30,000 | 88,000 |
| Total Assets | | | 264,000 |
| Non-current Liabilities | | | |
| 4% Loan Notes | | 70,000 | |
| Current Liabilities | | | |
| Trade Payables | | 44,000 | |
| Total Liabilities | | | (114,000) |
| Net Assets | | | 150,000 |
| Equity | | | |
| 100,000 Ordinary Shares of RM1 each | | | 100,000 |
| Share Premium | | | 8,000 |
| Retained Profits | | | 42,000 |
| Total Equity | | | 150,000 |

The company's plan for the year 2020 are as follows:

- (i) Inventory turnover ratio will be 5 times, whereas the closing inventory will be reduced by 10%.
- (ii) Gross profit margin will be increased to 50%.
- (iii) Rental income would be RM1,000 per month, and from October 2020 onwards they would be increased to RM1,200 per month.
- (iv) Increase distribution cost by RM3,000, but the ratio of distribution cost: administrative expenses is maintained.
- (v) Half of 4% Loan Notes will be redeemed on 1 July 2020 and interests are paid half yearly.
- (vi) Depreciation of non-current assets is 10% per annum on cost.
- (vii) Expect the taxation to be maintained at 30%.
- (viii) Reduce trade receivables by RM 13,000.
- (ix) All purchases are on credit, increase trade payables settlement period by 1 month. Closing inventory was RM 30,000 and trade payable was RM32,000 for the year 2018.
- (x) An interim dividend of 5% will be declared and paid. A final dividend of RM0.15 per share will be proposed at the end of 2020.

You are required to prepare:

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|--|-------|
| (a) Budgeted Income Statement for the year ended 31 December 2020. | 11.5% |
| (b) Budgeted Statement Of Financial Position as at 31 December 2020. | 8.5% |