



Singapore CA Qualification (Foundation) Examination

3 December 2025

Principles of Financial Reporting

INSTRUCTIONS TO CANDIDATES

1. The time allowed for this examination paper is **3 hours 15 minutes**.
2. This examination paper has **FOUR (4)** questions and comprises **SEVENTEEN (17)** pages (including this instruction sheet and Appendix A). Each question may have **MULTIPLE** parts and **ALL** questions are examinable.
3. This is a restricted open-book examination. This means that you are allowed to only bring the following materials into the exam location:
 - One A4-sized double-sided cheat sheet
 - One A4-sized double-sided blank scratch paper
4. During the examination, you are allowed to use your laptop and any calculators that comply with the ISCA's regulations. Please note that smartwatches, mobile phones, tablets, and all other electronic devices **MUST NOT** be used during the examination and **MUST NOT** be within reach or sight or hearing from where you are seated to write the exam.
5. During the examination, videos of you and your computer screen will be recorded for the purpose of ensuring examination integrity and you have consented to these recordings.
6. This examination paper and all video recordings of this exam are the property of the Accounting and Corporate Regulatory Authority.
7. Only answers in **English** are accepted.

MODULE-SPECIFIC INSTRUCTIONS:

8. Assume that all dollar amounts are in Singapore dollar (S\$) unless otherwise stated.
9. Unless specified otherwise, assume that all the reporting entities in all the questions adopt, for all the relevant years, the Singapore Financial Reporting Standards (International) (SFRS(I)) that were issued by the Accounting Standards Council as at 1 January 2025.
10. Present all Journal Entries in the following format:

Transaction date	
DR Account Name	xxx
CR Account Name	xxx
(Narration or journal title)	

IMPORTANT NOTICE:

If you are not feeling well, please do not press “Start Assessment”. If you have started and leave during the exam, you would be deemed to have attempted the paper.

****VERY IMPORTANT NOTICE****

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1. Your question paper is attached under the "**Resource**" tab found at the bottom right of **EACH** question.

Other important information:

2. You will **only be allowed** to access the Excel function from your computer.
3. You are **NOT ALLOWED** to access any websites or reference materials (except for your A4-sized double-sided cheat sheet) during the exam.
4. You are **NOT ALLOWED** to print the question paper.
5. **Please take note that your screen will be monitored throughout the examination. If you are found to have accessed unauthorised materials or websites, or if you cheat or attempt to cheat, you will be liable to severe disciplinary action.**

Should you encounter any issues during the exam, please call the following number:

+65 6028 9811

6. **You do not need to fill in an answer to this instruction question.**

Question 1 – (a) to (b)

Dora Pte Ltd (Dora) is a notable company in Singapore specialising in the wholesale distribution of high-quality toys, including medical-themed toys for children. As the exclusive distributor of renowned international toy brands, Dora offers a diverse range of products designed to inspire imaginative play and learning. Below is Dora's Statement of Financial Position and other relevant information:

Dora Pte Ltd			
Statement of Financial Position as at 30 June 20x4			
	Note	20x4	20x3
		\$'000	\$'000
Share capital	1	725	500
Retained earnings		2,679	1,652
Bank loan	2	1,580	1,200
Bank overdraft		110	130
Trade and other payables		245	240
Unearned revenue		445	385
Interest payable		251	160
Income tax payable		160	115
Provision for compensation expense	3	10	0
Total Liabilities and Equity		6,205	4,382
Cash on hand & balances with banks	4	600	750
Trade and other receivables		360	305
Less: Allowance for impairment of trade receivables		(45)	(43)
Inventories		150	180

Prepayments		50	0
Property, plant and equipment	5	4,770	2,970
Investment property	6	320	220
Total Assets		6,205	4,382

Profit after tax for the financial year ended 30 June 20x4 was derived after (charging)/crediting:

	Note	\$'000
Interest expense		(172)
Compensation expense		(10)
Fair value gain on investment property	6	100
Other expenses		(200)
Income tax expense		(165)
Dividend income (from Titanium Ltd)	9	54

Information available for the 20x4 financial statements:

- (1) Dora issued ordinary shares at \$2.00 each upon incorporation. In June 20x4, Dora issued additional shares at \$1.50 each. There was no share transaction other than the issuance during the financial year 20x4.
- (2) Dora repaid \$180,000 bank loan in April 20x4.
- (3) Dora made a provision of \$25,000 in April 20x4 due to a legal action taken by one of its customers. Dora offered an out-of-court settlement of \$10,000 to the plaintiff on 20 June 20x4 which was accepted by the plaintiff exactly one month later. As a result, Dora adjusted its provision of \$25,000 to \$10,000 as at 20x4 financial year end. The cash payment was then made immediately on the same day upon acceptance. Dora has no legal case in the financial year 20x3.
- (4) Included in cash on hand and balances with banks for the financial year ended 20x4 was an amount of \$70,000 (20x3: \$52,000) pledged to secure credit facilities.
- (5) All the property, plant and equipment (PPE) items are carried at cost less accumulated depreciation. Dora acquired new warehouse at a cost of \$2 million by cash during the financial year 20x4. The new warehouse is for storage use. Except for this acquisition, there was no disposal or any other transactions regarding PPE during the financial year 20x4.
- (6) The investment property is using the fair value model as a measurement basis. There is no acquisition and disposal of investment property during the financial year 20x4.
- (7) An interim tax-exempt (one-tier) dividend of \$0.04 per share was declared and paid in April 20x4. No final dividend was proposed.
- (8) Dora acquired \$100,000 shares in Titanium Ltd in January 20x4 and classified the securities as Investment in Shares (FVOCI) according to its initial intention.

The fair value of the Investment in Shares (FVOCI) was increased to \$130,000 and Dora disposed of the asset on 30 June 20x4.

- (9)** Dividend income derived from Investment in Share (FVOCI) of Titanium Ltd had been collected fully during the financial year 20x4.

**e-Exam
Question
Number**

Question 1 required:

2

- (a) Using the **Indirect Method**, prepare Dora's Statement of Cash Flows for the financial year ended 30 June 20x4, in compliance with SFRS(I) 1-7 *Statement of Cash Flows*. Classify dividends received under investing activities and interest and dividends paid under financing activities. Show all relevant workings.

(19 marks)

3

- (b) Prepare Dora's **Statement of Changes in Equity** for the financial year ended 30 June 20x4 in compliance with SFRS(I) 1-1 *Presentation of Financial Statements*.

(9 marks)

(Total: 28 marks)

Question 2 – Part I to Part III

Part I

On 1 January 20x4, See Good Pte Ltd (SG) entered into a 5-year contract with ICY Pte Ltd (ICY) for the right to use a vending machine with a remaining useful life of 10 years.

Under the lease terms, SG paid a downpayment of \$16,000 for the vending machine with a commencement date of 1 January 20x4. SG is also required to pay an annual payment of \$2,000 for the vending machine, payable at the end of each year for the next five years. Additionally, SG is responsible for all servicing costs, and ICY is the designated servicing provider. The incremental borrowing rate is 7% per annum. SG depreciates the assets over its lease terms using the straight-line method.

e-Exam Question Number

4

Question 2 Part I required:

- (a) Account for the lease in the books of SG under SFRS(I) 16 *Leases*, including the initial recognition, measurement and journal entries for the financial year 20x4 and 20x5.

(Use three decimal places in the discount factor and round all monetary amounts to the nearest dollar)

(13 marks)

Part II

Abby Pte Ltd (Abby) has a financial year-end of 30 June 20x4. As at that date, Abby had trade receivables of \$50,000 due from a major customer, Chillax Pte Ltd (Chillax). No allowance for expected credit loss was made, as Chillax was considered financially sound.

However, on 15 August 20x4, Chillax was declared bankrupt and Abby's legal advisors confirmed that only \$5,000 is expected to be recovered.

Abby issued its 20x4 financial statements on 25 October 20x4.

e-Exam Question Number

5

Question 2 Part II required:

- (a) Explain how this event should be treated in the financial statements for the financial year ended 30 June 20x4 in compliance with SFRS(I) 1-10 *Events After The Reporting Period* and SFRS(I) 9 *Financial Instruments*. Provide the necessary journal entries at the end of the financial year ended 20x4, if any.

(6 marks)

Part III

Bayview Pte Ltd (Bayview), a Singapore-based company, has a financial year that ends on 31 December. The functional currency of Bayview is Singapore Dollar (SGD). On 1 October 20x3, Bayview borrowed Australian Dollar (AUD) 150,000 from an Australian bank, ZnA. The loan is repayable on 30 September 20x5.

The following table shows the number of AUD equivalent to 1 SGD on the borrowing date and at each financial year end:

	1 SGD to AUD
1 October 20x3	1.190
31 December 20x3	1.195
31 December 20x4	1.185

**e-Exam
Question
Number**

6

Question 2 Part III required:

- (a) Determine the total foreign exchange gain or loss on the AUD 150,000 loan for each of the financial years 20x3 and 20x4. Use three decimal places in all exchange rate computations and round your final answers to the nearest dollar.

(2 marks)

(Total: 21 marks)

Question 3 – (a) to (c)

SmartTech Pte Ltd (ST) operates in Singapore and specialises in selling smart home appliances. In April 20x4, ST launched a promotional campaign titled "Smart Cooling, Fresh Living" to promote the Bertar brand's high-functional refrigerator, Model CX. Customers who purchased the Model CX refrigerator during April 20x4 for \$15,000 received a set of gold-plated cutleries, valued at \$800, as part of the promotional offer.

The Model CX refrigerator, typically priced at \$15,200, includes a two-year standard warranty, which is not sold separately. The costs of each Model CX refrigerator, and a set of gold-plated cutleries are \$6,000 and \$100, respectively. The warranty costs per refrigerator unit are estimated to be \$350 and \$450 in the first and second year, respectively.

In April 20x4, ST successfully sold 200 units of Model CX and collected all payments. Out of these, 100 units Model CX were delivered in April, while the remaining 100 in May. The gold-plated cutleries are usually delivered along with the Model CX refrigerator on the same day. However, due to a temporary shortage of gold-plated cutleries sets, 20 units that were supposed to be delivered along with the refrigerator in May were delayed until June.

There was no warranty claim during the first year of warranty period.

**e-Exam
Question
Number**

Question 3 required:

7

- (a)** With reference to the SFRS(I) 15 *Revenue from Contract with Customers*, explain if the Model CX, two-year standard warranty, and the set of gold-plated cutleries are the distinct performance obligations in the contract.

(6 marks)

8

- (b)** Allocate the transaction price of \$3 million to each performance obligation identified in (a) above based on their relative standalone selling prices.

(4 marks)

9

- (c)** Prepare the necessary journal entries to record the transaction for the months of April, May and June 20x4.

(17 marks)

(Total: 27 marks)

Question 4 – (a) to (c)

Delta Ltd (Delta) has a financial year end on 31 December. On 1 January 20x3, Delta purchased a piece of leasehold land located along a coastline for \$1,500,000 by cash, with remaining lease term of 30 years. The leasehold land was acquired for use in its operation. The estimated salvage value is \$300,000 and the straight-line depreciation method is adopted. Delta carries this leasehold land using the revaluation model.

Delta performed its first revaluation of the leasehold land on 31 December 20x3, determining its fair value to be \$1,692,000 on that date. The revaluation was carried out in accordance with SFRS(I) 1-16 para 35(b), where the accumulated depreciation is eliminated against the gross carrying amount of the asset before restating it to the revalued amount. The next revaluation was subsequently performed on 31 December 20x5.

On 30 September 20x4, the rising sea levels caused by climate change made the leasehold land less valuable. The fair value of the leasehold land decreased to \$1,450,000 and cost of disposal is \$100,000. The value in use was estimated to be \$1,450,000. Delta re-assessed and estimated the salvage value to be \$263,500 from 30 September 20x4 onwards.

**e-Exam
Question
Number**

Question 4 required:

10

- (a)** (i) Briefly explain what accounting policies are in accordance with SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

(1 mark)

- (ii) State the two fundamental qualitative characteristics of useful financial information as defined in *The Conceptual Framework for Financial Reporting*.

(2 marks)

- (iii) Explain how the accounting policies relate to the two fundamental qualitative characteristics of useful financial information.

(4 marks)

11

- (b)** Prepare the journal entries to record the leasehold land transactions from 1 January 20x3 to 31 December 20x4, both dates inclusive.

(13 marks)

**e-Exam
Question
Number**

12

Question 4 required:

- (c) Towards the end of the financial year 20x4, Joan, a Chartered Accountant (Singapore) working in the finance department of Delta, was asked by her manager to adjust the estimated recoverable amount of the leasehold land to \$1,500,000 and no change in the estimated salvage value after the asset was hit by the climate change.

Based on Section 100 of the ISCA *Code of Professional Conduct* and *Ethics*, identify two fundamental principles involved and propose two appropriate responses Joan should take.

(4 marks)

(Total: 24 marks)

END OF PAPER

Appendix A – Common Verbs used by Examiner

Verb	Description
Apply	Relate your answer back to a specific document/s or set of facts. Alternatively, you may be required to use a specific formula, model, or process.
Assess	Make a judgment about the value, quality, outcomes, results, or size.
Compute	Do the number crunching and derive the correct answer.
Discuss	Discuss requires you to provide the for and against arguments, you cannot have a discussion without opposing views otherwise it would be just a conversation. If discuss is placed near the front of the instruction, then it requires you to provide an answer that is similar to explain, but addresses both the for and against arguments.
Explain	Explain requires you to write at least several sentences conveying how you have analysed the information in a way that a layperson can easily understand the concept or grasp the technical issue at hand.
In accordance with	This instruction requires you to relate your answer back to a specific document. Failure to make specific mention of the document in your answer will result in a loss of marks.
Prepare / Present	Prepare (or present) requires you to produce your answer using a specific format. For instance, " Present an extract of the notes to the accounts for ..." or " Prepare all the relevant journal entries for ...".
Prove	Prove requires you to establish that something is true by citing evidence or giving clear logical reasons. When you reconcile the Bank Account in the General Ledger you are proving that the account balance is correct
Record	Record is similar to prepare in that you may need to perform a calculation and show the specific components in an appropriate format.
State	State is similar to list, but the items require your professional judgement. For instance, "State any restrictions that apply". One of the easiest ways to make sure that you state comprehensively is to think, "list and justify". You will note that state appears in many of the verb descriptions given.