

APPENDICES: RESEARCH QUESTIONNAIRE

Fakulti Ekonomi dan Muamalat,
Universiti Sains Islam Malaysia,
Bandar Baru Nilai,
71800, Nilai,
Negeri Sembilan.

Dear Respondent,

RE: Malaysian Private Entities Reporting Standards (MPERS) adoption and financial reporting quality by Small and Medium Enterprises (SMEs) in Malaysia

This questionnaire is part of the research work I am carrying out under the supervision of Universiti Sains Islam Malaysia (USIM). The purpose of this questionnaire is to help us better understand about Malaysian Private Entities Reporting Standards (MPERS) adoption and financial reporting quality by Small and Medium Enterprises (SMEs) in Malaysia.

The researcher is therefore requesting you to be a part of this study by sparing a few minutes and giving honest answers to the following questions contained in this questionnaire as appropriate.

The researcher further assures you that the information gathered will be strictly kept confidential and be used only for the purpose of this research.

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Thank you.

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APPENDIX 1: QUESTIONNAIRE

Please tick the box that perfectly represents your answer or write it down in the spaces provided.

BACKGROUND INFORMATION

1. Gender: Male Female
2. Age group: 20-29 30-39 40-49 50 – 59 60 or above
3. Highest level of formal education:
Diploma Degree Post Graduate Other
If other, please specify.....
4. Professional qualification attained:
None CPA ACCA CIMA Other
If other, please specify.....
5. Positions: Accountant Auditor Tax agent Others
If other, please specify.....
6. Work experience in the industry:
<1years 1-3 years 4-6years 7-10 years 11 years or above
7. Sector of the company: Agriculture Manufacturing Education
Health & Social Work Accommodation & Food Processing
Financial Services Recreation & Personal Service Trading
ICT Others
If other, please specify.....
8. Average number of employees in the company over the past two years:
>5<20 >20<100 >100<250 >250<500
9. Annual sales turnover of the company in the past two years:

>RM50,000<RM300,000 □ >RM300,000<RM15,000,000 □

>RM15,000,000<RM50,000,000 □



SECTION A

MPERS adoption by SMEs

Please tick the box that best represents your response

| No | QUESTION | YES | NO | N/A |
|-----------|---|----------|----------|----------|
| | FINANCIAL STATEMENT PRESENTATION | 3 | 2 | 1 |
| | | | | |
| | Presentation and Disclosure | | | |
| A1 | Does the entity prepare the following statements periodically? | | | |
| | a) Statement of Financial Position. | | | |
| | b) Statement of Comprehensive Income and Income Statement. | | | |
| | c) Or Statement of Comprehensive Income Only. | | | |
| | d) Or Income Statement Only. | | | |
| | e) Statement of Changes in Equity. | | | |
| | f) Or Statement of Income and Retained Earnings in the place of Statement of Comprehensive Income and Statement of Changes in Equity. | | | |
| | g) Statement of Cash flows. | | | |
| A2 | Did the entity disclose comparative information in relation to the previous comparable period for all amounts presented in the financial statements of the current period? | | | |
| | | | | |
| | Going Concern | | | |
| A3 | Does management determine the ability of an entity to continue as a going concern while preparing financial statements? | | | |
| A4 | Would the entity prepare financial statements on the basis of an ongoing concern unless management either wants to liquidate the entity or to stop trading or does it have no realistic alternative but to do so? | | | |
| | | | | |
| | Consistency | | | |
| A5 | Would the entity retain from one period to the next the presentation and classification of items in the financial statements? | | | |
| A6 | Does the entity prominently display and repeat the following information to understand the information presented? | | | |
| | a) The name of and any change in the name of the reporting entity since the end of the preceding reporting period. | | | |
| | b) Whether individual entities or groups of entities are covered in financial statements. | | | |
| | c) The date on which the reporting period ends and the period covered by the statements. | | | |

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|--|---|--|--|--|
| | d) The presentation currency, as specified in Foreign Currency Translation, as required. | | | |
| | e) The rounding level used, if any, in the presentation of amounts in the financial statements. | | | |

| No | QUESTION | YES | NO | N/A |
|-----------|--|----------|----------|----------|
| | STATEMENT OF FINANCIAL POSITION | 3 | 2 | 1 |
| | Information presented in the statement of financial position | | | |
| A7 | Does the entity, at a minimum, present the following items in the financial position statement? | | | |
| | a) Cash and cash equivalents. | | | |
| | b) Financial assets (Except for the amounts shown under (a), (h) and (i)). | | | |
| | c) Inventories. | | | |
| | d) Property, plant and equipment. | | | |
| | e) Investment property carried at fair value through profit or loss. | | | |
| | f) Intangible assets. | | | |
| | g) Biological assets carried at cost less accumulated depreciation and impairment. | | | |
| | h) Investments in associates. | | | |
| | i) Investments in jointly controlled entities. | | | |
| | j) Financial liabilities (Except for the amounts shown under (m)). | | | |
| | k) Liabilities and assets for current tax. | | | |
| | l) Deferred tax liabilities and deferred tax assets (classified as non-current). | | | |
| | m) Provisions. | | | |
| | n) Non-controlling interest, presented within equity separately from the equity attributable to the owners of the parent. | | | |
| | STATEMENT OF COMPREHENSIVE INCOME AND INCOME STATEMENT | | | |
| | Information presented in the statement of comprehensive income | | | |
| A8 | As a minimum, does the entity include line items that present the following amounts for the period in the statement of comprehensive income? | | | |
| | a) Revenue. | | | |
| | b) Share of investment profit and losses in associates and jointly controlled entities accounted for using the equity approach. | | | |
| | c) Tax expense except post-tax and share of the other comprehensive income. | | | |

| | | | | |
|------------|---|--|--|--|
| | d) A single amount consisting of a total of | | | |
| | (i) The profit or loss post-tax of a discontinued operation, and | | | |
| | (ii) The gain or loss post-tax recognized on the fair value measurement less costs to selling or disposing of the net assets constituted by the discontinued operation. | | | |
| A9 | Does entity shall disclose the following items separately as allocations for the period in the statement of comprehensive income: | | | |
| | Profit or loss for the period attributable to | | | |
| | (i) Non-controlling interest. | | | |
| | (ii) Owners of the parent. | | | |
| | Total comprehensive income for the period attributable to | | | |
| | (i) Non-controlling interest. | | | |
| | (ii) Owners of the parent. | | | |
| | | | | |
| | STATEMENT OF CHANGES IN EQUITY AND STATEMENT OF INCOME AND RETAINED EARNINGS | | | |
| | | | | |
| | Information to be presented in the statement of changes in equity | | | |
| A10 | Does an entity shall present a statement of changes in equity showing in the statement: | | | |
| | a) Total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests. | | | |
| | b) For each component of equity, the effects of retrospective application or retrospective restatement. | | | |
| | c) For each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from: | | | |
| | (i) Profit or loss. | | | |
| | (ii) Each item of other comprehensive income. | | | |
| | (iii) The amounts of investments by, and dividends and other distributions to, owners, showing separately issues of shares, treasury share transactions, dividends and other distributions to owners, and changes in ownership interests in subsidiaries that do not result in a loss of control. | | | |
| | | | | |
| | Information to be presented in the statement of income and retained earnings | | | |
| A11 | Does an entity shall present, in the statement of income and retained earnings: | | | |
| | a) Retained earnings at the beginning of the reporting period. | | | |

| | | | | |
|------------|--|--|--|--|
| | b) Dividends declared and paid or payable during the period. | | | |
| | c) Restatements of retained earnings for corrections of prior period errors. | | | |
| | d) Restatements of retained earnings for changes in accounting policy. | | | |
| | e) Retained earnings at the end of the reporting period. | | | |
| | | | | |
| | STATEMENT OF CASH FLOW | | | |
| | | | | |
| | Reporting cash flows from operating activities | | | |
| A12 | Which approach presents cash flows from operating activities by the entity, either | | | |
| | a) An indirect process by which profit or loss is adjusted for the effects of non-cash transactions, any deferrals or accruals of past or future cash receipts or payments in operation, and items of income or expenditure associated with cash flow investments or financing; or | | | |
| | b) The direct method of disclosure of major classes of gross cash receipts and gross cash payments. | | | |
| | Reporting cash flows from investing and financing activities | | | |
| A13 | Does an entity present separately major classes of gross cash receipts and gross cash payments arising from investing and financing activities? | | | |

| No | QUESTION | YES | NO | N/A |
|------------|---|----------|----------|----------|
| | ACCOUNTING POLICIES, ESTIMATES, AND ERRORS | 3 | 2 | 1 |
| | | | | |
| | Selection and application of accounting policies | | | |
| A14 | Does this Standard does not specifically address a transaction, other events, or condition, an entity's management shall use its judgement in developing and applying an accounting policy that results in information that is: | | | |
| | a) relevant to the economic decision-making needs of users | | | |
| | b) reliable, in that the financial statements | | | |
| | i. represent faithfully the financial position, financial performance and cash flows of the entity | | | |
| | ii. reflect the economic substance of transactions, other events and conditions, and not merely the legal form | | | |
| | iii. are neutral. | | | |
| | iv. are prudent. | | | |
| | v. are complete in all material respects. | | | |

SECTION B: FINANCIAL REPORTING QUALITY

| No | Question | 5 | 4 | 3 | 2 | 1 |
|----|---|-----------------------|--------------|-----------------|-----------------|--------------------------|
| | RELEVANCE | Strongly Agree | Agree | Not sure | Disagree | Strongly Disagree |
| V1 | Forward-looking information is disclosed in the annual reports. | | | | | |
| V2 | Information in the financial report may have both predictive value and confirmatory value. | | | | | |
| V3 | Information regarding business opportunities and risks is disclosed in the annual reports. | | | | | |
| V4 | Non-financial business opportunity and risk information complements financial information. | | | | | |
| V5 | The annual report provides input on how the company was influenced by various market events and significant transactions. | | | | | |

| No | Question | 5 | 4 | 3 | 2 | 1 |
|----|--|-----------------------|--------------|-----------------|-----------------|--------------------------|
| | TIMELINESS | Strongly Agree | Agree | Not sure | Disagree | Strongly Disagree |
| T1 | The annual report must be available to decision-makers before losing its powerful and good influences. | | | | | |
| T2 | The annual report must be within the decision time frame. | | | | | |
| T3 | Management may need to balance the relative merits of timely reporting and the provision of reliable information of the annual report. | | | | | |
| T4 | If financial statements are not made available to users within a reasonable period of time following the balance sheet date, its usefulness is impaired. | | | | | |
| T5 | If there is undue delay in the reporting of information it may lose its relevance. | | | | | |

| No | Question | 5 | 4 | 3 | 2 | 1 |
|----|----------------------|-----------------------|--------------|-----------------|-----------------|--------------------------|
| | COMPARABILITY | Strongly Agree | Agree | Not sure | Disagree | Strongly Disagree |

| | | | | | | |
|-----------|---|--|--|--|--|--|
| C1 | The notes on modifications to the accounting policies clarify the implications of the adjustment. | | | | | |
| C2 | The figures for the entity's previous accounting period are adjusted for the impact of implementation the accounting policy or revising the accounting estimates. | | | | | |
| C3 | Current accounting results are compared with results from prior accounting periods. | | | | | |
| C4 | Information in the annual reports is comparable with the information given by similar industry organizations. | | | | | |
| C5 | In its annual reports, the annual report presents financial index numbers and ratios. | | | | | |

| No | Question | 5 | 4 | 3 | 2 | 1 |
|-----------|---|-----------------------|--------------|-----------------|-----------------|--------------------------|
| | UNDERSTANDABILITY | Strongly Agree | Agree | Not sure | Disagree | Strongly Disagree |
| U1 | The annual report is presented in a well-organized manner with the following features at the end of each subsection: full table of contents-headings-order of components-summary/ conclusion. | | | | | |
| U2 | Assets, Liabilities, Income, Expenses, and Equity are well thought out and properly disclosed. | | | | | |
| U3 | The notes to the financial position statement and the profit or loss statement and other comprehensive income statements are clear sufficient. | | | | | |
| U4 | The use of language and technical terms is easy to follow in the annual report, or is well illustrated in the glossary. | | | | | |
| U5 | Graphs and tables facilitate the information presented more comprehensibly. | | | | | |

| No | Question | 5 | 4 | 3 | 2 | 1 |
|-----------|--------------------|-----------------------|--------------|-----------------|-----------------|--------------------------|
| | RELIABILITY | Strongly Agree | Agree | Not sure | Disagree | Strongly Disagree |

| | | | | | | |
|-----------|--|--|--|--|--|--|
| R1 | Information on revenue/expenditure is collected and reported regularly. | | | | | |
| R2 | Information is free from bias. | | | | | |
| R3 | The information is error-free. | | | | | |
| R4 | Information is complete. | | | | | |
| R5 | There are no cases of business assets being manipulated for personal gain. | | | | | |

SECTION C

1. In your opinion how can SMEs improve the quality of their financial reporting any further?

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THANK YOU

