UNIVERSITI POLY-TECH MALAYSIA
UPTM

FINAL EXAMINATION

BACHELOR OF ACCOUNTANCY (HONOURS)

COURSE	:	**CONSOLIDATED FINANCIAL REPORTING I**
COURSE CODE	:	**ACC4284**
DURATION	:	**3 HOURS**

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **FOUR (4)** questions.
2. Answer ALL questions in the answer booklet provided.
3. Please check to make sure that this examination pack consists of :
   i. The Question Paper
   iii. An Answer Booklet
4. Do not bring any material into the examination hall. The use of a calculator is allowed.
5. Please write your answer using permanent ink.

MYKAD/ PASSPORT NO : ______________________

ID. NO. : ______________________

LECTURER : ______________________

SECTION : ______________________

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

This question paper consists of 9 printed pages including the front page

QUESTION 1

Maple Grove Sdn Bhd has obtained court authorization to proceed with a capital reduction plan after sustaining several consecutive years of trading losses. The company's Statement of Financial Position as at 31 July 2025 is shown below:

Maple Grove Sdn Bhd
Statement of Financial Position as at 31 July 2025

	RM
Non-current assets	
Land and Buildings (at cost)	1,550,000
Plant and Equipment (net book value)	925,000
Motor Vehicles (net book value)	770,000
Goodwill	218,500
Long-Term Investments	300,000
Current assets	
Inventory	267,000
Trade and Other Receivables	230,500
Cash at Bank	314,000
	4,575,000
Authorised capital	
4,000,000 Ordinary Shares of RM1.00 each	4,000,000
1,500,000 10% Preference Shares of RM1.00 each	1,500,000
	5,500,000
Issued and paid-up capital	
3,500,000 Ordinary Shares of RM1.00 each	3,500,000
1,500,000 10% Preference Shares of RM1.00 each	1,500,000
Reserves	
General Reserve	500,000
Accumulated Losses	(1,485,000)
Current liabilities	
Trade and Other Payables	560,000
	4,575,000

Notes :
1. Preference dividends have been in arrears for two years.
2. A contingent liability of RM120,000 is disclosed as at 31 July 2025.

The scheme of capital reduction which was adopted by the directors is as follows:

1. The nominal value of ordinary shares was revised to RM0.50 each, while the 10% preference shares were reduced by RM0.30 per share.

2. Twenty percent of preference dividend in arrears will be written off; the balance settled with new ordinary shares.

3. The following assets were revalued:

	RM
Land and Buildings	2,550,000
Plant and Equipment	700,000
Motor Vehicles	550,000
Inventory	230,000

4. An 10% allowance for doubtful trade receivables will be recorded under this scheme.

5. The long-term investments were disposed at RM420,000. The proceeds from the sale were used to pay off part of the trade payables, and the remaining balance was settled through the issuance of new ordinary shares at a revised par value.

6. All intangible assets and accumulated losses were written off under this scheme.

7. The contingent liability was materialized at RM75,000 and 75% of the damages were reimbursed by the insurance company.

8. The total reconstruction cost incurred was RM10,800.

9. Half of the general reserve was applied to support this scheme.

Required:

a. Prepare the relevant journal entries to record the above reconstruction scheme.
(15 marks)

b. Prepare the Statement of Financial Position as at 31 July 2025 of the company immediately after the implementation of the reconstruction scheme.
(5 marks)

(Total: 20 marks)

QUESTION 2

As part of its long-term growth strategy, Zaku Bhd acquired Warrior Bhd on 1 October 2024 via an absorption arrangement. Under this agreement, Zaku Bhd took over all of Warrior Bhd's assets except for its bank balance and investment portfolio, which Warrior Bhd will liquidate on its own. This acquisition aims to expand Zaku Bhd's market presence, strengthen its asset base, and enhance its overall competitiveness in the industry.

The Statements of Financial Position of both companies as at 30 September 2025 are as follows:

	Zaku Bhd RM	Warrior Bhd RM
Non-Current Assets	6,750,000	3,350,000
Investments	1,200,000	1,050,000
Current assets		
Inventories	720,000	525,000
Trade Receivables	400,000	427,500
Bank	500,000	652,500
	9,570,000	**6,005,000**
Equity		
Ordinary Shares at RM1.00 each	6,850,000	3,500,000
6% Preference Shares at RM1.00 each		800,000
Reserves		
Retained Earnings	1,520,000	750,000
General Reserve	1,000,000	400,000
Non-current liabilities		
9% Debentures	180,000	
Current liabilities		
Trade Payables	200,000	325,000
Accrued Expenses		230,000
	9,570,000	**6,005,000**

Additional information:

1. The agreed purchase consideration was satisfied as follows:

   Ordinary shareholders of Warrior Bhd:
   - Issued 2,200,000 fully paid ordinary shares in Zaku Bhd at RM1.60 each
   - Cash payment of RM300,000

   6% Preference shareholders of Warrior Bhd:
   - Issued 700,000 fully paid 5% preference shares in Zaku Bhd at RM1.00 each
   - Cash payment of RM120,000

2. At the acquisition date, Warrior Bhd's assets were revalued as follows:

	RM
Non-current assets	3,550,000
Inventories	470,000
Trade receivables	350,000

3. Warrior Bhd's investments were sold for RM800,000, and the proceeds were used to fully settle all outstanding current liabilities.

4. Warrior Bhd incurred RM28,000 in dissolution expenses, which are to be paid prior to the company's winding up.

5. To finance its growth, Zaku Bhd issued 700,000 new ordinary shares at RM1.40 each, fully subscribed and paid up.

6. Zaku Bhd incurred RM18,000 in formation expenses related to this acquisition.

Required:

a. Compute the purchase price and the settlement of the purchase consideration. (4 marks)

b. Prepare the realisation account, bank account, sundry members account (including debenture holders account) to close the books of Warrior Bhd. (15 marks)

c. Record the necessary entries in the books of Zaku Bhd. (6 marks)

(Total: 25 marks)

QUESTION 3

The summarized Statements of Financial Position and related details for Walnut Bhd and Pistachio Bhd as at 31 December 2025 are presented below:

	Walnut Bhd RM	Pistachio Bhd RM
Non-current assets		
Land (at cost)	1,000,000	1,200,000
Plant and Equipment (net book value)	370,000	575,000
Vehicles (net book value)	200,000	400,000
Investments in Pistachio Bhd		
500,000 Ordinary Shares	2,100,000	
60,000 9% Preference Shares	135,000	
Current assets		
Inventory	75,000	88,500
Trade and Other Receivables	110,000	90,000
Bills Receivable	40,000	32,000
Cash and Bank Balances	135,000	122,900
Loan to Pistachio Bhd	45,000	–
Dividend Receivable	10,800	–
	4,220,800	**2,508,400**
Equity and Reserves		
Ordinary Shares of RM2.00 each	2,000,000	1,500,000
9% Preference Shares of RM2.00 each	650,000	360,000
General Reserve	380,000	285,000
Retained Earnings	750,000	200,000
Current liabilities		
Trade and Other Payables	210,000	55,000
Bills Payable	172,300	36,000
Loan from Walnut Bhd	–	40,000
Dividend Payable	58,500	32,400
	4,220,800	**2,508,400**

Additional Information :

1. Walnut Bhd acquired its investment in Pistachio Bhd on 1 January 2024. On that date, Pistachio Bhd's balances were:

	RM
General reserve	70,000
Retained earnings	25,000

2. At the acquisition date, land and plant and equipment were revalued at RM1,400,000 and RM650,000 respectively. Pistachio Bhd did not adjust its records for this revaluation. Depreciation on the plant and equipment is charged at 12% per annum on net book value.

3. Pistachio Bhd made a bonus issue of one ordinary share for every forty shares held, issued at par and funded from its general reserve.

4. Walnut Bhd sold a motor vehicle to Pistachio Bhd for RM150,000. The vehicle's carrying value at the time of transfer was RM120,000, and its remaining useful life was 4 years.

5. On 10 April 2025, Walnut Bhd sold goods worth RM75,000 to Pistachio Bhd at cost plus 20%. By the end of the year, 30% of these goods were still unsold, and 40% of the related amount remained outstanding.

6. Pistachio Bhd's bills payable included an amount of RM20,000 that was drawn in favour of Walnut Bhd.

7. The loan balance difference was caused by a payment made by Pistachio Bhd, which Walnut Bhd had not yet recorded.

8. On 31 December 2025, the directors of both companies declared ordinary dividends of 12%.

Required:

Illustrate the Consolidated Statement of Financial Position of Walnut Bhd and its subsidiary Pistachio Bhd as at 31 December 2025. (Show all workings)

(Total: 30 marks)

QUESTION 4

Below are the Statements of Profit or Loss and an excerpt from the Statement of Changes in Equity for Berry Bhd and Ginger Bhd for the financial year ending 30 June 2025

Statement of Profit and Loss for the year ended 30 June 2025

	Berry Bhd	Ginger Bhd
	RM	RM
Turnover	1,850,000	2,000,000
Cost of sales	(375,000)	(340,000)
Gross profit	1,475,000	1,660,000
Selling and distribution expenses	(280,000)	(74,000)
Financial expenses	(74,500)	(33,000)
Administrative expenses	(63,000)	(105,000)
Income from other investment	125,000	
Profit before tax	**1,182,500**	**1,448,000**
Taxation	(275,000)	(424,000)
Profit for the year	**907,500**	**1,024,000**

Statement of Changes in Equity (extract) for the year ended 30 June 2025

	Berry Bhd	Ginger Bhd
	RM	RM
Retained profit b/f	500,000	325,000
Net profit for the year	907,500	1,024,000
	1,407,500	1,349,000
Less : Appropriation:		
Ordinary dividend	(240,000)	(42,500)
Preference dividend	(37,500)	(25,000)
Retained profit c/f	**1,130,000**	**1,281,500**

Additional information:

1. On 1 July 2024, Berry Bhd acquired 1.5 million ordinary shares and 30% of the 10% preference shares in Ginger Bhd. The issued share capital of Ginger Bhd as at that date was as follows:

	Berry Bhd RM	Ginger Bhd RM
Ordinary share	3,000,000	2,500,000
10% preference share capital	750,000	500,000
Retained profit	250,250	300,000

2. During the financial year, Ginger Bhd sold inventory to Berry Bhd costing RM80,000 for RM100,000. Forty percent of these goods remained unsold by Berry Bhd at year-end.
3. Berry Bhd purchased equipment from Ginger Bhd at RM32,000 above its book value. Depreciation is applied at 10% on the net book value.
4. For the year, Berry Bhd allocated RM125,000, and Ginger Bhd allocated RM150,000 to their respective general reserves.
5. At the end of accounting period, both companies declared the final preference dividend and this transaction had not been recorded.

Required:

a. Prepare the Consolidated Statement of Profit or Loss of Berry Bhd and its subsidiary Ginger Bhd for the year ended 30 June 2025. (Show all workings)

(14 marks)

b. Prepare the Consolidated Statement of Changes in Equity (extract) for the year 30 June 2025, showing the group retained profit and the non-controlling interest.

(11 marks)

(Total: 25 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER