

**FINAL EXAMINATION****BACHELOR OF CORPORATE ADMINISTRATION (HONOURS)**

**COURSE : ADVANCED FINANCIAL ACCOUNTING
AND REPORTING**

COURSE CODE : ACC4343

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
 - ii. 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

REE Bhd is a trading company which suffered huge losses for several years. It has been unable to pay its trade payables on time due to slow collection of amounts due to the trade receivables. Given below is the statement of financial position of REE BHD as at 31 May 2026.

	RM	RM
Non-Current Assets		
Land and Building		735,000
Investment at cost		180,000
Patent		90,000
		<u>1,005,000</u>
Current Assets		
Inventories	112,500	
Trade Receivables	<u>292,500</u>	
		<u>405,000</u>
Total Assets		<u>1,410,000</u>
Financed by:		
Ordinary share capital issued at RM1.00 each		1,125,000
10% Preference share capital issued at RM1.00 each		375,000
Accumulated loss		<u>(555,000)</u>
Non-Current Liabilities		
10% Debentures		150,000
Current Liabilities		
Trade payables	180,000	
Loan from directors	36,000	
Bank overdraft	<u>99,000</u>	
		<u>315,000</u>
Total Equity and Liabilities		<u>1,410,000</u>

Notes:

- (i) The preference dividend is 3 years in arrears.
- (ii) There is a contingent liability of RM30,000.

The company had formulated a scheme of capital reduction, which has been approved to take effect on 1 June 2026. The capital reduction scheme contained the following provisions:

1. The existing ordinary shares and 10% preference shares are to be written down by RM0.50 and RM0.25 respectively.

2. The preference shareholders agreed to accept 112,500 units ordinary share of RM0.50 for preference dividend in arrears.
3. RM7,500 of the inventories and 10% of trade receivables are to be written off.
4. A piece of land costing RM60,000 is revalued to RM150,000 and transferred to 10% debenture holders as full settlement of amount due to them. The remaining buildings are revalued to RM765,000.
5. The profit and loss and patent balances are to be written off.
6. The investment is sold for RM120,000.
7. The bank account is to be used to settle both the loan from directors and amounts due to trade payables in full.
8. The contingent liability materialized at RM26,250.

Required:

- a. Show journal entries to record the transactions stated in additional information 1 to 8.
(14 marks)
 - b. Prepare the statement of financial position as at 1 June 2026.
(6 marks)
- (Total: 20 marks)

QUESTION 2

Saleh, previously operating as a sole proprietor under the name Saleh Enterprise, has decided to incorporate the business into a private limited company effective 1 January 2026. The new entity, Mr Cabinet Sdn. Bhd., was established with an authorized share capital of RM700,000, divided into 600,000 ordinary shares of RM1.00 each and 100,000 7% cumulative preference shares of RM1.00 each.

Statement of Financial Position of Saleh Enterprise as at 31 December 2025:

<u>Non-current assets</u>	RM
Land and building (carrying value)	160,000
Furniture (carrying value)	50,000
Motor vehicles (carrying value)	92,000
Trade investments	20,000
<u>Current assets</u>	
Inventories	20,000
Trade receivables	22,000
Bank	26,000
	<u>390,000</u>
Capital account	300,000
Accumulated profits	54,000
<u>Current liability</u>	
Trade payables	36,000
	<u>390,000</u>

Additional information:

1. Mr Cabinet Sdn. Bhd. is to take over all assets (except for investments, motor vehicles and bank) and liability of the sole proprietorship business.
2. For the purpose of conversion, the assets of the sole proprietorship business were revalued as follows:

	RM
Land and building	200,000
Furniture	30,000
Trade receivable	19,800
Inventories	18,000

3. Goodwill on conversion is estimated at RM15,000.
4. The investments were sold at a profit of RM5,000 and Saleh took over the motor vehicles at a valuation of RM80,000.

5. Liquidation expenses of sole proprietorship business amounting to RM7,000 were paid by Mr Cabinet Sdn. Bhd.
6. The purchase consideration was as follows:
 - i. 160,000 ordinary shares of RM1.10 each in Mr Cabinet Sdn. Bhd.
 - ii. 40,000 7% cumulative preference shares of RM1.00 each in Mr Cabinet Sdn. Bhd.
 - iii. The balance in cash.
7. Formation expenses of Mr Cabinet Sdn. Bhd. amounted to RM9,500.
8. The company also issued an additional 500,000 ordinary shares at par value.

Required:

- a. Calculate the purchase price and purchase consideration.
(6 marks)
 - b. Prepare the realization account, capital account and bank account to close the books of Saleh Enterprise.
(10 marks)
 - c. The journal entries to record the conversion in the books of buyer.
(9 marks)
- (Total: 25 marks)

QUESTION 3

The following are the Statement of Financial Position of Hanan Bhd. and its subsidiary, Sabran Bhd. as at 31 March 2026:

	Hanan Bhd. RM	Sabran Bhd. RM
Non current asset		
Land	1,200,000	2,840,000
Plant and machinery (carrying amount)	1,200,000	600,000
Furniture and fixtures (carrying amount)	600,000	680,000
Investment in Sabran Bhd.:		
Ordinary shares	3,400,000	
8% debentures	200,000	
Current assets		
Accounts receivable	216,000	200,000
Bills receivable		160,000
Bank	299,000	(196,000)
Inventory	420,000	320,000
	<u>7,535,000</u>	<u>4,604,000</u>
Equity and liabilities		
Ordinary shares of RM2 each	4,800,000	
Ordinary shares of RM1 each		2,000,000
9% preference shares of RM1 each		500,000
General reserve	1,400,000	400,000
Retained profits	980,000	560,000
8% debentures		800,000
Bills payable	95,000	
Accounts payable	260,000	280,000
Debenture interest payable		64,000
	<u>7,535,000</u>	<u>4,604,000</u>

Additional information:

- Hanan Bhd. bought 1,500,000 ordinary shares and RM200,000 8% debentures in Sabran Bhd. on 1 April 2024 when the balances in Sabran Bhd. were as follows:

	RM
General reserve	240,000
Retained profits	80,000

- Non-controlling interest on the acquisition date of Sabran Bhd. was measured at fair value of RM500,000.

3. During the year ended 31 March 2026, Sabran Bhd. sold inventories valued at RM200,000 to Hanan Bhd. at a profit of 25% on selling price. Half of these inventories remained unsold by Hanan Bhd.
4. RM45,000 of the bills payable of Hanan Bhd. are in favour of Sabran Bhd. Sabran Bhd. has discounted one third ($\frac{1}{3}$) of these bills.
5. On 6 April 2025, Hanan Bhd. sold machinery to Sabran Bhd. for RM90,000. The carrying value of the machinery on that date was RM75,000. The remaining useful life of the machine was 3 years.
6. Hanan Bhd. has taken credit its share of interest receivable from Sabran Bhd.

Required

Prepare the Consolidated Statement of Financial Position of Hanan Bhd. and its subsidiary Sabran Bhd. as at 31 March 2026.

(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 2026

Statement of Profit and Loss for the year ended 30 June 2026

	Berry Bhd RM	Ginger Bhd 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 2026

	Berry Bhd RM	Ginger Bhd 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:

- On 1 July 2025, 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 2026. (Show all workings)
(14 marks)
- b. Prepare the Consolidated Statement of Changes in Equity (extract) for the year 30 June 2026, showing the group retained profit and the non-controlling interest.
(11 marks)

(Total: 25 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER

