

**FINAL EXAMINATION****BACHELOR OF ACCOUNTANCY (HONOURS)****COURSE : CONSOLIDATED FINANCIAL REPORTING II****COURSE CODE : ACC4304****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. Electronic 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

The following are statements of financial position as at 30 June 2026:

	Ostria Bhd. RM Million	Optima Bhd. RM Million	Nova Bhd. RM Million
Freehold land and building	7,485	4,168	2,986
Plant and equipment	5,972	2,754	1,874
Investments at cost:			
Optima Bhd.	8,462		
Nova Bhd.	2,314		
Inventories	1,764	618	352
Trade and other receivables	1,348	392	238
Bank	645	1,702	1,290
	<u>27,990</u>	<u>9,634</u>	<u>6,740</u>
Ordinary shares of RM1	18,500	7,250	5,200
8% preference shares of RM1 each	1,620	420	
Retained profit	1,645	436	522
General reserves	75	38	
Trade and other payables	6,150	1,490	1,018
	<u>27,990</u>	<u>9,634</u>	<u>6,740</u>

Additional information:

- i. On 1 July 2021, Ostria Bhd. purchased 5,800 million ordinary shares of Optima Bhd. On that date, the retained profit and the general reserves of Optima Bhd. were RM164 million and RM26 million respectively. There has been no change in the issued share capital of Optima Bhd. since acquisition. The fair value of a piece of land of Optima Bhd. was RM48 million more than its carrying amount on 1 July 2021.
- ii. Ostria Bhd. owns 28% interest in Nova Bhd. as from 1 July 2022. At that date, the retained profit of Nova Bhd. was RM118 million. The fair value of plant of Nova Bhd. was RM66 million more than the carrying value on 1 July 2022. The remaining life of the plant was 6 years.
- iii. During the year, Ostria Bhd. sold goods costing RM1,458 million to Optima Bhd. at an invoice price of RM1,822.5 million. At the same time, Ostria Bhd. also sold goods costing RM924 million to Nova Bhd. at an invoice price of RM1,062.6 million. At the end of the year, Optima Bhd. had not sold 20% of the goods purchased from Ostria Bhd. Nova Bhd. had not sold 30% of the good purchased from Ostria Bhd. In addition, during the year, Optima Bhd. sold inventories to Ostria Bhd. at a loss of RM120 million. The inventories remained unsold by Ostria Bhd. at 30 June 2026. Receivables and payables have been settled, while unrealised profit or unrealised loss in inventory remains to be adjusted.
- iv. Included in the trade and other receivables of Ostria Bhd. was RM238 million due from Nova Bhd.

- v. On 30 June 2026, goodwill arising from the acquisition of Optima Bhd. was impaired by RM36 million.
- vi. The recoverable amount of the investment in Nova Bhd. is less than the carrying amount of the investment by RM128 million.
- vii. The non-controlling interest is measured in proportion to the fair value of the net assets of subsidiary.

Required:

- a. Prepare schedule to compute goodwill, non-controlling interest, group retained profit and balance of associate company.

(19 marks)

- b. Prepare the Consolidated Statement of Financial Position as at 30 June 2026.

(6 marks)

(Total: 25 marks)

QUESTION 2

On 1 July 2025, MetroVista Bhd. acquired 90% of the issued ordinary share capital of LionCity Pte. Ltd., which is situated in Singapore. The reserves of LionCity Pte. Ltd. on 1 July 2025 were SGD2,800,000. The statements of profit or loss for the year ended 30 June 2026 and the statements of financial position as at that date for MetroVista Bhd. and LionCity Pte. Ltd. were as follows:

Statements of Profit or Loss for the Year ended 30 June 2026

	MetroVista Bhd.		LionCity Pte.Ltd.	
	RM'000	RM'000	SGD'000	SGD'000
Sales		102,400		38,000
Opening inventory	11,200		3,200	
Purchases	54,800		18,400	
	66,000		21,600	
Closing inventory	(12,400)		(3,600)	
Cost of sales		(53,600)		(18,000)
Gross profit		48,800		20,000
Expenses	13,600		8,400	
Depreciation	7,200	(20,800)	5,600	(14,000)
Net profit		28,000		6,000

Statements of Financial Position as at 30 June 2026

	MetroVista Bhd.	LionCity Pte. Ltd.
	RM'000	SGD'000
Property, plant and equipment	52,000	39,000
Investment in LionCity Pte. Ltd.	24,000	
Inventory	12,400	3,600
Trade receivables	16,800	7,200
Bank	8,800	5,400
	114,000	55,200
Ordinary shares	45,000	24,000
Retained profit b/d	31,000	2,800
Retained profit for the year	28,000	6,000
Non-current loan	7,000	18,000
Trade payables	3,000	4,400
	114,000	55,200

Rates of exchange	SGD	RM
1 July 2025	3.2	1
Average rate for year	3.4	1
30 June 2026	3.6	1
Date closing inventory was purchased	3.4	1
Date opening inventory was purchased	3.2	1
1 July 2020 (date of acquisition of PPE)	3.0	1

Required:

- a. Prepare translated Statement of Financial Position as at 30 June 2026 and translated Statement of Profit or Loss for the year ended 30 June 2026 of LionCity Pte.Ltd.
(19 marks)
- b. Prepare schedule to calculate the goodwill on consolidation, non-controlling interest and group's retained profit for the group if the subsidiary's functional currency is the ringgit.
(6 marks)

(Total: 25 marks)

QUESTION 3

Given below are the statements of profit or loss of Orion Bhd. and Zenith Bhd. for the year ended 31 December 2025.

	Orion Bhd. RM	Zenith Bhd. RM
Revenue	6,347,800	5,120,450
Cost of sales	(2,268,900)	(2,104,300)
Operating expenses	(1,537,200)	(834,150)
Operating profit	2,541,700	2,182,000
Other income: Lease rental	35,000	-
Profit before taxation	2,576,700	2,182,000
Taxation	(618,400)	(482,200)
Profit after taxation	1,958,300	1,699,800
Dividends paid	850,000	Nil
Retained profits b/f	639,000	358,100

Additional information:

- i. The issued share capital of Orion Bhd. is made up of 6,300,000 ordinary shares of RM1 each. The only reserve of Orion Bhd. was retained profits.
- ii. Issued and paid-up share capital of Zenith Bhd. was RM5,100,000, made up of 5,100,000 ordinary shares.
- iii. Orion Bhd. acquired 3,213,000 shares in Zenith Bhd. for RM4,120,000 on 1 January 2021 when the retained profits of Zenith Bhd. were RM200,000.
- iv. On 1 June 2025, Orion Bhd. acquired another 561,000 of the ordinary shares of Zenith Bhd. for RM860,000.
- v. Investments are carried at cost by Orion Bhd. as allowed by MFRS 127.
- vi. On 1 January 2025, Orion Bhd. recorded sales to Zenith Bhd. totaling RM1,988,500. These goods were invoiced at cost plus a 15% markup. Zenith Bhd. still has 80% of these goods in stock. Receivables and payables are settled, while unrealised profit in inventory remains to be adjusted.
- vii. Orion Bhd. charged Zenith Bhd. lease rental of RM35,000 during the year in respect of a special machine leased to Zenith Bhd., with the lease commencing on 1 January 2025. The amount paid by Zenith Bhd. is included in its operating expenses. Ignore any tax implications of this adjustment.
- viii. Depreciation on property, plant and equipment of RM41,000 was omitted in Zenith Bhd.'s accounts and needs to be adjusted. Ignore any tax implications of this adjustment.

- ix. Non-controlling interest is measured in proportion to the fair value of the net assets of Zenith Bhd.

Required:

- a. Determine the reduction in non-controlling interest and the double entries to record gain or loss on second acquisition.
(7 marks)
- b. Prepare the Consolidated Statement of Profit or Loss for the year ended 31 December 2025.
(10 marks)
- c. Prepare the Consolidated Statement of Changes in Equity for the year ended 31 December 2025.
(8 marks)

(All answers must be rounded to the nearest RM and percentage)

(Total: 25 marks)

QUESTION 4

Benyamin Bhd. is an established consumer goods company that was incorporated in Malaysia in 2020. It began its operations as a small business serving the local market. Over time, the company expanded its operations by acquiring subsidiaries and associates to strengthen and widen its nationwide distribution network. Its main activities include the selling and distribution of soft drinks to customers across Malaysia.

On 16 June 2025, Benyamin Bhd. disposed of its 90% owned subsidiary Makmur Bhd. for RM26,136,000. The sale price was settled in cash. On that date, the net assets of Makmur Bhd. were as follows:

	RM'000
Non-current assets	19,008
Inventory	1,900
Trade receivables	952
Bank	2,852
Trade payables	720
Tax payable	152
Dividend payable	80

Given below are the group financial statements of Benyamin Bhd.

Consolidated Statements of Financial Position as at 31 December

	2024 RM'000	2025 RM'000
Ordinary shares of RM1 each	36,116	42,768
Retained profit	19,008	37,444
Non-controlling interest	11,404	7,612
	66,528	87,824
Tax payable	952	484
Dividends payable	3,800	4,752
Trade payables	6,652	5,192
Bank overdraft		5,984
	77,932	104,236
Non-current assets	49,896	80,080
Investment in Associate	7,604	9,020
Inventory	11,404	8,536
Trade receivables	7,128	6,600
Bank	1,900	
	77,932	104,236

**Consolidated Statement of Comprehensive Income for the Year Ended
31 December 2025**

	RM,000
Profit before tax (including gain on disposal of subsidiary)	28,512
Share of profits of associate	1,900
	30,412
Tax - Benjamin and subsidiary	(4,752)
Profit after tax	25,660
Profit after tax attributable to	
- Equity holders of Benjamin Bhd.	23,188
- Non-controlling interest	2,472
Profit after tax	25,660
Dividends proposed and provided by Benjamin Bhd.	4,752

The following transactions took place during the year:

- i. Profit before tax includes depreciation charge of RM3,326,400, gain on the sale of subsidiary and gain on disposal of non-current assets.
- ii. Benjamin Bhd. has acquired a new equipment at the fair value of RM1,408,000 and the acquisition was resolved through the issuance of ordinary shares. In addition, a plant with a carrying amount RM7,603,200 were sold for cash of RM9,504,000.
- iii. All goodwill on consolidation has been written off.
- iv. Benjamin Bhd. acquired 30% interest in another associate by way of payment of cash of RM600,000.

Required:

Prepare the Consolidated Statement of Cash Flows for the year ended 31 December 2025 using **indirect method**.

(Total: 25 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER

