

**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:

	Cemerlang RM Million	Gemilang RM Million	Bestari Bhd. RM Million
Freehold land and building	7,280	4,920	3,860
Plant and equipment	6,140	2,780	2,240
Investments at cost:			
Gemilang Bhd.	8,160		
Bestari Bhd.	2,940		
Inventories	1,880	610	360
Trade and other receivables	1,540	420	250
Bank	760	1,690	1,430
	<u>28,700</u>	<u>10,420</u>	<u>8,140</u>
Ordinary shares of RM1	20,400	7,800	6,300
10% preference shares of RM1 each	1,720	520	
Retained profit	1,880	700	690
Trade and other payables	4,700	1,400	1,150
	<u>28,700</u>	<u>10,420</u>	<u>8,140</u>

Additional information:

- i. On 1 July 2021, Cemerlang Bhd. purchased 6,240 million ordinary shares of Gemilang Bhd. On that date, the retained profit of Gemilang Bhd. was RM420 million. There has been no change in the issued share capital of Gemilang Bhd since acquisition. The fair value of a piece of land of Gemilang Bhd. was RM35 million more than the carrying value on 1 July 2021.
- ii. On 1 July 2022, Cemerlang Bhd. acquired 1,890 million ordinary shares of Bestari Bhd. when Bestari Bhd.'s retained profit was RM260 million. There has been no change in the issued share capital of Bestari Bhd since acquisition. The fair value of plant of Bestari Bhd. was RM72 million more than the carrying value on 1 July 2022. The remaining life of the plant was 8 years.
- iii. During the year, Cemerlang Bhd. sold inventories to Gemilang Bhd. at invoice price of RM2,160 million, being cost plus 20%. At the same time, Cemerlang Bhd. also sold inventories costing RM840 million to Bestari Bhd. at invoice price of RM1,092 million. At the end of the year, Gemilang Bhd. has not sold 30% of these goods whereas Bestari Bhd. had not sold 40% of these goods. Receivables and payables are settled, but any unrealised profit in inventory remains to be adjusted.
- iv. Included in the trade and other receivables of Cemerlang Bhd. was RM260 million due from Bestari Bhd.

- v. The recoverable amount of the investment in Bestari Bhd. is less than the carrying amount of the investment by RM140 million.
- vi. The non-controlling interest (NCI) is measured in proportion to the fair value of the net assets of the subsidiary.

Required:

- a. Prepare schedule to compute goodwill acquisition, non-controlling interest (NCI), group retained profit and carrying amount of associate company.
(18 marks)
 - b. Prepare the Consolidated Statement of Financial Position as at 30 June 2026.
(7 marks)
- (Total: 25 marks)

QUESTION 2

On 1 July 2025, Nusantara Bhd. acquired 85% of the issued ordinary share capital of Ankara Ltd., which is situated in Ankara, Türkiye, where the currency used is Turkish Lira (TRY). The functional currency of Nusantara Bhd. and Ankara Ltd. is Ringgit Malaysia (RM).

The statements of profit or loss for the year ended 30 June 2026 and the statements of financial position as at that date for Nusantara Bhd. and Ankara Ltd. are as follows:

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

	Nusantara Bhd.		Ankara Ltd.	
	RM'000	RM'000	TRY'000	TRY'000
Sales		92,480		31,200
Opening inventory	7,120		2,880	
Purchases	46,560		13,680	
Goods available for sale	53,680		16,560	
Closing inventory	(7,120)		(3,840)	
Cost of sales		(46,560)		(12,720)
Gross profit		45,920		18,480
Expenses	9,760		8,640	
Depreciation	7,120	(16,880)	2,880	(11,520)
Net profit		29,040		6,960

Statements of Financial Position as at 30 June 2026

	Nusantara Bhd.	Ankara Ltd.
	RM'000	TRY'000
Property, plant, and equipment	55,680	42,000
Investment in Ankara Ltd.	24,480	
Inventory	7,120	3,840
Trade receivables	18,000	6,240
Bank	6,320	4,560
	111,600	56,640
Ordinary shares	42,840	24,000
Retained profit b/d	27,000	21,000
Retained profit for the year	29,040	6,960
Non-current loan	11,000	3,840
Trade payables	1,720	840
	111,600	56,640

Rates of exchange	TRY	RM
1 July 2025	12	1
Average rate for year	13.2	1
30 June 2026	14	1
Date closing inventory was purchased	13.5	1
Date opening inventory was purchased	11.5	1
1 July 2020 (date of acquisition of PPE)	8	1

Additional Information:

The reserves of Ankara Ltd. on 1 July 2025 were TRY21,000,000.

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 Ankara Ltd. (19 marks)

- b. Prepare schedule to calculate the goodwill on consolidation, non-controlling interest and group's retained profit for the group. (6 marks)

(Total: 25 marks)

QUESTION 3

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

	Macha Bhd. RM	Sugu Bhd. RM
Revenue	6,245,800	5,126,450
Cost of sales	(2,125,300)	(2,515,200)
Operating expenses	(1,587,600)	(862,900)
Operating profit	2,532,900	1,748,350
Gain on disposal of assets	-	35,000
Profit before taxation	2,532,900	1,783,350
Taxation	(632,650)	(445,838)
Profit after taxation	1,900,250	1,337,512
Dividends paid	820,000	Nil

Additional information:

- i. Issued and paid-up share capital of Sugu Bhd. was RM6,250,000 made up of 6,250,000 ordinary shares.
- ii. Macha Bhd. acquired 3,750,000 shares in Sugu Bhd. for RM6,144,000 on 1 January 2022 when the retained profits of Sugu Bhd. were RM213,000.
- iii. On 1 August 2025, Macha Bhd. acquired another 1,750,000 of the ordinary shares of Sugu Bhd. for RM2,304,000.
- iv. Investments are carried at cost by Macha Bhd. as allowed by MFRS 127.
- v. Non-controlling interest is measured in proportion to the fair value of the net assets of Sugu Bhd.
- vi. Sugu Bhd. sold a piece of land to Macha Bhd. on 1 January 2025 for RM780,000, which had a carrying amount of RM745,000. Ignore any tax implications of this adjustment.
- vii. The issued share capital of Macha Bhd. is made up of 12,000,000 ordinary shares of RM1 each. The only reserve of Macha Bhd. was retained profits.
- viii. On 1 January 2025, Sugu Bhd. sold goods to Macha Bhd. at an invoice price of RM468,000. These goods were sold to Macha Bhd. at cost plus 30% markup, with 30% remaining in Macha Bhd.'s inventory. Receivables and payables are settled, while unrealised profit in inventory remains to be adjusted.
- ix. The retained profit of Macha Bhd. and Sugu Bhd. as at 31 December 2024 are RM1,125,000 and RM635,800 respectively.

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

Mycity Bhd. has several investments in subsidiary and associate entities. The Consolidated Statement of Financial Position of the group as at 31 December 2025 and 2024 are shown as follows:

Consolidated Statements of Financial Position as at 31 December

	2024	2025
	RM'000	RM'000
Ordinary shares of RM1 each	35,020	41,472
Retained profit	18,432	36,312
Non-controlling interest	11,060	7,372
	<u>64,512</u>	<u>85,156</u>
Tax payable	920	460
Dividends payable	3,688	4,608
Trade payables	6,452	5,992
Bank overdraft	2,764	
	<u>78,336</u>	<u>96,216</u>
 Non-current assets	 52,072	 63,960
Investment in Associate	7,372	8,752
Inventory	11,060	8,296
Trade receivables	7,832	6,452
Bank		8,756
	<u>78,336</u>	<u>96,216</u>

Additional information:

- i. On 26 May 2025, Mycity Bhd. disposed of its 80% owned subsidiary Kelulut Bhd. for RM25,344,000. The sales price was settled in cash. On that date, the net assets of Kelulut Bhd. were as follows:

	RM'000
Non-current assets	18,440
Inventory	1,840
Trade receivables	920
Bank	2,768
Trade payables	928

- ii. Profit before tax for the current year includes depreciation charge of RM3,228,000, interest charged on bank overdraft of RM100,000, gain on the sale of subsidiary and gain on disposal of non-current assets.
- iii. All goodwill on consolidation has been written off.
- iv. During the year, a plant was sold for RM9,216,000 realizing a net profit of RM1,966,000. In addition, Mycity Bhd. has acquired a new machine at the fair value of RM2,560,000 and the acquisition was resolved through the issuance of ordinary shares.

- v. In 2025, Mycity Bhd. acquired 28% interest in another associate by way of payment of cash of RM768,000.
- vi. Dividends of RM4,608,000 were declared by Mycity Bhd. during the year.
- vii. The Consolidated Statement of Comprehensive Income of Mycity Bhd. Group for the year ended 31 December 2025 is as follows:

	RM'000
Profit before tax (including gain on disposal of subsidiary)	27,648
Share of profits of associate	1,844
	<u>29,492</u>
Tax - Mycity and subsidiary	(4,608)
Profit after tax	<u>24,884</u>
 Profit after tax attributable to:	
Equity holders of Mycity Bhd.	22,488
Non-controlling interest	2,396
Profit after tax	<u>24,884</u>

Required:

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

(Total: 25 marks)

(Total: 25 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER

