CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2024 SEMESTER

COURSE CODE	:	**EAB20803**
COURSE NAME	:	**FINANCIAL ACCOUNTING AND REPORTING 3**
PROGRAMME NAME	:	**BACHELOR IN ACCOUNTING (HONS)**
DATE	:	**2 JULY 2024**
TIME	:	**9.00 AM – 12.00 PM**
DURATION	:	**3 HOURS**

INSTRUCTIONS TO CANDIDATES

1. **Please CAREFULLY read the instructions given in the question paper.**
2. **This question paper has information printed on both sides of the paper.**
3. This question paper consists of **FIVE (5)** questions.
4. Answer **ALL** questions.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. **This question paper must not be removed from the examination hall.**

THERE ARE TEN (10) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

INSTRUCTION: Answer ALL questions.
Please use the answer booklet provided.

Question 1

The following are the Statements of Profit and Loss for Gypsy Bhd and Bohemian Sdn Bhd for year ended 31 March 2024:

	Gypsy (RM'000)	Bohemian (RM'000)
Sales	34,300	7,800
(-) Cost of sales	(18,100)	(3,710)
Gross profit	16,200	4,090
(-) Administration expenses	(6,900)	(1,470)
(-) Other expenses	(1,650)	(560)
(+) Other income	620	-
Profit before taxation	8,270	2,060
(-) Taxation	(2,100)	(550)
Profit after taxation	**6,170**	**1,510**
Retained earnings as at 1 April 2023	10,650	3,830
Dividends declared in March 2024		
- Ordinary shares	800	100
- Preference shares	-	40

Additional information:

1. Gypsy acquired 75% of the ordinary shares issued by Bohemian and 50% of the preference shares issued by Bohemian on 1 April 2023 when retained earnings of Bohemian was RM3.83 million. Ordinary shares and preference shares issued by Bohemian are valued at RM4.5 million and RM200,000 respectively.

2. On the date of acquisition, machinery belonging to Bohemian has a fair value of RM40,000 less than the carrying value. The useful life of this machinery on this date

was estimated to be 5 years. The group depreciates on a straight-line basis. The fair value adjustment has yet to be recorded.

3. During the year Gypsy sold an equipment to Bohemian with a profit of RM15,000 which is recorded as part of other income. This equipment has a useful life of 5 years on the transaction date. Full depreciation is charged in the year of acquisition and none in the year of disposal.

4. Gypsy provided consultation to Bohemian during the year and recorded this amount of RM100,000 as part of other income. Bohemian has charged this payment as part of its other expenses.

5. During the year, Bohemian sold inventories to Gypsy with the invoice value of RM1 million at cost plus 25%. 30% of these inventories remain unsold as at year end.

6. Partial goodwill was impaired by RM20,000 by year end.

Required:

(a) Prepare the Consolidated Statement of Profit and Loss for Gypsy Berhad's group for year ended 31 March 2024.

(14 marks)

(b) Prepare an extract of the Consolidated Statement of Changes in Equity for Gypsy Berhad's group for year ended 31 March 2024.

(4 marks)

Note: Show all relevant workings

[18 marks]

Question 2

(a) Goblin Berhad acquired 30% of the ordinary shares of Elf Sdn Bhd on 1 January 2023 with consideration transferred of RM5 million. Goblin has significant influence in Elf. The financial statements of Goblin and Elf as at 31 December 2023 for Goblin and Elf are as follows:

Statements of Financial Position as at 31 December 2023:

	Goblin (RM'000)	Elf (RM'000)
Investment	5,000	-
Non-current assets	36,700	11,910
Current assets:		
Inventory	7,310	1,880
Trade receivables	6,880	1,910
Loan receivable	200	-
Bank	4,990	3,960
Total	**61,080**	**19,660**
Ordinary shares	45,000	15,000
Preference shares	2,100	500
Revaluation reserve	1,800	600
Retained earnings		
RE b/f	6,100	1,300
Profit for the year	1,200	400
Trade payables	4,880	1,660
Loan payable	-	200
Total	**61,080**	**19,660**

Statements of Comprehensive Income for year ended 31 December 2023:

	Goblin (RM'000)	Elf (RM'000)
Sales	13,800	6,200
(-) Cost of sales	(8,900)	(3,300)
Gross profit	4,900	2,900
(-) Operating expenses	(3,000)	(2,100)
Profit before tax	1,900	800
(-) Tax expense	(400)	(370)

Profit after tax	1,500	430
(+) Revaluation gain	200	100
Total comprehensive income	1,700	530
RE b/f	6,100	1,300
Dividends paid	300	30

Additional information:

1. During the year, Elf sold inventories to Goblin at cost plus 25%. Invoice value is RM150,000. Goblin has sold 30% of these inventories.

2. Revaluation gain during the year is related to Land revaluation surplus.

3. The investment in Elf was impaired by RM10,000 as at year end.

Required:

(a) Determine the goodwill from the acquisition of Elf Sdn Bhd.

(2 marks)

(b) Prepare the Group Statement of Financial Position as at 31 December 2023.

(11 marks)

(b) Prepare the Group Statement of Comprehensive Income for year ended 31 December 2023.

(6 marks)

[19 marks]

Question 3

The following are the financial statements of Glow, Slow and Aloe:

Statements of Profit and Loss for year ended 31 December 2023:

	Glow (RM'000)	Slow (RM'000)	Aloe (RM'000)
Sales	15,000	9,000	5,400
(-) Cost of sales	(7,800)	(6,100)	(2,900)
Gross profit	7,200	2,900	2,500
(-) Operating expenses	(3,500)	(1,800)	(1,450)
Proft before tax	3,700	1,100	1,050
(-) Tax	(1,000)	(240)	(400)
Profit after tax	2,700	860	650

Statement of Financial Position as at 31 December 2023:

	Glow (RM'000)	Slow (RM'000)	Aloe (RM'000)
Investment:			
Ordinary shares of Slow	14,200	-	-
Ordinary shares of Aloe	3,400	1,800	-
Land	17,400	13,400	5,660
Property, Plant & Equipment	14,000	8,800	2,540
Current assets:			
Inventory	5,470	2,460	990
Trade receivables	5,980	2,730	1,010
Bank	7,790	2,960	760
Total assets	**68,240**	**32,150**	**10,960**
Ordinary shares	54,000	25,000	8,000
Retained earnings:			
RE b/f	6,010	1,960	1,000
Profit for the year	2,700	860	650
Trade payables	5,530	4,330	1,310
Total equities and liabilities	**68,240**	**32,150**	**10,960**

Additional information:

1. Glow Berhad acquired 60% of the ordinary shares issued by Slow Sdn Bhd on 1 January 2022 when the retained earnings of Slow Sdn Bhd was RM3.1 million. On 1 January 2023, Slow acquired 40% of the ordinary shares belonging to Aloe Sdn Bhd. On the same date, Glow also acquired 30% of the ordinary shares of Aloe.

2. Slow sold inventories to Aloe during the year at cost plus 25%. The invoice value is RM200,000 and 60% of these inventories were sold to third parties.

3. The group uses partial goodwill and straight-line depreciation method to prepare its accounts.

Required:

(a) Prepare the Group Statement of Financial Position as at 31 December 2023 for Glow group.

(16 marks)

(b) Prepare the Group Statement of Profit and Loss for Glow group for year ended 31 December 2023.

(6 marks)

Note: Show ALL relevant workings

[22 marks]

Question 4

The following are Consolidated Financial Statements of Muzan Group.

Consolidated statements of financial position as at 31 December

	2022 (RM'000)	**2023 (RM'000)**
Goodwill	2,020	2,240
Investment in associate	600	880
Investment in quoted shares	1,200	950
Property, plant and equipment	25,660	28,200
Current assets:		
Inventory	3,440	3,720
Trade receivables	3,060	3,870
Bank	7,500	3,800
Total	**43,480**	**43,660**
Ordinary share capital	26,760	28,760
Group revaluation reserve	1,300	1,800
Group retained profits	6,110	4,090
Non-controlling interest	2,810	3,290
Debenture	1,300	1,800
Trade payables	3,840	3,660
Deferred tax	720	160
Tax payables	640	100
Total	**43,480**	**43,660**

Consolidated statement of profit and loss for the year ended 31 December 2023

	RM'000
Revenue	21,100
(-) Cost of sales	(14,900)
Gross profit	6,200
(-) Operating expenses	(4,300)
(+) Share of profits in associate	500
(-) Loss from disposal of non-current assets	(20)
Profit before tax	2,380
Tax – group	(700)
Profit after tax	**1,680**
Other comprehensive income (Revaluation gain)	500
Total comprehensive income	**2,180**
Profit after tax attributable to :	
Shareholders of parent	1,380
Non-controlling interest ((NCI)	300

Additional information:

1. Dividends have been paid.
2. Group depreciation on plant, property and equipment was estimated as RM1,300,000. Depreciation and goodwill impairment charge are included as part of operating expenses.
3. During the year, a machinery with book value of RM90,000 was sold at the price of RM70,000.
4. Muzan acquired a new associate with cash consideration of RM200,000.
5. On 30 June 2023, Muzan acquired a new subsidiary (80%) Inosuke, with cash consideration amounting to RM3 million. An extract of the acquired subsidiary statement of financial position as at 30 June 2023 is as follows:

	(RM'000)
Non-current assets	2,800
Inventory	900
Trade receivables	700
Bank	800
Trade payables	(1,800)

Required:

Prepare the Consolidated Statement of Cash Flow for year ended 31 December 2023 using the **indirect method.**

Note: Show ALL relevant workings.

[19 marks]

Question 5

The following are statements of financial position as at 31 March 2024:

	Beyonce Bhd (RM'000)	Jayz Sdn Bhd (RM'000)
Assets		
Non-current assets:		
Land	13,600	5,320
Plant, property and equipment	10,220	2,670
Investments in Jayz S/B		
4,000,000 units Ordinary Shares	6,000	
Current assets:		
Inventories	3,200	1,100
Trade receivables	3,700	1,080
Cash in bank	5,600	1,650
Total	**42,320**	**11,820**
Equities & Liabilities		
Ordinary shares	29,400	7,500
10% Preference shares	1,000	1,310
Revaluation reserve	1,700	600
Retained earnings		
RE b/F	4,230	850
Profit for the year	2,090	400
Trade payables	3,900	1,160
Total	**42,320**	**11,820**

Additional information:

1. Beyonce Berhad acquired 60% of the ordinary shares of Jayz Sdn Bhd on 1 October 2023. Consideration transferred has been fully recorded. On acquisition date, a plant belonging to Jayz was estimated to have a fair value of RM60,000 more with useful life of 5 years. By year end, land belonging to Beyonce and Jayz were estimated to have a higher fair value of RM1.5 million and RM800,000 respectively. These fair value changes have not been recorded.

2. In the post-acquisition period, Beyonce sold inventories to Jayz at cost plus 25% with invoice value of RM600,000. 50% of the inventory remained unsold as at year end. Out of RM600,000 of the invoice value, Jayz has paid RM400,000 on 31 March 2024 but the

payment was only received on 2 April 2024. This sale was recorded as part of trade receivables.

3. Jayz sold machine to Beyonce on 1 January 2024 with a profit of RM20,000 in the post-acquisition period. The machine has an estimated useful life of 5 years on that date.

4. In March 2024, both Beyonce and Jayz declared ordinary shares dividends of 2% and 3% respectively but both companies have yet to record these accruals.

5. In September 2023, Jayz paid an interim dividend of RM80,000 which has been recorded.

6. Straight-line method depreciation method is used to prepare the financial statements. Depreciation adjustments are to be made on a monthly basis.

Required:

Prepare the Consolidated Statement of Financial Position as at 31 March 2024.
Note: Show ALL relevant workings.

[22 marks]

END OF EXAMINATION PAPER