



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
OCTOBER 2025 SEMESTER**

COURSE CODE	: EAB20803
COURSE NAME	: FINANCIAL ACCOUNTING AND REPORTING 3
PROGRAMME NAME	: BACHELOR IN ACCOUNTING (HONS)
DATE	: 29 JANUARY 2026
TIME	: 02:00PM – 05:00PM
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 financial statements dated 31 December 2025 for Harris and Aaron are as follows:

Statements of Financial Position as at 31 December 2025:

	Harris (RM'000)	Aaron (RM'000)
Investment in Associate	5,300	-
Non-current assets	34,600	9,500
Current assets:		
Inventory	5,560	1,150
Trade receivables	4,980	1,020
Bank	5,120	2,270
Total	55,560	13,940
Ordinary shares	45,000	10,000
Preference shares	1,000	200
Revaluation reserve	-	80
Retained earnings	4,920	2,430
Trade payables	4,640	1,230
Total	55,560	13,940

Statements of Profit or Loss for the year ended 31 December 2025:

	Harris (RM'000)	Aaron (RM'000)
Turnover	9,300	3,160
-) Cost of sales	(4,510)	(1,700)
Gross profit	4,790	1,460
-) Operating expenses	(2,280)	(870)
+) Gain from sale of property, plant and equipment	-	60
Profit before tax	2,510	650
-) Tax expenses	(400)	(120)
Profit after tax	2,110	530

Retained earnings b/f	2,810	1,900
Preference dividends declared	50	12

Additional information:

1. Harris Berhad acquired 40% of the ordinary shares of Aaron Sdn. Bhd. on 1 January 2025 with consideration transferred of RM5,300,000. Harris has significant influence in Aaron.
2. During the year, Aaron Sdn Bhd sold plant to Harris with a profit of RM60,000 which has an estimated useful life of 5 years.
3. During the year, Aaron sold inventories to Harris at cost plus 25%. Invoice value is RM100,000. Harris has sold 20% of these inventories to third parties.
4. In December 2025, Harris and Aaron declared preference shares dividends of RM50,000 and RM12,000 respectively which have not yet been accrued.
5. The investment in Aaron was impaired by RM10,000 as at year end.

Required:

- (a) Prepare the Group Statement of Financial Position for Harris group as at 31 December 2025.
(12 marks)
- (b) Prepare the Group Statement of Profit or Loss for Harris group for the year ended 31 December 2025.
(5 marks)
[17 marks]

Question 2

The following are the Statements of Comprehensive Income for Jiang Bhd, Ruo Sdn Bhd and Ann Sdn. Bhd. for year ended 31 December 2025:

	Jiang (RM'000)	Ruo (RM'000)	Ann (RM'000)
Sales	21,990	3,360	8,890
(-) Cost of sales	(12,110)	(1,260)	(5,130)
Gross profit	9,880	2,100	3,760
(-) Operating expenses	(3,120)	(970)	(1,120)
(+) Other income	500	300	-
Profit before taxation	7,260	1,430	2,640
(-) Taxation	(1,800)	(400)	(400)
Profit after taxation	5,460	1,030	2,240
Revaluation of fixed assets	400	-	40
Comprehensive Income	5,860	1,030	2,280
Retained earnings as at 1 January 2025	5,650	750	800
Dividends declared in December 2025			
- Ordinary shares	400	60	-
- Preference shares	100	10	20

Additional information:

- Jiang acquired 60% of the ordinary shares issued by Ruo and 40% of the preference shares issued by Ruo on 1 January 2024 when retained earnings of Ruo was RM650,000. Ordinary shares and preference shares issued by Ruo are valued at RM8 million and RM200,000 respectively. There are no other reserves as at acquisition date.
- Partial goodwill was calculated upon acquisition and was found to be impaired by RM10,000 for year ended 2025.

3. During the year Ruo sold a machine to Jiang with a profit of RM15,000 which is recorded as part of other income. This machine 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. Jiang provided services to Ruo during the year and recorded this amount of RM100,000 as part of other income. Ruo has charged this payment as part of its operating expenses.
5. During the year, Ruo sold inventories to Jiang with the invoice value of RM120,000 at cost plus 25%. 50% of these inventories remain unsold as at year end.
6. On 1 July 2025, Jiang entered into joint venture with 2 other companies whereby Jiang has 30% joint control in Ann Sdn Bhd's. Jiang sold inventories to Ann in the post-acquisition period with a profit of RM60,000 out of which 50% were sold off. The acquisition has resulted in bargain purchase of RM10,000. By 31 December 2025, it was found Ann's building has fair value of RM40,000.
7. The group uses revaluation model to prepare its accounts. Depreciation is charged on a straight-line basis.

Required:

- (a) Prepare the Group Statement of Comprehensive Income for Jiang Berhad's group for year ended 31 December 2025.
(15 marks)
- (b) Prepare an extract of the Group Statement of Changes in Equity for Jiang Berhad's group for year ended 31 December 2025.
(4 marks)

Note: Show all relevant workings.

[19 marks]

Question 3

Peri Berhad acquired 75% of the ordinary shares issued by Spicy Sdn Bhd on 1 January 2024 when Spicy's retained earnings was RM2,500,000 million. Both Peri and Spicy acquired 30% and 40% of the ordinary shares in Rice on 1 January 2025. The financial statements of these companies are as follows:

Statements of Financial Position as at 31 December 2025:

	Peri (RM'000)	Spicy (RM'000)	Rice (RM'000)
Investment:			
Ordinary shares of Spicy	4,500	-	-
Ordinary shares of Rice	1,500	2,800	-
Property, plant and equipment	16,410	5,690	4,230
Current assets:			
Inventory	4,550	2,040	1,450
Current account	350	-	-
Trade receivables	3,790	2,210	1,830
Bank	2,960	980	660
Total assets	34,060	13,720	8,170
Ordinary shares	21,800	6,800	4,300
Retained earnings b/f	5,800	2,800	1,100
Profit for the year	2,260	1,170	760
Current account	-	250	-
Trade payables	4,200	2,700	2,010
Total equities and liabilities	34,060	13,720	8,170

Additional information:

- Peri sold inventories to Spicy and Rice during the year at cost plus 25%. The invoice value to Spicy is RM150,000 whereby 40% remained unsold. The invoice value for Rice is RM100,000 and Rice has sold 50% of these inventories. Spicy made RM50,000 payment from the invoice amount on 31 December 2025 but Peri only received this payment on 2 January 2026. Rice has paid all the outstanding amount to Peri and Peri has recorded all the payment.

2. In the year ended 2024, Spicy sold an equipment to Peri at a profit of RM20,000. The useful life is determined to be 4 years. Depreciation is charged in the year of acquisition but none in the year of disposal.
3. Difference in current account is due to cash in transit.
4. The group uses partial goodwill and straight-line depreciation method to prepare its accounts.

Required:

Prepare the group Statement of Financial Position as at 31 December 2025 for Peri group.

Note: Show ALL relevant workings

[20 marks]

Question 4

The following are Consolidated Financial Statements of Bijan Group.

Consolidated statements of financial position as at 31 December

	2024 (RM'000)	2025 (RM'000)
Goodwill	1,980	1,768
Investment in associate	940	870
Investment in quoted shares	1,400	3,080
Property, plant and equipment	27,600	28,900
Current assets:		
Inventory	7,150	7,650
Trade receivables	9,560	7,300
Bank	4,200	4,110
Total Assets	52,830	53,678
Ordinary share capital	38,000	38,000
Group revaluation reserve	1,900	2,100
Group retained profits	4,000	4,320
Non-controlling interest	1,420	1,918
Debenture	1,000	1,400
Trade payables	5,300	5,320
Deferred tax	230	110
Tax payables	980	510
Total Equities and Liabilities	52,830	53,678

Consolidated statement of profit or loss for the year ended 31 December 2025

	RM'000
Revenue	47,556
-) Cost of sales	(32,666)
Gross profit	14,890
-) Operating expenses	(9,660)
+) Share of profits in associate	420
+) Gain from disposal of non-current assets	100
Profit before tax	5,750
Tax – group	(1,250)
Profit after tax	4,500
Revaluation gain	200
Total comprehensive income	4,700
Profit after tax attributable to:	
Shareholders of parent	4,340
Non-controlling interest (NCI)	160

Additional information:

1. Taxes and dividends have been paid.
2. Group depreciation on plant, property and equipment was estimated as RM2,100,000. Depreciation and goodwill impairment charge are included as part of operating expenses.
3. During the year, a machinery with book value of RM240,000 was sold at the price of RM340,000.
4. Bijan disposed of an associate with cash consideration received of RM150,000 at break even price and acquired another associate by paying cash consideration RM80,000 and issuance of debentures of RM200,000. This decision was made to streamline its operations.
5. On 30 September 2025, Bijan acquired a new subsidiary (70%), with cash consideration amounting to RM2,500,000. An extract of the new subsidiary's statement of financial position as at 30 September 2025 is as follows:

	(RM'000)
Non-current assets	1,810
Inventory	620
Trade receivables	550
Bank	330
Trade payables	(580)
Tax payables	(70)

Required:

- (a) Prepare the Consolidated Statement of Cash Flow for year ended 31 December 2025 using the **indirect method**.

Note: Show ALL relevant workings.

(20 marks)

- (b) Based on the group cashflow prepared above, briefly explain if the group has a healthy cashflow.

(2 marks)

[22 marks]

Question 5

The following are the Statements of Financial Position of Boom Bhd and Sonic Sdn Bhd as at 31 December 2025.

	Boom Bhd (RM)	Sonic S/B (RM)
Assets		
Non-current assets:		
Property, plant and equipment	2,100,000	1,266,000
Investment in Sonic S/B		
Ordinary shares (60%)	702,000	
30,000 10% redeemable preference shares	30,000	
RM48,000 8% debentures	48,000	
Current assets:		
Inventories	195,600	100,800
Account receivables	150,000	96,000
Bill receivables	81,600	46,800
Loan to Sonic Sdn Bhd	84,000	Nil
Cash in bank	79,200	72,000
Total	3,470,400	1,581,600
Equities and Liabilities		
Ordinary shares	2,556,000	1,020,000
10% preference shares	240,000	Nil
10% redeemable preference shares	Nil	120,000
Retained profit	492,000	150,000
8% Debentures	Nil	120,000
Current liabilities:		
Account payables	112,800	54,000
Bills payables	69,600	48,000
Loan from Boom Bhd	Nil	60,000
Debenture interest payable	Nil	9,600
Total Equities and Liabilities	3,470,400	1,581,600

Additional information:

1. Boom Bhd acquired the shares and debentures in Sonic Sdn Bhd on 1 January 2024. At acquisition date, the retained earnings of Sonic was a debit balance (loss) of RM24,000.

2. On the acquisition date, one of the equipment of Sonic has a lower fair value of RM120,000. The remaining useful life on the acquisition date is 6 years. The group practices straight line basis depreciation. Subsequently on 31.12.2025, the fair value of this equipment is estimated to be higher by RM70,000.
3. During the year Sonic sold to Boom plant with the cost RM100,000 for RM120,000. Useful life of the plant is estimated to be 5 years.
4. During the year, Sonic sold inventories to Boom Bhd which was invoiced as RM50,000 at cost plus 25%. 20% of these inventories still remained in the closing inventories of Boom Bhd. The sale was captured in the trade receivables and trade payables of the respective companies. Boom has paid RM10,000 from this sale.
5. The directors of Boom Bhd and Sonic Sdn Bhd have decided to declare a full year preference shares and redeemable preference shares dividends on 30 December 2025, none of which has been recorded. Boom has yet to recognize debenture interest income from Sonic.
6. Sonic sent a cheque for RM24,000 as payment of the loan due to Boom Bhd on 31 December 2025 which was received by Boom Bhd on 3 January 2026.
7. Boom purchased RM30,000 of bills payables issued by Sonic. Boom has factored RM20,000 of the bills.

Required:

Prepare the Consolidated Statement of Financial Position for the group as at 31 December 2025. Show all the relevant workings.

[22 marks]

END OF EXAMINATION PAPER