CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EAB20803
COURSE NAME	:	FINANCIAL ACCOUNTING AND REPORTING 3
PROGRAMME NAME	:	BACHELOR IN ACCOUNTING (HONS)
DATE	:	1 JULY 2026
TIME	:	9 am to 12 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 financial statements for Florence Berhad and Sicily Sdn Bhd.

Statement of Financial Position for year ended 31 March 2026:

	Florence (RM'000)	**Sicily (RM'000)**
Investment in Sicily Sdn Bhd	10,500	-
Non-current assets	340,050	29,700
Current assets	98,000	8,700
Total assets	**448,550**	**38,400**
Ordinary shares	340,000	25,000
5% Preference shares	2,000	1,000
Revaluation reserve	3,910	400
Retained earnings	6,640	4,500
Current liabilities	96,000	7,500
Total equity and liabilities	**448,550**	**38,400**

Additional Information:

1. Florence acquired 25% of the ordinary shares of Sicily on 1 April 2024 when the retained earnings of Sicily was RM2,900,000.

2. Sicily's plant has a higher fair value of RM60,000 on the date of acquisition with an estimated useful life of 5 years. Land belonging to Sicily was found to be RM100,000 higher on 31 March 2026.

3. During the year, Sicily sold inventory to Florence at the invoice price of RM150,000 at cost plus 25%. 20% of these inventories were left unsold.

4. Sicily also sold equipment to Florence during the year with a profit of RM20,000 with an estimated useful life of 4 years.

5. Sicily paid preference shares dividends in March 2026 amounting to RM10,000.

6. The group uses straight-line depreciation to prepare its accounts.

Required:

Prepare the Group Statement of Financial Position as at 31 March 2026.
Note: Show the relevant workings.

[13 marks]

Question 2

The following are the Statements of Comprehensive Income for Head Bhd and Shoulder Sdn Bhd for year ended 31 December 2025:

	Head (RM'000)	**Shoulder (RM'000)**
Sales	11,997	2,888
(-) Cost of sales	(6,331)	(1,065)
Gross profit	5,666	1,823
(-) Operating expenses	(2,264)	(829)
(+) Other income	500	200
Profit before taxation	3,902	1,194
(-) Taxation	(955)	(260)
Profit after taxation	**2,947**	**934**
Revaluation of fixed assets	500	-
Comprehensive Income	**3,447**	**934**
Retained earnings as at 1 January 2025	5,119	1,386
Dividends declared in December 2025		
- Ordinary shares	320	350
- Preference shares	-	10

Additional information:

1. Head acquired 60% of the ordinary shares issued by Shoulder and 60% of the preference shares issued by Shoulder on 1 July 2025. Ordinary shares and preference shares issued by Shoulder are valued at RM10 million and RM200,000 respectively. There are no other reserves on this date.

2. On the date of acquisition, plant belonging to Shoulder has a fair value of RM20,000 more than the carrying value. The useful life of the plant on this date was estimated to be 5 years. The group depreciates on a straight-line basis adjustable on a monthly basis.

3. In the post-acquisition period, Shoulder sold inventories to Head at cost plus 25%. Invoice value is RM100,000 and 20% of these inventories remained unsold.

4. Head provided services to Shoulder in the post-acquisition period and recorded this amount of RM200,000 as part of other income. Shoulder has charged this payment as part of its operating expenses.

5. Both Head and Shoulder's land were found to be higher by RM50,000 and RM30,000 respectively on 31 December 2025 and has yet to be recorded.

Required:

(a) Prepare the Consolidated Statement of Comprehensive Income for Head Berhad's group for year ended 31 December 2025.

(12 marks)

(b) Prepare an extract of the Consolidated Statement of Changes in Equity for Head Berhad's group for year ended 31 December 2025.

(4 marks)

Note: Show all relevant workings

[16 marks]

Question 3

You are the newly appointed group accountant for LingXi Berhad. One of your tasks is the preparation of group financial statements. Accounts were closed on 31 March each year. The following are the consolidated financial statements of LingXi group for the year 2026:

Consolidated statements of financial position as at 31 March:

	2025 (RM'000)	**2026 (RM'000)**
Goodwill	400	750
Non-current assets	137,990	152,836
Investment in associate company	3,640	4,000
Inventory	8,180	7,980
Trade receivables	7,994	8,320
Bank	8,574	5,564
Total	**166,778**	**179,450**
Ordinary share capital	118,000	127,000
Retained profits	38,882	40,152
Non-controlling interest	2,760	4,960
Trade payables	7,136	7,338
Total	**166,778**	**179,450**

Consolidated statement of comprehensive income for the year ended 31 March 2026

	RM'000
Sales	50,200
Cost of sales	(25,120)
Gross profit	25,080
Expenses	(5,620)
Share of profits in associate	480
Profit before tax	19,940
Tax – group	(6,500)
Profit after tax	**13,440**
Profit after tax attributable to :	
Shareholders of parent	11,410
Non-controlling interest	2,030

Additional information:

1. Dividends and tax accrued have been paid.

2. Group depreciation on property, plant and equipment was RM1,160,000. An equipment with the carrying value of RM150,000 was disposed for RM220,000 during the year. Depreciation charge and profit from disposal of equipment is included as part of expenses.

3. On 30 November 2025, LingXi disposed of a wholly-owned existing subsidiary and received cash payment of RM3,200,000. Goodwill for this subsidiary has been fully impaired. The disposed subsidiary, Button Sdn Bhd's Statement of Financial Position as of 30 November 2025 is as follows:

	(RM'000)
Non-current assets	1,900
Inventory	500
Trade receivables	560
Bank	840
Total	**3,800**
Ordinary share capital	2,500
Retained profits	700
Trade payables	600
Total	**3,800**

4. On 1 February 2026, LingXi acquired a new subsidiary, Shitake. On that date, LingXi acquired 80% of Shitake's issued ordinary shares by paying cash consideration of RM3,700,000. Shitake's Statement of Financial Position as at 1 February 2026 is as follows:

	(RM'000)
Non-current assets	2,550
Inventory	700
Trade receivables	650
Bank	1,000
Total	**4,900**
Ordinary share capital	3,000
Retained profits	910
Trade payables	990

Total	**4,900**
Fair value of net assets	**3,910**
Non-controlling interest	**782**

5. During the year, LingXi acquired an associate and paid cash payment of RM100,000. Investment in associate is equity basis accounted.

Required:

(a) Prepare the Consolidated Statement of Cashflow for year ended 31 March 2026 using the **indirect method.**

(16 marks)

(b) Based on the cashflow prepared, prepare an overall comment of the Group's Statement of Cashflow.

(5 marks)

[21 marks]

Question 4

The following are Statements of Financial Position of Green group as at 31 March 2026:

	Green Bhd (RM'000)	Leaf Sdn Bhd (RM'000)
Assets		
Non-current assets:		
Intangible assets	-	1,200
Property, plant and equipment	48,550	5,100
Investments in Leaf Sdn Bhd:		
4,500,000 units ordinary shares (75%)	3,200	-
100,000 units 5% preference shares (50%)	100	-
Current assets:		
Inventories	4,830	1,900
Trade receivables	4,270	1,800
Bill receivables	300	-
Cash in bank	5,100	850
Total	**66,350**	**10,850**
Equities & Liabilities		
Ordinary shares	48,000	6,000
5% Preference shares	1,000	200
Revaluation reserve	3,900	600
Retained earnings	7,730	1,860
10% Debentures	500	
Current liabilities:		
Trade payables	5,220	1,990
Bills payables	-	200
Total	**66,350**	**10,850**

Additional information:

1. Green Berhad acquired 75% (4,500,000 units) of the ordinary shares of Leaf Sdn Bhd on 1 April 2025. Consideration transferred include cash payment of RM3,200,000 which has been recorded and ordinary share of 1 share for every 3 shares acquired valued at RM1.20 per share on acquisition date, which has not been recorded. Retained earnings on

acquisition date was recorded as RM950,000. On acquisition date, a plant belonging to Leaf was estimated to have a fair value of RM350,000 more with useful life of 7 years. Subsequently the fair value increased by another RM60,000 as at 31 March 2026. Intangible asset belonging to Leaf were not recognized by Green Berhad. These fair value changes have not been recorded.

2. Green also acquired 50% of the preference shares on 1 April 2025. This investment has been fully recorded in the books of Green.

3. During the year, Leaf sold inventories with the invoice value of RM600,000 to Green at cost plus 25%. From this transaction, 50% from the invoice value remained unsold.

4. Leaf issued RM200,000 of bills payables out of which 75% was acquired by Green. During the year, Green factored RM100,000 of these bills due to cash constraint.

5. In March 2026, the following dividends and interest were declared:

Green:	Dividends / Interest
Preference shares dividends	Full year
Debenture interests	Half year
Leaf:	
Ordinary shares dividends	2%
Preference shares dividends	Half year

None of the dividends or interests have been accrued.

6. Group policy is to depreciate assets on straight line basis and partial goodwill is used to prepare the group accounts.

Required:

Prepare the Consolidated Statement of Financial Position as at 31 March 2026.

Note: Show ALL relevant workings.

[22 marks]

Question 5

The following are the financial statements of Lion group.

Statements of Financial Position for year ending 31 December 2025

	Lion Berhad (RM'000)	Cheetah Sdn Bhd (RM'000)	Cat Sdn Bhd (RM'000)
Non-current assets	49,400	10,100	16,500
Investment in ordinary shares			
Cheetah	15,000	-	-
Cat	-	13,000	-
Current assets	9,800	6,900	4,960
Total Assets	**74,200**	**30,000**	**21,460**
Ordinary shares	55,510	20,000	16,900
Retained earnings b/f	7,720	3,300	1,200
Profit for the year	3,850	1,710	800
Liabilities	7,120	4,990	2,560
Total equities and liabilities	**74,200**	**30,000**	**21,460**

Statements of Profit and Loss for year ended 31 December 2025

	Lion Berhad (RM'000)	Cheetah Sdn Bhd (RM'000)	Cat Sdn Bhd (RM'000)
Revenue	35,170	24,120	8,670
-) Cost of sales	(25,220)	(18,630)	(5,690)
Gross profit	9,950	5,490	2,980
-) Operating expenses	(4,750)	(2,990)	(1,790)
+) Gain from sale of fixed asset	-	-	10
Profit before tax	5,200	2,500	1,200
-) Tax	(1,350)	(790)	(400)
Profit after tax	3,850	1,710	800

Additional Information:

1. Lion acquired 80% of Cheetah's ordinary shares on 1 January 2024 when the retained earnings of Cheetah was RM2,100,000. On 1 January 2025, Cheetah acquired 80% of ordinary shares in Cat. All consideration transferred have been recorded.

2. On 1 January 2024, one of Cheetah's non-current assets was estimated to have a higher fair value of RM60,000. This asset is estimated to have a useful life of 6 years.

3. Cat sold equipment to Cheetah during the year with the carrying value of RM40,000 at a profit of RM10,000. Useful life is estimated to be 5 years.

4. Cheetah sold inventories to Lion during the year with a profit of RM30,000. 50% of the inventories have been sold. This sale has an invoice value of RM130,000.

5. The group uses partial goodwill method and straight-line depreciation method to prepare its accounts. Depreciation is adjusted fully in the year of acquisition and none in the year of disposal.

Required

(a) Prepare the Consolidated Statement of Financial Position for Lion group as at 31 December 2025.

(18 marks)

(b) Prepare the Consolidated Statement of Profit and Loss for Lion group for year ended 31 December 2025.

(10 marks)

[28 marks]

END OF EXAMINATION PAPER