

**Question 2 ( 22% ) [41.4, 41.7, 41.8, 41.6]**

Pear Bhd acquired the ordinary shares and loan notes of Sky Bhd on 1 January 2015 when the latter's Retained Profits were RM 5,500 and Share Premium account balance was RM 12,000.

The number of shares and loan notes acquired were as follows:

Ordinary shares:	96 000 shares
Loan Notes:	RM 8,000

The summarised Statement Of Financial Position of Pear Bhd and Sky Bhd as at 31 December 2017 are as follows:

	Pear Bhd		Sky Bhd	
	RM	RM	RM	RM
<b>Non- current Assets</b>				
Property, Plant and Equipment	900,000		162,000	
Less: Accumulated Depreciation	(90,000)	810,000	(30,000)	132,000
Investment in Sky Bhd		128,900		-
		938,900		132,000
<b>Current Assets</b>				
Inventory	120,000		37,500	
Trade Receivables	46,000		36,000	
<b>Sky Bhd Current</b>	4,500		-	
Cash and Cash equivalents	15,600	186,100	12,500	86,000
		<b>1,125,000</b>		<b>218,000</b>
<b>Equity</b>				
Ordinary Share Capital of RM 1.00 each		600,000		120,000
Preferred Share Capital of RM 2.00 each		200,000		16,000
Share Premium		60,000		12,000
General Reserve		15,000		5,000
Retained Profits		107,500		21,500
		982,500		174,500
<b>Non-Current Liabilities</b>				
Loan Notes	90,000		20,000	
<b>Current Liabilities</b>				
Trade Payables	52,500		21,100	
<b>Pear Bhd Current</b>	-	142,500	2,400	43,500
		<b>1,125,000</b>		<b>218,000</b>

**Additional information:**

- The inventory held in Sky Bhd on 31 December 2017 included inventory purchased from Pear Bhd for RM 6,000 on which Pear Bhd made a profit of 20% on cost.
- Sky Bhd had transferred to Pear Bhd a non-current asset at a value of RM 16,000 on 31 December 2015. The original cost was RM 32,000 and the accumulated depreciation at the date of transfer was RM 20,000. Pear Bhd provides a depreciation of 10% per annum.
- The difference between the current accounts was due to cash in transit.
- Sky Bhd had recorded the dividend paid as follows:
 

-	Ordinary shares	RM 6,000
-	Preferred shares	RM 800

\*\* Assumed that Pear Bhd had not yet taken credit for the dividend paid by Sky Bhd.

**You are required to prepare:**

- Cost of Control Account;
- Consolidated Retained Profits Account;
- Non-controlling Interests Account;
- Consolidated Statement Of Financial Position as at 31 December 2017.