

Question 1 (cont.)

Statement of Financial Position as at 31 December 2016

	P Bhd		S Bhd	
Equity		RM		RM
Ordinary Share Capital of RM 1 each		500,000		80,000
8% Preferred Share Capital of RM 1 each		50,000		20,000
Share Premium		75,000		8 000
Retained Profits		154,000		65,000
Total Equity		779,000		173,000

The following information should be taken into account:

- 1) On 1 January 2015, P Bhd acquired **60%** of the ordinary shares of S Bhd. On the same date, the retained profits and share premium of S Bhd were RM 25,000 and RM 8,000 respectively.
- 2) At the date of acquisition, the fair value of non-current assets of S Bhd was RM 80,000 (carrying amount RM 60,000). All non-current assets were depreciated at the rate of 10% per annum on cost. The revaluation had not been taken into account.
- 3) On 1 October 2016, P Bhd sold goods to S Bhd at a price of RM 20,000. P Bhd adopts a policy of 20% margin on selling price. On 31 December 2016, only $\frac{3}{4}$ of the goods sold to S Bhd had been sold to outsiders.
- 4) The difference between the current accounts was due to cash in transit RM 1,200 and goods in transit RM 2,800.

You are required to prepare:

- (a) Cost of Control Account;
- (b) Non-controlling Interests Account;
- (c) Consolidated Retained Profits Account;
- (d) Consolidated Statement Of Financial Position as at 31 December 2016.
- (e) Consolidated Statement Of Comprehensive Income for the year ended 31 December 2016.

QUESTION 2 (30%) (39.5)

The financial statements of Polly Bhd were as follows:

Income Statement For the year ended 31 December 2016

	RM	RM
Sales		825,000
Cost Of Sales		(439,000)
Gross Profit		386,000
Gain On Disposal Of Plant		2,000
		388,000
Less: Depreciation	43,000	
Wages and Salaries	136,000	
Other Operating Expenses	21,400	
Interest Expenses	3,600	(204,000)
Profit Before Taxation		184,000
Taxation		(46,000)
Profit For The Year		138,000

QUESTION 2 (cont.)

Statement of Financial Position
As at 31 December

	31 December 2016		31 December 2015	
	RM	RM	RM	RM
Non- current Assets , at Cost	464,000		385,000	
Less: Accumulated Depreciation	(125,000)	339,000	(110,000)	275,000
Current Assets				
Inventory	95,000		27,000	
Trade Receivables	80,000		51,000	
Prepaid Other Operating Expenses	4,000		5,000	
Short-term Investments	19,700		12,500	
Bank	27,300	226,000	7,500	103,000
		565,000		378,000
Equity				
Ordinary Share Capital		250,000		200,000
Share Premium		25,000		18,000
Retained Earnings		161,000		35,000
		436,000		253,000
Non-Current Liabilities				
9% Loan Notes	30,000		40,000	
Current Liabilities				
Trade Payables	47,000		53,000	
Accrued Salaries	14,000		10,000	
Tax Payable	38,000	129,000	22,000	125,000
		565,000		378,000

Additional information:

- 1) Goods were all bought and sold on credit; purchases for the year were RM 507,000.
- 2) Dividends declared and paid during the year was RM 12,000.
- 3) Plant costing RM 50,000 with an accumulated depreciation of RM 28,000 was sold for RM 24,000.

(a) You are required to prepare Statement of Cash Flows for the year ended 31 December 2016 by using **Direct Method**.

(b) You are required to calculate the following ratios for the year **2016**:

- I) Inventory turnover ratio (times);
- II) Acid test ratio (:1);
- III) Rate of return on owners' equity (%)

(**Note:** Show your answer correct to 2 decimal places.)