

Section A: Compulsory Questions (Attempts *all* the three questions)

Question 1 (25%)

The following was the financial statements of P Bhd and S Bhd:

Statement Of Comprehensive Income For The Year Ended 30 June 2021

| | P Bhd | S Bhd |
|------------------------|-----------|-----------|
| | RM | RM |
| Revenue | 620,000 | 312,000 |
| Cost of Sales | (180,000) | (102,000) |
| Gross Profit | 440,000 | 210,000 |
| Operating Expenses | (134,000) | (60,000) |
| Profit before taxation | 306,000 | 150,000 |
| Taxation | (60,000) | (30,000) |
| Profit for the year | 246,000 | 120,000 |
| | | |

Statement Of Financial Position As At 30 June 2021

| | P Bhd | | S Bhd | |
|---------------------------------|-----------|-----------|-----------|-----------|
| | RM | RM | RM | RM |
| Non-current Assets | | | | |
| Property, Plant and Equipment | 1,800,000 | | 800,000 | |
| Less: Accumulated Depreciation | (300,000) | 1,500,000 | (200,000) | 600,000 |
| Investment In S Bhd | | 700,000 | | - |
| | | 2,200,000 | | 600,000 |
| Current Assets | | | | |
| Inventory | 420,000 | | 220,000 | |
| Trade And other Receivables | | | | |
| - Trade Receivables | 374,000 | | 180,000 | |
| - Bills Receivable | 6,000 | | - | |
| Bank | - | 800,000 | 80,000 | 480,000 |
| Total Assets | | 3,000,000 | | 1,080,000 |
| Non-current Liabilities | | | | |
| 10% Loan Notes | 300,000 | | 36,000 | |
| Current Liabilities | | | | |
| Trade And Other Payables | | | | |
| - Trade Payables | 180,000 | | 299,000 | |
| - Bills Payable | - | | 5,000 | |
| Bank Overdraft | 300,000 | | - | |
| Tax Payable | 60,000 | | 30,000 | |
| | 540,000 | | 334,000 | |
| Total Liabilities | | (840,000) | | (370,000) |
| Net Assets | | 2,160,000 | | 710,000 |
| Equity | | | | |
| Ordinary Shares of RM1 each | | 1,100,000 | | 300,000 |
| 8% Preferred Shares of RM1 each | | 500,000 | | 200,000 |
| Retained Profits | | 560,000 | | 210,000 |
| Total Equity | | 2,160,000 | | 710,000 |
| | | | | |

The following information should be taken into account:

- (i) On 1 December 2020, P Bhd acquired 240,000 ordinary shares, 100,000 preferred shares and RM 9,000 loan notes of S Bhd. S Bhd's retained profits on 1 July 2020 were RM 90,000 (Credit Balance).
- (ii) During the post-acquisition period, P Bhd purchased goods from S Bhd at a total value of RM 50,000.
- (iii) The inventory held in P Bhd on 30 June 2021 included inventory purchased from S Bhd for RM 36,000. The goods were sold at 20% mark up on cost.
- (iv) Among the bills payable of S Bhd, RM 600 was due to P Bhd.
- (v) At the date of acquisition, the non-current assets of S Bhd was revalued at RM70,000 lower than the carrying amount. Depreciation was provided 15% per annum on cost.
- (vi) Profit was deemed to accrue evenly throughout the year.

You are required to prepare:

- (a) Cost Of Control account; (3.5%)
- (b) Non-controlling Interest account; (3.5%)
- (c) Consolidated Retained Profits account; (2.5%)
- (d) Consolidated Statement of Financial Position as at 30 June 2021; (9.5%)
- (e) Consolidated Statement of Comprehensive Income for the year ended 30 June 2021 using whole-year method (6%)