

SECTION B: SUBJECTIVE QUESTIONS (85%)**QUESTION 1 (30%) (41.6) (42.4)**

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

Statement Of Comprehensive Income
For the year ended 31 December 2016

	P Bhd	S Bhd
	RM	RM
Revenue	510,000	240 ,000
Cost of sales	(195 ,000)	(108 ,000)
Gross Profit	315 ,000	132 ,000
Distribution costs	(92 ,000)	(52 ,000)
Administrative expenses	(88 ,000)	(38 ,000)
Operating Profit	135 ,000	42 ,000
Finance income: Dividends received from S Bhd	6 ,000	-
Profit before taxation	141 ,000	42 ,000
Taxation	(35 ,000)	(10,500)
Profit after taxation / Profit for the year	106 ,000	31 ,500

Statement Of Change In Equity (Extract)
For the year ended 31 December 2016

	P Bhd	S Bhd
	RM	RM
Retained Profits b/f	68,000	45,100
Profit for the year	106,000	31,500
Dividends paid - Ordinary shares	(16,000)	(10,000)
- Preferred shares	(4,000)	(1,600)
Retained profits c/f	154 ,000	65,000

Statement of Financial Position
As at 31 December 2016

	P Bhd		S Bhd	
	RM	RM	RM	RM
Non- current Assets				
Property, Plant and Equipment	770,000		145,000	
Less: Accumulated Depreciation	(192,500)	577,500	(25,000)	120,000
Investments in S Bhd		78,800		-
		656,300		120,000
Current Assets				
Inventory	82,000		33,300	
Trade Receivables	91,000		37,000	
S Bhd Current	8,500		-	
Cash and Cash equivalents	20,200	201,700	9,700	80,000
Total Assets		858,000		200,000
Current Liabilities				
Trade Payables	44 ,000		12,000	
Tax Payable	35,000		10,500	
P Bhd Current	-		4,500	
Total Liabilities		(79,000)		(27,000)
Net Assets		779,000		173,000

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