

Question 1 (20%)

On 1 January 2018, P Bhd acquired 210,000 ordinary shares and RM 40,000 10% loan notes of S Bhd when the latter's retained profits credit balance was RM 50,000 and general reserves was RM 7,000.

Statement Of Financial Position As At 31 December 2020

	P Bhd		S Bhd	
	RM	RM	RM	RM
Non-current Assets				
Property, Plant and Equipment	640,000		780,000	
Less: Accumulated Depreciation	(40,000)	600,000	(62,500)	717,500
Investment In S Bhd		315,000		-
		915,000		717,500
Current Assets				
Inventory	75,000		62,500	
Trade and other Receivables				
- Trade Receivables	48,500		47,500	
- Loan To S Bhd	3,000		-	
- S Bhd Current	17,000		-	
Cash and Cash Equivalents	31,500	175,000	27,500	137,500
Total Assets		1,090,000		855,000
Non-current Liabilities				
10% Loan Notes	30,000		60,000	
Current Liabilities				
Trade And Other Payables				
- Trade Payables	100,000		247,000	
- Loan From P Bhd	-		3,000	
- P Bhd Current	-		10,000	
	100,000		260,000	
Total Liabilities		(130,000)		(320,000)
Net Assets		960,000		535,000
Equity				
Ordinary Shares of RM1 each		600,000		350,000
General Reserves		24,000		13,000
Retained Profits		336,000		172,000
Total Equity		960,000		535,000

Additional information:

- A dividend of RM 1,500 declared and paid by S Bhd during 2020 and supposed it had not been taken into account by both companies.
- The difference between the current accounts was due to goods in transit RM 5,000 and cash in transit RM 2,000.
- During the year, S Bhd sold goods costing RM 14,000 for RM 18,000 to P Bhd. One quarter of the goods remained in P Bhd's inventory on 31 December 2020.
- P Bhd had transferred to S Bhd a non-current asset at a value of RM 50,000 on 1 January Year 2019. The original cost was RM 65,000 and the accumulated depreciation at the date of transfer was RM 23,500. S Bhd provides a depreciation of 10% per annum.

You are required to prepare:

- Cost Of Control account (3%)
- Non-controlling Interest account (3%)
- Consolidated Retained Profits account (3.5%)
- Consolidated Statement Of Financial Position as at 31 December 2020 (10.5%)