



**PENINSULA**  
**COLLEGE**  
GEORGETOWN

## FINAL EXAMINATION

Programme Name	:	<b>DIPLOMA OF ACCOUNTANCY</b>
Course Code & Name	:	<b>DBAC4044 FINANCIAL REPORTING II</b>
Duration	:	<b>3 HOURS</b>

### INSTRUCTIONS TO CANDIDATES:

1. Please read the instructions given in the question paper **CAREFULLY**.
2. The question paper consists of **FOUR (4)** questions.
3. Answer **ALL** questions in the question paper.
4. Answers to the questions are to be written into the examination booklet.
5. Electronic dictionaries, lecture notes, files or any unauthorised materials except writing equipment are strictly prohibited.

This question paper must be submitted along with all used and/or unused rough papers and/ or graph papers (if any). Candidates are **NOT ALLOWED** to take any examination paper(s) used or unused out of the examination hall.

### WARNING:

The Examination Board of Peninsula College Georgetown regards cheating as a very serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in the accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from Peninsula College Georgetown.

*(This booklet contains 6 printed pages including this page)*

**DO NOT OPEN THIS BOOKLET UNTIL YOU ARE ALLOWED TO DO SO**

Answer **ALL** questions on the separate sheet provided.

**[100 marks]**

1. a) Define and explain the importance of earning per share. (2 marks)

b) You are given the following information relating to Sinaran Berhad:

	RM'000	RM '000
Profit before tax		4,131
Tax		(1,629)
Profit after tax		2,502
Non-controlling interest		(90)
Retained profit at 1 January 2022		2,412
		5,268
Dividends: preference share	45	
Ordinary share	669	(714)
Retained profit at 31 December 2022		<b>6,966</b>

- From 1 January 2021 until 31 March 2022, the issued share capital of Sinaran Berhad was as follows:
 

12,000,000 ordinary shares	RM 3,000,000
900,000 5% irredeemable preference shares	RM 900,000
- On 1 April 2022, Sinaran Berhad made a 1 for 4 right issues of an ordinary share at RM 1. The market price of an ordinary share of Sinaran Berhad on the last day of quotation cum rights was RM 1.50.
- The earning per share for the year ended 31 December 2021 was 15 cent .

**Required:**

- Calculate basic earning per share (EPS) for the year ended 31 December 2022. (9 marks)
- Calculate the adjusted basic EPS for the year ended 31 December 2021. (2 marks)

c) The following transaction was undertaken by Sinaran Berhad in the accounting year ending 31<sup>st</sup> December 2022.

Date	Narrative	Amount (KR)
1 <sup>st</sup> Jan 2022	Purchases of NCA on credit	100,000
31 <sup>st</sup> March 2022	Payment for the NCA	100,000
31 <sup>st</sup> March 2022	Purchases on credit	50,000
30 <sup>th</sup> June 2022	Sales on credit	95,000
30 <sup>th</sup> September 2022	Payment for purchases	50,000
30 <sup>th</sup> November 2022	Long-term loan is taken out	200,000

Exchange rate	KR: \$
1 <sup>st</sup> Jan 2022	2.0:1
31 <sup>st</sup> March 2022	2.3 :1
30 <sup>th</sup> June 2022	2.1 :1
30 <sup>th</sup> September 2022	2.0:1
30 <sup>th</sup> November 2022	1.8:1
31 <sup>st</sup> December 2022	1.9:1

**Required to:**

Prepare journal entries to record the above transaction.

(12 marks)  
Total: [25 marks]

2. Statement of profit and loss for Cahaya Bhd the year ended 31 December 2022 are as follows:

<u>Statement of Profit or loss for the year ended 31 December 2022</u>	
	RM'000
Sales	5,000
Less: cost of sales	(2,500)
Gross profit	2,500
Less: Expenses	
Wages and salaries	(800)
Administrative and selling	(650)
Operating profit	1,050
Investment Income	500
Interest expenses	(130)
Profit before tax	1,420
Taxation	(200)
Profit for the year	1,220

<u>Statement of Financial Position as at 31 December 2022</u>		
	2021 RM'000	2022 RM'000
<u>Assets</u>		
Property, Plant, and Equipment	1,900	2,390
Accumulated Depreciation of PPE	(760)	(930)
Investment	810	910
Short term Investment	45	40
Inventories	285	310
Trade Receivable	550	510
Bank	160	270
	2,990	3,500
<u>Equity and Liabilities</u>		
Ordinary Share Capital	1,100	1,160
Retained Earnings	700	920
10% Debenture	200	200
5% Redeemable Preference Share	300	240
Trade Payable	460	590
Accrued Interest	0	100
Tax Payable	60	70
Dividend	170	220
	2,990	3,500

**Additional information :**

- i. The short-term investment was part of cash and cash equivalent.
- ii. Included in the administrative and selling expenses were depreciation on plant and equipment.
- iii. The increase in property, plant, and equipment was due to the acquisition of new property, plant, and equipment.
- iv. The 5% redeemable preference share was redeemed. The redemption was financed out of profit.
- v. Dividend paid for the year amounted to RM 890,000.

**You are required to:**

- a) Define cash and cash equivalent, operating, investing, and financing activities. (5 marks)
  - b) Calculate the cash and cash equivalent schedule. (6 marks)
  - c) Prepare the relevant ledger account for the following transaction. (6 marks)
    - i. Interest account
    - ii. Taxation account
    - iii. Dividend payable
    - iv. Redeemable preference share
    - v. Ordinary share
    - vi. Retained Earning
  - d) Prepare the statement of cash flow for Cahaya Bhd for the year ended 31 December 2022 using the direct method. (8 marks)
- Total: [25 marks]

3. On 1 January 2022 H acquired 75% of the issued ordinary share capital of S, which is situated in the Zigsag where the currency is 'Z'. The reserves of S on 1 January 2022 were Z 1,000,000. The income statement for the year ended 31 December 2022 and the balance sheet as at that date for H Bhd and S are as follows:

Statement of financial position as at 31 December 2022.

<u>Asset</u>	H	S
	<u>RM'000</u>	<u>Z'000</u>
Property, plant, and equipment	3,000	3,000
Investment in S	1,200	-
Inventory	500	100
Trade receivable	900	500
Bank	300	200
	<u>5,900</u>	<u>3,800</u>
<u>Equity and liabilities</u>		
Ordinary share	2,500	2,000
Retained profit b/f	1,700	1,000
Profit for the year	1,500	400
Long-term loan	-	200
Trade payable	200	200
	<u>5,900</u>	<u>3,800</u>

Statement of profit and loss for the year ended 31 December 2022.

	H		S	
	<u>RM'000</u>	<u>RM'000</u>	<u>Z'000</u>	<u>Z'000</u>
Revenue		5,500		2,000
<u>Cost of goods sold</u>				
Opening inventory	500		100	
Purchases	3,000		800	
	<u>3,500</u>		<u>900</u>	
Closing inventory	(500)	3,000	(100)	800
Gross profit		2,500		1,200
Operating expenses	600		500	
Depreciation	400	(1,000)	300	(800)
Net profit		<u>1,500</u>		<u>400</u>

The exchange rates for the year 2022 are :	
1 January	Z 3= RM 1
Average rate	Z 2.5= RM 1
31 December	Z 2= RM 1
Date closing inventory was purchased	Z 2.25= RM 1
Date opening inventory was purchased	Z 3= RM 1

**Required:**

- a) Calculate goodwill on consolidation. (3 marks)
- b) Translate the financial position and profit and loss of S Bhd into its functional currency which is the Ringgit. (11 marks)
- c) Determine the foreign exchange gain or loss. (11 marks)

Total : [25 marks]

4. On 1 January 2022, P Bhd acquired 60% of the equity share capital of S Bhd for RM 9.6 million. The statement of financial position for both entities at 30 September 2022 was as follows:

Statement of financial position as at 31 September 2022

	<u>P Bhd</u> <u>RM '000</u>	<u>S Bhd</u> <u>RM '000</u>
<u>Non-current asset</u>		
Property, plant, and equipment	31,000	12,600
Investment in S at cost	9,600	-
<u>Current assets</u>		
Inventories	8,000	4,000
Trade receivable	6,500	2,000
Bank	1,500	600
<b>Total assets</b>	<b>56,600</b>	<b>19,200</b>
<u>Equity and liabilities</u>		
Ordinary share of RM 1 each	10,000	4,000
Retained profit	35,400	6,500
Current liabilities	8,200	4,700
Non-current liabilities	3,000	4,000
<b>Total equity and liabilities</b>	<b>56,600</b>	<b>19,200</b>

The following information is relevant:

- i. Sales from S Bhd to P Bhd in the post-acquisition period were RM 6 million. S Bhd made a markup on the cost of 20% on these sales. One-quarter of these goods remained in the inventory of P Bhd at the year-end.
- ii. At 30 September 2022, S Bhd had a receivable due from P Bhd of RM 1 million. This does not agree with the amount payable to S Bhd of RM 800,000 in P Bhd's financial statement. P Bhd issued a cheque of RM 200,000 and sent it to S Bhd on 29 September 2022. S Bhd did not receive this cheque until 3 October 2022.
- iii. S bhd earned a profit of RM 3 million in the year ended 30 September 2022 and the profit is deemed to be accrued evenly on a time basis.
- iv. P bhd has a policy of accounting for non-controlling interest at fair value. The fair value of the non-controlling interest at the acquisition date was RM 5.9 million.
- v. Consolidated goodwill was not impaired at 30 September 2022.

**Required:**

Prepare the consolidated statement of financial position for P Bhd as at 30 September 2022. Included relevant working and journal entries as part of your answer. (25 marks)  
Total: [25 marks]

**END OF QUESTIONS -**