



PENINSULA
COLLEGE
GEORGETOWN DK266-03(P)



UNIVERSITY OF
PLYMOUTH

FINAL EXAMINATION

Semester	:	JANUARY 2026 SEMESTER
Programme Name	:	BA (HONOURS) ACCOUNTING & FINANCE 3+0 IN COLLABORATION WITH UNIVERSITY OF PLYMOUTH
Course Code & Name	:	MAL2034 FINANCIAL ACCOUNTING AND REPORTING
Duration	:	3 HOURS

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 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]

- Star Limited (Star) acquired 4.2 million equity shares in Nova Limited (Nova) on 1st January 2026. Nova was acquired on the basis that shareholders would receive two shares in Star for every four shares acquired in Nova. The market price of Star's shares at the date of acquisition was RM8.00 per share. Star also agreed to pay the shareholders of Nova RM1,500,000 two years after the date of the acquisition. In preparing its accounts, Star has not yet recorded the investment in Nova. The relevant discount rate is 5%.

Several years ago, Star acquired 1,800,000 of the equity shares of Echo Limited (Echo) at a cost of RM10.00 per share in cash when reserves stood at RM14,400,000.

The summarised draft financial statements of the three companies:

Statements of Profit or Loss for the Year Ended 31 March 2026

	Star RM000	Nova RM000	Echo RM000
Sales revenue	220,800	102,000	66,000
Cost of Sales	<u>(204,000)</u>	<u>(94,800)</u>	<u>(53,400)</u>
Gross profit	16,800	7,200	12,600
Operating expenses	<u>(600)</u>	<u>(1,200)</u>	<u>(1,500)</u>
Profit before interest and taxation	16,200	6,000	11,100
Finance Costs	<u>(480)</u>	<u>(120)</u>	<u>(90)</u>
Profit before taxation	15,720	5,880	11,010
Taxation	<u>(4,800)</u>	<u>(1,800)</u>	<u>(3,600)</u>
Profit after taxation	<u>10,920</u>	<u>4,080</u>	<u>7,410</u>

Statement of Financial Position as at 31 March 2026

	Star RM000	Nova RM000	Echo RM000
Non-Current Assets			
Property, plant and equipment	24,600	15,000	23,400
Investments	<u>25,200</u>	<u>1,800</u>	<u>750</u>
	49,800	16,800	24,150
Current Assets			
Inventories	9,600	6,600	5,400
Trade receivables	<u>4,200</u>	<u>2,100</u>	<u>3,300</u>
	13,800	8,700	8,700
Total Assets	<u>63,600</u>	<u>25,500</u>	<u>32,850</u>
Equity and Liabilities			
Equity shares of RM1 each	15,000	6,000	6,000
Retained earnings	<u>31,200</u>	<u>12,000</u>	<u>21,000</u>
	46,200	18,000	27,000
Non-Current liabilities			
7% Loan notes	7,200	1,500	1,500
Current Liabilities			
	10,200	6,000	4,350
Total equity and liabilities	<u>63,600</u>	<u>25,500</u>	<u>32,850</u>

The following information is relevant to the question:

- a) At the date of acquisition, a fair value review of Sigma revealed the following:
- i) Nova's property had a fair value of RM3,000,000 below its carrying value. Nova depreciates property on a straight-line basis and the assets remaining useful life of 15 years. Depreciation is time apportioned where appropriate and charged to cost of sales.
 - ii) An intangible asset not currently recognised in the financial statements of Nova. The directors of Star estimate that the fair value of this asset is RM2,400,000, has an indefinite life and has not suffered any impairment in value to date.
 - iii) No adjustments have yet been made in the books of Nova following the fair value review.
- b) Goodwill arising on consolidation is to be capitalised and reviewed annually for impairment. An impairment test conducted at the year-end revealed that the value of goodwill was impaired by 8%. Impairment is to be charged to operating expenses.
- c) Star's policy is to value the non-controlling interest at fair value at the date of acquisition. For this purpose, Nova's share price of RM4.00 at that date can be deemed to be representative of the fair value of the shares held by the non-controlling interest.
- d) Post acquisition, Nova sold goods to Star for RM1,200,000 at a mark-up of 20%. At the year-end, 25% of these goods remain unsold.
- e) There have been no changes in the share capital of Nova since the date of acquisition.

Required:

Prepare a consolidated profit or loss and statement of financial position for the Star group for the year ending 31 March 2026 in accordance with relevant accounting standards. Your answer should include (as a minimum) workings for goodwill, non- controlling interest, interest in associate and group reserves.

(50 marks)
Total: [50 marks]

2. Annupuri Sdn Bhd has prepared its statement of profit or loss for the year ended 31 December 2025 and its statement of financial position as at 31 December 2025 as shown below.

Statement of profit or loss for the year ended 31 December 2025

	RM
Revenue	750,000
Cost of sales	(420,000)
Gross profit	330,000
Operating expenses	(150,000)
Depreciation	(50,000)
Provision expense (legal claim)	(12,000)
Finance cost – lease liability	(8,000)
Profit before tax	110,000
Income tax expense	(30,000)
Profit for the year	80,000

Statement of financial position as at 31 December

	2025 RM	2024 RM
ASSETS		
Non current assets		
Property, plant and equipment	420,000	450,000
Right-of-use asset	160,000	180,000
Current assets		
Inventory	110,000	90,000
Trade receivables	85,000	100,000
Cash and cash equivalents	200,000	40,000
	<u>975,000</u>	<u>860,000</u>
EQUITY AND LIABILITIES		
Capital and reserve		
Share capital	400,000	400,000
Retained earnings	180,000	100,000
Non current liabilities		
Loan	25,000	
Lease liability	82,000	100,000
Provision for legal claim	18,000	10,000
Current liabilities		
Trade payables	95,000	80,000
Contract liabilities	30,000	20,000
Lease liability	30,000	30,000
Income tax payable	12,000	15,000
Other liabilities	103,000	105,000
	<u>975,000</u>	<u>860,000</u>

Additional information:

- i. Contract liabilities represent advance payments received from customers for goods that have not yet been delivered.
- ii. During the year, the company provided RM12,000 for legal claim relating to a court case that is expected to last a few years.
- iii. During the year, the company made lease payment of RM26,000 of which RM18,000 is the principal component.
- iv. Operating expenses include RM20,000 of non-cash expenses.
- v. The company recently took up a new loan of RM25,000 for the year.

Required:

Prepare the statement of cash flow for the year ended 31 December 2025 using the indirect method.

(20 marks)
Total: [20 marks]

3. Seri Fantasia Theme Park Bhd is one of the earlier theme parks established in Malaysia and was once a popular destination for families and tourists. However, visitor numbers have gradually declined in recent years. The increasingly hot weather has made outdoor

attractions less comfortable, many of the rides have remained unchanged for several years which reduces repeat visits, and newer theme parks with more modern attractions have opened in other parts of the country. As a result, management is concerned that the park is losing its competitiveness and is reviewing the company's financial performance to understand its current position and future sustainability.

Its statement of profit or loss for the year ended 31 December 2025 and its statement of financial position as at 31 December 2025 are shown below.

Statement of profit or loss for the year ended 31 December

	2025	2024
	RM	RM
Revenue	4,900,000	5,400,000
Cost of sales	<u>(3,350,000)</u>	<u>(3,550,000)</u>
Gross profit	1,550,000	1,850,000
Administrative expenses	(700,000)	(660,000)
Selling and marketing expenses	<u>(390,000)</u>	<u>(370,000)</u>
Operating profit	460,000	820,000
Finance costs	<u>(130,000)</u>	<u>(110,000)</u>
Profit before tax	330,000	710,000
Income tax expense	<u>(90,000)</u>	<u>(180,000)</u>
Profit for the year	<u>240,000</u>	<u>530,000</u>
Preference dividends	60,000	60,000
Ordinary dividends	<u>100,000</u>	<u>260,000</u>
Total dividends	<u>160,000</u>	<u>320,000</u>

Statement of financial position as at 31 December

	2025	2024
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	2,650,000	3,050,000
Current assets		
Inventory	760,000	1,050,000
Trade receivables	620,000	870,000
Cash and bank balances	<u>150,000</u>	<u>330,000</u>
	<u>4,180,000</u>	<u>5,300,000</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary share capital	2,000,000	2,000,000
Preference share capital	300,000	300,000
Retained earnings	480,000	720,000
Non-current liabilities		
Long-term bank loan	950,000	1,050,000
Current liabilities		
Trade payables	320,000	540,000
Short-term borrowings	100,000	450,000
Tax payable	<u>30,000</u>	<u>240,000</u>
	<u>4,180,000</u>	<u>5,300,000</u>

Required:

- a) Calculate the following ratios for 2025 and 2024
- i) Return on capital employed (1 mark)
 - ii) Current ratio (1 mark)
 - iii) Working capital turnover ratio (1 mark)
 - iv) Interest cover ratio (1 mark)
 - v) Dividend cover ratio (1 mark)

- b) Discuss the profitability, liquidity, efficiency, solvency and valuation of the company based on the ratios calculated above.

(10 marks)
Total: [15 marks]

4. A Malaysian manufacturing company, Langkawi Engineering Bhd, purchased plant and machinery from a supplier in Japan on 1 December 2025. The purchase price was 20 million Japanese Yen, and the transaction was made on credit terms.

The functional and presentation currency of Langkawi Engineering Bhd is Malaysian Ringgit (RM).

The exchange rates were as follows:

Date	Exchange rate
1 December 2025	1 Yen = RM0.028
25 December 2025	1 Yen = RM0.026
31 December 2025	1 Yen = RM0.025
10 January 2026	1 Yen = RM0.024

The invoice was settled as follows:

- 1 December 2025 – 30% of the invoice price paid
- 25 December 2025 – 50% of the invoice price paid
- 10 January 2026 – remaining balance paid in full

Langkawi Engineering Bhd depreciates plant and machinery at 10% per annum on a straight-line basis. Depreciation is charged from the date the asset is available for use. The plant was available for use immediately upon purchase.

Required:

- a) Discuss the differences between functional and presentation currency. (5 marks)
- b) Calculate the exchange gain or loss recognised in profit or loss for the year ended 31 December 2025 relating to this transaction. (4 marks)
- c) Calculate the amount to be recognised as trade payables in the statement of financial position at 31 December 2025. (3 marks)
- d) Calculate the carrying amount of the plant and machinery at 31 December 2025. (3 marks)

Total: [15 marks]

- END OF QUESTIONS -