

12023 ICERTIFIED PUBLIC VACCOUNTANT GUST 2023 ICERTIFIED PUBLIC VACCOUNTANT GUST 2023 ICERAL GUST 2023 ICERA

DATE: TUESDAY 22, AUGUST 2023

INSTRUCTIONS:

- uzs icparaugust 2023 ic
- 2. This examination has two sections: A&B.
- 3. Section A has Three compulsory questions.
- 4. Section **B** has **Two** questions to choose one question.
- 5.1c In summary attempt Four questions, Three in section A and of the summary attempt of the section of the sec
- 023 ICPARAUGUST2023 ICPARAUGUS
- 7. Show all your workings appropriately.
- 8. The question paper should not be taken out of the examination past of the examination of the examination past of the examination of the examinatio

b. 2 paraugust 2023 icparaugust 2023 icparaugust 2023 icparaugust 2023 icparaugust 2023 icparaugust 2**2 age 1. of 8**

SECTION A

OUESTION ONE

a) The financial systems within public entities in Rwanda is based on the procedural manual of 023 icparaugust 2023 icparaugu

Decentralized entities are governed by new executive committees and district council. Press news show that some members of the committees do not understand the process of public finance management cycle in Rwanda 23 ICPARAUGUST 2023 ICPARAUGUST

Required:

Briefly explain public finance management cycle applicable in Rwanda?

(10 Marks)

b) Kigali Equity Fund (KEF) is a parastatal company that operates pension scheme in Rwanda. Chief Reporting Offer submits to you the following list of balance of Kigali Equity Fund as at 30 June 2020.

Table 1.1: KEF's list of balance as at 30 June 2020.

Particulars 2023 ICPARAUGUST 2023 ICPARA	PARA FRW 000	ARAUGUST20FRWR000
Employers3 contributions ST2023 ICPARAUGUST2023 ICPARAUGUST2023 IC	PARAUGUST2023 ICF	araugust2023 ic [4,617
Equity funds of members st2023 icparaugus 12023 icparaugu	PARAUGUST2023 ICE PARAUGUST2023 ICE	araugus 12023 icharaugus 12023 ich 5,000
Employee contributions ustago 3 (CPARAUGUST 2023 (CPARAUG	PARAUGUST2023 ICE	ARAUGUST2023 ICPAR 02
Government contribution for vulnerable ST2023 ICPARAUGUST2023 IC	PARAUGUST2023 ICI	ARAUGUST2023 ICPAR 550
Other income 023 icparaugust 2023 icpara	PARAUGUST 2023 ICI PARAUGUST 2023 ICI	ARAUGUST2023 ICPARA 18
zs icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 ic Long _i term investment _{ugust2} 023 icparaugust2023 icparaugust2023 ic	PARAUGUS 18,500 PARAUGUS 18,500 P	ARAUGUST2023 ICPARAUG ARAUGUST2023 ICPARAUG
Benefit paid 2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 IC	PARAUGUSTP0P2ICE	ARAUGUST2023 ICPARAUG
Property-plant and equipment 3 ICPARAUGUST 2023 ICPARAUGUST 2023 IC	paraugu 3 3,173:	ARAUGUST 2023 ICPARAUG
Transfers to another scheme 023 ICPARAUGUST2023 ICPARAUGUST202	PARAUGUST20231CF PARAUGUST202 4 1CF	ARAUGUS 12023 ICPARAUG ARAUGUS T2023 ICPARAUG
Transfers from another scheme in parallelistics and in the scheme in the	PARAUGUST2023 ICE	ARAUGUST2023 ICPAR\$28
Administrative expense ust2023 ICPARAUGUST2023 ICPARAUGUST2023 IC	PARAUGUST20 259 F	ARAUGUST2023 ICPARAUG
Deprectation 0.023 icparaugust 2.023 icpa	PARAUGUST20231CI PARAUGUST20 400 1	ARAUGUST2023 ICPARAUG ARAUGUST2023 ICPARAUG
Tother, expense 23 icparaugust 2023 icparaugust 2023 icparaugust 2023 ic Other, expense 23 icparaugust 2023	PARAUGUST202301 PARAUGUST201501	ARAUGUST2023 ICPARAUG
Investment income ARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 IC	PARAUGUST2023 ICE	ARAUGUST2023 ICP1,428
Fair-value gain on investment 3 ICPARAUGUST 2023 ICPARAUGUST 2023 IC	PARAUGUST 2023 ICI PARAUGUST 2023 ICI	araugust2023 icp 2,940
zs icparaugus izozs icparaugus izozs icparaugus izozs icparaugus izozs ic Investment at fair value just 2023 icparaugus izozs icparaugus izozs ic	paraugus 5,000 i	ARAUGUS 12023 ICPARAUG ARAUGUS 12023 ICPARAUG
Investment management expense APALIGUST2023 ICPARAUGUST2023 IC	PARAUGUST2025141	ARAUGUST2023 ICPARAUG
Tax on investment income 12023 ICPARAUGUST 2023 ICPARAUGU	PARAUGUST202 27 F	ARAUGUST2023 ICPARAUG
Opening balance of fund surplus paraugust 2023 icparaugust 2023 icparaugust 2023 ic	PARAUGUST2023 ICI PARAUGUST2023 ICI	araugust2023 icparaug araugust2023 ic 25,548
23 ÎCPARĂŬGUST2023 ICPARĂUGUST2023 ICPARĂUGUST2023 ICPARĂUGUST2023 IC	PARAUGUS 8,731	ARAUGUST2023 ICB (731

Additional information

- 1) Long term investment represents funds invested in real estates; the impairment test conducted on 30 June 2020 shows that 10% of the investment was impaired.
- 2) The contribution due from employees of FRW 2.2 million was not received until 2nd July 2020. **Required:** UST2023 ICPARAUGUST2023 ICPARAUG

Prepare fund performance account for the year ended 30 June 2020.

(10 Marks)

(Total: 20 Marks)

)23 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUG)23 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUG

10.3 icparaugust2023 icpara

QUESTION TWO

a) Peloque Ltd has a number of subsidiaries and investments in associates. On 1 July 2022 Peloque Ltd acquired 75% of an additional subsidiary Pimpo Ltd through a share exchange of 16 shares of Peloque Ltd to 15 shares acquired from Pimpo Ltd and they paid addition cash consideration of FRW 2,370,000. The value of Peloque Ltd's share at the acquisition date was FRW125.

023 ICPARAUGUST2023 ICPARAUGUS

Consolidated statement of profit or loss for the year ended 31 December 2022	3 ICPARAUGUS 3 ICPARAUGUS
123 CPARAUGUST 2023 ICPARAUGUST 2023 ICP	W "000"
Profit before interest and tax 23 icparaugust 2023 icpara	12,520
PALICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST	(1,200)
123 ICPARAUGUST 2023 IC	13,320
Share of profits from associates CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	2,880
Profit before tax Paraugust 2023 ICPARAUGUST 2023 ICPARAU	16,200
Income tax expense RAUGUST2023 ICPARAUGUST2023	(5,784)
23 ICPARAUGUST2023 ICPARAUGUST	10,416
Non-controlling interest UST2023 ICPARAUGUST2023 ICPARAUGUST20	(1,248)
Profit for the year attributable to parent ST2023 ICPARAUGUST2023 ICPARAUGUST2	168 (CP 9 ,168

Particulars 2023 icparaugus 12023 icparaugus 12023 icparaugus 12023	icparaugi 31 December 2022	31 December 2021
TICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 Assets ugust2023 ICPARAUGUST2023 ICPARAUGUST2023	icpara igust2023 icparaligust2023 i icpara igust2023 ic FRW g U000 23 i	CPARAUGUS ERW 2000 " CPARAUGUS ERW 2000 "
CPARAUGUST2023 CPARAUGUST2023 ICPARAUGUST2023 Non-Current Assetsugust2023 ICPARAUGUST2023	ICPARA UGUST 2023 ICPARA UGUST 2023 I ICPARA UGUST 2023 ICPARA UGUST 2023 I	CPARAUGUST2023 ICPARAUG CPARAUGUST2023 ICPARAUG
Property, Plant and Equipment PARAUGUST 2023	icpara ugust2023 icparaug 1572603 icpara ugust2023 icparau 56,760 3	CPARAUGUST2023 ICBARAU CPARAUGUST2023 IC 3 A 5320
ICPARA GUST2023 ICPARAUGUST2023 ICPARAUGUST2023 Intangible assets paraugust2023 ICPARAUGUST2023	ICPARA IGUST2023 ICPARAUGUS 7200 3 ICPARA IGUST2023 ICPARAUGU 5,200 3	CPARAUGUST2023 ICP3RAUC CPARAUGUST2023 ICP3RAUGUST2023 ICP3RAUGUST2023 ICP3RAUGUST2023 ICP3RAUGUST2023 ICP3RAUGUST2023 ICP3RAUGUST2023
Investment in Associates 12023 icparaugust2023	ICPARA UGUST2023 ICPARAUGUS 2403 I ICPARA UGUST2023 ICPARAUGUS 2403 I	CPARAUGUST2023 ICPARAUGUST2023
Total Noncurrent assets 12023 ICPARAUGUST 2023	ICPARA UGUST2023 ICPARAU (17,2003 I	CPARAUGUST2023 ICAAR,040
CPARAUGUAT 2022 CPARAUGUST 2023 ICPARAUGUST 2023	ICPARA IGUST2023 ICPARAUGUST2023 I	CPARAUGUST2023 ICPARAUG
Inventories 2023 ICPARAUGUST 2023 ICPARAUGUST 2023	ICPARA IGUST2023 ICPARAUGUS 8803 I	CPARAUGUST2023 ICP 7 R 320
Trade and other receivables 23 ICPARAUGUST 2023	ICPARA IGUST2023 ICPARAUGUS 1600 I	CPARAUGUST2023 ICP4R206
Cash and cash equivalents 2023 ICPARAUGUST 2023	ICPARA UGUST2023 ICPARAUGUS 480 3 I	CPARAUGUST2023 ICPARAUGUST2023
Total Current assets GUST2023 ICPARAUGUST2023	ICPARA UGUST2023 ICPARA U 14,040 3 I	CPARAUGUST2023 IC 12,540
Total Assets 23 ICPARAUGUST 2023 ICPARAUGUST 2023	ICPARA UGUST2023 ICPARAU 815240 3 I	CPARAUGUST2023 IC 53 ,580
Equity and liabilities UGUST2023 ICPARAUGUST2023	ICPARA UGUST2023 ICPARAUGUST2023 I	CPARAUGUST2023 ICPARAUG
FRW-100 ordinary shares 2023 ICPARAUGUST 2023	ICPARA UGUST2023 ICPARAU(16,800)	CPARAUGUST2023 IC12,000
Share premium ICPARAUGUST2023 ICPARAUGUST2023	ICPARA IGUST 2023 ICPARAUGUS 7,600	CPARAUGUST 2023 ICP 2,400
Retained earnings ARAUGUST 2023 ICPARAUGUST 2023	ICPARA IGUST2023 ICPARAU(19;380) I	CPARAUGUST2023 IC 10 ,380
Non-controlling Interests T2023 ICPARAUGUST2023	icpara ugust2023 icparaugi $6,960$ 3 i	cparaugust2023 icp 7320
Total Equity 23 ICPARAUGUST 2023 ICPARAUGUST 2023	icpara ugust2023 icparaugust2023 i icpara ugust2023 icparau(46,740 8 i	CPARAUGUST2023 ICPARAUG CPARAUGUST2023 IC 32 5, 100
Non-Current Liabilities 12023 ic paraugus 12023 Non-Current Liabilities 12023 ic paraugus 12023	ICPARA UGUST2023 ICPARAUGUST2023 I ICPARA <mark>UGUST2023 ICPARAUGUST2023 I</mark>	CPARAUGUST2023 ICPARAUG CPARAUGUST2023 ICPARAUG
Long Term Borrowings ST2023 CPARAUGUST 2023 Long Term Borrowings ST2023 CPARAUGUST 2023	icpara igust2023 icparaugust2023 icpara igust2023 icparau 22;800 8 i	cparaugust2023 icparaug cparaugust2023 ic 1<i>3</i>,20 €

11.2 Paraligiistono 3 icparaligiistono 3 icparaligiistono 3 icparaligiistono 3 icparaligiistono 3 icparaligiistono 10 paraligiistono 10 pa

p23 Teparaugus 12023 Teparaugus 12023 Teparaugus 12023 Tepara p2 Particulars 2023 Teparaugus 12023 Teparaugus 12023 Tepara	31 December 2022	31 December 2021
tzsicparaugus i zuza icparaugus i zuza icparaugus i zuza icpara	JGUST2023 ICPARAUGUST2023	ICPARAUGUST2023 ICPARAUGUS
ja Current Liabilities august 2023 icparaugust 2023 icpara	JGUST2023 ICPARAUGUST2023	ICPARAUGUST2023 ICPARAUGUS
72 CPARA IGUS 223 ICPARAUGUST2023 ICPARAUGUST2023 ICPARA	ugust2023 icparaugust2023	icparaugust2023 icparaugu
12 Trade Payables ICPARAUGUST2023 ICPARAUGUST2023 ICPARA	ugust2023 icparaug 6,240 3	icparaugust2023 icp 5 ;7 60 u
523. CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARA	ugust2023 icparaugust2023	icparaugust2023 icparaugu
52 Current (Tax 2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARA	ugust2023 icparaug $5,460$ 3	icparaugust2023 icp $2,520$ u
Total Current Liabilities 2023 ICPARAUGUST 2023 ICPARA	UGUST2023 ICPARAUGUST2023 UGUST2023 ICPARAU . 15700 3	ICPARAUGUST2023 ICPARAUGU ICPARAUGUST2023 ICP 8,280 U
D2 CPARAUGUST2023 ICPARALIOLIST2023 ICPARAUGUST2023 ICPARA	UGUST2023 ICPARAUGUST2023	ICPARAUGUST2023 ICPARAUGU
D2 Total equity & Liabilities 023 ICPARAUGUST2023 ICPARA	UGUST2023 ICPARAU 81,240 3	ICPARAUGUST2023 I 53,580 U

Additional Information:

123 The statement of financial position of Pimpo Ltd at the date of acquisition i.e. 4 July 2022 was as 023 icparaugust 2023 icparaugust 2023

Pimpo Ltd.

Statement of Financial Position as at 1 July 2022

Assets August 2023 ICPARAUGUST 2023 ICPA	2023 ICPARAUGUS FRW "000"
Non-Current Assets UGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST	C2023 ICPARAUGUST 2023 ICPARAUGU C2023 ICPARAUGUST 2023 ICPARAUGU
Property; Plant and Equipment icparaugust2023 icparaugust2023 icparaugust	202 icparaugust 202 icp 7 , $^{3}20$
Current Assets icparaugus 12023 icparaugus 12023 icparaugus 12023 icparaugus 12023 icparaugus 1 Current Assets icparaugus 12023 icparaugus 120	2023 ICPARAUGUST 2023 ICPARAUGU 2023 ICPARAUGUST 2023 ICPARAUGU
923 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST I nventories st2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST	12023
Trade and other receivables 2023 ICPARAUGUST2023 ICPARAUGUST20	2023 ICPARAUGUST2023 ICPAR <mark>020</mark> U 2023 ICPARAUGUST2023 ICPARAUGU
Cash and cash equivalents T2023 ICPARAUGUST2023 ICPARAUGUST	C2023 ICPARAUGUST2023 ICPAR <mark>2.40</mark> U C2028 ICPARAUGUST2023 ICPARAUGU
Total Current assets UGUST2023 ICPARAUGUST2023	2023 ICPARAUGUST2023 ICP 3,060 U
Total Assets 023 icparaugust 2023 icpara	2023 ICPARAUGUST2023 IC 10,380 U
Equity and liabilities august 2023 icparaugust 2023 icparaugust 2023 icparaugust 2023 icparaugust	T2023 ICPARAUGUST2023 ICPARAUGU T2023 ICPARAUGUST2023 ICPARAUGU
FRW:100 ordinary shares st2023 icparaugust2023	2023 ICPARAUGUST2023 ICPARAUGUST2023 ICP 6,000 U
O STATE PRANCIS 17923 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST DESIGNATE PROGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST	2023 ICPARAUGUST2023 ICPAR 200 U 2023 ICPARAUGUST2023 ICPAR 200 U
Retained earnings Paraugust 2023 ICPARAUGUST 2023 ICPARAU	C2023 ICPARAUGUST2023 ICPAR <mark>960</mark> U C2023 ICPARAUGUST2023 ICPARAUGU
Total Equity 023 ICPARAUGUST2023 ICPARAUGUST20	C2023 ICPARAUGUST2023 ICP 8 R 160 U
Current Liabilities ARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST	C2023 ICPARAUGUST2023 ICPARAUGU
2Trade Payables 3 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust	2028 ICPARAUGUS 12023 ICPARAUGU 2028 ICPARAUGUS 12023 ICPAR 900 U
) Current Tax 2023 icparaugust 2023 icpa	2023
OT CPAR CURENT LIABILITIES 12023 ICPARAUGUST 2023 ICPARAU	2023 ICPARAUGUST2023 ICP 2R220 2023 ICPARAUGUST2023 ICP 2R220 0
Total equity & Liabilities 2023 ICPARAUGUST2023 ICPARAUGUST202	2023 ICPARAUGUST2023 ICPOR 380 U 2023 ICPARAUGUST2023 ICPARAUGU

- 2. At the date of acquisition, Pimpo Ltd's assets and liabilities were recorded at their fair value with the exception of some plant which had a fair value of FRW 1,080,000 in excess of its carrying value.
- 3. It is the group policy to measure non-controlling interest using proportionate of net asset acquired
- 4. The property, plant and equipment during the year to 31 December 2022 show a plant with a carrying value of FRW 9,600,000 that was sold for FRW 8,160,000. Total depreciation for the year was FRW 9,384,000.

Required:

Prepare a consolidated statement of cash flows for Peloque Ltd in accordance with IAS 7 for 023 icparaugust 2023 icparaugust

b) Referring to the guidance of IAS 7 statement of cash flows, explain the treatment of Paraugus 1023 icparaugus 2023 icparaug

11.2 paraugust 2023 icparaugust 2023 icp

OUESTION THREE

Kigali Best View (KBV) Ltd is a company incorporated in 2019. KBV Ltd offers tourism and hospitality related services. Total and the services are also as a company incorporated in 2019. KBV Ltd offers tourism and hospitality related services.

Table 3.1: Trial balance of KBV Ltd for the year ended 31 December 2021.

)23 ICPARAUGUST 2023 IC	GUST2 FRW 000 U	ST20 FRW 000
Building (Revalued amount as at 01 January 2020) UGUST2023 ICPARAU	GUST2023 460,000 U	ST2023 ICPARAUGU ST2023 ICPARAUGU
2) ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAU 2 P lant: at. Cost .023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAU	GUST2023 GUST2023 220,000 U	ST2023 ICPARAUGU ST2023 ICPARAUGU
Motoravehicles (Cost) ugust 2023 icparaugust 2023 icparau	GUST2023180,000 t	ST2023 ICPARAUGU ST2023 ICPARAUGU
Accumulated depreciation as at 01 January 2021 ARAUGUST 2023 ICPARAU	GUST2023 ICPARAUGU IGUST2023 ICPARAUGU	ST2023 ICPARAUGU ST2023 ICPARAUGU
Building ust2023 icparaugust2023 icparaugust20	GUST2023 ICPARAUGU IGUST2023 ICPARAUGU	ST2023 ICI 46,000
23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAU 2 8 IANT RAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAU	GUST2023 ICPARAUGU IGUST2023 ICPARAUGU	ST2023 IC40,000
Motoravehicles ICPARAUGUST2023 ICPARAUGUST20	IGUST2023 ICPARAUGU IGUST2023 ICPARAUGU	ST2023 IC 60,000
za ieparali gustzoza ieparaugustzoza ieparaugustzoza ieparaugustzoza ieparau Z intangible assets eparaugustzoza ieparaugustzoza ieparaugustzoza ieparau	GUST2023 1 95,400 U	ST2023 ICPARAUGU ST2023 ICPARAUGU
cost of sales:023 icparaugust2023 icparaugust2	GUST2023 120,000 U	ST2023 ICPARAUGU ST2023 ICPARAUGU
2Administrative costs august 2023 icparaugust 2023 icpara	GUST2023 1 42,800 U	ST2023 ICPARAUGU ST2023 ICPARAUGU
Debenture interest paid 0.0512023 ic paraugust 2023 icparaugust 2023 ic	GUST2023 ICPARAUGU GUST2023 ICI 2,200 U	ST2023 ICPARAUGU ST2023 ICPARAUGU
$_{ m 2}$ Provisions ST2023 iCparaugust2023 iC	GUST2023 ICPARAUGU IGUST2023 ICPARAUGU	ST2023 ICPARAUGU ST2023 ICPAR 400
Investment at Fair value through other comprehensive income PARAL	GUST2023 354,000 U	ST2023 ICPARAUGU ST2023 ICPARAUGU
28 neparaugus 12023 neparaugus 12023 neparaugus 12023 neparaugus 12023 neparaugus 2 Sales raugus 12023 neparaugus 12023 nepar	IGUST2023 ICPARAUGU IGUST2023 ICPARAUGU	ST2023 910,000
Ordinary shares of FRW 50 each (at par value) PARAUGUST2023 ICPARAU	IGUST2023 ICPARAUGU IGUST2023 ICPARAUGU	ST2023 320,000
Retained earnings (01-Jan-21) icparaugust2023 icparaugust2023 icparau	GUST2023 ICPARAUGU IGUST2023 ICPARAUGU	ST2023 ICPARA ST2023 IC 91,800
23 Debentures: icparaugust2023 icparaugu	GUST2023 ICPARAUGU IGUST2023 ICPARAUGU	ST2023 380,000
2 Trade receivables paraugust2023 icparaugust2023 icparaugust2	GUST2023 176,000 U	ST2023 ICPARAUGU ST2023 ICPARAUGU
za ieparaugusi 7023 ieparaugus 12023 ieparaugus 12023 ieparaugus 12023 ieparau Interim dividendeparaugus 12023 ieparaugus 12023 ieparaugus 12023 ieparaugus 12023 ieparaugus 12023 ieparaugus 1	GUST2023 ICPARA IGUST2023 ICP 5,000 iU	ST2023 ICPARAUGU ST2023 ICPARAUGU
Revaluation surplus (building) CPARAUGUST2023 CPARAUG	GUST2023 ICPARAUGU IGUST2023 ICPARAUGU	ST2023 IC 50,000
Deferred tax2023 icparaugust2023 icparaugust20	GUST2023 ICPARAUGU IGUST2023 ICPARAUGU	ST2023 IC 20,000
Bankraugust 2023 i Cparaugust 2023 i Cparaugust 2023 i Cparaugust 2023 i Cparau Bankraugust 2023 i Cparaugust 2023 i Cparaugust 2023 i Cparaugust 2023 i Cparau	GUST2023 ICPARAUGU GUST2023 ICPARAUGU	$^{ m ST2023\ IC}_{ m ST2023\ IC}1$,000
Distribution costs paraugust2023 icparaugust2023 icparaugust20	GUST2023 1 40,000 U GUST2023 1 40,000 U	ST2023 ICPARAUGU ST2023 ICPARAUGU
Inventory (31-Dec-21) gust2023 icparaugust2023	GUST2023 155,000 U	ST2023 ICPARAUGU ST2023 ICPARAUGU
TICE RAUGUST 1023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAU 2 Trade payables 3 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAU	IGUST2023 ICPARAUGU IGUST2023 ICPARAUGU	ST2023 IC 80,000 ST2023 IC 80,000
LONG-RAUGUST 2023 ICPAPAUGUST 2023 ICPARAUGUST 2023 ICPAR	GUST2023 ICPARAUGU IGUST2023 ICPARAUGU	ST2023 ICBAR ST2023 IC 31,200
23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAU 23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAU	GUST20 2,050,400	2,050,400

Additional information

1.3 1. Chief accountant of KBV Ltd overstated closing stock by FRW 15,000,000

As at 31 December 2021, KBV Ltd had an ongoing court case lodged by their major customer called Gisiment supply Ltd. The court case is attributed to expired goods caused by high stock level of Gisiment supply Ltd. KBV Ltd made a provision of FRW 400,000 relating to this legal case and it was recorded in administrative expense.

The primary commercial court pronounced court decision in May 2021 and KBV Ltd won the paradous 1023 icparadous 1023 icparadou

123 iCPARAUGUS 12023 iC

- 2. It is a policy of KBV Ltd to carry out revaluation of building when there is significant change in market value. On 31 December 2021, a professional valuer valued the buildings at FRW 300 000 000
- 3. Depreciation policy of Kigali Best View Ltd is as follows

(a) Table 3.2: Depreciation basis and rates.

2	D2A ICPARAUGUST2023 ICPARAUGUST2023	Method st2023 ICPARAUGUST2023
2	023 RPARAUGUST2023 ICPARAUGUST2023	ICAMANUMIST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS
[2 [2	DPICPARAUGUST2023 ICPARAUGUST2023 023 CPARAUGUST2023 ICPARAUGUST2023	IRPADA USUSTBOLISTEDARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20
2	Davilding D23 ICPARAGGUST2023 ICPARAUGUST2023	Straight Line 3 ICPARAUGUST 2023 ICPARAU
2	Motor vehicle 23 ICPARAUGUST 2023	ISTABILITY TIMES ICPARAUGUST 2023 ICPARA

(b) Table 3.3: Apportionment of depreciations and revaluation gain or losses are as follows.

12	Building and Plant ARAUGUST 2023 ICE	Cost of sales Paraugust 2023 ICPARAUGUS 2023 ICPARAUGUST	UST
2	J23 ICPARAUGUS I 2023 ICPARAUGUS I 2023 ICF J23 ICPARAUGUST 2023 ICPARAUGUST 2023 ICF	Administrative expenses 3 ICPARAUGUS 2023 ICPARAUGUST2023 ICPA	<u>U</u> S1
[2 [2	D23 ICPARAUGUST2023 ICPARAUGUST2023 ICF D23 ICPARAUGUST2023 ICPARAUGUST2023 ICF	ARAUGUST2023 ICPARAUSUST2023 ICPARAUGUST2023	US1 US1
`2 `2	Motor vehicle 23 ICPARAUGUST 2023 ICF	Distribution cost UGUST2023 ICPARAUGUS 2023 ICPARAUGUST2023 ICPARAUGUS 2023 ICPARAUGUST2023 IC	LST LST

- 4. On 01 January 2021, Kigali Best View Ltd acquired Truck from Euromotors by way of lease for a period of 10 years. The annual lease rental was FRW 5,000,000 payable on 31 December each year. The implicit interest rate applicable was 5% per annum. There was no record made in respect of the leased assets but the lease payment was paid and recorded in administrative expense. Hint:

 PVIFA (5%,10) = 7.7214.
- 5. One of motor vehicle acquired on 1 May 2016 at cost of FRW 30,000,000 was crashed. The accident occurred on 02 January 2021. Immediately after the incident, KBV Ltd's management decided to dispose of the asset. However, as at 31 December 2021, the motor vehicle was not yet sold. The assessed carrying amount and fair value of damaged motor vehicle after the accident was FRW 16,000,000 and FRW 12,000,000 respectively.
- 6.3 The fair value of the Investment through other comprehensive income as at 31 December 2021 was FRW 360,000,000.
- 7. 1% debenture was issued on 01 January 2021 and will be redeemed in 2024.
- 8.3 The estimated corporation tax for the year ended 31 December 2021 was FRW 20,000,000 and taxable temporary difference was set at FRW 50,000,000. Tax rate is 30%.

Required:

a) Prepare a statement of comprehensive income for the year ended 31 December 2021.

(13 Marks)

b) Prepare a statement of financial position as at 31 December 2021. (13 Marks)

c) Prepare a statement of change in equity as at 31 December 2021. (4 Marks)

(Total: 30 Marks)

11.2 paraugust 2023 icparaugust 2023

SECTION B

OUESTION FOUR

The board of directors of Real Engineering Co (REC) requested company's financial advisor to prepare a report advising finance department for the accounting treatment of the following scenarios.

a) On 1 January 2021, REC commenced construction of a new office that is expected to take 4 years to complete. The project is financed entirely by a 4- year term loan of FRW 800 million taken out on 01 January 2021. The applicable interest rate was 10% per annum. Halfway the year on 30 May 2021, government imposed total locked down to contain the spread of covid-19. However, on 1 August 2021, government slowed down the measures to contain Covid outbreak and REC resumed works immediately. REC incurred issue costs of 2% of the loan value.

During the period when works was suspended, REC deposited FRW 450 million to XZM bank and earned return of 5% per annum. REC withdrew invested amount immediately after resuming the works on 01 August 2021. The company's year-end 31 December.

Required:

- i) IC Based on the scenario above, compute the amount capitalized and expensed for the par year of the paraugust 1902 ic paraugust 1902 ic
- 11) ICAdvise the board when REC shall start capitalizing borrowing costs incurred in respect of 123 ICPARAUGUST 2023 ICPARAUG
- **b)** In 2020, REC reported a profit before tax of FRW 10 million and the ordinary shares issued was 5 million. On 01 January 2021, the liquidity of the company decreased, and the board decided to issue FRW 40 million 5% convertible loan. The loan stock issued in January 2021 is convertible in two years' time at the rate of 50 ordinary shares for every FRW 1,000 of stock.

The company had no existing other loan stock. The tax rate is 30%.

The profit after tax for the year ended 31 December 2021 was FRW 12 million

Required:

- i) Compute basic earnings per share for the year ended 31 December 2020 and 31 December 2020 and 31 December 023 12021; ICPARAUGUST 2023 ICPAR
- ii) Compute diluted earnings per share for the year ended 31 December 2021. (3 Marks)
- c) REC submitted proposal to open a branch in foreign country. The item was on agenda during annual general meeting scheduled in March 2022. Financial advisor reported that if branch is opened, there would be a challenge to determine functional currency and feared that foreign investment may fail due to associated exchange losses.

Required:

State factors that should be considered when determining functional currency GUST2023 (4 Marks) 023 ICPARAUGUST2023 ICPARAUGUS

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OUESTION FIVE

a) Ministry of finance and economics planning (MINECOFIN) signed a contract with CPA Djema for consultancy services to develop public finance module in Rwanda. Article one of the contracts relating to deliverables, states that CPA Djema is required to advise whether to adopt IFRS or IPSAS accrual in public sector.

Required:

Prepare inception report on behalf of CPA Djema indicating any five differences and any four 023 icparaligust 2023 icpar

b) Western cement Ltd is a company that produces cement in Bugarama region. Of recent, Western Cement Ltd appointed you as company Chief Reporting Offer. During the induction period, you noticed that Western Cement Ltd prepares social and environmental report on annual basis.

Required:

Explain the benefits of social and environmental reporting.

(6 Marks)

c) The purpose of the statement of profit or loss and other comprehensive income is to show entity's financial performance to the users for them to assess future net inflow of an entity.

Required:

- ii) Distinguish between profit or loss and other comprehensive income²³¹

(2 Marks)

(Total: 20 Marks)

End of question paper.

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