CERTIFIED ACCOUNTING TECHNICIAN

STAGE 3 EXAMINATIONS

S3.1: FINANCIAL ACCOUNTING

DATE: MONDAY, 25 JULY 2022

MARKING GUIDE AND MODEL ANSWER

SECTION A

Marking Guide

Question	Correct Answer	Marks allocation
QUESTION 1	A	2
QUESTION 2	B	2
QUESTION 3	C	2
QUESTION 4	D	2
QUESTION 5	C	2
QUESTION 6	C	2
QUESTION 7	D	2
QUESTION 8	D	2
QUESTION 9	D	2
QUESTION 10	D	2
Sub-Total (Section A)		**20**

2 Marks each

Total Marks 20

Model Answers

QUESTION ONE

The correct answer is A.

Bank overdraft is a current liability

B, C and D are not correct because they are all assets. Factory buildings are non-current assets whereas accrued incomes and the amounts owed by the tax authorities to the company are current assets

QUESTION TWO

The correct answer is B

Cash book is not a component of financial statements rather, it is a book of prime/original entry.

A, C and D are not the correct answers because according to IAS 1, the components of a complete set of financial statements include Statement of profit or loss and other comprehensive incomes, statement of financial position, statement of changes in equity and notes the financial statements

QUESTION THREE

The correct answer is C

	A (Wrong)	**B (Wrong)**	**C (Correct)**	**D (Wrong)**
	FRW "Million"	**FRW "Million"**	**FRW "Million"**	**FRW "Million"**
K&K LTD Receivables	60	60	60	60
B&B receivables	24	24	40	40
Inter-receivables	-	(10)	(10)	-
Consolidated receivables	**84**	**74**	**90**	**100**
	This considers the percentage of shareholding and does not take into consideration the inter-company receivables which needs to be deducted from the total receivables of the group	This considers the percentage of shareholding which should not be considered.	This is correct the group receivables will be obtained by adding the figure for the parent and the subsidiary and deduct the inter-company receivables	this adds the figure for the parent and the subsidiary but does not deduct the inter-company receivables

QUESTION FOUR

The correct answer is D

Quick ratio is calculated as follows: Current Assets-Inventory/Current liabilities or Account's receivables + cash and cash equivalents/current liabilities Thus, accounts receivables form part of quick assets

A is not correct because Inventory of finished goods is part of inventory which is not a quick asset and it is excluded in the calculation of quick ratio

B is not correct because Raw materials and consumables are part of inventory which is not a quick asset and it is excluded in the calculation of quick ratio

C is not correct because long term loans are not included in the calculation of liquidity ratios. Quick ratio reflects only the ability of the firm to cover its current liabilities using quick assets

QUESTION FIVE

The correct answer is C

The objective of not-for-profit entities is to provide goods and services to various recipients rather than the pursuit of making profits for distribution to shareholders. However, they are not set to develop or implement policy on behalf of governments.

A, B, and D are not correct because the 3 are the characteristics of not-for-profit entities

QUESTION SIX

The correct answer is C

The statements which is not correct about the recognition of a provision is statement C. Because a provision does not result into benefits flowing to the entity, rather a provision will require economic benefits to settle it.

A, B and D are not the correct answers because all those 3 statements reflect the recognition criteria of a provision

QUESTION SEVEN

The correct answer is D

This is because the statement D is not correct. IFRS foundation does not have the objective of ensuring the smooth financial reporting process of member countries and the sustainability of their economic growth.

A, B and C are not correct answers because all these 3 statements are the objectives of the IFRS Foundation

QUESTION EIGHT

The correct answer is D

The best integrated accounting system is the one which incorporates the finance function, as well as other areas of the business, including sales, human resources, purchases, etc. It will also combine bookkeeping elements with inventory control and sales tracking systems.

Other options A, B and C are not the correct answer because running a software on MS Excel, having it a separate software package or equipping it with offsite data storage facility and automatic updates are not sufficient to be make a good integrated accounting system

QUESTION NINE

The correct answer is D

Other options are not correct answers because they reflect the requirements to achieve the overall objectives of applications controls?

QUESTION 10

The correct answer is D

Financial Loss, Reputation damage and Loss of employee morale are the impact of fraud on the company.

SECTION B

QUESTION 11
Marking guide
(a)

Qualitative characteristics	**Marks allocation**
Fundamental qualitative characteristics	
Award 0.5 Marks each for stating Relevance and Faithful representation as fundamental characteristics	1
Award 0.5 Marks each for explaining Relevance and Faithful representation as fundamental characteristics	1
Enhancing qualitative characteristics	
Award 0.5 Marks each for listing any three (3) characteristics among Comparability, Verifiability, Timeliness and Understandability	1.5
Award 0.5 Marks each for explaining any three (3) characteristics among Comparability, Verifiability, Timeliness and Understandability	1.5
Sub-Total Marks	**5**

(b)

Elements of financial statements	**Marks allocation**
Award 0.5 Marks each for stating **incomes, expenses, assets, equity and Liabilities**	2.5
Award 0.5 Marks each for explaining **incomes, expenses, assets, equity and Liabilities**	2.5
Sub-Total Marks	**5**

Model Answer
Fundamental qualitative characteristics of useful financial information

1. Relevance. Relevant financial information is capable of making a difference in the decisions made by users… Financial information is capable of making a difference in decisions if it has predictive value, confirmatory value or both' (Conceptual Framework: para. 2.6–7). The predictive and confirmatory roles of information are interrelated. Information on financial position and performance is often used to predict future position and performance and other things of interest to the user, e.g. likely dividend, wage rises. The manner of showing information will enhance the ability to make predictions, e.g. by highlighting unusual items. The relevance of information is affected by its nature and materiality.
2. Faithful representation. Financial reports represent economic phenomena in words and numbers. To be useful, financial information must not only represent relevant phenomena but must faithfully represent the substance of the phenomena that it purports to represent' (Conceptual Framework: para. 2.12). To be a faithful representation, information must be complete, neutral and free from error. A complete depiction includes all information necessary for a user to understand the phenomenon being depicted, including all necessary descriptions

and explanations. FINANCIAL ACCOUNTING 36 A neutral depiction is without bias in the selection or presentation of financial information. A neutral depiction is not slanted, weighted, emphasized, de-emphasized or otherwise manipulated to increase the probability that financial information will be received favorably or unfavorably by users. Neutrality is supported by the exercise of prudence. Prudence is the exercise of caution when making judgements under conditions of uncertainty. Free from error means there are no errors or omissions in the description of the phenomenon and the process used to produce the reported information has been selected and applied with no errors in the process. In this context free from error does not mean perfectly accurate in all respects.

Enhancing qualitative characteristics of useful financial information

1. Comparability. Comparability is the qualitative characteristic that enables users to identify and understand similarities in, and differences among, items' (Conceptual Framework: para. 2.25). 'Information about a reporting entity is more useful if it can be compared with similar information about other entities and with similar information about the same entity for another period or date' (Conceptual Framework: para. 2.24)

2. Verifiability. Verifiability helps assure users that information faithfully represents the economic phenomena it purports to represent. It means that different knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation' Conceptual Framework: para. 2.30). Information that can be independently verified is generally more decision-useful than information that cannot.

3. Timeliness. Timeliness means having information available to decision-makers in time to be capable of influencing their decisions. Generally, the older information is the less useful it is' (Conceptual Framework: para. 2.33). Information may become less useful if there is a delay in reporting it. There is a balance between timeliness and the provision of reliable information. If information is reported on a timely basis when not all aspects of the transaction are known, it may not be complete or free from error. Conversely, if every detail of a transaction is known, it may be too late to publish the information because it has become irrelevant. The overriding consideration is how best to satisfy the economic decision-making needs of the users.

4. Understandability. Classifying, characterizing and presenting information clearly and concisely makes it understandable' (Conceptual Framework: para. 2.34). Financial reports are prepared for users who have a reasonable knowledge of business and economic activities and who review and Analyse the information diligently. Some phenomena are inherently complex and cannot be made easy to understand. Excluding information on those phenomena might make the information easier to understand, but without it those reports would be incomplete and therefore misleading. Therefore, matters should not be left out of financial statements simply due to their difficulty, as even well-informed and diligent users may sometimes need the aid of an adviser to understand information about complex economic phenomena.

11(b)

There are 2 elements of financial statements for the measurement of financial performance as reflected in the statement of profit or loss and other comprehensive incomes

1. Income is increases in assets or decreases in liabilities that result in increases in equity, other than those relating to contributions from holders of equity claims' (Conceptual Framework: para. 4.68).

2. Expenses are decreases in assets or increases in liabilities that result in decreases in equity, other than those relating to distributions to holders of equity claims' (Conceptual Framework: para. 4.69).

Furthermore, there are 3 elements of financial statements for the measurement of financial position as reflected in the statement of financial position

1. An asset is a present economic resource controlled by the entity as a result of past events. An economic resource is a right that has the potential to produce economic benefits'(Conceptual Framework: paras. 4.3, 4.4). Examples of assets are factories, office buildings, warehouses, delivery vans, lorries, plant and machinery, computer equipment, office furniture, cash and goods held in store awaiting sale to customers.

2. Equity is the residual interest in the assets of the entity after deducting all its liabilities' (Conceptual Framework para. 4.63).

3. A liability is a present obligation of the entity to transfer economic resource as a result of past events. An obligation is a duty of responsibility that the entity has no practical ability to avoid' (Conceptual Framework: paras. 4.26, 4.29). Examples of liabilities are amounts owed to a supplier for goods bought on credit, amounts owed to a bank (or other lender), a bank overdraft and amounts owed to tax authorities (eg in respect of VAT).

QUESTION 12

Marking Guide

(a)

Users of the financial information and their needs	**Marks allocation**
Award 0.5 Marks each for listing 4 users among **Management**, **Employees, Present and potential investors, Lenders, suppliers and Customers**	2
Award 0.5 Marks each for explaining the needs of 4 users among **Management**, **Employees, Present and potential investors, Lenders, suppliers and Customers**	2
Sub-Total Marks	**4**

(b)

Major limitations of ratio analysis	Marks allocation
Award 1 Mark each for listing 3 **limitations of ratio analysis**	3
Award 1 Mark each for explaining 3 **limitations of ratio analysis**	3
Sub-Total Marks	**6**

Model Answer

12(a)

Various groups are interested in the performance and financial position of a company. below is the list of users with their respective needs:

1. **Management** will use comparisons to ensure that the business is performing efficiently and according to plan.
2. **Employees**, trade unions and so on need information to be able to assess the employer's stability and profitability, and their ability to provide remuneration and other benefits.
3. **Governments** need to be able to assess taxation and regulate industries, as well as using information for statistical purposes.
4. **Present and potential investors** will assess the company with a view to judging whether it is a sound investment. They need information on risk and return on investment and the ability of the entity to pay dividends.
5. **Lenders and suppliers** will want to judge its creditworthiness, to assess whether loans and related interest and invoices will be paid when due.
6. **Customers** will want to judge whether the company will continue in existence, especially where they have a long-term involvement with the company or a dependence on their products.

12(b)

Ratio analysis is not foolproof. There are many problems in trying to identify trends and make comparisons. Below are just a few.

a) Information problems

✓ The base information is often out of date, so timeliness of information leads to problems of interpretation.

✓ Historical cost information may not be the most appropriate information for the decision for which the analysis is being undertaken.

✓ Information in published accounts is generally summarized information and detailed information may be needed.

✓ Analysis of accounting information only identifies symptoms, not causes, and is therefore of limited use.

b) Comparison problems: trend analysis

✓ Effects of price changes make comparisons difficult unless adjustments are made.

✓ Impacts of changes in technology on the price of assets, the likely return and the future markets.

✓ Impacts of a changing environment on the results reflected in the accounting information.

✓ Potential effects of changes in accounting policies on the reported results.

✓ Problems associated with establishing a normal base year with which to compare other years.

c) Comparison problems: across companies

✓ Selection of industry norms and the usefulness of norms based on averages.

✓ Different firms having different financial and business risk profiles and the impact on analysis.

✓ Different firms using different accounting policies.

✓ Impacts of the size of the business and its comparators on risk, structure and returns.

✓ Impacts of different environments on results, e.g. different countries or home-based versus multinational firms.

SECTION C

QUESTION 13

Marking Guide

Items	Marks Allocation
Net cash flows from operating activities	
Profit before tax	1.0
Depreciation charge	1.0
Interest expense	1.0
Loss on sale of property, plant and equipment	1.0
Profit on sale of non-current asset investments	1.0
(Increase)/decrease in inventories	1.0
(Increase)/decrease in receivables	1.0
Increase/(decrease) in payables	1.0
Cash generated from operating activities	
Interest paid	0.5
Tax paid	1.0
Net cash flow from operating activities	
Cash flows from investing activities	
Payments to acquire property, plant and equipment	1.5
Payments to acquire intangible non-current assets	1.0
Interest received	1.0
Receipts from sales of property, plant and equipment	1.0
Receipts from sale of non-current asset investments	1.0
Net cash flows from investing activities	
Cash flows from financing activities	
Issue of share capital	1.5
Dividends paid	1.0
Long-term loan	1.0
Net cash flows from financing	
Increase in cash and cash equivalents	0.5
Cash and cash equivalents at 01/07/2020	0.5
Cash and cash equivalents at 30/06/2021	0.5
Total Marks	**20.0**

Model Answer

TWIZEYIMANA LTD			
STATEMENT OF CASH FLOWS FOR THE PERIOD 30 JUNE 2021			
	Workings	FRW "000"	**FRW "000"**
Net cash flows from operating activities			
Profit before tax		900,000	
Depreciation charge		270,000	
Interest expense	1	225,000	
Interest income		(75000)	
Loss on sale of property, plant and equipment	2	39,000	
Profit on sale of non-current asset investments	3	(15,000)	
(Increase) in inventories		(144,000)	
(Increase) in receivables		(225,000)	
Increase in payables		24,000	
Cash generated from operating activities		999,000	
Interest paid	1	(225,000)	
Tax paid	4	(390,000)	
Net cash flow from operating activities			**384,000**
Cash flows from investing activities			
Payments to acquire property, plant and equipment	5	(603,000)	
Payments to acquire intangible non-current assets		(150,000)	
Interest received		75,000	
Receipts from sales of property, plant and equipment		96,000	
Receipts from sale of non-current asset investments		90,000	
Net cash flows from investing activities			**(492,000)**

Cash flows from financing activities			
Issue of share capital	6	180,000	
Dividends paid	7	(240,000)	
Long-term loan		360,000	
Net cash flows from financing activities			**300,000**
Increase in cash and cash equivalents			192,000
Cash and cash equivalents at 01/07/2020			(291,000)
Cash and cash equivalents at 30/06/2021			**(99,000)**

Workings

	Workings	FRW "000"
1	**Interest expense**	
	Interest expense paid (to be deducted from Cash generated from operating activities	225,000
	Net interest expense (to be added back to profit)	225,000
2	**Loss on sale of property plant and equipment**	
	Sales proceeds from PPE	96,000
	Carrying amount	135,000
	Loss on sale of property plant and equipment	(39,000)
3	**Profit on the sale of non-current assets investment**	
	Sales proceeds	90,000
	Original value of the investment	75,000
	Gain on the sale	15,000
4	**Tax Paid**	
	Opening balance	330,000
	Income tax expense	420,000

	Tax paid during the year	(390,000)
	Closing balance	360,000
5	**PPE**	
	Opening carrying amount	915,000
	Less Depreciation charge for the year	(270,000)
	Less carrying amount of disposed asset	(135,000)
	Add Revaluation charge for the year	27,000
	Add Additions for the year (Balancing Figure)	**603,000**
	Closing carrying amount of Assets	1,140,000
6	**proceedds from sale of shares**	
	Opening share capital	450,000
	Total opening capital	450,000
	Issued capital	**150,000**
	Closing share capital	600,000
	Total closing capital	600,000
	Proceeds from share premium	
	opening share premium	450,000
	Issued capital	**30,000**
	closing share premium	480,000
7	**Dividends paid**	
	Opening balance of retained earnings	540,000
	Profit for the year	480,000
	Dividends paid (Balancing figure)	(240,000)
	Closing balance of retained earnings	780,000

QUESTION 14

Marking Guide

	Particulars	Marks allocation
	Revenues	1
	Cost of goods sold	1.5
	Gross profit	
	Administrative expenses	3
	Selling and Distribution expenses	3
	Operating profit	
	Less Finance cost	1
	Profit before tax	
	Less income tax	0.5
	Profit for the year	
	Add other comprehensive incomes	
	Revaluation surplus	0.5
	Total comprehensive incomes	
	Assets	
	Non-current assets	
	Vehicles	0.5
	Buildings	0.5
	Furniture and fittings	0.5
	Intangible Assets	0.5
	ERP Software	1
	Total Non-current Assets	
	Current assets	
	inventory as at 30/06/2021	0.5
	Trade receivables	0.5
	Cash at the bank	0.5
	Total current Assets	
	Total Assets	
	Equity and Liabilities	
	Equity	
	Share capital	0.5
	Share premium	0.5
	Retained Earnings	0.5
	Revaluation Reserve	1.5
	Total Equity	
	Liabilities	
	Non-current Liabilities	
	Loan	
	Current Liabilities	

	Trade payables		0.5
	Bank overdraft		0.5
	Interest payables		0.5
	Tax payables		0.5
	Total Liabilities		
	Total Equity and Liabilities		-
	Total Marks		**20**

Model Answer

KWESA LTD			
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2021			
Particulars	**Notes**	**FRW "000"**	**FRW "000"**
Revenues	1		5,350,000
Cost of goods sold	1		(2,638,958)
Gross profit			**2,711,042**
Less operating expenses			
Administrative expenses	3	-849,685	
Selling and Distribution expenses	4	-304,532	(1,154,217)
Operating profit			**1,556,825**
Less Finance cost	5	-343,750	
Profit before tax			**1,213,075**
Less income tax			(363,923)
Profit for the year			**849,153**
Add other comprehensive incomes			
Revaluation surplus	6	440,000	
Total comprehensive incomes			**1,289,153**

KWESA LTD			
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021			
Assets			
Non-current assets			
Vehicles	7c	180,000	
Buildings	7a	2,760,000	
Furniture and fittings	7b	115,500	
Intangible Assets		880,000	
ERP Software		516,325	
Total Non-current Assets			**4,451,825**
Current assets			
inventory as at 30/06/2021		95,000	
Trade receivables		658,000	

Cash at the bank		385,000	
Total current Assets			**1,138,000**
Total Assets			**5,589,825**
Equity and Liabilities			
Equity			
Share capital		500,000	
Share premium		125,000	
Retained Earnings		1,017,153	
Revaluation Reserve		527,000	
Total Equity			**2,169,153**
Liabilities			
Non-current Liabilities			
Loan			**2,500,000**
Current Liabilities			
Trade payables		85,000	
Bank overdraft		128,000	
Interest payables		343,750	
Tax payables		363,923	
Total Liabilities			**920,673**
Total Equity and Liabilities			**5,589,826**

Workings

1	Revenues		
	As per trial balance		5,400,000
	Less Return inwards		(50,000)
	Net Revenues		**5,350,000**
2	Cost of goods sold		
	Opening inventory		85,000
	Purchases		2,704,228
	Add: carriage inwards		8,500
	Less return outwards		(45,620)
	Goods available for sale		2,733,958
	Less closing inventory		(95,000)
	Cost of goods sold		**2,638,958**
3	Administrative expenses		
	Rent		65,000
	Communication Allowances		21,520
	Mission allowances		5,600
	Staff refreshments		8,680
	General services		115,000

	Transport		57,150
	Cleaning services		22,860
	Decentralised taxes		85,000
	Depreciation expenses		163,450
	Amortization of ERF Software		27,175
	Staff meals		8,750
	Staff salaries and wages		269,500
	Total Administrative expense		**849,685**
4	Selling and Distribution expenses		
	Staff salaries and wages		115,500
	Staff meals		3,750
	Vehicle maintenance costs		6,580
	Fuel costs		8,652
	Marketing expenses		100,000
	Carriage out		9,650
	Depreciation expenses		70,050
	Total Selling and Distribution expenses		**304,532**
5	Finance costs		
	Interest expense		343,750
6	Revaluation surplus		
	Revaluation amount		3,200,000
	Cost	3,000,000	
	Accumulated depreciation	-90,000	
	Depreciation charge	-150,000	2,760,000
	Revaluation surplus		**440,000**
7a	Depreciation of Buildings		
	Cost		3,000,000
	Depreciation charge(5%)		(150,000)
	Accumulated Depreciation		-90,000
	Net Book Value		**2,760,000**
7b	Depreciation of Furniture and Fittings		
	Cost		176,000
	Accumulated Depreciation		(22,000)
	Carrying amount		154,000
	Depreciation charge(25%)		(38,500)
	Net Book Value		**115,500**
7c	Depreciation of Vehicle		

	Cost		250,000
	Accumulated Depreciation		(25,000)
	Carrying amount		225,000
	Depreciation charge (20%)		(45,000)
	Net Book Value		**180,000**
8	ERP Software		
	Cost		543,500
	Amortization		(27,175)
	Net Book Value		**516,325**

QUESTION 15

Marking Guide

15(a)

Award 1 mark for each proper discussion for 4 points =Total 4 marks

15(b)

Revenue	1
Cost of sales	1
Gross profit	
Other incomes (86,000-86,000)	1
Distribution costs (4,095,000+2,098,750*9/12)	1
Administrative expenses (2,502,500+1,186,250*9/12)	1
Operating profits	
Finance costs (421,875+96,250*9/12)	1
Profit before tax	
Tax (917,500+278,125*9/12)	1
Profit for the period	
Attributable to;	
Controlling interest	
Non-Controlling interest (NCI 20% of 2,131,250*9/12)-76000	2
Notes	
Revenue	
Gahanga Ltd	0.5
Nyarugunga (9/12*9,125,000)	0.5
Less intercompany sales	0.5
Cost of sales	
Gahanga Ltd	0.5

Nyarugunga(9/12*3,334,375)	0.5
Less inter-company cost of sales	0.5
Adjustment for Inter-company cost of sales (70%)	0.5
Group structure	
Total paid up shares	0.5
Total acquired paid up shares	0.5
% Acquired	0.5
Provision for Unrealised Profit	
Sales price	
Gross profit	0.5
Cost of sales	0.5
Provision for Unrealised Profit	0.5
Provision for Unrealised Profit attributable to NCI	0.5
	16

Model answers

15(a)

Rationale behind eliminating the inter-group trading transactions while consolidating

The consolidated statement of profit or loss should deal with the results of the group as those of a single entity. When one company in a group sells goods to another, an identical amount is added to the sales revenue of the first company and to the cost of sales of the second. Yet as far as the entity's dealings with outsiders are concerned, no sale has taken place.

The consolidated figures for sales revenue and cost of sales should represent sales to, and purchases from, outsiders. An adjustment is therefore necessary to reduce the sales revenue and cost of sales figures by the value of intra-group sales during the year and therefore any unrealized profits on intra-group trading should be excluded from the figure for group profits. This will occur whenever goods sold at a profit within the group remain in the inventory of the purchasing company at the year end. The best way to deal with this for the consolidated statement of profit or loss is to calculate the unrealized profit on unsold inventories at the year end and reduce consolidated gross profit by this amount. Cost of sales will be the balancing figure.

15(b)

GAHANGA GROUP		
CONSOLIDATED STATEMENT OF PROFIT OR LOSS		
FOR THE YEAR ENDED 30 JUNE 2021		
	Notes	FRW "000"
Revenue	1	27,693,750
Cost of sales	2	(13,493,281)
Gross profit		**14,200,469**
Other incomes (86,000-86,000)		-
Distribution costs (4,095,000+2,098,750*9/12)		(5,669,063)
Administrative expenses (2,502,500+1,186,250*9/12)		(3,392,188)
Operating profits		**5,139,219**
Finance costs (421,875+96,250*9/12)		(494,063)
Profit before tax		**4,645,156**
Tax (917,500+278,125*9/12)		(1,126,094)
Profit for the period		**3,519,063**
Attributable to ;		
Controlling interest		**3,275,375**
Non-Controlling interest (NCI 20% of 2,131,250*9/12)-76000		243,688

Workings

	Notes		
1	Revenue		FRW "000"
	Gahanga Ltd		22,750,000
	Nyarugunga(9/12*9,125,000)		6,843,750
	Less intercompany sales		(1,900,000)
			27,693,750
2	Cost of sales		

	Gahanga Ltd		12,512,500
	Nyarugunga(9/12*3,334,375)		2,500,781
	Less inter-company cost of sales		(1,900,000)
	Adjustment for Inter-company cost of sales (70%)		380,000
			13,493,281
3	Group structure		
	Total paid up shares	100,000	
	Total acquired paid up shares	80,000	
	% Acquired	80%	
4	Provision for Unrealised Profit		
	Sales price		1,900,000
	Gross profit		542,857
	Cost of sales		1,357,143
	Provision for Unrealised Profit		380,000
	Provision for Unrealised Profit attributable to NCI		76,000

END OF MAKING GUIDE AND MODEL ANSWERS