

CERTIFIED PUBLIC ACCOUNTANT FOUNDATION LEVEL 1 EXAMINATIONS F1.3 FINANCIAL ACCOUNTING

DATE: TUESDAY, 26 JULY 2022

INSTRUCTIONS:

- 1. **Time allowed: 3 hours 15 minutes** (15 minutes reading and 3 hours writing).
- 2. This examination has two sections: A and B
- 3. Section A has one compulsory question to be attempted.
- 4. Section **B** has **four** questions, **three** questions to be attempted.
- 5.Marks allocated to each question are shown at the end of the question.
- 6. Show all your workings where applicable.
- 7. Any assumptions made must be clearly and concisely stated.
- 8. The question paper should not be taken out of the examination room

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SECTION A

QUESTION ONE

a) According to conceptual framework for financial reporting, for financial information to be useful to its various users must have fundamental qualitative characteristics

Describe the fundamental qualitative characteristics of useful financial information?

(4 Marks)

b) Identify 6 users of financial information and what they need from these financial information Y20221CPARIULY20221CPARIU

c) The following trial balance was extracted from the books of Mushumba Mwiza Business Group (MWBG) Ltd for the year ended 31 December 2020

Particulars Y20221CPARJULY20221CPARJULY20221CPARJU	LY2022ICPARJUI D r ⁰ 22IC	PARJULY2022 Cr
2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJU 2022 ICPAR II II V2022 ICPAR II II V2022 ICPAR II II V2022 ICPAR II	FRW 000	FRW 000
Insurance expense PARJULY2022ICPARJULY2022ICPARJ	Y20221CPA75,000 210	PARJULY2022ICP
General expenses	10,000	PARJULY2022 ICP
Staff salaries and wages Type PARTH TYPE TO THE STAFF TH	675,000	PARJULY 2022 ICP/
Staff transport costs NULLY 2022 CPARJULY	49,500	PARJULY2022 ICP
Telephone expenses	80,000	PARJULY 2022 ICP
Board allowances CPARJULY2022ICPARJULY2022ICPARJ	1Y20221CPA 20,000 1210	PARJULY2022ICP
Irrecoverable debts	150,000	CPARJULY2022ICP
Advertising costs	56,000	PARJULY 2022 ICP/ PARJULY 2022 ICP/
Allowance for doubtful debt as at 1 Jan 2020	LY2022ICPARJULY2022IC	PARJULY 40,000
Marketing expenses	50,000	PARJULY2022ICPA
Fuel expenses 1221CPARIULY20221CPARIULY20221CPARIU	35,000	PARJULY2022ICP
Vehicle maintenance RULY2022ICPARIULY2022ICPARI	42,000	PARJULY2022ICP
Donations Constitution of the Constitution of	10,000	CPARJULY 2022 ICPA CPAR IUITY 2022 ICPA
Ordinary share capital of FRW 100 RJULY2022 ICPART	LY2022ICPARJULY2022IC	PARJ 1,800,000
Share premium	LY2022ICPARJULY2022IC	400,000
Retained earnings as at 1 Jan 2020	LY2022ICPARJULY2022IC LY2022ICPARJULY2022IC	515,000
Loan note interest PARJULY2022 ICPARJULY2022 ICPARJU	LY2022ICPA33,000 2210	CPARJULY2022ICP
Loan notes	LY20221CPARJULY20221C	570,000
Payables ULY20221CPARJULY20221CPARJULY20221CPARJ	LY2022ICPARJULY2022IC	290,000
Tax CPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJU	50,000	PARJULY2022ICP
Receivables	900,000	PARJULY 2022 ICH PARJULY 2022 ICH
Bank PARJULY 2022 I CPARJULY 2022 I CPARJULY 2022 I CPARJU	LY2022ICPARJULY2022IC	PARJULY 94,000
Cash	15,000	PARJULY 2022 ICP
Purchases 1 y 2 0 2 2 1 C PAR JULY 2 0 2 2 1 C PAR JULY 2 0 2 2 1 C PAR JULY 2 0 2 1 C PAR JULY 2 0 2 2 1 C PAR	3,570,000	CPARJULY2022ICP
Discounts LY20221CPARJULY20221CPARJULY20221CPARJ	LY2022ICPARJULY2022IC	PARJULY 90,000
Inventory as at 01Jan 2020	3,500	PARJULY2022ICP. PARJULY2022ICP.
Sales PARJULY 2022 ICPARJULY 2022 IC	LY20221CPARJULY20221C	6,130,000
Fittings and fixtures at cost	250,000	CPARJULY2022ICP
Accumulated depreciation: fittings and fixtures page	LY2022ICPARJULY2022IC	122,000
Building at cost 21CPARJULY20221CPARJULY20221CPARJU	3,107,000	CPARJULY2022ICP

F1.3 CPARJUI Y2022ICPARJUI Y2022ICPARJUI Y2022 ICPARJUI Y2022ICPARJUI Y2

Particulars Y20221CPARJULY20221CPARJULY20221CPARJULY	/2022ICPARJUI Dr 022I0	CPARJULY2022 Cr
2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJUJI Y2022 ICPARJUJY 2022 ICPARJUJY 2022 ICPARJUJY	FRW 000	FRW 000
Accumulated depreciation-Building NULV2022 ICPART IN	720221CPARJULY202210	CPARJUL 360,000
Furniture and equipment at cost	750,000	CPARJULY2022ICPA
Accumulated depreciation-furniture and equipment	720221CPARJULY202210	420,000
Land at cost 2022 ICPARJULY 2022 ICP	740,000	CPARJULY2022ICPA
Motor vehicles at cost	240,000	CPARJULY 2022 ICPA CPAR II II V2022 ICPA
Accumulated depreciation-motor vehicle 2022 ICPAR I IN	/2022ICPARJULY2022IG	CPARJULY 80,000
Total 'ARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY	10,911,000	10,911,000

The following additional information are relevant;

- 1. Salaries of FRW 1,600,000 was not paid until year end and no record made for these staff costs
- 2. Due to rapid increase in number of Covid-19 cases in the city of Kigali, Government decided to put Kigali into total lockdown. The institutions that provide essential services were allowed to transport their staff to and from work during that period. Included in the transport cost is a coaster van hired at a cost of FRW 2,560,000 paid in advance covering 1 December 2020 up to 31 January 2021
- 3. On 18 December 2020, MWBG Ltd's board of directors agreed and declared dividends to shareholders of FRW 2 per share but these dividends were paid in January 2021 PARTITY 2022 CPA
- 4. On 14 January 2021, a customer owing MWBG Ltd FRW 5,645,000 declared bankruptcies by the competent court and this triggered management of MWBG to increase their receivable allowances by 4% of total receivables
- 5. The inventory as at 31 December 2020 was valued at FRW 8,456,000 based on its original cost. However, FRW 2,150,000 of these inventories has been in the warehouse for over 2 years and the management of MWBG Ltd agreed to sell it at 40% of the original cost in January 2021
- 6. On 28 December 2020, MWBG Ltd issued new 800,000 ordinary shares at FRW 125 per share, consideration was received through bank. The issue of those shares has never been recorded
- 7. Buildings are depreciated at 5% of cost. At 31 December 2020, the buildings were professionally valued at FRW 3,800,000,000 and this has to be incorporated into financial statements
- 8. The following depreciation rates are applied where necessary
- a) Motor vehicles at 25% reducing balance
- b) Fittings and fixtures at 20% straight-line basis
- c) Furniture and equipment at 20% reducing balance

Required:

Prepare the following for MWBG

i. Statement of Profit or Loss and other comprehensive income for the year ended 31 December 2020 (14 Marks)

ii. Statement of Changes in equity as at 31 December 2020 (5 Marks)

iii. Statement of Financial Position as at 31 December 2020 (11 Marks)

(Total: 40 Marks)

F1.3 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPAR $\,$ Page $\,$ 3 of $\,$ 12

SECTION B

QUESTION TWO

a) Smart Enterprise (SEL) Ltd is an international company registered in Rwanda since 2019. Their head office is located in Kigali Special Economic Zone (KSEZ). During the year ended 31 December 2020, SEL Ltd started construction of their head office building and construction process completed during the year. SEL Ltd received a grant from Government towards construction of their head office equivalent to FRW 286 million. Total costs incurred to construct the building was FRW 8.5 billion. It is the company's policy to depreciate all buildings over 20 years with full year's depreciation in the year of acquisition or construction. The profit before depreciation was FRW 1.2 billion. Grant is accounted for using deferred income approach

Required:

In accordance with IAS 20, prepare:

i) Extracts of the statement of profit or loss for the year ended 31 December 2020

(3 Marks)

ii) Extract statement of financial position as at 31 December 2020

(2 Marks)

b) East African Transporters (EAT) Ltd is a company operating in Rwanda that deals in the public transport across the East African countries. The company has a fleet of coaster vans and buses that they use to transport people within Rwanda and across East African countries.

The following vehicles were in their books as at 1 January 2020

Plate No	Cost LY20	Accumulated depreciation
2022ICPARJULY2022ICPARJULY	20221C ARJULY FRW 000	0221CPARJULY20221CPARJI FRW 000
XAD 562 C 2022 CPARJULY	/2022ICI ARJULY202 62,500 LY20	022 ICPARJULY 2022 ICPARJULY 36,133
XAE 146 A	84,400	21,100
XAC 965 Qy20221CPARJULY	/2022ICTARJULY202. 73,560 1 LY20	0221CPARJULY20221CPARJULY 42,527
XAD 865 Z	42,000	0221CPARJULY20221CPARJULY 18,375
XAE 123 D	38,800	0221CPARJUI W20221CPARJUI W2 9,700
XAE 456 A 2022 CPARJULY	/2022ICI ARJULY202 69,000 LY20	0221CPARJULY20221CPARJULY17,250
XAE 457 A	36,700	9,175

The following transactions related to acquisition and disposal of fleet of Vehicles

- 1) On 1 February 2020, EAT Ltd purchased 3 coasters vans each costing FRW 55,000,000
- 2) On 30 June 2020, they sold vehicle plate No XAC 965 Q acquired 3 years ago for FRW 35,000,000 1 Y 2022 ICPARIUL Y 2022 ICPA
- 3) On 1 July 2020, they acquired 2 more buses each costing FRW 78,500,000. However, these prices included refundable VAT equivalent to FRW 2,564,000 on each Bus
- 4) On 30 August 2020, XAD 562 C was disposed off for FRW 21,560,000
- 5) Vehicle XAE 456 A was disposed off on 30 October 2020 for FRW 45,000,000

F1.3 CPARJULY2022ICPARJULY2022ICPARJULY2022 ICPARJULY2022ICPARJULY2022ICPAR $\,$ Page $\,4$ of $\,12$

6) It's the company's policy to depreciate all assets on pro-rata basis and all vehicles are depreciated at a rate of 25% reducing balance

Required

Prepare the following Accounts for the year ended 31 December 2020

i) Non-current assets account ICPARJULY2022 ICPARJULY202 IC

ii) Disposal Account (6 Marks)

iii)**Detailed movement vehicle schedule** (3 Marks)

(Total: 20 Marks)

QUESTION THREE

Kanogo Sports Club (KSC) is a membership-based tennis club established by former Rweru tennis players with an objective of connecting former players. The following is an extract from their books of accounts as at 30 September 2020

Receipts	022ICPAR FRW	Payments 2022 ICPARJULY 2022 IC	FRW
Bal b/d RJULY2022ICPARJULY	2,000,000	Payments to payables	250,000,000
Membership fees	125,000,000	Rent expenses	72,000,000
Payments from Receivables	410,000,000	Stationaries 221CPARJULY2022IC	5,500,000
Donations	10,000,000	Electricity and water	2,500,000
Miscellaneous receipts	22,850,000	Salaries and wages	34,000,000
2022ICPARJULY2022ICPARJULY	0221CPARJULY202	Fuel consumption expenses	14,400,000
2022ICPARJULY2022ICPARJULY 2022ICPARJULY2022ICPARJULY	022ICPARJULY202 022ICPARJULY202	Local and international travel expenses 20221CPARJUIY20221C	5,250,000
2022ICPARJULY 2022ICPARJULY 2	022ICPARJULY 202	Bal c/d	186,200,000
2Total ARJULY2022ICPARJULY	569,850,000	Total ULY2022 ICPARJULY2022 IC	569,850,000

The club also operates a bar and restaurant as a source of revenue to sustain the operations of the club. The following is an extract of the assets and liabilities of the club including the bar and restaurant for the year ended 30 September 2020

Particulars / 2022ICPARJULY2022	At 1 October 2019	At 30 September 2020
20221CPARJULY 20221CPARJULY 2022	FRW PARTUE FRW	RJULY2022ICPARJULY2 FRW
Carrying amount of furniture	CPARITING 2022 107 62,540,000 PA	ARJULY2022ICPARJULY2022ICPA
and equipment 22ICPARJULY2022	CPARJULY2022 ICPARJULY2022 ICPA	
Land PARIUTY 2022 ICPARIUTY 2022	300,000,000	300,000,000
Carrying amount of fittings	PARJULY2022 ICP 15,500,000 PA	ARJULY2022ICPARJULY2022ICPA
and fixtures 2022 CPARIULY 2022	CPARJULY2022 ICPARJULY2022 ICPA	
Carrying amount of vehicle	25,000,000	ARJULI 2022ICPARJULI 2022ICPA
Receivables 2022/CPARJULY2022	CPARJULY2022 ICP 14,000,000 PA	RJULY2022ICPAR/13,000,000
Payables	8,500,000	10,000,000
Accrued salaries and wages	оравля у 2022 гора 2,000,000 ра	пи у 2022 горан 1,500,000
Prepaid electricity and water	CPARJULY2022 ICPARJ800,000 PA	RJULY2022ICPARJUL 900,000

F1.3 CPARJULY2022ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202IC

Inventory LY20221CPARJULY2022 CPAR	25,000,000	PARJULY2022ICPAR 30,000,000
Membership fees in arrears	12,450,000	16,450
Membership fees in advance (CPAR)	ULY2022 ICPA 5,000,000	PARJULY20221CPARJI 6,500,000

The following additional information is available

- 1. The amount paid for rent covers the period from 1 January 2020 to 31 December 2020
- 2. During the year, some furniture that were acquired 3 years ago were disposed off for FRW 8,845,000. The original cost of these furniture was FRW 20,000,000. This has not been accounted for in the books of accounts
- 3. Membership fees for the period ended 30 September 2020 were FRW 127,500,000
- 4. The club acquired a motor vehicle in July 2020 for the executive director for FRW 26,845,000 by cash. However, this vehicle was not accounted for anywhere in the books of KSC due to the fact that the accountant was not so sure of its accounting treatment
- 5. Furniture and equipment is depreciated at a rate of 25% using reducing balance
- 6. Motor vehicle and fixtures and fittings are depreciated at a rate of 20% on reducing balance and its club's policy to charge full depreciation in the year of purchase and non in the year of disposal

Required

Prepare the following for the year ended 30 September 2020

a) An opening statement of affairs as at 01 October 2019

(5 Marks)

b) Statement of revenue and expenditures for the year ended 30 September 2020

(10 Marks)

c) Statement of financial position as at 30 September 2020

(5 Marks)

Note: Show all your workings appropriately

(Total: 20 Marks)

QUESTION FOUR

Kicukiro Ltd and Gasabo Ltd are two companies operating in cement production industry. The following information were extracted from their books as at 31 December 2020

Statement of Profit or Loss for the year ended 31 December 2020

2022ICPARJULY2022ICPARJULY2	0221CPARJULY2022 Id	Kicukiro Ltd	ARJULY2022ICP	Gasabo Ltd
Particulars Y 2022 ICPARJULY 2	221 FRW"000"	FRW 000	FRW 000	FRW 000
Sales revenue	0221CPARJULY 2022 IC	1,500,000	ARJULY 2022ICE	2,000,000
Cost of sales 20221CPARJULY2	0221CPARJULY20221C	(700,000)	ARJULY2022ICI	AR(1,350,000)
Gross profit	0221CPARJULY2022 IC	800,000	ARJULY2022ICF	650,000
Operating expenses	0221CPARJULY20221C	PARJULY 2022 ICP.	ARJULY 2022 ICE ARJULY 2022 ICE	ARJULY 2022 ICP/ ARJULY 2022 ICP/
Administrative 221CPARJULY2	221CPAR 150,000	PARJULY2022ICP	135,000	ARJULY2022ICP
Selling and Distribution	185,000	PARJULY 2022 IC P	150,000	ARJULY 2022 ICPA
Depreciation 20221CPARJULY2	221CPAR 200,000	PARJULY2022ICP	185,000	ARJULY2022ICP

F1.3 CPARJUI Y2022ICPARJUI Y2022ICPARJUI Y2022 ICPARJUI Y2022ICPARJUI Y2

Finance cost	2022ICPARJULY2022I	CPARJULY2022ICP	35,000	ARJULY2022ICPA
Total expenses	2022 ICPARJULA 2022 I 2022 ICPARJULY 2022 I	(535,000)	ARJULY 2022 I CI ARJULY 2022 I CI	(505,000)
Net profit for the year	20221CPARJULY20221	CPARJ 265,000	ARJULY2022ICI	ARJUL 145,000

Statement of Financial Position as at 31 December 2020

20221CPARJULY 20221CPARJULY 202	Kicukiro Ltd		Gasabo Ltd	
Particulars Y2022ICPARJULY202	RWF"000"	RWF"000"	RWF"000"	RWF"000"
Assets RJULY2022ICPARJULY202	2 ICPARJULY 2022 I	CPARJULY2022IC	PARJULY2022ICP	ARJULY2022ICP
Non-current assets	EICPARJULY 2022 I DICPAR II II V2022 I	CPARJULY 2022 IC	PARJULY 2022 ICP/ PARJULY 2022 ICP/	ARJULY 2022 ICP
At cost RJULY2022ICPARJULY202	3,500,000	CPARJULY2022IC	4,000,000	ARJULY2022ICP
Accumulated depreciation	(450,000)	CPARJULY 2022 IC	(385,000)	ARJULY2022ICP
Net book value 21CPARJULY202	21CPARJULY2022 I	3,050,000	PARJULY2022ICP	3,615,000
Current assets	2ICPARJULY2022 I	CPARJULY2022IC	PARJULY2022ICP	ARJULY2022ICP
Inventory	100,000	CPARJULY 2022 IC	50,000	ARJULY 2022 ICPA
Receivables 20221CPARJULY202	850,000	CPARJULY2022IC	350,000	ARJULY2022ICP
Bank PARJULY 2022 ICPARJULY 202	2ICPARJULY2022 I	CPARJULY2022IC	45,000	ARJULY2022ICP
Total current assets	21CPARJULY 2022 I	950,000	PARJULY2022ICP PARJULY2022ICP	445,000
Total assets 2022/CPARJULY202	2ICPARJULY2022 I	PA 4,000,000	PARJULY2022ICP	4,060,000
Equity and Liability	MCPARJULY2022 I	CPARJULY202210	PARJULY 2022 ICP. Par il il vanazione	ARJULY 2022 ICP
Share capital 20221CPARJULY202	1,400,000	CPARJULY2022IC	2,400,000	ARJULY2022ICP
Retained Earnings PARILLY 201	1,500,000	CPARJULY2022IC	530,000	ARJULY2022ICPA
2022 ICPARJULY2022 ICPARJULY202 2022 ICPARJULY2022 ICPARJULY202	EICPARJULY 2022 I 2 ICPARJULY 2022 I	2,900,000	PARJULY 2022 ICP/ PARJULY 2022 ICP/	2,930,000
Long term loan 22 ICPARJULY 202	ICPARJULY2022 I	CPARJULY2022IC	850,000	ARJULY2022ICP
Current liabilities	1,100,000	CPARJULY 2022 IC	280,000	ARJULY 2022 ICP
2022 ICPARJULY 2022 ICPARJULY 202	2ICPARJULY2022 I	1,100,000	PARJULY2022ICP	1,130,000
Total Equity and Liabilities	ICPARJULY2022 I	4,000,000	PARJULY2022ICP	4,060,000

Required: ULY2022ICPARJULY2022ICPARJULY2022 ICPARJULY2022ICPARJULY202

a) Calculate and interpret the following ratios for both Kicukiro Ltd and Gasabo Ltd for the year ended 31 December 2020

i. Gross profit Margin	(2 Marks)
ii. Net profit Margin RHII Y2022ICPARHII Y2022ICPARHII Y2022ICPARHII Y2022ICPARH	(2 Marks)
iii.Inventory turnover period 21CPARJULY20221CPARJULY20221CPARJULY20221CPARJ	(2 Marks)
iv. Receivable collection period	(2 Marks)
v. Current ratio _{21CPARIUI y20221CPARIUI y2022} icPariui y20221CPARIUI y20221CPARI	(2 Marks)
vi. Quick ratio 0221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJ	(2 Marks)
vii. Debt ratio	(2 Marks)

b) Explain four main limitations of ratio analysis as a tool of financial information interpretation (6 Marks)

(Total: 20 Marks)

F1.3 CPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPAR

QUESTION FIVE

Ntwali, Mbonyi, Mucyo are in partnership sharing profits and losses in the ratio of 3:2:1 respectively. The following account balances were extracted from the books of the partnership as at 31 December 2020

$^2\mathrm{Cost}$ Parjuly20221CParjuly20221CParjuly20221CParjul	Y20221CPAR ULY20221CPA FRW ''000''
Buildings II Y20221CPARIIII Y20221CPARIIII Y20221CPARIIII	V20221CPAR 111 V20221CPAR 111 850,000
Motor vehicle 0221CPARJULY20221CPARJULY20221CPARJUL	Y2022ICPAF ULLY2022ICPARJULY 82,500
Computers Computers Computers Computers Computers Computers Computers Computers Computer Comp	36,000
Furniture and equipment Y20221CPARJULY20221CPARJUL	Y20221CPAR IULY20221CPARJULY 45,800
Accumulated Depreciation	LY2022ICPARJULY2022ICPARJULY2022ICPA
Buildings	85,000
Motor Vehicle 221CPARJULY20221CPARJULY20221CPARJUL	Y20221CPAR ULY20221CPARIULY 28,500
Computers	18,650
Furniture and equipment Y20221CPARIUMY20221CPARIUM	у2022 ICPA I II II У2022 ICPAR II II У2 (8,650
Purchases LY20221CPARJULY20221CPARJULY20221CPARJUL	Y20221CPAR IULY20221CPARJUL 650,000
Sales	1,050,000
Salaries and wages PARJULY20221CPARJULY20221CPARJUL	Y20221CPAR ULY20221CPARJUL 150,000
Stationaries 20221CPARJULY20221CPARJULY20221CPARJUL	Y20221CPAR ULY20221CPARJULY2 5,650
Accounts receivable	105,850
Accounts payable PARIULY2022ICPARIULY2022ICPARIUL	Y20221CPAH IULY20221CPARJULY 68,520
Opening inventory	9,500
Cash at bank 20221CPARJULY20221CPARJULY20221CPARJUL	Y20221CPAR ULY20221CPARJULY 45,000
Cash at hand 2022 ICPARJULY 2022 ICP	Y20221CPAR ULY20221CPARJULY202 856
Current accounts	. V20221CPARTULY20221CPARTULY20221CPA
Ntwalia RJULY 2022 I CPARJULY	Y20221CPAR JULY20221CPARJULY 58,500
Mbonyi	45,600
Mucyo RIUI Y20221CPARJULY20221CPARJULY20221CPARJU	V2022ICPAR III V2022ICPARII IV 38,500
Capital Account CPARJULY2022 ICPARJULY2022 ICPARJUL	LY2022ICPARJULY2022ICPARJULY2022ICP/
Ntwali, p. H. H. V2022 I CPA P. H. H. V2022 I CPA P. H. H. V2022 I CPA P. H. H.	100,000
MbonyirJULY20221CPARJULY20221CPARJULY20221CPARJU	Y2022[CPAR JULY2022[CPARJULY 66,000
Mucyo RJULY20221CPARJULY20221CPARJULY20221CPARJUI	Y20221CPAF ULY20221CPARJULY 34,000
Drawings 1 Y20221CPARJUI Y20221CPARJUI Y20221CPARJUI	5x 2022 (CPAR) UEY 2022 (CPAR) UEY 2022 (CP CY2022 (CPAR) ULY2022 (CPAR) UEY 2022 (CPA
Ntwalia RJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY	Y2022ICPAR ULY2022ICPARJULY 30,000
Mucyo	15,800
MbonyirJULY20221CPARJULY20221CPARJULY20221CPARJU	Y20221CPAR ULY20221CPARIULY 35,000
AND A LODA DIETE VANDALODA DIETE VANDALODA DIETEVANDA LODA LODA LODA LODA LODA LODA LODA LO	Wanaaton, Bull Wanaaton, Bull Wanaaton

The following additional information are available;

- 1. Included in the salaries and wages is salaries of the partners Mbonyi and Mucyo equivalent to FRW 20,000,000 each 1920221C PARTILI Y20221C PARTILI Y20221C
- 2. Interest at 15% per annum is provided to fixed capital and current amounts
- 3. Interest at 10% per annum is charged on partners' drawings
- 4. Inventory as at 31 December 2020 was FRW 8,000,000
- 5. Depreciation is to be charged on non-current assets as follows

- a) Motor vehicle at 25% on reducing balance
- b) Computers and accessories at 50% on reducing balance
- c) Buildings at 5% on cost
- d) Furniture and equipment at 20% on straight line basis

Required:

- a) Partnership's profit or loss for the year ended 31 December 2020 (4 Marks)
- b) Appropriation account for the year ended 31 December 2020 (6 Marks)
- c) Prepare current accounts of each partner for the year ended 31 December 2020

(6 Marks)

d) Outline four advantages and four disadvantages of partnerships (4 Marks)

(Total: 20 Marks)

End of question paper

F1.3 CPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARPage 9 of 12

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