

CERTIFIED PUBLIC ACCOUNTANTS

FOUNDATION LEVEL 1 EXAMINATION

F1.3 FINANCIAL ACCOUNTING

DATE: TUESDAY, 26 JULY 2022

MARKING GUIDE AND MODEL ANSWERS

F1.3 cpariui y2022icpariui y2022icpariui y2022 icpariui y2022icpariui y2022icpariui y2022icpar $\,{
m Page}\,1\,$ of $\,2\,$

SECTION A

RIULA**QUESTION ONE** CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJUL

Marking Guide

a) Describe the fundamental qualitative characteristics of useful financial information
Identification of relevance and its description
Indentification of faithful representation and its description 0221CPARJULY20221CPARJULY20221CP2RJU
Maximum marks ⁱ CPARJULY2022ICPARJULY2022 ICPARJULY2022ICPARJULY2022ICPARJULY2022ICP4RJU

ARUUN**b) Identify 6 users of financial information and what they need from this financial** ULARUUN information? 2022 ICPARIULY 2022 ICPARIULY

022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJU	Marks
Identification of customer and explanation their need in the financial information	Y20221CF
Identification of management and explanation their need in the financial information 2022 ICPARJULY 2022 ICPARJ	Y2022ICI Y2022ICP
Identification of lenders, suppliers and explanation their need in the financial information	TY 2022 ICE/ LY 2022 ICE/ LY 2022 ICE/
Identification of Government and explanation their need in the financial information	.Y2022ICh .Y2022ICh .Y2022ICh
Identification of Present and potential investors and explanation their need in the financial information	Y2022IC1 Y2022ICP
Identification of Employees and explanation their need in the financial information 2022 ICPARIUS 20	LY20221CP LY20221CP LY20221CP
Total ARJULY 2022 I CPARJULY 2	X20221C

c)

i) statement of profit or loss account and other comprehensive income

2022 ICPARJULY2022 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY2022 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY	Marks
Award 0.5 for each correct line shown in the statement of comprehensive	JULY2022161
income excluding totals and subtotals	
Working for closing inventory CPARJULY 2022 CPARJULY 2022	JULY2022ICI
Working for staff salaries and wages	JULY2022ICP
Working for staff transport 20221CPARJUTY20221CPARJUTY20221CPARJUTY20221CPAR	JULY2022ICI
Sub-total JLY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPAR	JULY20221 14

н міі) Statement of change in equity сравня угога ісравня угога ісравня угога ісравня угога ісравня на

Posting profit for the year in the statement of change in equity	RJULY2022ICPA
Well recorded issued shares in share capital and share premium	TULY20221C2
Well posted revaluation surplus in statement of change in equity NULY2022ICPAI	RJULY2022IC 1 A
Recorded dividend paid	RIULY2022ICRA
Sub-total JLY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPA	RJULY2022IC 5 /

JINF1.3 CPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPAR $\,$ Page 2 of 22

iii) Statement of Financial Position

Award 0.5 for each correct line recorded in the financial position excluding	ULY2022 9.5
totals and sub-totals	JULY2022ICPA
Award 1.5 mark for working made on building REFEY 2022 ICPARTELY 2	JULY2022 1.5
Sub-total/ULY20221CPARJULY20221	JULY2022141/

Model Answer

a) Fundamental qualitative characteristics of financial information

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. 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

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. 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.

b) Different users of financial information and their needs

Management will use comparisons to ensure that the business is performing efficiently and according to envisioned plan.

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.

Governments need to be able to assess taxation and regulate industries, as well as using information for statistical purposes.

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.

Lenders and suppliers will want to judge its creditworthiness, to assess whether loans and related interest and invoices will be paid when due.

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.

F1.3) cpariui y2022 icpariui y2022 icpariui y2022 icpariui y2022 icpariui y2022 icpariui y2022 icpar $\,\mathrm{Page}\,3$ of 22

C) i) MWBG Ltd's statement of comprehensive income for the year ended 31 December 2020

Particulars	RWF''000''	RWF''000''
Salesparjuly20221CPARJULY20221CPARJULY20221CPARJ	ULY2022ICPARJULY2022	CPAR 6,130,000
Cost of goods sold	ULY2022ICPARJULY2022	ICPARJULY2022ICF
Opening inventory	3,500	ICPARJULY 2022 ICF ICPAR II II Y 2022 ICF
Purchases ILY20221CPARIULY20221CPARIULY20221CPAR	11, 12, 12, 12, 13, 15, 10, 10, 10, 10, 10, 10, 10, 10, 10, 10	ICPARJULY2022ICP
Less closing inventory W5	(7,166)	ICPARJULY2022ICP
Cost of goods sold PARHULY2022ICPARHULY2022 ICPAR	ULY2022ICPARJULY2012	(3,566,334)
Gross profit 20221CPARJULY20221CPARJULY20221CPAR	ULY2022ICPARJULY2022	1CPAR/12,563,666
Add other incomes	JEY2022ICPARJUEY20.2 H V2022ICPAR II II V2022	ICPARJULY 2022 ICP ICPARJULY 2022 ICP
Discount received PARJULY20221CPARJULY20221CPAR	ULY2022ICPARJULY2022	сравлину 90,00 0
Gross incomes 221CPARJULY20221CPARJULY20221CPAR	ULY2022ICPARJULY2022	2,653,666
Less operating expenses	JEY 2022 ICPARJUEY 2012 JEY 2022 ICPARJUEY 2012	ICPARJULY2022ICP
Insurance ILY2022ICPARJULY2022ICPARJULY2022ICPAR	75,000	ICPARJULY2022ICP
General expenses	10,000	ICPARJULY 2022 ICP
Staff salaries and wages 11 y 2022 1 CPAR JULY 2022 1 CPAR	676,600	ICPARJULY2022ICP
Staff transport costs	11Y20221CPA 48,220	ICPARJULY2022ICP
Telephone expenses	80,000	ICPARJULY 2022 ICF ICPARJULY 2022 ICF
Board Allowances PARJULY20221CPARJULY20221CPAR	TLY2022 ICPA 20,000	ICPARJULY2022ICP
Irrecoverable debts	155,645	ICPARJULY2022ICP
Advertising costs CPARIULY 2022 ICPARIULY 2022 ICPAR	56,000	ICPARJULY2022ICP
Decrease in allowance for receivables	(4,226)	ICPARJULY2022ICP
Marketing expenses	50,000	ICPARJULY2022ICP
Fuel expenses 0221CPARJULY20221CPARJULY20221CPARJ	TY2022 ICPA 35,000	ICPARJULY2022ICF
Vehicle maintenance	42,000	ICPARJULY20221CF
Donations V20221CPARIU V20221CPARIU V20221CPAR	10,000	iciyarjuly2022ICI ICPARJULY2022ICP
Depreciation 66,000+40,000+155,350+50,000	311,350	ICPARJULY20221CP
OZZICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJ	ULY2022ICPARJULY2022	(1,565,589)
Operating Profit CPARJULY2022 ICPARJULY2022 ICPARJ	ULY2022ICPARJULY2022	1,088,077
Less finance charges	ULY20221CPARJULY2022	ICPARJULY2022ICP
Interest RILII V20221CPAR ILII V20221CPAR ILII V20221CPAR	ULY 2022 ICPARJULY 2022 H V 2022 ICPAR II II V 2022	(33,000)
Profit before tax CPARJULY2022ICPARJULY2022ICPARJ	ULY2022ICPARJULY2022	CPARJ 1,055,077
Less tax	ULY2022ICPARJULY2022	ICPARJULY2022ICF
Profit for the year	ULY2022 ICPARJULY2022	1,055,077
Other comprehensive income CPARILITY 2022 ICPAR	ULY2022ICPARJULY2022	ICPARJULY2022ICP
Revaluation surplus	ULY2022 ICPARJULY2022	1,208,350
Total comprehensive income CPARJULY 2022 C	ULY2022 ICPARJULY2022	2,263,427

RJULY2022ICPAR RJULY2022ICPAR

RJULY2022ICPAR RJULY2022ICPAR

ARJULY2022ICPAR

20221CPARJUI M $\mathbf{F1.3}$ CPARJUI Y20221CPARJUI Y20221CPARJUI Y20221CPARJUI Y20221CPARJUI Y20221CPAR $\mathbf{Page 4 of 22}$ MUI Y20221CPAR

ii) MWBG Ltd's statement of change in equity as at 31 December 2020 CPARILLY 2022 ICPARILLY 2022

2022ICPARJULY2022ICPAR	Share	Share 22 ICPA	Revaluation	Retained	Total PARJ
2022ICPARJULY2022ICPAR	capital	premium	Reserve	Earnings	Y2022ICPARJU
2022ICPARJULY2022ICPAR	FRW 000	FRW 000	FRW 000	FRW 000	FRW 000
At 1 January 2020	1,800,000	400,000	RJULY2022ICPARJUL	515,000	2,715,000
Profit for the year	JULY 2022 ICPA II II V 2022 ICPA	RJULY 2022 ICPA R II II V2022 ICPA	RJULY 2022 I CPARJUL R II JI V 2022 I CPARJUL	1,055,077	1,055,077
Issued shares during	80,000	20,000	RJULY2022ICPARJUL	Y2022ICPARJUL	100,000
the year	JULY2022ICPA	RJULY2022 ICPA	RJULY2022ICPARJUL	Y2022ICPARJUI	Y2022ICPARJU
Revaluation surplus	JULY2022ICPA	RJULY2022 ICPA	1,208,350	Y2022ICPARJUL	1,208,350
Dividends declared	JULY2022ICPA	RJULY2022 ICPA	RJULY2022ICPARJUL	(36,000)	(36,000)
Total ARJULY 2022 ICPAR	1,880,000	420,000	1,208,350	1,534,077	5,042427

iii) MWBG Ltds statement of financial position as at 31 December 2020

Particulars Y2022ICPARJULY2022ICPARJULY2022 ICPARJUL	RWF''000''	ICPA RWF"000"
Assets Assets IIII V20221CPARJULY 20221CPARJULY 20221CPARJ	Y 2022 ICPARJULY 2012 Y 2022 ICPA PILITY 2012	TCPARJULY20221CP
Non-current assets ARJULY2022ICPARJULY2022ICPARJUL	Y2022ICPARJULY2022	ICPARJULY2022ICP
Buildings LY2022ICPARJULY2022ICPARJULY2022ICPARJ L	Y20221(3,800,000	ICPARJULY2022ICP
Furniture and Equipment	264,000	TCPARJULY 2022 ICPA
Fixtures and Fittings\RJULY2022ICPARJULY2022ICPARJUL	Y2022ICPA 78,000	ICPARJULY2022ICPA
Vehicles Vehicles	120,000	ICPARJULY2022ICP
Landparjuty20221CPARJUTY20221CPARJUTY20221CPARJ	740,000	ICPARJULY2022ICP
Total non-current assets Y20221CPARJULY20221CPARJUL	Y2022ICPARJULY2022	ICPAR/ 5,002,000
Current assets	Y 2022 ICPARJULY 2012 Y 2022 ICPAR II II Y 2012	TCPARJULY 2022 ICPA TCPARJUTY 2022 ICPA
Receivables Y 2022 ICPAR II II Y 2022 ICPAR II II Y 2022 ICPAR II II	Y2022ICP 858,581012	ICPARJULY2022ICP
Prepaid transport cost: 2,560*1/2	1,280	ICPARJULY2022 ICP
Taxcparjuly2022[cparjuly2022[cparjuly2022]cparjul	50,000	ICPARJULY2022ICP
Inventory JLY2022ICPARJULY2022ICPARJULY2022ICPARJ JL	Y2022ICPAR7,166	TCPARJULY2022ICP
Bank 800*125-94,000	6,000	TCPARJULY 2022 ICPA
Cashparjuly20221CPARJULY20221CPARJULY20221CPARJUL	Y2022 ICPA 15,000	ICPARJULY2022ICP
Total current assets TULY2022ICPARJULY2022ICPARJULY	Y2022ICPARJULY2022	938,027
Total Assets 2022 ICPAR II II V2022 ICPAR II II V2022 ICPAR II	Y 2022 ICPARJULY 2012 Y 2022 ICPARJULY 2022	5,940,027
Equity and Liabilities ULY2022 ICPAR JULY2022 ICPAR J	Y2022ICPARJULY2022	ICPARJULY2022ICPA
Equity DILLY VACCE CRAP II II VACCE CRAP II II VACCE CRAP II III VACCE CRAP II II VACCE CRAP II III VACCE CRAP II II VACCE CRAP II VA	Y 2022 I CPARJULY 2012 V 2022 I CPARJULY 2022	TCPARJULY 2022 ICPA
Ordinary share capital ULLY20221CPARIULY20221CPARIUL	y2022[d,880,000]	ICPARJULY2022ICP
Share premium ²² ICPARJULY2022ICPARJULY2022ICPARJUL	420,000	ICPARJULY2022ICPA
Revaluation Reserve	1,208,350	HEPARJULY 2022 ICP HCPARJULY 2022 ICP
Retained Earnings PARJULY2022ICPARJULY2022ICPARJ I	Y202211,534,077	ICPARJULY2022ICP
Total Equity	Y 2022 I CPARJULY 2022 V 2022 I CPA B II II V 2022	5,042,427
Liabilities 1920221CPARJULY20221CPARJULY20221CPARJUL	Y2022ICPARJULY2022	ICPARJULY2022ICP
Long term liabilities RIVI Y2022 ICPARIUI Y2022 ICPARIUI	Y2022ICPARJULY2022	ICPARJULY2022ICP

icparjui n $\mathbf{F1.3}$ cparjui y2022icparjui y2022icparjui y2022 icparjui y2022icparjui y2022icpar $\,\mathbf{Page}\,\mathbf{5}\,$ of $\,\mathbf{22}\,$ cuti

Particulars V20221CPARILII V20221CPARILII V20221CPARI	RWF"000"	RWF"000"
Long term loan 21CPARJULY20221CPARJULY20221CPARJ	LY2022ICP 570,000 210	CPARJULY2022ICP
Total long-term liabilities	DEY 2022 I CPARJULY 2022 I	570,000
Short-term liabilities JULY2022ICPARJULY2022 ICPARJ	JLY2022ICPARJULY2012I	CPARJULY2022ICP
Payables Payables Payables	290,000	CPARJULY2022ICP
Proposed dividends 1,800,000/100*2	36,000	CPARJULY 2022 ICP.
Unpaid salaries 21CPARJULY20221CPARJULY20221CPARJ	LY2022ICPAR1,600 210	CPARJULY2022ICP.
Total short-term liabilities	DEY 2022 I CPAR JULY 2022 I II V 2022 I CPA P II II V 2012 I	327,600
Total Liabilities and Equity 22 ICPARJULY 2022 ICPARJ	JLY2022ICPARJULY2022I	CPAR J 5,940,027

RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR

RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR

RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR

RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR

RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR

PARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPAR y 2022 ICPARJULY **Working** y 2022 ICPARJULY **Working** JULY 2022 ICPARJULY 2022 IC

Working one	FRW "000"
Depreciation expense	ULY2022ICPARJULY2022ICP
Furniture and Equipment at cost PARIULY2022 ICPARIULY2022	750,000 750,000
Acc Depreciation	(420,000)
Carrying value 221CPARJULY20221CPARJULY20221CPARJULY20221CPARJ	ULY2022ICPARJUL 330,000
Depreciation rate	20%
Depreciation charge for the year PARIULY2022 ICPARIULY2022 ICPARIU	ULY20221CPARJULY 66,000
Net Book Value at 31st December 2020	264,000
Working two 221CPARJULY20221CPARJULY20221CPARJULY20221CPARJ	ULY2022ICPARJULY2022ICP
Vehicle at cost 221CPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJ	240,000
Acc Depreciation CPARHILLY2022 ICPARHILLY2022 ICPARHILLY202 ICPARHILLY2022 ICPARHILLY202 ICPARHILLY2022 ICPARHILLY202 ICPARHILLY202 ICPARHILL	(80,000)
Carrying value 221CPARJULY20221CPARJULY20221CPARJULY20221CPARJ	ULY2 0221CPARJUL 160,000
Depreciation rate	25%
Depreciation charge for the year PARIULY2022 ICPARIULY2022 ICPARIU	ULY 2022 CPARJULY 40,000
Net Book Value at 31st December 2020	120,000
Working three ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJ	ULY2022ICPARJULY2022ICF
Building at cost 21CPARIULY20221CPARIULY20221CPARIULY20221CPARI	3,107,000
Acc Depreciation CPARHULY2022 ICPARHULY2022 ICPARHULY2022 ICPARH	(360,000)
Carrying value at 01 Jan 2020 CPARIULY 2022 ICPARIULY 2022 ICPARIU	ULY2 0221CPARJU 2,747,000
Depreciation rate CPARILITY 2022 ICPARILITY 20	5%
Depreciation charge for the year PARIULY2022 ICPARIULY2022 ICPARIU	ULY20221CPARJUL\155,350
Net Book Value at 31st December 2020	2,591,650
Revalued amount CPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJ	ULY2022ICPARJULY2022ICP
	3,800,000
Revaluation surplus	TULY2022ICPARJULY2022ICF
2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJ	ULY2022ICPARJU 1,208,35 0
Working four	TULY2022ICPARJULY2022ICP ITH V2022ICPARTHH V2022ICP
Fixtures and Fittings at cost 1221CPARHIH Y2022 ICPARHIH Y2022 ICPARH	101Y2 0221CPARJUL 250,000
Acc Depreciation CPARJULY2022 ICPARJULY2022	(122,000)
Carrying value at 01 Jan 2020	128,000 128,000
Depreciation rate CPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJ	ULY20221CPARJULY202 20 %

Y20221CPARJULY $\mathbf{F1.3}$ ICPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPAR \mathbf{Page} 6 of $\mathbf{22}$ RJULY20221CPAR

Depreciation charge for the year	50,000
Net Book Value at 31st December 2020	78,000
Total depreciation on Non-Current Assets CPARJULY2022ICPARJULY 0221CI	311,350
Working five	PARJULY 2022 ICP
Closing inventory Parjuly2022 ICPARJULY2022 ICPARJULY2022 ICPARJULY 022 ICI	PARJULY2022ICP
Original cost 2022 ICPARJULY 2022 IC	8,456
Less inventory sold on cut price	(2,150)
Add 40% of value (lower between their costs and net realizable value)	PARJULY202 860
Closing inventory	7,166
Working six 0221CPARJULY 20221CPARJULY 20221CPARJULY 20221CPARJULY 20221CP	PARJULY2022ICP
Staff salaries and wages	PARJULY 2022ICP
As per the trial balance ULY2022 ICPARJULY2022 ICPARJULY2022 ICPARJULY 022 ICP	675,000
Add accrued salary Add accrued salary	1,600
Total ARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICI	676,600
Working seven ICPARJULY2022ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJ	PARJULY2022ICP
Staff transport	'ARJULY 2022 ICP/ PARTITI Y 2022 ICP/
As per trial balance PARJULY2022 ICPARJULY2022 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY2022 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY2	PARJULY 49,500
less prepaid transport of Jan 2021: 2,560*1/2	(1,280)
Total staff transport expense for 2020 TLY2022 ICPARIULY2022 ICPARIULY 022 ICI	48,220
Working eight	PARJULY2022ICP
Receivables 2022 ICPARJULY 2022 ICPA	PARJULY2022ICP
As per trial balance ARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY 022ICI	900,000
Less bad debts 1221CPARJULY2022ICPARJULY2022ICPARJULY 022ICI	(5,645)
Receivables before provisions 2 ICPARIULY 2022 ICPARIULY 2022 ICPARIULY 022 ICI	ARJU 894,355
Allowance for provisions	(35,774)
Balance as at 31 December 2020 ARJULY2022 ICPARJULY2022 ICPARJULY 022 ICI	AIW CLI ZUZZICI?
Working nine	PARJULY 2022 ICF
Allowance for receivables 2022 ICPARJULY 2022 ICPAR	PARJULY2022 ICP
As per trial balance	40,000
New provisions 21CPARJULY2022ICPARJULY2022ICPARJULY 022ICI	(35,774)
Decrease in allowance for receivables 1920221CPARILITY 0221CPARILITY 0221CI	PARJULY 4,226

PARJULY2022ICPAR

Y20221CPARJULY $\mathbf{F1.3}$ CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPAR \mathbf{Page} 7 of $\mathbf{22}$ MULY20221CPAR

Y2022ICPARJULY20

SECTION B

QUESTION TWO

Marking Guide

a) Prepare extracts statement of profit or loss and statement of financial position for the first year using Deferred

2022 ICPARJULY2022 ICPARJULY202 ICPARJULY	Marks
Award 0.5 mark for each correct line shown in the P/L (Maximum) 2 2	ULY2022IC2
marks) RJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPA	ULY2022ICP/
Award 0.5 for each correct line shown in the balance sheet (extract) Maximum	UL Y2022ICF
2 marks пл у2022 ICPAR II II V2022 ICPAR II II V2022 ICPAR II VI	ULY2022ICP/
Computation of grant income 22 ICPARJULY 2022 ICPAR	ULY2022 0.5
Computation of depreciation	0.5

b) Prepare the following Accounts for the year ended 31st December 2020

i) Non-Current Assets Account

20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJUL	Marks
0.5 mark for each correct line shown in the non-current asset account (Maximum 6	(2022IC6)
marks) RJULY2022ICPARJULY2022ICPARJULY2022 ICPARJULY2022ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY2	Y2022ICPA

ii) Disposal account

(0.5 mark for each correct line shown in the disposal account (Maximum 6 marks)	/2022IC 6 \

iii) Non-current asset movement schedule

Well computed total costs incorporating addition assets/2022/CPARIULY2022/CPARIULY	/20221C 1 A
Well computed cost of disposed asset included in movement schedule	(2022ICRA
Well computed accumulated depreciation 1022 ICPARJUHY2022 ICPARJUHY202 ICP	2022 0.5
Well computed depreciation of disposed assets and included in computation of movement schedule	/2022 0.5 /2022ICPA
Sub-Total Ly20221CPARJULY20221CPARJULY2022 ICPARJULY20221CPARJULY20221CPARJULY	/2022IC 3 /

F1.3 cpariui y2022icpariui y2022icpariui y2022icpariui y2022icpariui y2022icpariui y2022icpar $\,$ Page $\,$ 8 of $\,$ 22

Model Answer

QUESTION TWO

 (\mathbf{a}) 21CPARJULY2022ICPARJULY2022ICPARJULY2022 ICPARJULY2022ICPARJULY2022ICPARJULY202 i) 221CPExtract profit &loss (P&L) for the year ended 31 December 2020

2022ICPARJULY2022ICPARJULY2022ICPARJULY2022	ICPARJULY2022ICPARJULY2022ICPARJUFRW.000
Profit before depreciation	1,200,000
Add Grant income PARHIN 2022 ICPARHIN 2022	СРАВИИ У2022 ІСРАВИИ У2022 ІСРАВИИ У 14,300
20221CPARJULY20221CPARJULY20221CPARJULY2022	CPARIULY2022ICPARIULY2022ICPARII 1,214,300
Less depreciation	(425,000)
Net profit before tax UUI Y2022 ICPARIUI Y2022	CPARJULY20221CPARJULY20221CPARJUL 789,300

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

Non-current Assets

Building at cost	8,500,000,000
Less acc depreciation \RJULY2022ICPARJULY2022ICPARJULY2022I	CPAR (425,000,000)
Total Assets Y20221CPARJULY20221CPARJULY20221CPARJULY20221	8,075,000,000

Long term Liabilities VIII Y 2022 C

Deferred income Liability 286,000,000-14,300-14,300	257,400,000
---	-------------

Current Liabilities

Deferred income Liability	14,300,000
---------------------------	------------

Workings:

2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICI	PARJULY2022ICPARJULY	20221CPARJULY2 FRW
Depreciation: Cost of the asset/number of	8,500,000,000/20	425,000,000
Economic useful life:	PARJULY 2022 ICPARJULY PAR II II V 2022 ICPAR II II V	
Deferred income for the first year =	AR 286,000,000/20	2022ICPAR 14,300,000
Grant/number of years of asset: (PARIULY 2022 IC)	ARJULY2022ICPARJULY	

opo i) Darii Non-current Asset Account			
Details RJULY2022ICPARJULY2022	FRW''000"	HY2022ICP Details 2210	FRW 000
Bal b/f as at 01 Jan 2020	TCPARJULY 2022 ICPARJU TCPAR II II V 2022 ICPAR II	Disposals	PARJULY 2022 ICPA
XAD 562 C 20221CPARJULY2023	иср <mark>икилу 62,500</mark> кл	30-Aug-2020	PARJULY 62,500
XAE 146 A	84,400	JLY2022ICPARJULY2022IC	CPARJULY2022ICPA
XAC 965 Q	73,560	30-Jun-2020	73,560
XAD 865 Z 2022 ICPARJULY2022	EICP RJULY 42,000 RJU	JLY2022ICPARJULY2022IC	CPARJULY2022ICPA
XAE 123 D	38,800	JLY 2022 ICPARJULY 2022 IC	PARJULY 2022 ICPA
XAE 456 A 2022 CPARJULY2022	69,000	30-Oct-2020	PARILIY 69,000
XAE 457 A 2022 CPARJULY2022	36,700	JLY2022ICPARJULY2022IC	CPARJULY2022ICPA

Page 9 of 22

Additions during the year	JULY2022 ICPARЛ	ULY2022ICPARJULY202	22ICPARJULY2022ICPA
01 Feb 2020 2022 CPARJULY 2022 ICP	165,000	ULY2022ICPARJULY20	221CPARJULY20221CPA
01 Jul 2020 78,500*2-2,564*2	151,872	Bal c/d	518,772
Total ARJULY2022ICPARJULY2022ICPAR	723,832	ULY2022ICPARJULY2(2	723,832

RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR

RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR

RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR

ICPARIIII Y 2022 I CPAR JULY 2022 I CPAR

Asset	FRW"000"	Acc Depreciation	FRW "000"
30-Jun-20 XAC 965 Q	73,560	30-Jun-20 (Acc Dep)	46,406
30-Aug-20 XAD 562 C	62,500	30-Aug-20 (Acc dep)	PARJULY 40,528
30-Oct-20 XAE 456 A	69,000	30-Oct-20 (Acc dep)	28,031
2022ICPARJULY2022ICPARJULY2	022ICPARJULY202	Sales proceeds	PARJULY2022ICP
Gain on disposal: XAC 965 Q	7,846	30-Jun-20 XAC 965 Q	35,000
20221CPARJULY20221CPARJULY2	0221CPARJULY202	30-Aug-20 XAD 562 C	PARJULY 21,560
Gain on disposal: XAE 456 A	4,031	30-Oct-20 XAE 456 A	45,000
2022ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJU	022ICPARJULY202 022ICPARJULY202	Loss on disposal: XAD 562 C	PARJULY202 413 PARJULY2022 ICP/
2022ICPARJULY2022ICPARJULY20	022ICPARJULY202	ZICPARJULY2022ICPARBal c/d	PARJULY2022ICPA
Total ARJULY2022ICPARJULY 20	216,937	2 ICPARJULY2022 ICPARJULY2022 IC	216,937

Working for disposed assets 21 CPARIULY 2022 ICPARIULY 2022 ICPARI	ARJULY 2022 ICPARJULY 2022 ICPA
20221CPARJULY 20221CPARJULY 20221CPARJULY 20221CPARJULY 20221CPA	FRW 000
XAC 965 Q (2022) CPARJUJI (Y2022) CPARJU	ARJUI Y2022ICPARJULY2022ICPA
2Cost PARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPA	ARJUI Y2022ICPARJULY 73,560
Accumulated depreciation	(42,527)
Carrying value 221CPARJULY20221CPARJULY20221CPARJULY20221CPA	ARJUJ Y20221CPARJULY 31,033 A
Depreciation rate CPARJULY2022ICPARJULY2022ICPARJULY2022ICP	25%
Depreciation charge ARHH Y2022 ICPARHH Y2022	3,879
Carrying value as at disposal date ARIULY2022 ICPARIULY2022 ICP	ARJUI Y20221CPARJULY 27,154
Proceed from disposal	35,000
Gain on disposal CPARJULY2022 CPARJULY2022 CPARJULY2022 CPA	ARJUJ V20221CPARJUJ V207,846
20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CP	ARJUI Y2022ICPARJULY2022ICPA
XAD 562 C	ARJUH 2022ICPARJUET 2022ICPA ARJUH Y2022ICPARJUJ Y2022ICPA
Cost Parjuly20221CParjuly20221CParjuly20221CParjuly20221CP	ARJUI Y2022ICPARJULY 62,500
Accumulated Depreciation	(36,133)
Carrying value at start WH Y2022 ICPAR HH Y2022 ICPAR HH Y2022 ICPAR	акил у2022 геракилу 26,367
Depreciation rate CPARJULY2022ICPARJULY2022ICPARJULY2022ICPA	ARJUI Y20221CPARJULY20 25%
Depreciation charge	4,395
Carrying value at disposal date 30 Aug 2020 ICPARJULY2022 ICP	аклиј у20221СРАКЛИЈУ 21,973 А
Proceed from disposal	ARJUI Y 2022 I CPARJULY 21,560
Loss on disposal	(413)
20221CPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPA	ARJUI Y2022ICPARJULY2022ICPA
0221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CP	XKIIII VAURAICIPA KIIII VAURAICIPA

Y20221CPARJULY $\mathbf{F1.3}$ ICPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPA $\mathbf{Page~10~of~22}$ RJULY20221CPAR

Y 2022ICPARJUI Y 2022ICPARJUI	XAE 456 A	Y 2022 I CPARJULY 2022 I CPA
Y2022ICPARJUI	Cost Parjuly20221CParjuly20221CParjuly20221CParjuly20221CParjuly	Y20221CPARJULY 69,000
	Accumulated Depreciation	(17,250)
	Carrying value 221CPARJULY20221CPARJULY20221CPARJULY20221CPARJUL	Y20221CPARJULY 51,750
	Depreciation Rate PARJULY2022 ICPARJULY2022 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJU	Y20221CPARJULY2025%
	Depreciation Charge	10,781
	Carrying value at disposal date 30 Oct 2020 2 ICPARIULY2022 ICPARIUL	Y20221CPARJULY 40,969
	Proceed from disposal	45,000
	Gain on disposal ICPARIULY2022 ICPARIULY202 ICPARIULY202 ICPARIULY2022 ICPARIULY202 ICPARIULY202 ICPARIULY202 ICPARIULY202 ICPARIULY202 ICPARIULY202 ICPARIULY202 ICPARIULY202 ICPARIULY202 ICPARIULY2	v20221CPARJUTY2 4,031
	2022 ICPARJULY2022 ICPARJULY2022 ICPARJULY2022 ICPARJULY2022 ICPARJULY	Y2022ICPARJULY2022ICPA
Y2022ICPARJUI	Y <mark>2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY</mark>	LY 2022 I CPARJULY 2022 I CPA

RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR

RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR

RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR

RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR

RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR RJULY2022ICPAR

RJULY20221CPAR RJULY20221CPAR RJULY20221CPAR RJULY20221CPAR RJULY20221CPAR RJULY20221CPAR

y20221CPARIUD **iii). Non-current asset movement schedule** 22 1CPARIUI Y20221CPARIUI Y

Opening balance PARIM Y2022 PARIM	FRW 000	FRW 000
XAD 562 C	ULY 2022 ICPARJULY 2022 ICPAR ULY 2022 ICPARJULY 2022 ICPAR	62,500
XAE 146 A YZOZZICPARJULYZOZZICPARJ	ULY 2022 ICPARJULY 2022 ICPAR	JULY20221CPARJULY 84,400
XAC 965 Q	ULY 1022 ICPARJULY 2022 ICPAR	73,560
XAD 865 Zyzozzicparjijyzozzicpari	ULY2022 ICPARJULY2022 ICPAR	л гу20221СРАВЛІТУ 42,000
XAE 123 DY2022ICPARJULY2022ICPARJ	ULY2022 ICPARJULY2022 ICPAR	JULY2022ICPARJULY 38,800
XAE 456 A	ULY 2022 ICPARJULY 2022 ICPAR ULY 7022 ICPAR IUI Y 2022 ICPAR	69,000
XAE 457 A y20221CPARJULY20221CPARJ	ULY2022 ICPARJULY2022 ICPAR	JULY2022ICPARJULY 36,700
Additions	ULY 1022 ICPARJULY 2022 ICPAR	JULY2022ICPARJULY2022ICPA
01-02-20 _{UL Y2022} ICPARJUL Y2022 ICPARJ	ULY2022 ICPARJULY2022 ICPAR	165,000
01-07-20 ULY20221CPARJULY20221CPARJ	ULY1022 ICPARJULY2022 ICPAR	JULY2022ICPARJUL 151,872
Sub-total (cost)	ULY 1022 ICPARJULY 2022 ICPAR HTV 2022 ICPAR ITT V 2022 ICPAR	723,832
Disposals Y2022 CPARIULY2022 CPARI	ULY1022 ICPARJULY2022 ICPAR	JULY2022ICPARJULY2022ICPA
30-06-20 XAC 965 Q	ULY2022 ICPARJULY2022ICPAR	(73,560)
30-08-20 XAD 562 C	ULY 1022 ICPARJULY 2022 ICPAR ULY 1022 ICPARJULY 2022 ICPAR	(62,500)
30-10-20 XAE 456 A CPARI	ULY2022 ICPARJULY2022 ICPAR	Л LY2022ICPARJUI (69,000)
Sub-Total	ULY 1022 ICPARJULY 2022 ICPAR	(205,060)
Closing balance (cost) 11 Y2022 CPARI	ULY1022 ICPARJULY2022 ICPAR	л у2022 Герарии 518,772
Accumulated depreciation 2210PARI	ULY1.022 ICPARJULY2022 ICPAR	JULY2022ICPARJULY2022ICPA
Opening balance	ULY 1022 ICPARJULY 2022 ICPAR LITY 1022 ICPAR ITH V2022 ICPAR	JULY 2022 I CPARJULY 2022 I CPA II II V 2022 I CPAR II II V 2022 I CPA
XAD 562 Cy20221CPARJULY20221CPARJ	ULY 2022 ICPARJULY 2022 ICPAR	л Ly20221CPARJULY 36,133
XAE 146 A	ULY 1022 ICPARJULY 2022 ICPAR	21,100
XAC 965 Q 20221CPARII II V 20221CPARI	ULY 1022 ICPARJULY 2022 ICPAR ULY 1022 ICPARJULY 2022 ICPAR	42,527
XAD 865 ZY2022ICPARJULY2022ICPARJ	ULY 2022 ICPARJULY 2022 ICPAR	Д LY2022ICPARJULY 18,375
XAE 123 D	ULY 1022 ICPARJULY 2022 ICPAR	9,700
XAE 456 A v20221CPARJULY20221CPARJ	ULY1022 ICPARJULY2022ICPAR	л гу20221СРАКЛИТУ 17,250
XAE 457 A	ULY 2022 ICPARJULY 2022 ICPAR	JULY2022ICPARJULY2/9,175
.0221CPARJULY 20221CPARJULY 20221CPARJ 10221CPARJUT Y20221CPARJUT Y20221CPARJ	ULY 1022 ICPARJULY 2022 ICPAR ULY 1 (A) ICPARJULY 2022 ICPAR	154,260
Depreciation of disposed assets	ULY: 022 ICPARJULY2022 ICPAR	JULY2022ICPARJULY2022ICP
XAC 965 Q	42,527+3,879	46,406
XAD 562 Cy20221CPARJULY20221CPARJ	36,133+4,395	40,528
XAE 456 A	17,250+10,781	JLY2022ICPARJULY 28,031

Y20221CPARJULY $\mathbf{F1.3}$ ICPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPA $\mathbf{Page~11~of~22}$ RJULY20221CPAR

2022ICFARJUL Y2022ICFARJULY2022ICPARJULY	B ICPARJULY2022 ICPARJULY2022	114,965
Depreciation charge RJUIY2022ICPARJUD	7: 022 ICPARJULY2022 ICPARJULY2022	TCPARJULY2022ICP
XAE 146 A	(84,400-21,100) *25%	15,825
XAD 865 Z /2022 ICPARJULY 2022 ICPARJULY	(42,000-18,375) *25%	тсраклі у 2.5,906
XAE 123 D Y 2022 I CPARJULY 2022 I CPARJULY	(38,800-9,700) *25%	ICPARJULY2/7,275
XAE 457 A	(36,700-9,175) *25%	6,881
01-02-20 (Addition) ARIUI Y2022ICPARIUI	165,000*25%*11/12 RIII Y2022	ICPARJUI 37,812.5
01-07-20 (Addition)	(78,500*2-2,564*2) *25%*6/12	18,984
Total charge for the year	C ICPARJULY2022ICPARJULY2022	ICPARJULY 92,684
Total accumulated depreciation bal c/d	A-B+C	131,979
Net Book Value CPARHII V2022 CPARHII	7 022 ICPARJULY2022 ICPARJULY2022	386,794

QUESTION THREE

20221CPARJULYMarking Guide²²1CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPAR Y 2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPAR

RJULA) An opening statement of affairs PARJULY2022 ICPARJULY2022 ICPARJULY202 ICPARJU		
0.5 marks for each correct figure of opening balance for asset (9*0.5)	4.5 RJULY2022	
Well identified opening balance of liabilities	0.5	
RJULY Maximum marks icparjuly20221cparjuly2022 icparjuly20221cparjuly2022icparjuly2022icparjuly2	2022ICP 5 RJULY2022	
b) Statement of revenue and expenditures for the year ended 30 th September 2020		
Working for trading account of bar and restaurant	20221CPARJULY 2022	
RJUL Working for of purchases I Y20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY2	0221 0.5 RJULY2022	
Working for of sales	0.5	
Working for of membership fees	0.5	
RJUL Donation well posted in income and expenditure PARJULY2022ICPARJULY2022ICPARJULY2	0221 0.5 RJULY2022	
Posting of miscellaneous incomes/receipts	0.5	
Working for gain/loss on disposal of furniture	0.5 RJULY2022	
RJUL Rent expense for the period well posted LY2022 ICPARJULY2022 ICPARJULY202 ICPAR	0221 0.5 RJULY2022	
Posting of stationaries	0.5	
Working for electricity and water	0221CI ARJULY2022	
RJUL Working for salaries and wages ICPARJULY2022 ICPARJULY202 ICPARJULY2022 ICPARJULY202 ICPARJULY	2022ICFARJULY2022	
Posting of fuel consumption expenses	0.5	
Posting of local and international travel expenses	0.2210.5 RJULY2022	
Working for depreciation of all non-current asset PARJULY2022ICPARJULY2022ICPARJULY2	20221C¶ARJULY2022	
Maximum Marks	00221 10 RJULY 2022	
c) Statement of financial position as at 30st September 2020 Compared to 2		
Net Book Value of furniture and Equipment 22 ICPARJULY2022ICPARJULY2022ICPARJULY2	0221 0.5 RJULY2022	
Net Book Value of fixtures and fittings	0.5	
Net Book Value of motor vehicle PARHILY2022 ICPARHILY2022 ICPARHILY202 ICPAR	0221 0.5 RJULY2022	
Posting of correct figure of receivables TY2022 ICPARIULY2022 ICPARIULY202 ICPARIUL	02210.5 RJULY2022	
Posting of prepaid electricity and water	0.5	
Posting of cash balance and its working 1 y 2022 ICPARILITY 20	0221 0.5 RJULY2022	
Posting of membership in arrears PARJULY2022 ICPARJULY2022	0.5 RJULY2022	
KJUL Y ZUZZICKARIUL Y ZUZZICKARIUL Y ZUZZICKARIULY ZUZZICKARIULY ZUZZICKARIUL Y ZUZZICKARIULY ZUZZICKARIULY	uzzieka kiULY2022	

Y2022ICPARJULY $\mathbf{F1.3}$ ICPARJULY2022ICPARJULY2022ICPARJULY2022 ICPARJULY2022ICPARJULY2022ICPA $\mathbf{Page~12~of~22}$ RJULY2022ICPAR

Posting of inventory Posting of accumulated surplus according to the Posting of t	RJULY 2022 ICPARJULY 2022 I O 5 R II II Y 2022 ICPAR R II II Y 2022 ICPAR II II Y 2022 I O 5 R II II Y 2022 ICPAR
Working for all short-term liabilities RIVIY2022 ICPARIULY2022 ICPARIULY	RJULY20221CPARJULY20221 <mark>0.5</mark> RJULY20221CPAR
Maximum Marks	RJULY2022ICPARJULY2022ICPARJULY2022ICPAR RJULY2022ICPARJULY2022ICP 5 RJULY2022ICPAR
Total marks	20 rjuly2022ICPAR
Y2022TCPARJULY2022TCPARJULY2022TCPARJULY2022TCPARJULY2022TCPA	RJULY2022ICPARJULY2022ICPARJULY2022ICPAR

RJUL Model Answer 0221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPAR

UUINa) Statement of affairs as at 1 October 2019 ICPARIULY2022ICPARIULY2022ICPARIULY2022ICPARIULY

Particulars 20221CPARJULY20 21C	FRW 000	LY2022ICPARIULY2022ICPARIULY FRW 000
Furniture and Equipment 200 210	62,540	LY2022ICPARJULY2022ICPARJULY2022ICPARJ
Land PAR II II Y2022I CPAR II II Y20 21CI	300,000	EY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJ ILY 2022 ICPAR ILU Y 2022 ICPAR ILU Y 2022 ICPAR I
Fittings and fixtures ARJULY20 21C	PARJULY20215,500	LY2022ICPARJULY2022ICPARJULY2022ICPARJ
Vehicle	25,000	LY2022ICPARJULY2022ICPARJULY2022ICPARJ
Receivables	14,000	LY2022ICPARJULY2022ICPARJULY2022ICPARJ
Prepaid RJULY 2022 ICPARJULY 20 2 ICI	PARJULY2022 I (800)	LY2022ICPARJULY2022ICPARJULY2022ICPARJ
Cash	2,000	EY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJ ILV 2022 ICPARJULY V2022 ICPARJULY 2022 ICPARJ
Inventory 122221CPARJULY20 21CI	PARJULY20225,000	LY2022ICPARJULY2022ICPARJULY2022ICPARJ
Membership fees in arrears	12,450	LY2022ICPARJULY2022ICPARJULY2022ICPARJ
Total assets	PARJULY 2022 ICPARJU	457,290 457,290
Membership fees in advance	PARJULY2022 5,000 J	TLY2022ICPARJULY2022ICPARJULY2022ICPARJ
Payables	8,500	EY2022 ICPARJUEY2022 ICPARJUEY2022 ICPARJ
Accrued HIV20221CPARJULY20 21C1	PARJULY2022 2,000	LY2022ICPARJULY2022ICPARJULY2022ICPARJ
Less ARJULY2022ICPARJULY20 21Cl	PARJULY2022 ICPARJU	LY2022ICPARJULY2022ICPARJULY202 15,500
Accumulated surplus	PARTULY 2022 ICPARTU PARTUT Y 2022 ICPARTU	441,790

b) Statement of income and expenditure for the year ended 30 September 2020

2022ICPARJULY2022ICPARJULY2022ICPARJULY2022	PARJUL FRW 000 ULY202	22ICPARJI FRW 000
Membership fees	127,500	221CPARJULY2022ICPA
Donations LY20221CPARJULY20221CPARJULY2022	PARHITY2 10,000	221CPARJULY2022ICPA
Miscellaneous receipts WY2022 ICPARJUIY2022	PARILLY 22,850 11. Y 201	22ICPARJULY2022ICPA
Gross profit of the bar and restaurant(W1)	162,500	221CPARJULY20221CPA 221CPARJULY20221CPA
Gain on disposal(W10) ULY20221CPARJULY2022	CPARJULY202 407.5	22ICPARJULY2022ICPA
Total revenue	CPARJULY2022ICPARJULY202	323,258
Expenditures 2022 CPARIUI V2022 ICPARIUI V2022 ICPA	SPARJULY2022ICPARJULY202 CPARJULY2022ICPARJULY202	221CPARJULY2022ICPA
Rent expenses 72,000*9/12 022 ICPARJUIY2022	CPARJULY2054,000 ULY202	221CPARJULY20221CPA
Stationaries	5,500	ZZICPARJULY 2022 ICPA
Electricity and water (W4) 2022 CPARJULY2022	CPARHULY202 2,400 CHY202	22ICPARJULY2022ICPA
Salaries and Wages(W5)	33,500	221CPARJULY2022ICPA
Fuel consumption expenses	14,400	221CPARJULY 2022ICPA
Local and international travel expenses 1/2022	CPARJULY202 5,250 ULY202	22ICPARJULY2022ICPA
Depreciation 13,525.6+3,100+10,369	26,995	221CPARJULY20221CPA
Total expenditures RJUIY20221CPARJUIY2022	CPARJULY2022ICPARJULY202	142,045

PARJULY $\mathbf{F1.3}$ CPARJULY2022ICPARJULY2022ICPARJULY2022 ICPARJULY2022ICPARJULY2022ICPA $\mathbf{Page~13~of~22}$ rjul

RJULY2022ICPAR

2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022	FRW 000	FRW 000
Surplus (total revenues-total expenditures	ICPARJULY2022ICPARJULY20	221CPARJUL 181,213

RELIENC) Statement of financial position as at 30 September 2020 PARHILY 2022 ICPARHILY 2022 ICPARHILI

2022ICPARJULY2022ICPARJULY2022ICPARJULY2022	FRW 000	FRW 000
Furniture and equipment (W7)	40,577	0221CPARJULY 20221CPA 0221CPARJULY 20221CPA
Fittings and fixtures ARJULY20221 (W8) 11 Y20 2	CPARJULY20212,400 LY20	022ICPARJULY2022ICP/
Motor vehicle(W8)	41,476	D221CPARJULY20221CPA
Land PARJULY2022ICPARJULY2022ICPARJULY2022	300,000	0221CPARJULY20221CPA
Total Non-current assets 20221CPARJULY20 22	CPARJULY2022ICPARJULY20	0221CPARJUL 394,453
Receivables	13,000	0221CPARJULY20221CPA 0221CPARJULY20221CPA
Prepaid electricity and water 221C PARILITY 20 21	CPARJULY20221C 900 1 LY20	022ICPARJULY2022ICPA
Cash PARJULY 2022 ICPARJULY 2022 ICW11 UTY 2022	168,200	022ICPARJULY2022ICPA
Membership in arrears W6	16,450	0221CPARJULY20221CPA
Inventory II Y20221CPARJULY20221CPARJULY20 22	CPARJULY20230,000 LY20	022ICPARJULY2022ICP
Prepaid rent 72,000*3/12	18,000	0221CPARJULY 20221CPA
2022ICPARJULY2022ICPARJULY2022ICPARJULY2022	CPARJULY2022ICPARJULY20	0221CPARJUJ 246,550
Total Assets 2022/CPARIULY2022/CPARIULY20	CPARJULY2022 ICPARJULY20	641,003
2022 ICPARIUI Y2022 ICPARIUI Y2022 ICPARIUI Y2022 I	CPARJULY2022 ICPARJULY20	022ICPARJULY2022ICPA
Accumulated surplus	441,790 Mar	0221CPARJULY 20221CPA 0221CPARJULY 20221CPA
surplus of the year	181,213	022ICPARJULY2022ICP/
20221CPARJULY20221CPARJULY20221CPARJULY2022	CPARJULY2022ICPARJULY20	0221CPARJUJ 623,003
Membership paid in advance	CPARJULY2022 6,500 LY20	
Accrued salaries and wages	1,500	0221CPARJULY20221CPA 0221CPARJULY20221CPA
Payables III Y2022 ICPARIUI Y2022 ICPARIUI Y20	CPARJULY20210,000 LY2	022ICPARJULY2022ICPA
2022 ICPARJULY 2022 I	CPARJULY2022ICPARJULY20	18,000
Total equity and liabilities	CPARJULY2022ICPARJULY20	641,003

Working one

Profit or loss from restaurant from restaurant

20221CPARJULY20221CPARJULY20221CPARJULY202	FRW 000 LY20	221CPAR FRW 000
Sales (W3)	HCPARJULY 2022 ICPARJULY 20 ICPARJULY 2022 ICPARJULY 20	409,000
Less cost of sales CPARIUTY2022ICPARIUTY202	ICPARJULY2022ICPARJULY20	D221CPARJULY20221CPA
Opening inventory	25,000	DZZICPARJULY 2022ICPA
Purchases (W2) (W2)	гераки и 251,500 и 20	D22ICPARJULY2022ICPA
Closing inventory CPARJULY 2022 ICPARJULY 2022	(30,000))221CPARJULY2022ICPA
2022 ICPARTULY 2022 ICPARTULY 2022 ICPARTULY 202. 2022 ICPARTUT Y2022 ICPARTUT Y2022 ICPARTUT Y202	ICPARJULY 2022 ICPARJULY 20 ICPAR II II V2022 ICPAR II II V20	(246,500)
Gross profit 20221CPARJULY20221CPARJULY202	ICPARJULY2022ICPARJULY20	221CPARJUL 162,500

RIULYF1.3ICPARIULY2022ICPARIULY2022ICPARIULY2022ICPARIULY2022ICPARIULY2022ICPARIULY2022ICPAPage 14 of 22

ARJULY Workings two 2022 ICPARJULY 2

Account payable contr	ol account	PARJULY2022ICPARJULY202	21CPARJULY2022ICPA
2022 ICPARJULY 2022 ICPARJ U 2022 ICPARJULY 2022 ICPARJU	FRW 000	ARJULY2022ICPARJULY202	FRW 000
2022ICPARJULY2022ICPARJU	JLY2022ICPARJULY2022 ICP	Bal b/d 221CPARJULY2 12	21CPARJULY2/8,500
Payment	250,000	Purchase	251,500
Bal c/d RJJJ Y2022 CPARJI	11. 12. 12. 12. 12. 12. 12. 12. 12. 12.	ARJULY2022ICPARJULY202	2ICPARJULY2022ICPA
2022ICPARJULY2022ICPARJU	250,000	ARJULY2022ICPARJULY202	260,000

/2022ICPARJULY**Working three**)22ICPARJULY202ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY2022

Account receivable control account UTY2022 ICPARIUTY2022 ICPARIUTY202 I				
Y2022ICPARJULY2022ICPARJUI	LY2022 IC AR FRW 000	ARJULY2022ICPARJULY20	22ICPARJIFRW 000	RJULY2022ICPAR
Bal b/d	14,000	ARJULY2022 ICPARJULY20 PARTITI V2022 ICPARTITI V20	1221CPARTULY 20221CPA 1221CPARTULY 20221CPA	RJULY2022ICPAR R II II Y2022ICPAF
Sales (balance)	409,000	ARJULY2022ICPARJULY20	22ICPARJULY2022ICPA	RJULY2022ICPAF
A 2022ICFARJULY	DY 2022IC ARJULY 2022 ICI	Receipt from debtors	410,000	RJULY2022ICPAI
A 2022ICPARJULY2022ICPARJUI	LY2022IC PARJULY2022 IC	Bal c/d	221CPARITY 13,000	RJULY2022ICPAI
	Bal b/d	Bal b/d 14,000 409,000	FRW 000	FRW 000 FRW 000 Bal b/d 14,000 Sales (balance) 409,000 Receipt from debtors 410,000

Working four 2022ICPARJULY2022ICPARJULY2022 ICPARJULY2022ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY202ICPARJULY20

	FRW 000	Y2022 ICPARJULY2022 ICPARJULY2022 ICPAR.	FRW 000
Payment LY2022ICPA	RJULY 02210 2,500	Y2022 ICPARJULY2022 ICPARJULY2022 ICPAR	ULY2022ICP
Prepaid bal b/d	800	Consumption for the period (balance)	2,400
	RJULY2022ICPARJUL	Y2022 ICPARJULY2022ICPARJULY2022ICPAR	ULY2022ICP
2022ICPARJULY2022ICPA	RJULY2022 ICPARJUL	Prepaid bal c/d OZZICPARJULY 2022 ICPAR	900

RJULY2022ICPAR RJULY2022ICPAR

RJULY2022ICPAR

20221CPARJULY**Working five** 20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPARJULY20221CPAR

Salaries and wages				
2022 ICPARJULY 2022 ICPARJU 2022 ICPARJULY 2022 ICPARJU	FRW 000	ARJULY2022ICPARJULY2022IC	FRW 000	
Accrued c/d	LY2022IC ARJULY 1,500 I	ARJULY20221CPARJULY2	CPARJULY2022ICPA	
Payment	34,000	Salary for the period	33,500	
	ILY2022ICPARJULY2022ICF	ARJULY20221CPARJULY202210		
20221CPARJULY20221CPARJU	JLY2022ICPARJULY2022ICF	Accrued bal c/d	2,000	

2022 ICPARJULY**Working six** Y2022 ICPARJULY2022 ICPARJULY202 ICPARJU

Membership fees arrears					
20221CPARJULY2022ICPARJULY2022	FRW 000	PARJULY2022ICPARJULY2022IC	FAR FRW 000		
2022ICPARJULY2022ICPARJULY2022	2ICPARJULY2022 IC	Prepaid bal b/d	PARJULY2 5,000		
Prepaid bal c/d	6,500	Payment	125,000		
Accrued b/d/2022ICPARJULY2022	21C PARJU12,450	Accrued c/f (Balance)	раклиу 16,450		
Member fee for the period	127,500	PARJULY2022ICPARJULY2022IC	CPARJULY2022ICP		
20221CFARJULY20221CFARJULY2022	146,450	PARJULY2022ICPARJULY2022IC	146,450		

ICPARJULY $\mathbf{F1.3}$ CPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPA $\mathbf{Page~15~of~22}$ RJULY2022ICPAR

Working seven

ULY Furniture and equipment Y20221CPARJULY2022 ICPARJULY20221CPARJULY2022ICPARJULY2022ICP

2022 ICPARJULY2022 ICPARJULY2022 ICPARJULY2022 ICPARJULY2022 IC	FRW 000
Carrying amount as at 01 Oct 2019 RHH Y2022 ICPARHUI Y2022 IC	62,540
Less disposal ² 022ICPARJULY2022ICPARJULY2022ICPARJULY2022IC	PA RJULY2022ICPARJU (8,437.5)
2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 IC 2022 ICPAR II II V2022 ICPAR II II V2022 ICPAR II II V2022 ICPAR II II V2022 ICPAR	54,102.5
Deprecation (25%*54,102,500) CPARIULY2022 CPARIULY2022 C	PARJULY2022ICPARJ (13,525.6)A
NBV AR II II V2022 ICPAR II VI	40,577

Working eight: Fitting and fixtures

	0221CPA RJULY20221CPARJI FRW 000 4
Carrying amount as at 01 October 2019	15,500
Deprecation (20%*15,500,000) CPARJULY2022 (CPARJULY2	0221CPA RIULY20221CPARIULY(3,100)
2 NBV ARJULY20221CPARJULY20221CPARJULY20221CPARJULY2	0221CPA RJULY20221CPARJULY 12,400

Working nine: Motor vehicle: 21CPARJULY2022 ICPARJULY2022 ICPARJULY202 ICPARJULY202

2022 ICPARJULT 2022 ICPARJULT 2022 ICPARJULT 2022 ICPARJULT 20 2022 ICPAR IUT Y2022 ICPAR IUT Y2022 ICPAR IUT Y2022 ICPAR IUT Y20	FRW 000
Carrying amount as at 01 October 2019 Y2022 ICPARJULY20	221CPA RJULY20221CPARJULY 25,000
Addition Add	26,845
2022ICPARJULY2022ICPARJULY2022ICPARJULY2022 ICPARJULY20	221CPA RJULY20221CPARJULY 51,845
Depreciation (25%*51,845)	221CPA RJULY20221CPARJU (10,369)
NBV AR II II VOO221 CPAR II II VOO221 CPAR II II VOO22 ICPAR II II VO	41,476

Working 10; Gain or loss on disposed furniture RIVIY2022ICPARIVIY202ICPARIVIY202ICPARIVIY202ICPARIVIY202ICPARIVIY202ICPARIVIY202ICPARIVIY202ICPARIVIY202ICPARIVIY202ICPARIVIY202ICPARIVIY202ICPARIVIY202ICPARIVIY202ICPARIVIY202ICPARIVIY202ICPARIVIY202ICPA

2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJU	LY2022 ICIARGULT 2022 ICIARGU LY2022 ICPARJULY2022 ICPARJU	FRW 000
2022ICPARJULY2022ICPARJULY2022ICPARJU	LY2022 ICPARJULY2022 ICPARJU	LY2022ICPARJULY20NBV
cost	25%	20,000
Accumulated depreciation	LY2022 ICPARJULY2022 ICPARJU	LY2022ICPARJULY2022ICPA
Y1 ICPARJULY2022ICPARJULY2022ICPARJU	20,000*25%=5,000	LY2022ICPARJULY 15,000
Y2 ICPAR II II V2022ICPAR II II V2022ICPAR II II	15,000*25%=3,750	11,250
2 Y3 ICPARJULY2022ICPARJULY2022ICPARJU	11,250*25%=2,812.5	Y20221CPARJUL 8,437.5
Carrying value as at disposal year	LY2022 ICPARJULY2022 ICPARJU	8,437.5
Sales proceeds 221CPARHUI Y2022ICPARHUI	LY2012 ICPARJULY2022 ICPARJU	V2022ICPARITY 8,845
Gain on disposal CPARJULY2022 ICPARJU	LY2022 ICPARJULY2022 ICPARJU	Y2022ICPARJULY2/407.5

Working 11: Cash balance 2022 ICPARJULY 2022 ICPARJ

2022ICPARJULY2022ICPARJULY2022ICPARJULY2022	PARJULY2022ICPARJULY2022ICPARJIFRW 000
Balance per Cash book	PARHI 17022 ICPARHI 172022 ICPARHI 186,200
Disposal ULY20221CPARJULY20221CPARJULY2022	ПРАВЛИТУ20221CPARЛИТУ20221CPARЛИТУ2(8,845
Motor vehicle	(26,845)
Bal c/drjuly20221CPARJULY20221CPARJULY2022	PARHILY20221СРАВНИ У20221СРАВНИ 168,200

F1.3 cparjuly20221cparjuly20221cparjuly2022 icparjuly20221cparjuly20221cparjuly20221cpa $\,$ Page 16 of 22 $\,$

QUESTION FOUR

Marking Guide

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

2022ICPARJULY2022ICPARJULY202	21CPARJULY2022 ICPARJULY2022IC	PARJULY2022ICPARJULY Marks
Gross profit margin	1 mark for correct	PARJULY2022ICPARJULY2022I14
Net profit margin CPARJULY202	calculation and 1 mark for	PARJULY2022ICPARJULY2022ICPA
Inventory turnover period	interpretation PARJULY202210	PARJULY2022ICPARJULY2022ICPA
Receivable collection period	 PARJULY 2022 ICPARJULY 2022 IC 216 PARTITI Y 2022 ICPARTITI Y 2022 IC	PARJULY2022ICPARJULY2022ICPA
Current ratio 20221CPARJULY202	21CPARJULY2022 ICPARJULY20221C	PARJULY2022ICPARJULY2022ICPA
Quick ratio	ZICPARJULY2022 ICPARJULY2022 IC	PARJULY2022ICPARJULY2022ICPA
Debt ratio II Y2022 ICPAR II II Y202	=== PARJULY 2022 ICPARJULY 2022 IC 2 ICPARJULY 2022 ICPARJULY 2022 IC	PARJULY 2022ICPARJULY 2022ICPA
Limitation of ratio analysis	1.5 mark for each well stated point	PARJULY2022ICPARJULY2022IC6
	Consider also, valid point	PARJULY2022ICPARJULY2022ICPA
	provided by students but	PARJULY2022ICPARJULY2022ICPA
	not found in the model	PARJULY2022ICPARJULY2022ICPA
	answer 2022 ICPARJULY2022 IC	PARJULY2022ICPARJULY2022ICPA
Total ARJULY2022ICPARJULY202	21CPARJULY2022 ICPARJULY202210	PARJULY2022ICPARJULY2022I20

Model Answer QUESTION 4

a)

2022 ICPARJULY 2022	CPARJULY2022 ICPARJ	Kicukiro Ltd		Gasabo Ltd	
2022ICPARJULY2022	Formulae 221CPARI	FRW''000" 11 1 120221	CPARJUI	FRW 000	22ICPARJU
Gross profit Margin	(Gross profit/Sales) *100	800,000/1,500,000	53%	650,000/2,000, 000	33%
Net profit Margin	(Net profit/sales) *100	265,000/1,500,000	18%	145,000/2,000, 000	7%
Inventory turnover period	(Inventory/cost of sales) *365	(100,000/700,000) *365	152 JUI CPARJUI	(50,000/1,350, 000)-365	213.5 RJU 21CPARJU
Receivable collection period	(Receivable/Sales)*365	(850,000/1,500,000) *365	207 PARJUI	(350,000/2,000 00) *365	64 21CPARJI 21CPARJI
Current ratio 2022 2022 ICPARJULY 2022 2022 ICPARJULY 2022	Current assets/current liabilities	950,000/1,100,000	0.9:1	445,000/280,0 00	1.58:1

F1.3 cparjuly20221cparjuly20221cparjuly20221cparjuly20221cparjuly20221cparjuly20221cpa $\,$ Page 17 of 22

Quick ratio	(Current assets-	(950,000-	0.8:1	(445,000-	1.4:1
Y2022ICPARJULY2022	inventory)/current	100,000)/1,100,000	CPARJUI	50,000)/280,00	2ICPARJU
Y2022ICPARJULY2022	liabilities	JLY2022 ICPARJULY20221	CPARJUL	0 ²² ICPARJULY20	22ICPARJU
Debt Ratio	(Long term	(0/2,900,000) *100	0%	(850,000/2,930	29%
Y2022ICPARJULY2022	debts/shareholder	JLY2022 ICPARJULY20221	CPARJUL	,000) *100 LY20	21CPARJU
Y 2022 I CPARJULY 2022	s equity) *100	JLY2022 ICPARJULY2022I	CPARJUL	Y2022ICPARJULY20	21CPARJU

Gross profit Margin

Kicukiro Ltd has 53% compared to 33% of its counterpart. This shows that Kicukiro is better to manage cost of sales than Gasabo Ltd | Y2022 | CPARTHI Y2022 |

Net Profit Margin

Kicukiro Ltd has 18% compared to 7% of Gasabo Ltd. Kicukiro Ltd is still doing better in terms of managing its operating expenses. However, they all need to be efficient enough to manage their operating expenses

Inventory turnover period

Kicukiro has an inventory turnover period of 52 days compared to Gasabo's 13.5 days. This means that Gasabo is more efficient in turning their raw materials into finished products or turning inventory into cash.

Receivable collection period

Kicukiro requires 207 days to collect its debts compared to 64 days it takes Gasabo to collect its debts. The management of Gasabo is more efficient in managing its working capital compared to Kicukiro Ltd

Current Ratio

All companies are not able to pay their current liability using current assets, this situation may lead to liquidity problems especially for Kicukiro Ltd because they had worst current ratio. Normally better current ration should be 2:1

Quick Ratio

All companies performing bad in terms of liquidity because they can't pay current debts using quick assets. They need to improve to achieve at least 1:120221CPARIULY20221CPAR

Debt Ratio

All companies are almost equity financed as even Gasabo that has long term debt of 850 Million is only 24% of its assets and any debt ratio that is below 50% is better. Kicukiro Ltd is financed

F1.3 CPARIUI Y2022ICPARIUI Y2022ICPARIUI Y2022 ICPARIUI Y2022ICPARIUI Y2022ICPARIUI Y2022ICPA $\,$ Page $\,$ 18 of $\,$ 22

only by equity, this may be a fear for financial risk but this reduces efficiency in terms of operation

Q4 b: Limitation of ratios

- 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.
- 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.
- 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

F1.3 cpariuly2022 icpariuly2022 icpariuly20

QUESTION FIVE

Marking Guide

LY20221CPARULY2022

2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022	Marks
0.5 for correct line shown in the statement of	ICPARJULY2022ICPARJULY2022ICPARJULY2022IC3
profit or loss (Maximum 3 marks) ARJULY2022	
Award one mark for working on depreciation	ICPARTULY 2022 ICPARTULY 2022 ICPARTULY 2022 ICP ICPARTULY 2022 ICPARTULY 2022 ICPARTULY 2022 ICPA
0.5 mark for each correct line shown in the	CPARJULY2022ICPARJULY2022ICPARJULY2022IC6
appropriation account. IIII Y2022 ICPARJULY2022	
Note: Do No Award marks on	ICPAR IUI Y2022ICPARIUI Y2022ICPARIUI Y2022ICPA
computation of profit share 221CPARJULY2022	
2 marks for Ntwali current account	CPARJULY2022ICPARJULY2022ICPARJULY2022IC2
2 marks for Mbonyi current account	ICPARJULY2022ICPARJULY2022ICPARJULY2022IC2
2 marks for Mucyo current account NULLY 2022	CPARJULY2022ICPARJULY2022ICPARJULY2022IC2
0.5 mark for each advantage outlined	ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICP
(Maximum 2 marks)	
0.5 marks for each outlined disadvantage of	CPARJULY2022ICPARJULY2022ICPARJULY2022IC2
partnership (Maximum 2 marks)	
2TotalPARJULY2022ICPARJULY2022ICPARJULY2022	CPARJULY2022ICPARJULY2022ICPARJULY2022I20

Model Answer 0221CPARJULY20221C

a) Ntwali, Mbonyi, Mucyo Partnership profit or loss account for the year ended 31 December 2020

2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJU 2022 ICPA D TUT V2022 ICPA D TUT V2022 ICPA D TUT V2022 ICPA D IT	FRW 000	FRW 000
Sales Parjuly20221CPARJULY20221CPARJULY20221CPARJU	LY2022ICPARJULY2022ICPA	1,050,000
Cost of sales 20221CPARJULY20221CPARJULY20 22 ICPARJU	LY20221CPARJULY20221CPA	RJULY2022ICP/
Opening inventory	9,500	RJULY 2022 ICPA
Purchases LY20221CPARJULY20221CPARJULY20 22 ICPARJU	LY20221CPARJ 650,000 PA	RJULY2022ICPA
Closing inventory	(8,000)	RJULY2022ICPA
Cost of sales 20221CPARJULY20221CPARJULY20121CPARJU	LY2022ICPARJULY2022ICPA	(651,500)
Gross Profit 20221CPARJULY20221CPARJULY20 22 ICPARJU	LY2022ICPARJULY2022ICPA	398,500
Expenses III V20221CPAR IIII V20221CPAR III V20221CPAR IIII V20221CPAR III V20221CPAR IIII V20221CPAR IIII V20221CPAR IIII V20	LY 2022 ICPARJULY 2022 ICPA ILV 2022 ICPARTULY 2022 ICPA	RJULY 2022 ICPA
Salaries and wages > 150,000-20,000*2 v2 210PARIU	LY20221CPARJI 110,000 PA	RJULY2022ICPA
Stationaries Y2022ICPARJULY2022ICPARJULY20 2 ICPARJU	5,650	ARJULY2022ICP/
Depreciation 42,500+9,160+13,500+8,675	73,835	RJULY2022ICF
Total expenses 221CPARJULY20221CPARJULY20 221CPARJU	LY2022ICPARJULY2022ICPA	189,485
Profit for the year	LY 2022 I CPARJULY 2022 I CPA	209,015

F1.3 CPARIUI 920221CPARIUI 920

Workings

2022ICPARJUI	.Y2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY20	FRW 000
2022 ICPARJUI	y20 Depreciation 221CPARJULY2022 ICPARJULY2022 ICPARJULY202 ICPARJULY202 ICPARJULY2022 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJULY202 ICPARJUL	0221CPARJULY20221CP
2022ICPARJUI	Y20 Building's cost CPARJULY2022 ICPARJULY2022 ICPARJULY202)221CPARJUL 850,000
2022 ICPARJUI 2022 ICPAR II II	Depreciation for the year 850,000*5%	42,500
2022ICPARJUI	Y2022ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY20	022ICPARJULY2022ICP
2 ²² ICPARJUI	Furniture and equipment	45,800
2022 ICPARJUI 2022 ICPARJUI	Depreciation 45,800*20%	9,160
2022ICPARJUI	Y20 22ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPARJULY20	022ICPARJULY2022ICP
3	Motor vehicle	82,500
2022ICPARJUI	Depreciation (82,500-28,500) *25%	13,500
2022 ICPARJUI 422 ICPAR IUI	Computers Constitutive Constitu	36,000
2022ICPARJUI	Depreciation charge (36,000-18,650) *50% (CPARIL Y20	0221CPARJULY2(8,675

b. Ntwali, Mbonyi, Mucyo Partnership Appropriation Account for the year ended 31 December 2020

FRW 000 1 Y20221CPARJULY20221C	PARJULY2022	FRW 000 0221CPARJULY20221CPA	RJULY2022ICP
Interest on fixed capital	PARJULY2022	Profit for the year WI Y2022ICPA	209,015
Ntwali:	15,000	Interest on Drawings	RJULY 2022ICPA RJULY 2022ICPA
Mbonyi: JULY2022ICPARJULY2022IC	PARJ 9,900	Ntwali: 30,000*10%	RJULY23,000
Mucyo RJULY2022ICPARJULY2022IC	5,100	Mucyo: 15,800*10%	1,580
31 December 2020: Interest on current		Mbonyi: 35,000*10%	3,500
Ntwali: 58,500*15%	PAR 8,775 22	ICPARJULY2022ICPARJULY2022ICPA	RJULY2022ICP
Mbonyi:45,600*15%	6,840	Profit to be shared:	125,705
Mucyo: 38,500*15%	PARJ (5,775)	ICPARJULY2022ICPARJULY2022ICPA	RJULY2022ICP/
Salary for Mbonyi:	20,000	ICPARJULY2022ICPARJULY2022ICPA	RJULY2022ICP
Salary for Mucyo:	20,000	ICPAR II II Y2022 ICPAR II II Y2022 ICPA	R II II Y2022 ICP/
Profit sharing/Current Accoun	PARJULY2022	ICPARJULY2022ICPARJULY2022ICPA	RJULY2022ICP
Ntwali: 3/6*125,705	62,853	ICPARJULY 2022 ICPARJULY 2022 ICPA	RJULY2022ICP
Mbonyi: 2/6*125,705	PAR 41,902	ICPARJULY2022ICPARJULY2022ICPA	RJULY2022ICE/
Mucyo:1/6*125,705	PAR 20,951	ICPARJULY2022ICPARJULY2022ICPA	RJULY2022ICP

nc) Partners' current account 221CPARJULY 2022 ICPARJULY 2022 ICPA

Ntwali current account	0221CPARJULY 2022	ICPARJULY2022ICPARJULY2022I	CPARJULI Y2022ICI
Interest on drawings RULLY20	0221CPARJ 3,000 221	1 Jan 202 Bal b/d 1 Y 2022 10	CPARJULY 58,500
Drawings	30,000	Interest on capital	15,000
2022ICPARJULY2022ICPARJULY20	022ICPARJULY2022	Interest on current	_{СРАВИЛ} у 28,775
Balc/d RJULY2022ICPARJULY20	0221CPARJULY2022	Profit shared CPARJULY202210	62,853
112,128		CPARJULY 2022 ICPARJULY 2022 IC CPAR II II V2022 ICPAR II II V2022 IC	

IUD ${
m F1.3}$ icparjuly20221cparjuly20221cparjuly2022 icparjuly20221cparjuly20221cpa ${
m Page~21~of~22}$ rii

2022 ICPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 I	ра 145,128 эксраки и у2022 краки и у2022 кра
145,128 JULY 2022 I CPARJULY 2022 I CPARJULY 2022	CPARJULY20221CPARJULY20221CPARJULY20221CPA
2022ICPARJULY2022ICPARJULY2022ICPARJULY2022I	CPARJULY 2022 ICPARJULY 2022 ICPARJULY 2022 ICPA
20221CPARJULY2022ICPARJULY2022ICPARJULY20221	ICPARJULY2022ICPARJULY2022ICPARJULY2022ICPA
Mbonyi current account Y2022/CPARJULY2022	ICPARJULY20221CPARJULY2022ICPARJULY2022ICPA
2022 ICPARTULY 2022 ICPARTULY 2022 ICPARTULY 2022 I 2022 ICPARTUT Y2022 ICPARTULY 2022 ICPARTULY 2022 I	CPARTULY 2022 ICPARTULY 2022 ICPARTULY 2022 ICPA
Interest on drawings ARJULY2022 ICPARJU 3,500	1 Jan 202 Bal b/d
Drawings 35,000	Interest on fixed capital 9,900
2022ICPARJULY2022ICPARJULY2022ICPARJULY2022I	Interest on current 6,840
Bal c/d RJULY2022ICPARJULY2022ICPAR 85,742	Profit share CPARJULY2022ICPARJULY 41,902
2022ICPARJULY2022ICPARJULY2022ICPARJULY2022I	Salary to partner 20,000
20221CPARJULY20221CPARJULY20221CPARJULY20221	PA 124,242 2 ICPARJULY 2022 ICPARJULY 2022 ICPA
124,242 JULY2022 ICPARJULY2022 ICPARJULY2022 I	CPARJULY2022ICPARJULY2022ICPARJULY2022ICPA

Mucyo current account

Interest on drawings	1,580	1 Jan 202 Bal b/d	35,800
Drawings II Y20221CPARJULY2	0221CPARJ115,800	Interest on capital WY20221	CPARJULY25,100 A
		Interest on current	CPARJULY2(5,775)
Bal c/d	70,246	profit share	20,951
		Salary to partner NULLY20221	CPARJULY 20,000
	87,626	CPARJULY2022ICPARJULY2022I	87,626

d) The following are the advantages of partnership

- 1) Less stringent reporting obligations no requirement to make financial accounts publicly available, no audit requirement and partially 2002 to partially
- 2) Additional capital can be raised because more people are investing in the business
- 3) Division of roles and responsibilities and an increased skill set
- 4) Sharing of risk and losses between more people

The following are the disadvantages of partnership

- 1) Partners are jointly personally liable for all debts (unlimited liability)
- 2) There are costs associated with setting up partnership agreements
- 3) There may be issues of continuity of business in the event of death or illness of the partners
- 4) Slower decision making due to the need for consensus between partners
- 5) Unless a clause is written into the original agreement, when one partner leaves, the partnership is automatically dissolved and another agreement is required between existing partners

END OF MARKING GUIDE AND MODEL ANSWERS

F1.3 cparii ii y2022icparii ii y2022icparii ii y2022 icparii ii y2022icparii ii y2022icpaf Page~22~of~22