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CERTIFIED ACCOUNTING TECHNICIAN PARNO V2022 STAGE 3 EXAMINATIONS

S3.1: FINANCIAL ACCOUNTING

DATE: MONDAY, 28 NOVEMBER 2022 MARKING GUIDE AND MODEL ANSWERS

SECTION A

MARKING GUIDE

Question Parnov2022ICPARNOV202ICPARNOV	20221 Correct 20221 Answer	1022ICPARN Marks 1022ICPA allocation
QUESTION 1 NOV20221CPARNOV2022	10 v20221CPARNO v 10 v20221CPARNO v	20221CPARNOV20221 20221CPAR <mark>2</mark> NOV20221
QUESTION 2NO V2022ICPARNO V2022ICPARNO V2022ICPARN	NOV2022IC B \RNOV	2022ICPAF 2 NOV2022I
QUESTION 3 NO V2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICP	NOV2022ICPARNOV	2022ICPAR2NOV2022I
QUESTION 4NOV2022ICPARNOV2022ICPARNOV2022ICPARN	100	2022ICPAP 2 VOV2022I
QUESTION 5NO V2022ICPARNOV2022ICPARNOV2022ICPARN	NOV2022ICCARNOV	2022ICPAI 2 NOV2022I
QUESTION 6 NO V2022ICPARNO V202	NOV2022ICPARNOV NOV2022ICPARNOV	2022ICPAR NOV2022I 2022ICPAR NOV2022I
QUESTION 7NO V2022ICPARNO V2022ICPARNO V2022ICPARN	NOV2022IC © RNOV	2022ICPAF 2 NOV2022I
QUESTION 8 ^{NO V2022} ICPARNOV2022ICPARNOV2022ICPARN	NOV2022ICBARNOV	2022ICPAR2NOV2022I
QUESTION 9 _{NO V2022} ICPARNOV2022ICPARNOV2022ICPARN	NOV2022ICPARNOV NOV2022IC B ARNOV	2022ICPARNO V 2022I 2022ICPAR <mark>2</mark> NO V 2022I
QUESTION 1100 V2022ICPARNOV2022ICPARNOV2022ICPARN	NOV2022IC D .RNOV	2022ICPAF 2 NOV2022I
Sub-Total (Section A)	NOV2022ICPARNOV Nov2022ICPARNOV	2022ICPA 20 O V 2022I 2022ICPA R NO V 2022I

Model Answers

QUESTION ONE 2022ICPARNOV202ICPARNOV202

The correct answer is C. IFRS foundation develops accounting standards and ensures their application

A cis not correct because National legislation are voted by countries and enforcement for PA compliance with that legislation is done by countries not IFRS foundation V2022ICPARNOV2022ICPA

B is not correct because IFRS Foundation has no power to regulate financial system of the company CPARNO V2022 CPARNO V202

D is not correct because National accounting bodies are autonomous and these could not be regulated by any other organ

OUESTION TWO

The correct answer is B

Other proposed options are not correct as shown in the table below: CPARNOV2022ICPARNOV2022I

RNOV2022ICPARNOV2022IC	A(Wrong)	B(Correct)	C(Wrong)	D(Wrong)
Profit before	PARNOV10,000	RNOV2022IC 10,000	2022ICPARNO 10,000	DARN 10,000
Cadjustment ARNOV 2022 IC	PARNOV2022ICP	RNOV2022ICPARNOV	2022ICPARNOV2022IC	PARNOV2022
Closing stock	4,000	4,000	4,000	(4,000)
Prepaid rent RNOV2022IO	PARNOV2 (600)	rnov20221cpar 600 v	2022ICPARNOV2022 Q C	PARNO (600)
Adjusted profit V2022IC	PARNOV 13,400	RNOV2022IC 114,400 V	2022ICPARNO 14,000 C	PARNO 5,400
KNOV 2022 I CPARNOV 2022 I C PNOV 2022 I CPARNOV 2022 I C	Prepaid	Closing stock	Prepaid expense	If the
RNOV2022ICPARNOV2022IC	expense 0221CP/	should be added	was treated as if it	Closing
NOV2022ICPARNOV2022IC	should not be	because its PARNOV	was adjusted for.	stock was

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RNOV2022ICPAI	RNOV2022ICPARNOV2022IC	expensed, it is	Iomission ICPARNOV	2022ICPARNOV2022IC	omitted,02210
RNOV2022ICPAI	RNOV2022ICPARNOV2022IC	current asset,	understated the	They debited 2022IC	the profit
RNOV20221CPAI	RNOV2022ICPARNOV2022IC RNOV2022ICPARNOV2022IC	and therefore	profit. Prepaid	rental expense	is adjusted
RNOV2022ICPAI	RNOV2022ICPARNOV2022IC	Pdeducting it CPA	expense should be	instead of debiting	by adding
RNOV2022ICPAI	RNOV2022ICPARNOV2022IC	will further CPA	added back	prepaid expense	stock
RNOV2022ICPAI	RNOV2022ICPARNOV2022IC RNOV2022ICPARNOV2022IC	understate the	because recording	account to report	figure to
RNOV2022ICPAI	RNOV2022ICPARNOV2022IC	Pprofit V2022ICPA	it as an expense	it as receivable 2210	the profit
RNOV2022ICPAI	RNOV2022ICPARNOV2022IC	PARNOV2022ICPA	for the year	2022ICPARNOV2022IC	PARNOV2022I
RNOV2022ICPAI	RNOV2022ICPARNOV2022IC	PARNOV2022ICPA	understated the	2022ICPARNOV2022IC	PARNOV2022I
RNOV2022ICPAI RNOV2022ICPAI	CNO V 2022I CPARNO V 2022I C RNO V 2022I CPARNO V 2022I C	PARNOV2022ICPA PARNOV2022ICPA	profit for the year	20221CPARNOV 20221C 2022ICPARNOV 2022IC	PARNOV 202210 PARNOV 202210
RNOV2022ICPAI	KNOV2022ICPARNOV2022IC	PARNOV2022ICPA	RNOV2022ICPARNOV	2022ICPARNOV2022IC	PARNOV2022IC

RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV RNOV2022ICPAI**QUESTION THREE** 21CPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC

RNOV2022ICPAI**The correct answer is A**PARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC

NOV20221CPAI Nov20221CPAI	KNOV 2022I CPARNO V 2022I CPAR RNOV 2022I CPARNOV 2022I CPAR	A(Correct)	B(Wrong)	C(Wrong)	D(Wrong)
NOV2022ICPAI	RNOV2022ICPARNOV2022ICPAR	FRW million	V2FRW million	22FRW million	FRW million
NOV2022ICPAI	Fair value of consideration	1,600	V2022ICPA 1,600	^{221CPARN} 1,600	CPARNOV 1,600
OV2022ICPAI OV2022ICPAI	Fair value of non-	NOV2022ICPA 264	V2022ICPAI(264)	0221CPARNOV2022I	CPARNOV2022ICPA
OV2022ICPAI	controlling interest2022ICPAR	NOV2022ICPARNO	V2022ICPARNOV2	022ICPARNOV2022I	CPARNOV2022ICP
OV2022ICPAI	660*(1,600-1,200)	NOV2022ICPARNO	V2022ICPARNOV2	022ICPARNOV2022I	CPARNOV2022ICP
OV 2022ICPAI OV 2022ICPAI	RNOV2022ICPARNOV2022ICPAR RNOV2022ICPARNOV2022ICPAR	NOV2022IC 1,864	V2022ICPAI1,3362)221CPARNO1,600 ₂₁	CPARNOV 1,600 P
)V2022ICPAI	RNOV2022ICPARNOV2022ICPAR	NOV2022ICPARNO	V2022ICPARNOV2	022ICPARNOV2022I	CPARNOV2022ICP
OV2022ICPAI OV2022ICPAI	Less: Fair value of net asset	(1,250)	(1,250)	(1,250)	1,250*75%
OV2022ICPAI	RNOV2022ICPARNOV2022ICPAR	NOV2022ICPARNO	V2022ICPARNOV2	022ICPARNOV2022I	C(937.5)V2022ICP
OV2022ICPAI	Goodwill DA DAIOV2022ICPAR	NOV2022ICPARNO NOV2022ICPA 614	V2022ICPARNOV2	1221CPARNOV2021	662.5

RNOV2022ICPAP**QUESTION FOUR**022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC RNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV RNOV2022ICPA The correct answer is B. Other options are not correct as explained below: 022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV20

RNOV2022ICPAI	RNOV2022ICPARNOV2022	ICPARNOV2	A(Wrong)	B(Correct)	C(Wrong)	D(Wrong)
RNOV2022ICPAI RNOV2022ICPAI	RNOV2022ICPARNOV2022	ICPARNOV2 ICPARNOV2	722 FRW 000	221CPA FRW2000	PAFRW 000	FRW 000
RNOV2022ICPAI	Shareholder's funds	ICPARNOV2	022101820,000	221CPAR\\\ 820,000	PAR 820,000	CPAR820,000
RNOV2022ICPAI RNOV2022ICPAI	10% loan notes	ICPARNOV2 ICPARNOV2	150,000	150,000	150,000	CPARNOV2002
RNOV2022ICPAI	Current liability V2022	ICPARNOV2	0221C1100,000	221CPARNOV202 0	PARNOV202 0 I	CPARNOV20 0 2
RNOV2022ICPAI	Capital employed	ICPARNOV2	1,070,000	^{221CPAR} 970,000	970,000	820,000
RNOV 2022ICPAI RNOV 2022ICPAI	(CE) _{0221CPARNOV2021}	ICPARNOV2 ICPARNOV2	0221CPARNOV20 0221CPARNOV20)221CPARNO V 202210)221CPARNO V 202210	PARNOV 2022I PARNOV 2022I	CPARNOV2022 CPARNOV2022
RNOV2022ICPAI	Profit22before \tax2	10340,0002	022ICPARNOV2	221CPARNOV2022IC	PARNOV2022I	CPARNOV2022
RNOV2022ICPAI	(PBT) ^{22ICPARNOV2022}	ICPARNOV2	022ICPARNOV2	022ICPARNOV2022IC	PARNOV2022I	CPARNOV2022
RNOV2022ICPAI RNOV2022ICPAI	Profit after tax	260,000	0221CPARNOV20 0221CPARNOV20	0221CPARNOV202210	PARNOV 2022I PARNOV 2022I	CPARNOV 2022 CPARNOV 2022

 $RNOV2022ICPAI_{\hbox{\bf S3.1}}V2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICI {\hbox{\bf Page 3'0f-18}}CPARNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPAR$ RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV202

ROCE=PBT/CEV2021CPARNOV2	022 340,000 V2	22 340,000 V202210	PA 260,000 22I	7340,000 022
RNOV2022ICPARNOV2022ICPARNOV2	02 1,070,000 /20	$\frac{970,000}{970,000}$ * 100	PA 970,000 22I	CP 820,000 022
RNOV2022ICPARNOV2022ICPARNOV2	02 ¾100 RNOV20	22 ± 35.05 %/2022IC	PAR 100/2022I	CP * 100 V2022
RNOV2022ICPARNOV2022ICPARNOV2	= 31.77%)22ICPARNOV2022IC	= 26.8%	= 41.46%
RNOV2022ICPARNOV2022ICPARNOV2	Current	Capital	ROCE	Long term
RNOV2022ICPARNOV2022ICPARNOV2	oliabilityNOV20	employed is the	computed	debt was 022
RNOV2022ICPARNOV2022ICPARNOV2	could not be	total of NOV2022IC	by taking 221	ignored 2022
RNOV2022ICPARNOV2022ICPARNOV2	included in	shareholders'	net profit	while
RNOV2022ICPARNOV2022ICPARNOV2	computation	funds and long-	after tax 022	computing
RNOV2022ICPARNOV2022ICPARNOV2	of capital V2	term loan notes	instead 20221	capital V2022
RNOV2022ICPARNOV2022ICPARNOV2 RNOV2022ICPARNOV2022ICPARNOV2	employed	ROCE=PBT/CE	profit V2022I	employed,
RNOV2022ICPARNOV2022ICPARNOV2	022ICPARNOV20	22ICPARNOV2022IC	before\ 2022	yet it 0 V 2022
RNOV2022ICPARNOV2022ICPARNOV2	022ICPARNOV20	22ICPARNOV2022IC	interest 20221	should be
RNOV2022ICPARNOV2022ICPARNOV2 RNOV2022ICPARNOV2021ICPARNOV2	022ICPARNOV20 022ICPARNOV20)221CPARNOV20221C)221CPARNOV20221C	and tax	included

OUESTION FIVE

The Correct answer is C

Interest cover=PBIT/Interest

Interest cover x interest =PBIT over

Interest =PBIT/INTEREST COVER

Interest = 50,000,000/5=10,000,000

A is not correct:	FRW 7,000,000 Interest was obtained using profit after tax instead of profit
RNOV2022ICPARNOV	before interest and tax (35,000,000/5=7,000,000)
B is not correct:	FRW 15,000,000 A difference between Profit before interest and tax and
RNOV2022ICPARNOV	profit after tax does not represent interest expense
C is not correct:	Interest NO =PBIT/INTEREST ICP COVER 221 Therefore 221 (Interest V202=
RNOV2022ICPARNOV	50,000,000/5±10,000,000 \(\frac{1}{2}\) (50,000,000/5±10,000,000 \(\frac{1}{2}\) (50,000,000 \(\frac{1}{2}\) (50,000,000 \(\frac{1}{2}\) (50,000,000 \(\frac{1}{2}\) (50,000,000 \(\frac{1}{2}\) (50,000,000 \(\frac{1}{2}\) (50,000,000 \(\frac{1}{2}\) (50,000 \(\frac{1}2\) (50,000 \(\frac{1}2
D is not correct:	Because C is a correct answer

QUESTION SIX

The correct Answer is A.

Operating cycle is obtained by taking inventory days + Receivable days - Payable days. thus, reducing the turnover of the raw materials and the receivables collection period will reduce the operating cycle

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B is not correct because reducing the period of credit taken from suppliers would increase operating cycle

C is not correct because increasing the average finished goods turnover would worsen the operating cycle NOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARN

OUESTION SEVEN

The correct answer is C

A is not correct because withholding tax on import are claimable during declaration of corporate income tax

B is not correct because IAS 16 states that wasted materials could not be part of cost of assets D is not correct because options A and B are not correct. RNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV20

QUESTION EIGHT

The correct answer is B

A is not correct because IAS 2 states that inventory is measured at lower of cost or net realizable value

C is not correct because Printers costs are added to cost of inventory, yet printers are not inventory

B is correct answer because IAS 2 states that inventory is measured at lower of cost or net realizable value. Therefore FRW 18,000,000 which is the net realizable value is lower than FFRW 25,000,000.

D is not correct because the difference between Cost and net realizable value represent decrease in sale price or impairment but does not represent value of inventory

S3.1 2022 ICPARNO V 2

QUESTION NINE

The correct Answer is B

Other options are incorrect because of the bulletin (iii): Integrated accounting system is software itself; it does not require Microsoft Excel for it to be effective

QUESTION 10

The correct answer is D: All are correct

- i. Reconciliation between cashbook and bank statement help to identify missing cash
- ii. Reconciliation between sales reported in financial statement and sales per EBM helps to identify cash stolen on sales not reported

 iii. Comparison between payable ledger and payable control account help to identify potential
- overpayment and ghost creditors iv. Variances necessitate a deep check to verify the reason why for those variances
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<u>SECTION B</u>

QUESTION 11

Marking Guide

NOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPA	Marks
(A) 2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPAR	NOV2022 NOV2022
1 mark for each outlined qualitative characteristic (maximum 2)22ICPARNOV2022ICPAR	NOV202 2
Explanation on stated qualitative characteristic, award 1.5 marks for each	NOV2023
Sub-total parnov2022icparnov2022icparnov2022icparnov2022icparnov2022icpar	NOV202 5
$\mathbf{N}(\mathbf{B})$ 2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPAR	NOV2022
Outlined 2 elements presented in statement of profit or loss account: award 0.5 marks	NOV2022
each:0221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV20221CPAR	NOV2022
Explanation for each element provided award 0.5 marks each 2022ICPARNOV2022ICPAR	NOV2027
Outlined 3 elements presented in statement of financial position: award 0.5 marks each	100202
NOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPAR	NOV2022
Explanation for each element provided award 0.5 marks each	NOV2125
Sub-total parnov2022icparnov2022icparnov2022icparnov2022icparnov2022icpar	NOV2022
Grand-Total NOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPAR	NOV20 10

Model Answer

a) The information obtained from financial statements of BM Ltd and GR Ltd are useful if the following qualitative are observed:

Relevance: the financial information presented by Burera Maize Ltd and Gisakura Rice Ltd are relevant if these can help Kinigi Agri Ltd to evaluate past, current and future events to base on in taking investment decision.

Faithful representation. The information obtained from financial statements of BM Ltd and GR Ltd is helpful if they are complete, neutral and free from error and these should represent economic phenomena to help Kinigi Agri Ltd take investment decision.

Comparability: Both BM ltd and GR Ltd fall in the same industry, the information presented by these two companies should be comparable for GA Ltd to decide where to invest.

Understandability: The information obtained from BM Ltd and GR Ltd should be readily understandable by Kinigi Agri business.

b) Elements presented in statement of profit or loss account

Incomes: Company earns income if there is an increase in economic benefits in form of inflows of assets or if there is a decrease of liabilities that results in increases in equity. Income is an element of profit or loss account

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Expenses: The company has expenses if there is a decrease in economic benefits in the form of outflows of assets or when there is incurrence of liabilities that result in decreases in equity. The expense is matched with revenue to get profit or loss for a particular period

Elements presented in statement of financial position

Assets: A resource controlled by an entity as a result of past events from which future economic benefits are expected to flow. Assets are presented in the financial position V2022ICPARNOV2022ICPA

Liabilities: The company has liability if it has present obligations arising from past events, settlement which will result into an outflow of resources embodying economic benefits. Liabilities are presented in statement of financial position

Equity: This represent the contribution of shareholders' funds and it is residual interest in the assets of the entity after deducting all its liabilities. The element of equity is presented in the statement of financial position

QUESTION 12

Marking Guide

QUESTION:12)v2022icparnov2022icparnov2022icpa	RNOV2022ICPARNOV2	022ICPARNOV2022I
Award 0.5 mark for each of any 5 external stakeholders	RNOV2022ICPARNOV2	022ICPARNOV2 2 2 5 I
Award 1.5 mark for explanations (Maximum 7.5)	RNOV2022ICPARNOV2 RNOV2022ICPARNOV2	0221CPARNOV2 72 210 0221CPARNOV2 0 2210
r Total)221CPARNOV20221CPARNOV20221CPARNOV20221CPA	RNOV2022ICPARNOV2	022ICPARNOV20 10 10

Model Answer

Despite losses and high debt, which increase risks of insolvency, the management has no intention to liquidate company's operations. 2022 ICPARNOV 2022 ICPA

The following would be external stakeholders and key information interested in are detailed below

Customers: The clients need information of RFA Ltd to be sure if the company will continue to supply them goods. Basing on the inventory level of RFA Ltd, which is 15 million, it is doubtful if the company will meet customers' expectations

Banks: Financial institutions have objective of receiving interest and capital on the loan by the due date for the repayments. They are interested to see if the company has liquid cash to repay loan and interest.

It is clear that RFA Ltd could not pay interest using cash flow from operations. This is because RFA Ltd made a loss before taking into account interest and the interest kept on increasing comparing the finance costs of 2021 and 2020. Financial information of RFA Ltd shows that the risk of financial distress is high. Therefore, the banks need information on liquidity position of the

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company, to ensure that they appoint a receiver to dispose of RFA Ltd's assets if RFA Ltd default on the repayments.

Government: Regulatory institutions and government need financial information of RFA to inspect if the company is able to pay tax. The government stay on alert to immediately seize RFA Ltd's property to repay outstanding tax of FRW 208 million. In addition, provided that the company is based in agriculture, the government need financial information to assess if they can provide grant to RFA Ltd to finance working capital and remain in operations and maintain employment.

Trade creditors/suppliers: Trade payables have supplied goods or services to RFA. Their objectives is to get paid the full amount due by the date agreed. Provided that the company creditors increased from FRW 310 million to FRW 538 million, they might have fear of potential bankruptcy without receiving their amount due.

The information drawn by chief finance officer regarding collection of outstanding debts using factoring company is key to creditors, as they expect to see RFA Ltd paying their money. They may prefer not supply other goods due to high debt ratio of this company

Debenture holders: They are interested to see if the company will be able to pay interest on time and if the company's assets are sufficiently enough to pay their principal amount. The denture loan increased from FRW 515 million to FRW 750 million yet the assets decreased by FRW 208 million (FRW 1,523-1,315). This shows that the company's assets cannot pay outstanding debts.

Competitors: They need information of their rival, to know if they can expand production level. It is clear that RFA performance is worse, so they can benefit this information to attract clients formerly served by RFA Ltd.

S3.1 2022 ICPARNO V 2

RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC**SECTION**CCARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC

RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC RNOV2022ICPAR**QUESTION**AI310V2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC

RNOV2022ICPAI**Marking Guide** ov2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC

RNOV2022	ICPA QUESTION 13 (A) 221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV2	022ICPARNOV2022I
KNO V 2022 RNO V 2022	Fair value of consideration RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2	022ICPARNOV2022I 022ICPARNOV2022I
RNOV2022	ICPA Share capital RNOV2022 ICPARNOV2022 ICPARNOV202 ICPARNOV2	022ICPARNOV2 0 2 5 I
RNOV2022 RNOV2022	ICPA Share premium	0221CPARNOV 20251
RNOV2022 RNOV2022	ICPA Retained profit 10 V2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2	022ICPARNOV2 0:5 I
RNOV2022	Fair value of property, plant and equipment VOV2022ICPARNOV2022ICPARNOV2	022ICPARNOV202 7 I
RNOV2022 RNOV2022	Well computed proportion of net asset PARNOV2022ICPARNOV202ICPAR	0221CPARNOV20.51
RNOV2022	ICPA Correct figure of good will RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2	022ICPARNOV2 0:5 I
RNOV2022	Well computed impairment WOV2022ICPARNOV202ICPARNO	0221CPARNOV20.51
RNO V 2022 RNO V 2022	icpa (Sub-Total)arnov2022icparnov2022icparnov2022icparnov2022icparnov2	0221CPARNOV202 5 1
RNOV2022	ICPA QUESTION 13 (B) 22 ICPARNOV 2022 ICPARN	022ICPARNOV2022I
RNOV2022	Award 0.5 mark for each correct figure shown in consolidated profit or loss	0221CPARNOV20231
RNO V 2022 RNO V 2022	icpa (Maximum 3) 10 v20221CPARNO v20221CPA	022ICPARNOV2022I
RNOV2022	Do not Award (DNA) marks on gross profit and net profit NOV2022ICPARNOV2	022ICPARNOV2022I
RNOV2022 RNOV2022	Showing profit attributable to parent	0221CPARNOV20.51
RNOV2022	Showing profit attributable to NCI 221CPARNOV20221CPARNOV20221CPARNOV2	0221CPARNOV2 0:5 1
RNOV2022	Working one: Revenue PARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2	022ICPARNOV2022I
KNO V 2022 RNO V 2022	Correct addition of parent's and subsidiary's revenues	0221CPARNOV20251
RNOV2022	ICPA Intergroup sales elimination NOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2	022ICPARNOV202 1 I
RNOV2022	Working two: Cost of sales Working two: Cost of sales	0221CPARNOV20221
RNOV2022 RNOV2022	Correct addition of parent's and subsidiary's cost of sales NOV2022ICPARNOV2	022ICPARNOV2 0:5 1
RNOV2022	ICPA Elimination of inter group transaction CPARNOV2022ICPARNOV2022ICPARNOV2	022ICPARNOV202 1 I
RNOV2022 RNOV2022	ICPA Unrealized profit	0221CPARNOV20221 0221CPARNOV20221
RNOV2022	Depreciation of adjusted fair value 221CPARNOV20221CPARNOV20221CPARNOV2	022ICPARNOV202 1 I
RNOV2022	Working three: Administrative cost PARNOV2022ICPARNOV2022ICPARNOV2	022ICPARNOV2022I
RNO V 2022 RNO V 2022	Correct added parent's and subsidiary's admin cost ICPARNOV2022ICPARNOV2	0221CPARNOV20251
RNOV2022	ICPA Impairment recorded 2ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2	022ICPARNOV202 1 I
RNOV2022 RNOV2022	ICPA Working four v 2022 icparno v 2	0221CPARNOV 20221 0221CPARNOV 20221
RNO V 2022 RNO V 2022	0 1111 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	0221CPARNOV2 0:5 1
RNOV2022	Computation and elimination of intragroup interest ICPARNOV2022ICPARNOV2	022ICPARNOV202 1 I
RNOV2022 RNOV2022	Working five: Profit attributable to non-controlling interest	0221CPARNO V 20221 0221CPARNO V 20221
RNOV2022	44	022ICPARNOV202 1 I
RNOV2022	Deducted depreciation on fair value adjustment Deducted depreciation on fair value adjustment	0221CPARNOV20251
RNOV2022 RNOV2022	Deducted portion of unrealized profit CPARNOV2022ICPARNOV2022ICPARNOV2	0221CPARNOV20251
RNOV2022		022ICPARNOV2022I
RNOV2022 RNOV2022	each item, you must award the same marks	022ICPARNOV2022I
2 2 2 V V L V L L		VEST VEST VEST VEST VEST VEST VEST VEST

RNOV2022ICPAI<mark>S3.1</mark>V2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022I**CPage 10 of 18**CPARNOV2022IC RNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNO

RNOV2022ICPAI	Working six NOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2	022ICPARNOV2022I
RNOV2022ICPAI	Well shown working for computation of depreciation on fair value	0221CPARNOV20.5
RNOV2022ICPAI	adjustment arnov20221cParnov20221cParnov20221cParnov20221cParnov2	022ICPARNOV2022I0
RNOV2022ICPAI	Working for computation of unrealized profit on inventory OV2022ICPARNOV2	022ICPARNOV2 025 I
RNOV20221CPAI RNOV20221CPAI	Sub-Total (Q13,b) 0221CPARNOV2	0221CPARNOV2021 0221CPARNOV20 15 10
RNOV2022ICPAI	G-Total (Q13)10V2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2	022ICPARNOV2(20 I)

Model Answer

RNOV2022ICPA	a) Goodwill arnov20221CPARNOV2022ICPARNOV20	022ICPARNOV2022ICPARI	NOV 2022ICPARNOV 2022IO NOV 2022ICPARNOV 2022IO	CPARNOV2022IC
RNOV2022ICPA	NOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2	FRW million 22ICPARI	FRW million OV2022IO	CPARNOV2022IC
RNOV2022ICPA	Fair Value of consideration	D22ICPARNOV2022ICPAR	NOV2022ICPARNOV 900	CPARNOV2022IC
RNOV2022ICPA RNOV2022ICPA	Net asset parnov20221CPARNOV20221CPARNOV2	J22ICPARNOV 2022ICPARI J22ICPARNOV 2022ICPARI	NOV2022ICPARNOV2022I NOV2022ICPARNOV2022I	CPARNO V 2022IC CPARNO V 2022IC
RNOV2022ICPA	Share capital RNOV2022 ICPARNOV2022 ICPARNOV2)221CPARNOV20221(200)	NOV2022ICPARNOV2022IC	CPARNOV2022IC
RNOV2022ICPA	Share premium Ovanal Charlovana Charlova	D22ICPARNOV2022ICPAR	NOV2022ICPARNOV2022I NOV2022ICPARNOV2022I	CPARNOV2022IC
RNOV2022ICPA	Retained profit OV2022ICPARNOV2022ICPARNOV2)221CPARNOV20221(400 ()	NOV2022ICPARNOV2022IC	CPARNOV2022IC
RNOV2022ICPA	FV Adjustment of PPE CPARNOV2022ICPARNOV2	0221CPARNOV20221 390	NOV2022ICPARNOV2022IC	CPARNOV2022IC
RNOV2022ICPA RNOV2022ICPA	Total net asset OV20221CPARNOV20221CPARNOV2	0221CPARNOV2022 1,040	NOV 2022ICPARNOV 2022R NOV 2022ICPARNOV 2022IC	CPARNOV2022IC
RNOV2022ICPA	Net assets attributable to parent 221CPARNOV2)221CPARN(1,040*75%)	10V2022ICPARNO (780) I	CPARNOV2022IC
RNOV2022ICPA	Good will PARNOV2022ICPARNOV2022ICPARNOV2	J22ICPARNOV2022ICPARJ	NOV2022ICPARNOV 120 I	CPARNOV2022IC
RNOV2022ICPA	ImpairmentARNOV2022ICPARNOV2022ICPARNOV2)221CPARNOV120*25%	10V2022ICPARNOV(30)	CPARNOV2022IC
RNOV2022ICPA	Goodwill bal c/d 2022ICPARNOV2022ICPARNOV2	D22ICPARNOV2022ICPAR	NOV2022ICPARNOV2(90IC	CPARNOV2022IC
RNOV20221CPA	RNOV70771CPARNOV70771CPARNOV70771CPARNOV7	1271C PAR NO V 20221 C PAR	NO V 2022 IC PAR NO V 2022 IC	:PARNOV202210

RNOV2022ICPAID) Quality Ltd's consolidated statement of profit or loss account financial position as at 21 PARNOV2022IC $ext{RNOV2022ICPAID}$ ecember 2021 $ext{NOV2022ICPARNOV202ICPARNOV202I$

A I NO V 2022I CPARNO	PARNOV2022ICPAR	QW Ltd PARNOV20221
ARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC	CPARNOV2022ICPAR	NOV2022ICPA FRW 000 I
Revenue CPARNOV2022ICPARNOV202ICPARNOV202	PARNOV2022ICW1R	1,779,400
Cost of sales RNO V2022ICPARNO	CPARNOV2022ICW2	NOV2022ICPA (919,508)
Gross profit RNOV2022ICPARNOV2022ICPARNOV2022IC	CPARNOV2022ICPAR	NOV2022ICPAR \859,892 I
Expenses PARNOV2022ICPARNOV2022ICPARNOV2022IC	PARNOV2022ICPAR	NOV 2022ICPARNOV 2022II NOV 2022ICPARNOV 2022II
Distribution costs/2022ICPARNOV2022ICPARNOV2022IC	90,000+30,000	NOV2022ICPA (120,000) II
Administrative costs 221CPARNOV20221CPARNOV20221C	CPARNOV2022IW3R	NOV2022ICPA (190,030)
Finance cost RNOV2022ICPARNOV2022ICPARNOV2022IC	PARNOV2022ICW4	(39,900)
Profit before tax/2022ICPARNOV2022ICPARNOV2022IC	CPARNOV2022ICPAR	NOV2022ICPAR 1509,962 I
Income tax ARNOV2022ICPARNOV2022ICPARNOV2022IC	CPARNOV2022ICPAR	(90,000)
Profit after tax 0v20221CPARNOV20221CPARNOV20221C	PARNOV2022ICPAR	NOV2022ICPAR 419,962
ARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC	PARNOV2022ICPAR	NOV2022ICPARNOV2022I
Profit attributable to parent	419,962-	377489
ALNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC	ARNOV2042,473	NOV2022ICPARNOV2022I
Profit attributable to non-controlling interest	CPARNOV2022ICW5	NOV2022ICPARN 42,473 I

RNOV2022ICPAI<mark>S39</mark>V2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC Page 11 of 18 RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICP

RNOV2022ICPAI	knov2022icparnov2022icparnov2022icparnov2022iclarnov2022icparnov2022icparnov2022icpar 419,962 i
RNOV2022ICPAI	Working one: Revenue CPARNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV2
RNOV2022ICPAI	knov20221cparnov20221cparnov20221cparnov20221cparnov20221cparnov20221cpa \mathbf{FRW} 000 10
RNOV2022ICPAI	QW1td2ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPA1,190,000
RNOV2022ICPAI RNOV2022ICPAI	Forest Ltd Parnov2022ICParnov2022ICParnov2022ICParnov2022ICParnov2022ICParnov2022ICParnov2022ICParnov2020ICParnov2020ICParnov2022ICParnov2020ICParnov2
RNOV2022ICPAI	Inter group sales V2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNO(600)
RNOV2022ICPAI RNOV2022ICPAI	Total 221CPARNOV20

ICPARNOV2022IC

RNOV2022ICPAI**Working two: Cost of sales**?NOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC

RNOV2022ICPA	RNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICP
RNOV2022ICPA	knov20221cparnov20221cparnov20221cparnov20221cparnov20221cparnov20221cparnov20221cpa ${f FRW}$ ${f 900}$ is
RNOV2022ICPA	QW Ltd CPARNO V 2022 I CPARNO
RNOV 2022ICPA RNOV 2022ICPA	Forest Ltd parnov2022ICParnov2
RNOV2022ICPA	Intergroup sales 0 V 2022 ICPARNO (600) ICPARNO V 2022 ICPARNO V 2
RNOV2022ICPA	Unrealized profit on stock PNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2030I
RNOV2022ICPA	Depreciation of FV adjustment V2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2020ICPARNO
RNOV2022ICPA	Total 221CPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPAR 919,508 IC
RNOV2022ICPA	knov2022ICPARnov2022ICPARnov2022ICPAKnov2022ICPARnov2022ICPARnov2022ICPARnov2022ICPARnov2022IC

rnov20221CPAI**Working three: Administrative costs**cparnov20221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV20221C

RNOV2022ICPAI	(NOV 2022ICPARNO V 2022ICPARNO V 2022ICPARNO V 2022ICPARNO V 2022I rno v 2022ICPARNO V 2022ICPARNO V 2022ICPARNO V 2022ICPARNO V 2022I	FRW 000
RNOV2022ICPAI	QW1td21CPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022I	CPARNOV2022ICPA (110,000) I
RNOV2022ICPAI	Forest LtdPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022I	CPARNOV2022ICPAR(80,000)
RNO V 2022I CPAI RNO V 2022I CPAI	Impairment RNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPA	CPARNOV 2022 ICPARNOV (30)
RNOV2022ICPAI	(Total)221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV20221	CPARNOV2022ICPA (190,030) II
RNOV2022ICPAI	RNOV20221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV20221	CPARNOV2022ICPARNOV2022IC

RNOV2022ICPARWorking four: Finance cost NOV2022ICPARNOV2022ICPARNOV2022ICPARNOV

NOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV202	21 CPARNOV2022ICPA FRW 1000 I
QW Ltd i CPARNO V 2022 I CPARNO V 2022 I CPARNO V 202 QW Ltd i CPARNO V 2022	21 PARNOV2022ICPAR (30,000)
Forest Ltdparnov20221cparnov20221cparnov20221cparnov202	21 CPARNOV2022ICPAR(10,000) 10
Inter group interest expense NOV2022ICPARNOV2022ICPARNOV202	2ICPARNOV2022ICPARNOV100
Total 221CPARNO V2022ICPARNO V2022ICPARNO V2022ICPARNO V202	21 CPARNOV 2022 I CPAR (39,900)

RNOV2022ICPA Working five: Profit attributable to non-controlling interest

RNOV2022ICPAI RNOV2022ICPAI	NOV202 2 ICPARNOV2022ICPARNOV2022ICPARNOV2022I C PARNOV2022ICPARNOV2 NOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2	FRW 000
RNOV2022ICPAI	Profit after tax NOV2022ICPARNOV2022ICPARNOV2(22ICPARNOV 170,000*25% 2	0221CPARN 42,500 10
RNOV2022ICPAI RNOV2022ICPAI	Depreciation on FV adjustment (78*25%)	DZZICPARN (19.5)
RNOV2022ICPAI	Unrealized profit v20221CPARNOV20221CPARNOV20221CPARNOV2022(30*25%)2	022ICPARNO((7.5) I
RNOV2022ICPAI	CTotal) 221CPARNOV20221CPARNOV20221CPARNOV2 (221CPARNOV20221CPARNOV2	022ICPARN 42,473 I

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Working six RNOV2022ICPARNOV2022ICPARNOV2022ICPAR

Excess depreciation on FV adjustment	390/5 ²¹ CPARNOV2022IC	PARNOV 2 78 210 Parnov 2022 10
Unrealized profit on stockARNOV2022ICPARNOV2022ICPAR	1600*(25/125)*1/402210	PARNOV2 30 210

QUESTION 14

G-Total

Inventory period V2022ICPARN

Marking Guide QUESTION 14 (a) Gross profit margin ratio Annova 221 CPARNOV 2021 CPARNOV 2022 C

Well computed capital employed 2020 0.5

Computed return on capital employed for 2020 and 2021, award 0.5 mark for each year

Comment on capital employed 15

Sub-Tot 15

Award 1 mark for each of four explained limitations

Award 1 mark for any valid point provided outside the model answer November 2022 CPARNOV2022 CPAR

3.1 V2022ICPARNOV202ICPARNO

Model Answer

a) Analysis on Mazizi Ltd's performance

RNOV2022ICPARI	NOV2022ICPARNOV2022ICPARN	2020 21CPARNOV2022ICPA	2021 _{20221CPARNOV20221}
Gross profit margin ratio	$\frac{Gross\ profit}{Sales\ Revenue}\ x\ 100$	$\frac{11,000}{25,000} * 100 = 44\%$	$\frac{9,000}{32,000} * 100 = 28\%$
Debt Ratio ARI RNO V2022ICPARI	$\frac{Total\ debts}{Total\ assets} \times 100$	$ \begin{array}{r} 12,300 + 7,700 \\ \hline 31,650 \\ = 63\% \end{array} $	$\frac{12,300 + 4,800}{30,700} x100$ $= 55.7\%$
Receivable ARI Period 21 CPARI RNO V2022I CPARI	Receivables 365 PARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARN	$\frac{2,750}{25,000} * 365 days$ = 40 days	$\frac{5,600}{32,000} * 365 days$ = 64 days
Inventory PAR turnover CPAR NOV2022ICPAR	Inventory Cost of sales * 365	$\frac{3,600}{14,000} * 365 days$ = 94 days	$\frac{4,600}{23,000} * 365 days$ = 73 days
Return on capital employed	PBIT Capital employed * 100 Capital	$\frac{2,850 + 650}{23,950} \times 100$ $= 15\%$	$\frac{1,220 + 680}{25,900} * 100$ $= 7\%$
NOV2022ICPARI NOV2022ICPARI NOV2022ICPARI	Employed=Shareholders return plus long-term liabilities	OV2022ICPARNOV2022ICPA OV2022ICPARNOV2022ICPA OV2022ICPARNOV2022ICPA	RNOV2022ICPARNOV2022I RNOV2022ICPARNOV2022I RNOV2022ICPARNOV2022I RNOV2022ICPARNOV2022I
RNOV2022ICPARI	Capital employed 0221CPARN	11,650+12,300=23,950	13,600+12,300=25,900

Total debt = non-current liability + current liabilities

Comment on ratios

Profitability: Despite increase in sales from 2020 to 2021, the gross profit decreased from 44% to 28%, the decrease is attributable to increase in cost of sales. This means that the percentage increase in sales could not sufficiently cover the increase in cost of sales. The management needs to investigate cost of materials.

Return on capital employed: the trend in ROCE is not good. Return on capital employed decreased by 8%. The decrease resulted from fall in profit from which resulted from increase in operational cost.

Debt ratio: This ratio shows the extent to which the company is financed by debt. In 2020, debt ratio was quite high and this could affect control level of shareholders and high debt represent high interest for which the company may fail to pay using operating profit. In 2021, the debt ratio improved and seems to be favorable as it stood at 55%.

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Receivable period: The ratio indicates how the company is quick to collect cash from debtors. From 2020 to 2021 the ratio increased by 24 days, this is a red flag which shows inability of company to follow up its debtors and credit policy might not have been honored. Though, we don't know company's credit policy, but to prevent liquidity problems, the company should improve its debts collection period

Inventory period: The inventory period has fallen from 94 days to 73 days which indicate that the company is trying to sell inventory items as quick as they can but 73 days is still high.

The increase in debt collection period could be attributed to high increased inventory period not followed by measures to collect debts.

b) Five (5) limitation that Sanata would face if they took decision based on ratios analysis

- (1)Future forecast based on company may not provide real results because ratios is a reflection of historical events which may or may not be applicable in the future
- (2)Industry differences. Ratio provide a good analysis if the company fall in the same sector of operations. Agriculture sector could not be compared to the company based in services sector.
- (3)Data manipulation: Figures reported by Mazizi co could be manipulated to attract investors but reality might look different with reports, hence window dressing.
- (4)The benchmark used for financial ratios may not always be the most appropriate: For example, in 2020, COVID 19, affected many of the business, therefore comparing revenue of 2020 and 2021 could not give a true picture of the company. This is because, in 2020 company might have operated like 5 months a year due to lockdown but in 2021 the situation improved and they traded 12 months. Accordingly, comparing period affected by COVID and period not affected by pandemic could not provide a better conclusion
- (5)Different in accounting policy: When analysis financial data, bear in mind that the accounting policy might change. Eg: One company could be using weighted average for inventory valuation while others may use First-In-First-Out method. Therefore, inventory levels of these two companies could not be the same.

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QUESTION (15), 2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV	2022ICPARNOV2022
Revenue CPARNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPA	2022ICPARNOV202 1
Cost of sales RNO V2022ICPARNO V202ICPARNO V202ICPARNO V202ICPARNO V202ICPARNO V202	2022ICPARNOV2022 2022ICPARNOV2022
Fair value gain on land CPARNOV2022ICPARNOV202ICPARNO	2022ICPARNOV202 $f 1$
Administrative cost 0221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV	2022ICPARNOV2021
Distribution cost V2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202IC	2022ICIAICNO V 2022 2022ICPARNO V 2022
Finance cost RNO V2022ICPARNO V	2022ICPARNOV202 1
Income tax ARNO V 2022 I CPARNO V 2022 I CPARN	2022ICPARNOV2022
Gain on investment posted in other comprehensive income OV2022ICPARNOV	2022ICPARNOV202 $\overline{\mathbf{l}}$
Working one: Cost of sales NOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2	2022ICPARNOV202 8
Showing balance per TB PARNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV	2022ICPARNOV20.5
Depreciation of machineries NOV2022ICPARNOV2022ICPARNOV2022ICPARNOV	2022ICPARNOV202 1
Inventory adjustment 2ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV	2022ICPARNOV202
Working two: distribution expenses CPARNOV2022ICPARNOV2022ICPARNOV	2 022ICPARNO V 2022 2022ICPARNO V 2022
Balance per TB shown CPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV	2022ICPARNOV2 0 25
Working three: Motor vehicle depreciation	2022ICPARNOV2022
Deducting cost of disposed assets 0221CPARNOV2022ICPARNOV2022ICPARNOV	2022ICPARNOV202 1
Computed charge for the year OV2022ICPARNOV2022ICPARNOV2022ICPARNOV2	2022ICPARNOV2021
Working four: Disposal ARNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICP	2022ICPARNOV2022 2022ICPARNOV2022
Posted cost of disposed asset NOV2022ICPARNOV202ICPARNOV202IC	2022ICPARNOV202 1
Computed accumulated depreciation ICPARNOV2022ICPARNOV2022ICPARNOV	2022ICPARNOV2021
Computed loss on disposal RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV	2022 icparnov 2025
Working five: Finance cost NOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2	2022ICPARNOV2022
Balance per TB 0 v 2022 ICPARNO v 20	2022ICPARNOV 2025
Well computed interest incurred/2022ICPARNOV202ICPARNOV202ICP	2022ICPARNOV202 1
Well computed prepaid interest V2022ICPARNOV2022ICPARNOV2022ICPARNOV2	2022ICPARNOV2021
Working six: Income tax RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV	20221CPARNOV2022 20221CPARNOV2022
Well posted current taxCPARNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202I	2022ICPARNOV202 1
Well posted under provision NOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202	2022ICPARNOV2022
Total 1221CPARNO V 20221CPARNO	2022ICPARNOV20 20 2022ICPARNOV2(20

RNOV2022ICPAI<mark>S3.1</mark>V2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022I**CPage 16 of 18**CPARNOV2022IC RNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNO

RNOV2022ICPAI**Model Answers** OV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC

RNOV2022ICPA a) Statement of profit or loss account and other comprehensive income RNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPA

OV2022ICPARNOV202 OV2022ICPARNOV202 OV2022ICPARNOV202 OV2022ICPARNOV202 OV2022ICPARNOV202	ICPARNOV2022ICPAFRW (2016) ICPARNOV2022ICPA 1,770,0 ICPARNOV2022ICPA (936,2) ICPARNOV2022ICPA (936,2)
OV20221CPARNOV202 OV20221CPARNOW12 OV20221CPARNOV202 OV20221CPARNOV202	TOPARNOVIONITOPARNOVI
OV2022ICPARNOW12 OV2022ICPARNOV202 OV2022ICPARNOV202	ICPARNOV2022ICPA (936,2
OV2022ICPARNOV202	
0 12022101111110 1202	21CPARNOV20221CPAR1833,
OV2022ICPARNOV202	2ICPARNOV2022ICPARNOV
OV2022ICPARNOV202 OV2022ICPARNOV202	zici arno v 2022 ici arno v 21 cparno v 2022 icparno v
(829,000 -782,000)	2ICPARNOV2022ICPARN 47 ,
OV2022ICPARNOV202	ZICPARNOV 2022ICPARNOV:
OV2022ICPARNOV202	ZICPARNOV2022ICPAR 303,
OV2022ICPARNO W2 2	2ICPARNOV2022ICPAR1 222 ,
OV2022ICPARNOW62	ZICPARNOV ZUZZICPARNOV ZICPARNOV 2022 I CPARNOV
OV2022ICPARNOV202	2ICPARNOV2022ICPAR 344 ,
OV2022ICPARNO W7 2	2ICPARNOV2022ICPARN35,
OV2022ICPARNOV202	2ICPARNOV2022ICPAR 209 ,
OV2022ICPARNOV202	2ICPARNOV2022ICPARNOV
(608,000 -564,000)	ZICPARNOV 2022ICPARNAY
OV2022ICPARNOV202	2ICPARNOV2022ICPARi 253 ,
	DV2022ICPARNOV202 DV2022ICPARNOV202 DV2022ICPARNOW22 DV2022ICPARNOW62 DV2022ICPARNOW62 DV2022ICPARNOV202 DV2022ICPARNOV202 DV2022ICPARNOV202 DV2022ICPARNOV202 DV2022ICPARNOV202

Working 1: Cost of sales

RNOV2022ICPAI

NOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC	PARNOV2022ICPA FRW 000 I
Balance per TBO V2022ICPARNO V2022ICPARNO V2022ICPARNO V2022IC	PARNOV2022ICPAR 908,000
Depreciation of machineries (630,000-378,000)*10%	PARNO W3, 21 CPARN 25,200
Adjustment on inventory PARNOV202276,000-73,000 ICPARNOV202210	PARNOV2022ICPARNO 3,000 I
Total 221CPARNO V 2022ICPARNO V 2022ICPARN	PARNOV 2022 I CPAR 936,200

RNOV2022ICPAI**Working two: Distribution expense**2ICPARNOV2022ICPARNOV2

RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV	2022ICPARNOV 2022ICPARNOV 2022ICPAFRW 000
RAS per TBPARNOV2022ICPARNOV2022ICPARNOV	20221CPARNOV20221CPARNOV20221CPAR 176,000 1
Motor vehicle depreciation W3 V2022ICPARNO	20221CPARNOV20221CPARNOV20221CPARN34,000
Loss on disposal of motor vehicle W4	2022ICPARNOV2022ICPARNOV2022ICPARN 12,000
R Total)221CPARNOV20221CPARNOV20221CPARNOV	2022ICPARNOV2022ICPARNOV2022ICPAR 222,000 I

RNOV2022ICPARWorking three depreciation of motor vehicle V2022ICPARNOV202

RNOV2022ICPA	Motor vehicle
RNOV2022ICPAL	FRW 000 PA
RNOV2022ICPA RNOV2022ICPA Cost	210,000
RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC	DP.P Parnov2022ICP

RNOV 2022ICPARNOV 2022ICPARNOV

RNOV2022ICPAI	Less cost of disposed asset	(40,000)	CPARNOV2022IC
RNOV2022ICPAI RNOV2022ICPAI	Balance	170,000	CPARNOV2022IC
RNOV2022ICPAI	Charge for the year	170,000*20%=34,000	CPARNOV2022IC
RNOV2022ICPAF	RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPA	ARNOV2022ICPARNOV2022ICPARNOV2022I	CPARNOV2022IC

RNOV2022ICPA Working four: Disposal of motor vehicle

RNOV2022ICPARNOV2022ICPARNOV20	22ICPARNOV2022ICPARNOV202	ICPARNOV2022ICPAFRW 0001
Cost of disposed asset	221CPARNOV20221CPARNOV202	ICPARNOV2022ICPARN40,000
Accumulated depreciation RNOV2	40,000*20%221CPARNOV202	ICPARNOV2022ICPARN(8,000)
$0 { m NBV}$ 0221CPARNOV20221CPARNOV20	22ICPARNOV2022ICPARNOV202	ICPARNOV2022ICPARN32,000
Proceed from disposal)221CPARNOV20221CPARNOV202)221CPARNOV20221CPARNOV202	ICPARNOV2022ICPARN20,000
Loss on disposal V2022ICPARNOV20	22ICPARNOV2022ICPARNOV202	ICPARNOV2022ICPARN 12,000 I

Working five: Finance cost NOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202	RNOV2022ICPAFRW 0001
Balance per TBOV2022ICPARNOV202ICPARNOV	RNOV2022ICPARN21,900I
Interest incurred during the year V2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARN	RNOV20221CPARN10,950
Prepaid interest OV2022ICPARNOV202ICPARNOV202ICPAR	RNOV2022ICPARN 10,950 I

Working six: Income tax RNOV2022ICPARNOV2022ICPARNOV	V2022ICPARNOV2022ICPAFRW 000
Current tax ARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV	2022ICPARNOV2022ICPAR1123,000
Under provision V2022ICPARNOV2022ICPARNOV2022ICPARNOV	2022ICPARNOV2022ICPARN12,000
NOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV	20221CPARNOV20221CPARN35,000

RNOV2022ICPARNOV2022ICPARNO**END OF MARKING GUIDE AND MODEL ANSWERS**022ICPARNOV2022ICPARNOV2022IC

RNOV20221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV20221C RNOV20221CPARNOV2021CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV2022

RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC