

## 023 IcparApril2023 IcparApril2023 IcparApril2023 IcpSECTION AarApril2023 IcparApril2023 IcparApril2023 IcparApril2

Question Number	Correct Answer	023 IcparApril2023 Ic/Mar
Question One	April2 $\mathbf{D}$ ?3 IcparApril2023 IcparApril2	1023 IcparApril2023 IcparA
Question Two	April 2,25 IcparApril 2025 IcparApril 2	023 IcparApril2023 IcparAj
Question Three	1pril 2 <mark>0</mark> 23 1cparApril2023 1cpan1pril2	025 1cparApril2025 1cparAp
Question Four	April A 2 Jonar April 2023 Topar (pril 2	025 IcparApril2025 IcparAp 1023 Ionar April2023 Ionar A
Question Five	April 2023 Japar April 2023 Japar (pril	023 IoparApril2023 IoparA 0023 IoparApril2023 IoparA
Question Six	Angel A 3 Jonar Angel 2023 Jonar Ingel	023 IcparApril2023 IcparAp
Question Seven	April C23 Jonar April 2023 Jonar (pril)	023 IcnarApril2023 IcnarA
Question Eight	April 923 Icpar April 2023 Icpar April 2	023 IcparApril2023 IcparA
Question Nine	April 1C23 Icpar April 2023 Icpar April 2	023 IcparApril2023 IcparA
Question 10 2023 Icpar	April 2 <b>D</b> 23 IcparApril2023 IcparApril2	023 IcparApril2023 IcparA
Total Marks 2023 Icpar	April2023 IcparApril2023 Icpar April2	023 IcparApril2023 IcparA

# QUESTION ONE IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023

## 023 IcparApril/The correct answer is DApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2

Only prepaid expenses meet the definition of an asset (future economic benefits as a result of past of events), the rest are liabilities as per the conceptual framework.

## **QUESTION TWO**

The correct answer is A April2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2

Consideration transferred	IcnarApril2023 IcnarAp	1,700,000	
Fair value of Non-Controlling Interest (NCI)	leparApril2023 IcparApr	375,000	
Net assets acquired: parApril2023 IcparApril2023	lcparApril2023 IcparApr	ril2023 IcparApr <del>i</del> l20.	
Share capital 2023 IcparApril2023 IcparApril2023	1 parApril21,200,000 p	ril2023 IcparApril20.	
Retained earnings at acquisition	600,000	ril2023 IcparApr <u>i</u> l20.	
Fair value adjustment	200,000	ril2023 IcparApril20.	
023 IoparApril2023 IoparApril2023 IoparApril2023 032 Ionae Angil3032 Ionae Angil3032 Ionae Angil3032	<u>  IcparApril2023 IcparApr</u>   Icpar(nuil2022 Icpar(nu	(2,000,000)	
Goodwill at acquisition	2 Innar April 2023 Topar Apr 2 Innar April 2023 Topar Apr	<u>75,000</u>	

B is not correct because it is obtained by one who did not consider the fair value adjustment of 200,000 (1,700,000 + 375,000 - 1,800,000 = 275,000).

C is not correct because it is obtained by one who forgot to add the Non-controlling Interest (NCI) to the proceed, hence goodwill will be (1,700,000 - 2,000,000 = -300,000).

D is not correct because it is obtained by one who subtracted the NCI instead off adding it (1,700,000 - 375,000 - 2,000,000 = 675,000).

023 IcparApril S3.1 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril202 Page 2 of 16 23 IcparApril2

## **QUESTION THREE**

## The correct answer is D

The correct answer is D because R and S are the subsidiary of the G since G owns 60% in R and owns 20% in S but with the right to appoint or remove all of the directors and control over relevant activities, which gives control as well.

A, B, and C are not correct because they include T Co which is not a subsidiary of G as the Company's shareholdings in T do not give it the power to control the company.

#### **QUESTION FOUR**

#### The correct answer is A

Capital employed can be obtained by adding equity to non-current Liabilities. In our options, the only increase in capital employed is the increase in equity through the increase in profit (retained earnings).

B is not correct because writing off a bad debt will result into increase in expenses, which will reduce profit and therefore a decrease in CE through decrease in retained earnings (Equity Component).

C is not correct because paying a payable in cash will have no impact because the reduction in current asset will be the same in current liabilities (debit payable and credit cash).

D is not correct because the increases in the bank overdraft will also have no impact because the increase in the liability is the same as the increase in the assets to purchase the non-current asset.

## **QUESTION FIVE**

## The correct answer is C

Public discussions are not among trainings for new staff.

Option A, B and D are not correct since Classroom based, Online learning materials, and Written manuals are all types of trainings to help the new staff.

## **QUESTION SIX**

#### The correct answer is A

Because Tax authorities are external stakeholders requiring a formal and standardized reporting.

B, C and D are not correct because Managers, Employees and Shareholders are Interstakeholders with a high interest in the operations of the company

## **QUESTION SEVEN**

## The correct answer is C

Objectives of a good accounting system are timeliness, reliability, and cost effectiveness. Relevance is not.

## **QUESTION EIGHT**

## The correct answer is C

Depreciation at year 4	(540,000-30,000)/6	85,000
Remaining years	9years-3 years	6years
NBV after 3 years	=(720,000-180,000)	540,000
Depreciation Charge for 3 years	42023 (720,000-0)/12)*3	180,000
Original cost 2023 Icpar April 2023 Icpan	rApril2023 IcparApril2023 IcparApr	720,000

A is not correct because it is obtained by someone who deducted residual value at the initial acquisition of the asset, yet residual value came in after the value was revised.

Depreciation charge for year 4: (720,000-30,000)/9=76,667

B is not correct because it is obtained by calculating the revised depreciation without considering the residual value of 30,000 (i.e. 540,000/6 = 90,000).

The option D is obtained by using only the cost of the asset and the new useful life (720,000/9 = 80,000).

## **QUESTION NINE**

## The correct answer is C

The recoverable amount which is the higher of asset's fair value and its value in use is NOT a disclosure requirement for IAS 36 (Impairment of Assets). The remaining options are disclosures as per IAS 16.

## **QUESTION 10**

S3.1

## The correct answer is D

The main purpose of managing information include planning, performance measurement, and control. Investigation is not included.

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#### **SECTION B**

## **QUESTION 11**

## Marking Guide

023 IcparÁpril2023 IcparÁpril2023 IcparÁpril2023 IcparÁpril2	23 IcparApril2023 Ic Marks <sup>12</sup> 23 Icpa	
Sub-question (a) CourApril2023 CourApril2023 CourApril2	23 IcparApril2023 IcparApril2023 Icpa	
Explanation of misappropriation of assets	023 IcparApril2023 IcparApr52 (23 Icpa	
Explanation for misstatement of the financial statements	23 IcparApril2023 IcparApri2 23 Icpa	
Sub-total Marks	023 JeparApril2023 JeparAm <b>3</b> 12023 Jepa	
Sub-question (b) IcparApril2023 IcparApril2023 IcparApril2	(23 IcparApril2023 IcparApril2)23 Icpa	
Financial impact 3 IcparApril2023 IcparApril2023 IcparApril2	023 IcparApril2023 IcparApr <mark>1</mark> /2023 Icpa	
Reputation impact cparApril2023 IcparApril2023 IcparApril2	023 IcparApril2023 IcparApr <mark>1</mark> 12023 Icpa	
Employee morale impact	023 IeparApril2023 IeparApr <mark>i</mark> l2023 Iepa	
Sub-total Marks	<u>023 IcparApril2023 IcparApr<mark>3</mark>(2</u> )23 Icpa	
Sub-question (c)	023 IoparApril2023 IoparApril2023 Iopa (123 IoparApril2023 IoparApril2023 Iopa	
Explanation for Spot checks	023 IcnarApril2023 IcnarAm <sup>1</sup> 12023 Icna	
Explanation for Performance reviews	(23 IcparApril2023 IcparApr <sup>1</sup> 12)23 Icpa	
Explanation for Reconciliation of information 23 IcparApril2	023 IcparApril2023 IcparApr <mark>1</mark> 12 023 Icpa	
Explanation for Control account reconciliations	023 IcparApril2023 IcparApr <mark>1</mark> 2023 Icpa	
Sub-total Marks	023 IcparApril2023 IcparApr <mark>4</mark> (2)23 Icpa	
Total Marks	123 IcparApril2023 IcparApril2023 Icpa	

#### **Model Answers**

a) With respect to the accounting system the types of fraud which are important are the following:

**Misappropriation of assets:** which is theft, teeming and lading, payment of false employees or suppliers.

**Misstatement of the financial statements:** which is the overstatement of assets or profit, or the understatement of profit, losses or liabilities.

b) Fraud has the following types of impact on a company:

i) **Financial** - loss of funds or other assets. This in turn affects the company's profitability and the owner's investment in it. It can also affect the company's share price.

ii) **Reputation** - exposure to fraud can affect the company's reputation in the eyes of internal and external stakeholders. This in turn could lead to a loss of business.

iii) **Employee morale** - the trust of existing employees could be damaged. Future recruitment and retention of staff might also be affected.

c) Internal controls within the accounting system should be designed not only to address weaknesses and prevent fraud and errors, but also to help detect when they have occurred.

The key controls that detect whether fraud or errors have occurred are:

- i. Spot checks on whether control activities have taken place
- ii. Performance reviews and comparisons, using:
- The budgetary control report: compare actual results to budgeted results.
- Ratio analysis: compare this period to the previous period, and evaluate the relationships between figures in the financial statements (e.g. level of receivables compared with level of sales)
- **iii.** Reconciliation of information produced by the accounting system with external evidence, such as bank statements and supplier statements.
- **iv.** Control account reconciliations where transactions are recorded in individual accounts and in total (e.g. receivables and payables)

#### **QUESTION 12**

#### Marking Guide

023 LoparApril2023 Lo	Marks
Identification of 5 stakeholders : Award 1 mark for each stakeholder	23 Icpar Am
Explanation of stakeholders' needs : Award 1 mark for each correct	23 IcparApi512
explanation of stakeholder's needs operApril2023 IcparApril2023 IcparApril20	23 IcparApril2
Total Marks <sup>2023</sup> IcparApril2023 IcparApril2023 IcparApril2023 IcparApril20	23 IcparA <sub>1</sub> 10 <sup>12</sup>

#### **Model Answers**

Key external stakeholders for Company Y are likely to include some or all of the following:

**Customers:** To ensure that the company is solvent, and they have some comfort that Company Y will be able to supply their product.

**Suppliers:** Especially any significant or new suppliers who will be assessing Company Y for creditworthiness.

**The Government:** For example, Rwandan Revenue Authority (RRA) and the Office of the Registrar General) will need to ensure that the financial statements are filed on time.

**Lenders:** Such as the bank due to the need for a loan, the lender will monitor Company Y's solvency to ensure it is able to pay off its debts.

**Competitors:** They can access information about Company Y as they can view the statutory financial statements from the Office of the Registrar General. Although for a small company like Company Y the information be limited to a statement of financial position, and small companies like Kivu Ltd would want to minimise the amount of information a competitor would be able to view, provided they adhere to financial reporting regulations.

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**Regulatory Bodies:** These bodies may be interested in the performance of the organisation, and if a complaint is made against the company, there may need to make further investigation and inquiry.

023 IcparApril2023 IcparApril2023 IcparApril2023 Icp<mark>SECTION C</mark>arApril2023 IcparApril2023 IcparApril2023 IcparApril 023 IcparApril2023 IcparApril2023

## 023 IcparApril QUESTION 13023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2

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023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023	cparApril2023 IC Marks
Investment Property (308+300)	IcparApril2023 IcparApril
Total Non-current Asset	IcparApril2025 IcparApril IcparApril2023 IcparApril
Total Current Asset	IcparApril2023 IcparApril
Total equity 12023 IcparApril2023 IcparApril2023 IcparApril2023	IcparApril2023 IcparAprl
Total liabilities 23 IcparApril2023 IcparApril2023 IcparApril2023	lcparApril2023 IcparApril
Subtotal Pril2023 IcparApril2023 IcparApril2023 IcparApril2023	lcparApril2023 IcparApı5
Workings: Workings:	lcparApril2023 IcparApril
Calculation of Acquired percentage	IcparApril2025 IcparApril IcparApril2023 IcparApril
Calculation of Goodwill at acquisition	IcparApril2023 IcparApril
Calculation of Goodwill today	[cparApril2023 IcparApr2]
Calculation of Retained earnings for S Co 2023 IcparApril2023	IcparApril2023 IcparApr2
Calculation of Retained earnings for P Co (1 mark for each step).	lcparApril2023 IcparApr3l
Calculation of Non-controlling interests (1 mark for each step).	[cparApril2023 IcparApr4]
Calculation of Unrealised Profit	IcparApril2023 IcparApril
Subtotal	IcparApril2023 IcparApril IcparApril2023 IcparApril
Total Marks 2023 IcparApril2023 IcparApril2023 IcparApril2023	CparApril2023 IcparA 20

#### **Model Answers**

023 IcparApril1

Statements of Financial Position as at 31 December 2021 2023 IcparApril2023 IcparApril2023 IcparApril2023

023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 .	IcparApril2023 IcparApril2
Assets ar April 2023 Icpar April 2023 Icpar April 2023 Icpar April 2023	IcparApril2023 IcparApril2
Non-current assets CparApril2023 IcparApril2023 IcparApril2023	IcparApril2023 IcparApril2
Land and Property (2,200 + 1,000)	IcharApril202-3,200,000 2
Equipment (500 + 100)	600,000
Investment Property (308+300)	608,000
Goodwill mil2023 Innar April2023 Innar April2023 Innar April2023	532,500
Total Non- Current Assets 2023 JoparApril2023 JoparApril2023	Ichar April 202 4,940,500
Current assets 023 IcparApril2023 IcparApril2023 IcparApril2023	IcparApril2023 IcparApril2
Inventories (222+1000 – 40 (W6)) cparApril2023 (cparApril2023	IcparApril20231,182,0002
Prepaid Expenses (50 + 1,600)	1,860,000
Cash (50 + 100)	940,000
Total Current Assets	3,982,000

023 Jepar April S3.1 Jepar April2023 Jepar April2023 Jepar April2023 Jepar April2023 Jepar April202 Page 7 of 16 23 Jepar April2

023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApr	120231c arApril2023 <u>8,922,500</u> 2
Equity and liabilities and provide a second	ril2023 IcparApril2023 IcparApril2
Equity Hanna I Construction Con	3,000,000
Retained earnings (W5)	2,644,000
Non-controlling interests (W3)	698,500
(Total equity/2023 IcparApril2023 IcparApril2023 IcparApr	6,342,500
Non-current liabilities rApril2023 IcparApril2023 IcparApril2023	ril2023 IcparApril2023 IcparApril2
Long-term Loan (800 + 100) 223 IcparApril2023 IcparApril	ni2023 IcparApril2023 <b>1,000,000</b> 2
Current liabilities	ril2023 IcparApril2023 IcparApril2
Short-term Loan	720,000
Trade payables (680 + 350)	860,000
023 IcnarApril2023 IcnarApril2023 IcnarApril2023 IcnarApril2023	<u>1,580,000</u>
(Total liabilities23 IcparApril2023 IcparApril2023 IcparApr	<u>2,580,000</u>
Total Equity and Liabilities 023 IcparApril2023 IcparApr	8,922,500

023 IcparApril2Workings: pril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2

1. Group Structure cparApril2023 IcparApril2023 IcparApril2023	IcparApril2023 IcparApril
Acquired Shares in SourApril2023 IcparApril2023 IcparApril2023	IcparApril20231,000,000
Share Capital of S CparApril2023 IcparApril2023 IcparApril2023	1,250,000
Acquired percentage (1,000,000/1,250,000)	80%
Non-Controlling Interest (100-80)	20%
Retained Earnings at Acquisition	800,000

ril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2

2. Goodwill calculation	<u>5 IcparApril2023 Ic</u> 2 Ionau (pril2022 Ic	parApril2023 IcparApril20
Consideration transferred	3 IcparApril2023 Ic	2,200,000
NCI <sub>cparApril2023</sub> IcparApril2023 IcparApril202	B IcparApril2023 Ic	412,500
Net assets acquired: arApril2023 IcparApril202	3 IcparApril2023 Ic	parApril2023 IcparApril2
Share capital 2023 IcparApril2023 IcparApril202	1,250,000	parApril2023 IcparApril2
Retained earnings at acquisition	800,000	parApril2023 IcparApril20
023 IcparApril2023 IcparApril2023 IcparApril202.	S IcparApril2023 Ic	(2,050,000)
Goodwill at acquisition	Contrapril2023 10	562,500
Impairments to date Year-end value	ReparApril2023 Ic	(30,000)
Goodwill at the endparApril2023 JaparApril202	3 IcparApril2023 Ic	<u>532,500</u>
023 IcparApril2023 IcparApril2023 IcparApril202	3 IcparApril2023 Ic	parApril2023 IcparApril2

3. Retained earnings	2023 IcparApril2023 IcparAp 2021 IcparApril2023 IcparA	
023 IcparApril2023 IcparApril2023 IcparApril 023 IcparApril2023 IcparApril	P Co	S Co
Retained earnings: Control April 2023 Icpar April	202 Icpar 1,500,000	2,300,000
Retained earnings at acquisition	2023 IcparApril2023-IcparAp	(800,000)
Unrealised profit (W5)	2023 IcparApril2023 IcparAp	oril2023 (40,000)

023 IcparApril S3.1 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril202 Page 8 of 16 23 IcparApril2

023 IcparApril2023 IcparApril2023 IcparApril202.	3 IcparApril2023 Ic	<u>1,460,000</u>	)23 IcparApril2
P Co: share of post-acquisition retained	1,168,000	parApril2023 IcparApril2	)23 IcparApril2
earnings 80% x 1,460,000		parApril2023 IcparApril2	)23 IcparApril2
Goodwill impairments to date P Co: (W2)	(24,000)	parApril2023 IcparApril20 nav (navil2022 Icnav (navil2)	123 IcparApril2
30,000 x 80%		parApru2025 IcparApru20 parApril2023 IcparApril20	125 IcparApril2 123 IcparApril2
023 IcnarApril2023 IcnarApril2023 IcnarApril202	2,644,000	parApril2023 IcparApril2	23 IcparApril2

4. Non-controlling interests	<del>parApril2023 IcparApril20</del> marApril2023 IcparApril20	123 IcparApril 123 IcparApril
NCI at acquisition (W2) pril2023 [cparApril2023 [cparApril2023 ]	412,500	)23 IcparApril.
NCI share of post-acquisition retained earnings (W3) 1,460,000 X	ar April 2023 / 292,000 2	)23 IcparApril
20%cparApril2023 IcparApril2023 Icpa	parApril2023 IcparApril2	023 IcparApril.
NCI share of impairment losses ((W2) 30,000 x 20%)	ar April 2023 Lo <u>(6,000)</u> 2	023 IcparApril
023 IeparApril2023 IeparApril2023 IeparApril2023 IeparApril2023 Ie 023 IeparApril2023 IeparApril2023 IeparApril2023 IeparApril2023 Ie	<u>698,500</u>	123 IcparApril 123 IcparApril

023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 Ic 5. Unrealised Profit	<del>sparApril2023 IeparApril2</del> cparApril2023 IeparApril2	223 IcparApril2 223 IcparApril2
Sales from P Co to S Co.	1,000,000	123 IcparApril2 123 IcparApril2
Unsold inventory (1,000,000*20%)	200,000	123 IcparApril2
Unrealized profit 200,000 x 25/125	40,000	023 IcparApril2

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023 IcparApril QUESTION 14023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2

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023 IcparApril2	023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparA	mil2023 I Marks 2	
023 IcparApril2	Step 2: Allocation of Transaction price to performance obligation	pril2023 IcparApr <u>2</u> [2]).	
023 IcparApril2 023 IcparApril2	(ii) 3 JeparApril2023		23 IcparApril2 23 IcparApril2

023 leparApril2023 leparApril2023 leparApril2023 leparApril2023 lepa	Marks	
Calculation of Percentage share of Normal price	wApril2023 IcparApril202	
Router April 2023 Jepar April 2023 Jepar April 2023 Jepar April 2023 Jepar	0.5	
Internet Bundle 23 IcparApril2023 IcparApril2023 IcparApril2023 Icpa	rApril2023 Icpar 40.51202	
Installation Service cparApril2023 IcparApril2023 IcparApril2023 Icpa	17April2023 IcparA0.51202	
Calculation of new prices 12023 IcparApril2023 IcparApril2023 Icpa	12023 IcparApril202	
Router April 2023 IcparApril 2023 IcparApril 2023 IcparApril 2023 Icpa	17 12023 1cpar A 0.5 <sup>[2]</sup>	
Internet Bundle	0.5	
Installation Service	0.5	
Subtotal inril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023	pril2023 IcparApr <b>3</b> 1202	

Scenario one <sup>223</sup> IcparApril2023 IcparApril2023 Ic	parApril2023 IcparApril2023 IC Marks
nventory destroyed	parApril2023 IcparApril2023 IcparApri
Claims received for the previous period	par April 2023 Tepar April 2023 Tepar A.
Scenario two	parApril2023 IcparApril2023 IcparApril
Asset purchased 3 1cparApril2023 1cparApril2023 1c	parApril2023 IcparApril2023 IcparApr
Aachines that were to be written off held before the	e year end 023 IcparApril2023 IcparA1.5
Subtotal April2023 IcparApril2023 IcparApril2023 Ic	parApril2023 IcparApril2023 IcparApr

023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2

023 IcparApril C) (i) cparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2

023 TeparApril2023 TeparApril2023 TeparApril2023 TeparApril2023 TeparA 023 TeparApril2023 TeparApril2023 TeparApril2023 TeparApril2023 TeparA	Marks	023 Icpar
Clean up cost 2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023	pril2023 IcparApril2	023 Icpar
Claims by customer parApril2023 IcparApril2023 IcparApril2023 IcparA	pril2023 IcparA0.512	023 Icpar
Damages pril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparA	pril2023 IcparA0.512	023 Icpar
Claims to be received an April 2023 Icpar April 2023 Icpar April 2023 Icpar A	pril2023 IcparApr <mark>i</mark> l2	023 Icpar
Subtotal April 2023 IcparApril 2023 IcparApril 2023 IcparApril 2023 IcparA	pril2023 IcparApi <mark>3</mark> l2	023 Icpar

023 IcparApril S3.1 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril20 Page 10 of 16 23 IcparApril2

023 IcparApril2i)?3 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2

023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril	2023 Icpar pril2023 Ic Marks	2023 IcparApri
Assets ar April 2023 Icpar April 2023 Icpar April 2023 Icpar April	2023 IcparApril2023 IcparA0.5	2023 IcparApril
Liability April2023 IcparApril2023 IcparApril2023 IcparApril	2023 Icpar/ pril2023 Icpar/0.5	2023 IcparApri
Capital April 2023 IcparApril 2023 IcparApril 2023 IcparApril	2023 IcparApril2023 IcparApr <mark>i</mark> l	2023 IcparApril
Subtotal April 2023 TeparApril 2023 TeparApril 2023 TeparApril	2023 IcparApril2023 IcparApr <mark>2</mark>	2023 IcparApri 2023 Icpar Apri

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023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 Icpar	April2023 Ic Marks 2	
Value of Stock before Adjustment CoarApril2023 IcparApril2023 Icpa	April2023 Icpar/0.512	
NRV will remain FRW 127 because selling expenses were deducted	April2023 Icpar/0.512	
Total <sup>parApril2023</sup> IcparApril2023 IcparApril2023 IcparApril2023 Icpa	April2023 IcparA0.5	
Adjustment	0.5	
Subtotal (pril2023 IcparApril2023 IcparApril2023 IcparApril2023 Icpa	April2023 IcparApril20 April2023 IcparApril2	

023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2

Method 1:	rApril2023 IcparApril2023 IcparApril2023 IcparA	Marks
Old cost of sales	rApril2023 IoparApril2023 IoparApril2023 IoparA rApril2023 IoparApril2023 IoparApril2023 IoparA	0.5
new cost of sales	rApril2023 IcparApril2023 IcparApril2023 IcparA	pril2023 Jonar 40.5
new gross profit	rApril2023 IcparApril2023 IcparApril2023 IcparA	pril2023 IcparA0.5
new gross profit margin	April2023 IcparApril2023 IcparApril2023 IcparA	April2023 IcparA0.5
Method 2 mil2023 Icpa	rApril2023 IcparApril2023 IcparApril2023 IcparA	1pril2023 IcparApril
New gross profit	rApril2023 IcparApril2023 IcparApril2023 IcparA	April2023 IcparA0.5
new gross profit margin	rApril2023 IcparApril2023 IcparApril2023 IcparA	0.5
<u>Subtotal</u>	rApril2023 1cparApril2025 1cparApril2025 1cparA	1pril2025 1cparApril April2022 Topar April

023 IcparApril Model Answers 23 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2

023 IcparApril2

023 IeparApril 🗃 23 IeparApril2023 i) The step in Five-step model of IFRS 15 which is relevant to the scenario is Step 2: 23 Input April 2 Allocation of Transaction price to performance obligation

ii) Calculation of new prices to be apportioned to each service/product

Percentage share of Normal price	ອີ IcparApril2023 IcparApr	il2023 IcparApril2023 IcparApril.
023 IcparApril2023 IcparApril202	3 IcparApril2023 IcparApr	il2023 IcparApril2023 IcparAp%
Router April 2023 CoparApril 202	28,000	12023 IcparApril2023 Icpa 43%
Internet Bundle	25,500	39%
Installation Service	12,000	18%

023 IeparApril2023 IeparApril2023 IeparApril2023 IeparApril2023 IeparApril2023 IeparApril2023 Iep 023 JeparApril 83.1 JeparApril2023 JeparApril2023 JeparApril2023 JeparApril2023 JeparApril20 Page 11 of 16 23 JeparApril2

023 IcparApril2

TotalvarApril2023 IcparApril202.	IcparApril202.65,500 pril	2023 IcparApril2023 Icp100%12123	
Apply percentage on new price	1 IcparApril2023 IcparApril 3 IcparApril2023 IcparApril	2023 IcparApril2023 IcparApril2123 2023 IcparApril2023 IcparApril2123	
40,000	100%	New Prices	
Router	43%	17,099	
Internet Bundle	39%	2023 Jonar April 2023 Jon 15,573	
Installation Service CoarApril202	IcparApril2023 [18%4] ril	2023 Icpar April 2023 Icpa 7,328 2023	
TotalparApril2023 IcparApril202	IcparApril2023 IcparApril	2023 IcparApril2023 Ict40,000 2023	

023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2

Scenario one	ril2023 IcparApril2023 ril2023 IcparApril2023	<del>IeparApril2025 IeparApril2</del> 023 IeparApri IeparApril2023 IeparApril2023 IeparApri
Inventory destroyed	Non-Adjusting	IcparApril2023 IcparApril2023 IcparApri
Claims received for the previous period	Adjusting April 2023	1cpar4pril202 3,200,000 23 1cpar4pri
	ril2023 IcparApril2023	IcparApril2023 IcparApril2023 IcparApri
Scenario two 023 IcparApril2023 IcparAp	ril2023 IcparApril2023	IcparApril2023 IcparApril2023 IcparApri
Asset purchased	Non-Adjusting	IcparApril2023 IcparApril2023 IcparApri
Machines that were to be written off held before the year end	Adjusting	12,000,000

## c) i

Item/issue ril2023 IcparApril2023	IcparApril. Category pril2023 IcparApril2023 IcparApril2 23 IcparApril2
Clean up cost 023 Icpar April 2023	IcparApril. Provision pril2023 IcparApril2023 IcparApril2 23 IcparApril2
Claims by customer	Contraction Provision Pril2023 Contraction Pril2023 Contraction Provision Pril2023 Contraction Pril2023 Contractio
Damages	Contingent Liability
Claims to be received	Not contingent Asset/ No category/No
	IcparApril action to take 2023 IcparApril2023 IcparApril2 23 IcparApril2

023 IcparApril202 023 IcparApril ii)

Assets	<sup>2023</sup> No change <sup>123</sup> <sup>1cparApril2023</sup> <sup>1cparApril2023</sup> <sup>1cp</sup>	20,000,000
Liability	15,000,000 + 2,000,000 + 1,000,000 =	18,000,000
Capital	5,000,000 - 2,000,000 -,1,000,000 =	2,000,000

The new accounting equation will be as follows: ASSET (20,000,000) = Capital (2,000,000) + Liabilities (18,000,000)

d) i)

Value of Stock before Adjustment	arApril2023 IcparApril2023	3 IcparApril202	3 IcparAp
Seal Blue	arApril2023 IcparAp 13023	1000 units	130,000
Avidad April 2023 Contract April 2023	arApril2023 IcparAp 125	1200 units	150,000
Mushbam	140	1300 units	182,000
Total	rApru2023 IcparApru2023 rAnvil2023 IcparApril2023	R Lenar April 202	462,000

023 IcparApril S3.1 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril20 Page 12 of 16 23 IcparApril2

Value of Stock as per IAS 2 223 [cparApril2023 [cparApril2023]	oril2023	IcparApril202	IcparApril2
We use the lower of cost and NRV (Net Realisable Value)	ril2023 ril2023	lcparApril202: IcparApril202:	IcparApril2 IcparApril2
NRV will remain FRW 127 because selling expenses were deducted	oril2023 oril2023 oril2023	IcparApril202. IcparApril202.	TeparApril2 TeparApril2 TeparApril2
According to IAS2, the new value of the products will be the lower of its cost and Net Realizable Value	oril2023 oril2023	IcparApril2023 IcparApril2023	IcparApril2 IcparApril2
Seal Blue pril2023 IcparApril2023 IcparApril2023 IcparApril2023	130	IcparApr1272.	Icpar/127/2
Avidad rApril2023 IcparApril2023 IcparApril2023 IcparAp	125	IcparApr1272	Icpar/125 <sup>12</sup>
Mushbam	140	1cparApr127	127

Products	Original Cost	New value	oril2023 IcparApril
Seal Blue	130*1000=130,000	127*1000=127,000	pril2023 IcparApril
Avidad	125*1200=150,000	125*1200=150,000	rit2023 IcparApril
Mushbam	140*1300=180,000	127*1300=165,100	<del>ritz 1</del> 23 IcparAprii wil2023 IcparApril
Total	462,000	442,100	ril2023 IcparApril
Adjustment 12023	leparApril2023 IeparApril2023 Ie	parApril2023 IcparApril2023 IcparAp	oril2023 IcparApril
462,000 -	442,100 =	parApr 12019,900 / pril2023 IcparAp	ril2023 IcparApril

023 IeparApril2023 IeparApril2023 IeparApril2023 IeparApril2023 IeparApril2023 IeparApril2023 IeparApril2023 IeparApril2

023 IcparApril/ii)?3 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2

023 IcparApril2

023 IcparApril2 023 IcparApril2

Method 1:	April2023 IcparApril2023 IcparApril20	23 IcparApril2023 IcparApril20
Wiethou I. mil2023 Icpari	April2023 IcparApril202: IcparApril20	23 IcparApril2023 IcparApril20
Old cost of sales	2000000-760000 cpar4pril20	23 Icp=1,240,000 IcparApril20
New cost of sales	200000-760000+19900	=1,259,900
New gross profit	2,000,000-1,259,900	=740,100
New gross profit margin	1prii 2023 IeparAprii 2023 IeparAprii 20 Anril 2023 IeparApril 2023 IeparApril 20	=37%
Method 2	April2023 IcparApril2023 IcparApril20	) 23 IcparApril2023 IcparApril20
New gross profit 3 Icpan	760000-19900 Contract April 20	23 Ic =740,10023 IcparApril20
new gross profit margin	(740,100/2,000,000 202 ]cpar/pril20	023 Ic =37%12023 IcparApril20

1023 IcparApril
new gross profit margin (740,100/2,000,000 202
IcparApril2023 Ic

## 023 IcparApril QUESTION 15023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2

# Marking Guide,23 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023

ITEMS April 2023 TeparApril 20	MARKS
Calculation of accumulated depreciation for Building	$\frac{2023}{2023}$ IcparApril
Calculation of carrying amount of building	$2023 Icpar Am^2$
Calculation of accumulated depreciation for Office Equipment	2023 IcparApi2
Calculation of carrying amount for Office Equipment	2023 IcparApt212
TOTAL NON-CURRENT ASSETS- Award 1 Mark for the correct total	2023 IcparApr <mark>i</mark> l2
Calculation of Trade Receivable	2023 IcparApril
TOTAL ASSETS- Award 1 Mark for the correct total	2023 IcparApril2
Calculation of Share capital	2023 IcparApril
Calculation of Share premium	2023 IcparAn $2$
Calculation of Retained earnings IcparApril2023 IcparApril2023 IcparApril	2023 IcparAprll
TOTAL EQUITY- Award 1 Mark for the correct total	2023 IcparApril
Calculation of accrued Expenses	2023 IcparApr <mark>i</mark> l2
TOTAL LIABILITIES-Award 1 Mark for the correct total	2023 IcparApr <mark>i</mark> l
TOTAL EQUITY AND LIABILITIES-Award 1 Mark for the correct total	2023 IcparApril 2023 IcparApril 2023 Icpar April
Total Marks 2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril	2023 Icpar A 20

## **Model Answers**

## PLM LTD pril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2

#### 023 IcparApril Statement of financial position as at 31/12/2021 [cparApril2023 IcparApril2023 Ic

023 TeparApril2023 TeparApril2023 TeparApril2023 Tepar 023 TeparApril2023 TeparApril2023 TeparApril2023 Tepa	FRW	FRW
Assets ar April 2023 Jepar April 2023 Jepar April 2023 Jepar	April2023 IcparApril2	2023 IcparApril
Non-current assets [cparApril2023 IcparApril2023 Icpan	April2023 IcparApril2	2023 IcparApril
LandparApril2023 IcparApril2023 IcparApril2023 Icpan	4,000 31,896,000	023 IcparApril
Building (W1) 23 IcparApril2023 IcparApril2023 Icpar	73,208,000	2023 IcparApril
Office Equipment(W2)	14,000,000	2023 IcparApril
Total Non-Current Assets	April2023 IcparApril2 Mavil2022 Icanar April2	119,104,000
Current assets	April2023 IcpurApril2	023 IcparApril
Inventories ril2023 IcparApril2023 IcparApril2023 Icpan	11,000,000	2023 IcparApril
Trade Receivable(W4) April 2023 Icpar April 2023 Icpan	April20216,250,000	2023 IcparApril
Cash (W3) ril2023 IcparApril2023 IcparApril2023 Icpar	4pm120_12,000,000	2023 IcparApril
Total Current Assets 01/40/12/023 1cpar4pril2/023 1cpar	April2023 IcparApril2	39,250,000
Total Assets	April2023 IcparApril2	158,354,000
Equity and liabilities Equity	r <u>April2025 IcparApril2</u> «Anvil2022 IcparApril2	023 IcparApril 022 Ionar April
Share capital (FRW 0.75 ordinary shares) (W3)	55,000,000	2023 IcparApril

023 IcparApril S3.1 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril20 Page 14 of 16 23 IcparApril2

023 IcparAprili

Share premium(W3) arApril2023 [cparApril	2023 [cparApril20_25,000,000]	2023 IcparApril
Retained earnings (W6)	1,500,000	2023 IcparApril
Total Equity	il2023 IcparApril2023 IcparApril2	81,500,000
Non-current liabilities	12029 leparapril2029 leparapril2 19092 lenev Anvil9092 lenev Anvil	023 IcparApril 022 IcparApril
Long-term Loan	50,000,000	2023 IcparApril
Current liability	il2023 [cparApril2023 [cparApril2	2023 IcparApril
Short-term loan 23 IcparApril2023 IcparApri	12023 IcparApril20215,000,000	2023 IcparApril
Accrued Expenses(W5)	12023 [cparApril202_3,000,000]	023 IcparApril
Tax payable	8,854,000	2023 IcparApril
Total Liabilities	12023 CeparApril2023 CeparApril2	26,854,000
Total Equity and Liabilities	12025 IcparApril2025 IcparApril2 12022 Icpar (muil2022 Icpar (muil2	158,354,000

## Workings:

023 IcparApril1

023 IcparApril Working 1pril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2

1. Assets (pril2023 IcparApril2023 IcparApril2023 Icpar	pril2023 IcparApr		023 IcparApri
Building-Cost 023 IcparApril2023 IcparApril2023 Icpar	lpril2023 IcparApr	120150,000,000 2	023 IcparApri
Accumulated depreciation at the start	48,792,000	il2023 IcparApril2	023 IcparApri
Depreciation of the year (150,000,000- 70,0000)*35%	28,000,000	112023 IcparApril2 il2023 IcparApril2	123 IcparApri 123 IcparApri 123 I
Accumulated depreciation at end	lpril2023 IcparApr Ipril2023 IcparApr	(76,792,000)	123 IcparApri 123 IcparApri
Carrying amount	pril2023 Icpar Apr	73,208,000	123 Icpurapi 123 IcparApr

Working 2 pril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023

2. Equipment	rApril2023 IcparApril
Office equipment-COST pril2023 Jepar April2023 Jepar April2023 Jepan	33,185,185
Depreciation year 1 (33,185,185*25%)	rApril20238,296,296
Depreciation year 2 (33,185,185-8,296,29) *25%)	6,222,222
Depreciation year 3-current year (24,888,889-6,222,222) *25%)	4,666,667
Carrying amount 3 1cparApril2023 1cparApril2023 1cparApril2023 1cpa	14,000,000

023 IcparApril2Working 3pril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2

3. Share c	apital issued Apri	l2023 IcparApril202	3 IcparApril2023 IcparA	
Cash recei	ved <sup>2023</sup> IcparApri	l2023 IcparApril202	3 12,000,000	lpril2023 IcparApril
New share	capital (12,000,00	00shares*0.75)	9,000,000	lpril2023 IcparApril
Total share capital (46,000,000+9,000,000)		3 IcparApril2023 IlparA	55,000,000	
New	share	premium	3,000,000	lpril2023 IcparApril Invil2023 IcparApril
(12,000,00	00shares*0.25)	12023 IcpurApril202 12023 IcparApril202	3 JeparApril2023 JeparA	

023 IcparApril S3.1 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril20 Page 15 of 16 23 IcparApril2

3 Jonar April (22,000,000+3,000,000) April 2023 Jonar April 023 Jonar April 2023 Jonar Apri	3 IcparApril2	Total	Share	2023 Premium 2023 Icp	parApril2023 / 25,000,000 / CparA	April2023 IcparAp
(22,000,000+3,000,000)	3 IcparApril2	(22,000,000	+3,000,000)	2023 IcparApril2023 Icp	parApril2023 IsparApril2023 IsparA	April2023 IcparAp

## 023 IcparApril Working 4 pril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2023 IcparApril2

4. Trade receivables and pril2023 Lopar April2023 Lo	parApril2023 IcparApril2023 IcparApril2023 Icpa
Trade receivables	Par/ 16,800,000 23 lopa
Bad debts written off	(550,000)
Trade receivables-Net	16,250,000

## Working 5

5. Loan amortization	pril2023 IcparApril2023 IcparApril2023 Icp	
Loan acquired was already recorded	50,000,000	
Accrued Interest (50,000,000*6%)	3,000,000	

## Working 6

6. Retained earnings	araprazozo icparapraz mani12022 Ionan Ami12
Net loss for the year	(49,235,185)
Opening retained earnings	50,735,185
Closing retained earnings (2023 Icpar April 2023 Icpar April 2023 Icpar	rApril <u>2023<b>1,500,000</b></u> 2

## END OF MARKING GUIDE AND MODEL ANSWERS

023 leparApril2023 le