

CERTIFIED PUBLIC ACCOUNTANT ADVANCED LEVEL 1 EXAMINATIONS <u>A1.3: ADVANCED FINANCIAL REPORTING</u> DATE: TUESDAY, 22 AUGUST 2023 MARKING GUIDE AND MODEL ANSWERS

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NKAUGUS 12023 ICPARAUGUS 12023 ICPARAUGU ARAUGUST2023 ICPARAUGUST2023 ICPAR ARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023

a) Consolidated cash flow (CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203	UST2 Marks
Each correct figure in the Consolidated cash flow awarded 0.5 marks Maximum 9 mars) – including the final correct amounts posted from workings and correct totals & sub-totals)	UST2023 ICP/9 UST2023 ICPAR UST2023 ICPAR UST2023 ICPAR UST2023 ICPAR UST2023 ICPAR UST2023 ICPAR
Eash and cash equivalent at the beginning 23 ICPARAUGUST2022 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST2023 ICPA	UST2023 ICPAR IUST2023 ICPAR
Cash and cash equivalent at the end gust2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUG	IUST2023 ICPAR IUST2023 ICPAR
Award 0.5 marks for each correct figure/amount used separately in the vorkings for: paraugust2023 (paraugust2023) (paraugust20	IUST2023 IC 4 A 5 IUST2023 ICPAR IUST2023 ICPAR IUST2023 ICPAR
ARAUGUST2023 ICPARAUGUST2023 I	HUST2023 ICPAR HUST2023 ICPAR HUST2023 ICPAR
ARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICP	UST2023 ICPAR IUST2023 ICPAR IUST2023 ICPAR
ARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGU	UST2023 ICPAR HUST2023 ICPAR HUST2023 ICPAR
Note: A similar 1.5 marks allocation is awarded where the student's goes where the student's goes where and presents a working for the NIL change in "payables"	JUST2023 ICPAR JUST2023 ICPAR JUST2023 ICPAR
Award 0.5 marks for each correct figure used in the working for property, plant and equipment	UST2023 ICPAR UST2023 IC 3 45 UST2023 ICPAR
Award 0.5 marks for each correct figure used in the working for taxes paid CPA AUC	UST2023 ICPAR IUST2023 IC 3 .5
ward 0.5 marks for each correct figure used in the working for investment in successful and ssociate 2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICP	UST2023 ICPAR FUST2023 ICPAR FUST2023 ICPAR
Award 0.5 marks for each correct figure used in the working for the omputation of goodwill (including where applied the separate line items and neir amounts making the total of the net assets in the new subsidiary on the ate of its acquisition) – maximum of 4 marks. In addition, a maximum of 1 mark is awarded for the working of intangible assets (excluding the Goodwill igure that may be part of this additional intangible assets acquired)	UST2023 ICPAR UST2023 ICPAR UST2023 ICPAR UST2023 ICPAR UST2023 ICPAR UST2023 ICPAR UST2023 ICPAR UST2023 ICPAR UST2023 ICPAR
Award 0.5 marks for each correct figure used in the working for lease rental and	UST2023 ICPAR IUST2023 ICPAR IUST2023 ICPAR
Award 0.5 marks for each correct figure used in the working for non- controlling interest (leading the amount of "dividends paid to the NCIs")	10512023 ICPAR 10512023 IC 2.5 10512023 ICPAR
Award 0.5 marks for each correct figure used in the working for retained carnings (leading to the correct figure for "other dividends paid"	HUST2023 ICPAR HUST2023 ICPA 2 HUST2023 ICPAR
Award 2 marks for well-presented consolidation statement of cash flow (format as per IAS 7)	UST2023 ICPA UST2023 ICPA UST2023 ICPAR
Sub-total (A) CPARAUGUST2023 ICPARAUGUST2023 I	UST2023 ICP40
(i) UST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA	UST2023 ICPAR
ward 2 marks for a candidate who explained the consolidation exception as automatic paral 31.	iust2023 icpar iust2023 icpar iust2023 icpar
Award 2 marks for a candidate who explained provisions of Para. 32 ST2023 ICPA AUC	10512023 ICPAR 10512023 ICPAR 10512023 ICPA
	JUST2023 ICPAR
Award 1 mark for a candidate who explained provisions of Para. 33	UST2023 ICPAR

araugust2023 i a_1 r $_3$ ugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparauPage 2 of 20r ARAUGUST2023 ICPARAUGUST2023 I

CI (b) (ii) IST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA	RAUGUST2023 ICPAR
Award 2 marks for the correct mention of the requirement to disclose the	RAUGUST2023 ICPA 2
change of investment entity status and the reasons for the change	RAUGUST2023 ICPAR
Award 1 mark for each correct bullet point of disclosures on effects on financial	RAUGUST2023 ICPA 3 A
.PARAUGUS12023 ICPARAUGUS12023 ICPARAUGUS12023 ICPARAUGUS12023 ICPARAUGUS12023 ICPARAUGUS12023 ICPA SI statements)23 ICPARAUGUST2023 ICPARAUGUS12023 ICPARAUGUS12023 ICPARAUGUS12023 ICPA	RAUGUST2023 ICPAR/ RAUGUST2023 ICPAR/
Sub-total (B) CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA	RAUGUST2023 ICHO
CF Total Marks icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icpa	RAUGUST2023 ICI 50
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA	RAUGUST2023 ICPAR/

Model Answers

a) Mob group consolidated statement of cash flow for the year ended 31 December 2021

Cash flow statement UST2023 ICPARAUGUST2023 ICPARAUGU PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGU PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGU	ST2023 ICPARAUGUST20 ST2023 ICPARAUGUST20 ST2023 ICPARAUGUST20	FRW Million	FRW Million
Cash flows generated from operating activities	ST2023 ICPARAUGUST20	23 ICPARAUGUS	T2023 ICPAR
Profit before taxaraugust2023 iCPARAugust2023 iCPARAugu	ST2023 ICPARAUGUST20	23 ICPA1,370 S	F2023 ICPAR
Add loss on disposal ust2023 icparaugust2023 icparaugu	ST2023 ICPARAUGUST20 ST2023 ICPARAUGUST20	23 ICPARAU 20 S	12023 ICPAR 12023 ICPAR
Add finance cost	ST2023 ICPARAUGUST20	^{23 ICPAR} 600	T2023 ICPAR
Add depreciation for the year CPARAUGUST2023 ICPARAUGU	ST2023 ICPARAUWIT20	23 ICPARA 590 S	r2023 ICPAR
Less investment income 2023 ICPARAUGUST2023 ICPARAUGU	ST2023 ICPARAUGUST20 ST2023 ICPARAUGUST20	231CPA (850)	12023 ICPAR 12023 ICPAR
Less share of profit in associate	ST2023 ICPARAUGUST20	^{23 ICPA} (320) ^S	12023 ICPAR
Changes in working capital CPARAUGUST2023 ICPARAUGU	ST2023 ICPARAUGUST20	23 ICPARAUGUS	T2023 ICPAR
Increase in receivable st2023 (CPARAUGUST2023 (CPARAUGU	820+20-1,070	(230)	Г2023 ICPAR Г2023 ICPAR
Decrease in Inventory ST2023 ICPARAUGUST2023 ICPARAUGU	850+50-650	23 ICPARA250S	F2023 ICPAR
Cash generated from operations UGUST2023 ICPARAUGU	ST2023 ICPARAUGUST20	23 ICPA1,430	Γ2023 ICPAR Γ2023 ICPAR
PARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGU T ax paid 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGU	12023 ICPARAU W^{2}	(220)	Г2023 ICPAR Г2023 ICPAR
Interest paid ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGU	1202 60+600-60	23 ICPA (600) S	Г2023 ICPAR
Net Cash flow from operations AUGUST2023 ICPARAUGU	ST2023 ICPARAUGUST20 ST2023 ICPARAUGUST20	23 ICPARAUGUS 23 ICPARAUGUS	12023 1 610
Cash flows generated from investing activities	ST2023 ICPARAUGUST20	23 ICPARAUGUS	12023 ICPAR
Dividend received from associates UGUST2023 ICPARAUGU	ST2023 ICPARAU $W3$ T20	23 ICPARAU 70 S	Г2023 ICPAR
Acquired intangible asset 023 ICPARAUGUST 2023 ICPARAUGU	W4 &W8	23 ICPA (200) S	Г2023 ІСРАК Г2023 ІСРАК
Proceed from disposal ST2023 ICPARAUGUST2023 ICPARAUGU	300-20 ^{120231CP} 300-20	23 ICPAR 280	F2023 ICPAR
Acquisition of subsidiary 023 ICPARAUGUST2023 ICPARAUGU	ST2023 ICPAR 2+40 T20	23 ICPAR (52) S	Г2023 ICPAR
Investment income ugust2023 iCPARAUgust2023 iCPARAUgu	ST2023 ICPARAUGUST20 ST2023 ICPARAUGUST20	850	Γ2023 ICPAR Γ2023 ICPAR
Net Cash flow from investing activities ^{223 ICPARAUGU}	ST2023 ICPARAUGUST20	23 ICPARAUGUS	¹²⁰²³ 948
Cash flows generated from financing activities	ST2023 ICPARAUGUST20	23 ICPARAUGUS	12023 ICPAR
Dividend paid to NCI UST2023 ICPARAUGUST2023 ICPARAUGU	5T2023 ICPARAU W5 T20 5T2023 ICPARAU W5 T20	(160)	Г2023 ІСРАК Г2023 ІСРАК
Lease paid 23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGU	ST2023 ICPARAU $W6$ T20	23 ICPA (550) S	T2023 ICPAR
Dividend paid to owners 2023 ICPARAUGUST2023 ICPARAUGU	ST2023 ICPARAU $W7$ T20	23 ICPA (200) S	12023 ICPAR
PARAUGUST2023 · GPARAUGUST2023 ICPARAUGUST2023 ICPARAUGU Loan note paid paraugust2023 ICPARAUGUST2023 ICPARAUGU	ST2023 ICPARAUGUST20 ST2023 ICPARAUGUST20	(400)	Г2023 ICPAR Г2023 ICPAR
Net Cash flow from financing activities 23 ICPARAUGU	ST2023 ICPARAUGUST20	23 ICPARAUGUS	2 (1,310)
Net change in Cash and cash equivalent for the year	ST2023 ICPARAUGUST20 ST2023 ICPARAUGUST20	23 ICPARAUGUS 23 ICPARAUGUS	2023 248
Cash and cash equivalent at the beginning of the year	ST2023 ICPARAUGUST20 ST2023 ICPARAUGUST20	23 ICPARAUGUS	Г2023 ІСРА
Cash and cash equivalent at year end UST2023 ICPARAUGU	ST2023 ICPA300-52T20	23 ICPARAUGUS	120231248

123 ICAT, 3 UGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAU**Page 3 of 20** ra 123 ICPARAUGUST2023 ICPARAUGUST

Working one: Property, plant and equip	PPE a/	TAULT IN THE	0000 1004 0411011070000 16	DADATIONO00010	T3 A T3 .
FRW	million			FRW milli	on
Bal b/d	3,290	Dis	posal of asset		000
bui ord	3,290	-	preciation		00
Leased asset	200		lancing figure)	5	590
New Subsidiary		(0			
(White stone)	100				
Revaluation	100				
		Bal	c/d	2.8	300
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20	23 ICPARAU	JGUST2	2023 ICPARAUGUST2023 IC	PARAUGUST2023 IC	PARA
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20	23 ICPARAU	JGUST2	2023 ICPARAUGUST 2023 IC 2023 ICPARAUGUST 2023 IC	PARAUGUST2023 IC	PARA
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20		JGUST2 JGUST2	2023 ICPARAUGUST 2023 IC 2023 ICPARAUGUST 2023 IC	PARAUGUST2023 IC PARAUGUST2023 IC	PARA
Working two: Tax account 3 ICPARA UGUST20	23 ICPARAU	JGUST?	2023 ICPARAUGUST2023 IC	PARAUGUST2023 IC	PARA
		acco	ount		
FRW millio	n			FRW million	
		E	Bal b/d: Current	1	20
Tax paid (balancing	_			_	
figure)	2		Bal b/d: Deferred	2	00
			New Subsidiary		15
			White stone)		45
Dal a/di Cumant	1		P/L tax charge	3	00
Bal c/d: Current		95 50			
Bal c/d: Deferred		50			(5
W RAILULISTADO, ICPARALIGUSTO 023 ICPARALIGUSTO	D 123 ICPARAL	65	2023 ICPARALIGUST2023 IC	D PARALIGUST2023 IC	65
Working three: PARAUGUST2023 ICPARAUGUST20 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20		TOTION	ana india da la la la constant	DADATICITOTOOO2 IC	DADA
PARAUGUST2023	vestmen		ssociate account	FRW	
FRW m	illion			millio	n
5 11 /1	• • • •	Divid	lend received (ba		
Bal b/d	/	figure		8	7(
Profit share for the year		Bal c			450
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20)23 ICPARAU)23 ICPARAU	JGUST2 JGUST2	2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC	PARAUGUST2023 IC PARAUGUST2023 IC	PARA
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20			2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC		
Vorking four	23 ICPARAU	JGUST2	2023 ICPARAUGUST2023 IC	PARAUGUST2023 IC	PARA
				12310	PARA PARA
	ntangible				
	F]	RW		D23 IC	
PARAUGUST2023	F]		1	523 IC FRW 523 IC 023 IC million 523 IC 523 IC	PARA PARA
Bal b/d	F] m	RW illion	0	223 IC FRW 223 IC 223 IC 223 IC 223 IC 223 IC 223 IC 223 IC	PARA PARA PARA PARA
Bal b/d Goodwill acquired (W8	F] m	RW illion 14	0 4.5	223 IC FRW 223 IC million 223 IC 223 IC 223 IC 223 IC	PARA PARA PARA PARA PARA
Bal b/d	F m) gure)	RW illion 14 2	0	223 IC FRW 223 IC 223 IC 223 IC 223 IC 223 IC 223 IC 223 IC 223 IC	PARA PARA PARA PARA PARA
Bal b/d Bal b/d Goodwill acquired (W8 Addition (Balancing fig PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2003 ICPARAUGUST2003 ICPARAUGUST2003 ICPARAUGUST2003 ICPARAUGUST2023 ICPARAUGUST2003 IC	F] m () (223 ICPARAT () () () () () () () () () () () () ()	RW illion 1 2 JGUST2 JGUST2	0 4.5 200 Balance c/d 2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC	P23 IC FRW 223 IC 223 IC	PARA PARA PARA PARA PARA PARA PARA PARA
Bal b/d Bal b/d Goodwill acquired (W8 Addition (Balancing fig PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUG	F m j gure) 223 ICPARAI 223 ICPARAI 223 ICPARAI	RW illion 1 2 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	0 4.5 200 Balance c/d 2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC	223 IC FRW 223 IC 223 IC	PARA PARA PARA PARA PARA PARA PARA PARA
Bal b/d Bal b/d Goodwill acquired (W8 Addition (Balancing fig PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2003 ICPARAUGUST2003 ICPARAUGUST2003 ICPARAUGUST2003 ICPARAUGUST2003 ICPARAUGUST2003 ICPARAUGUST2003 ICPARAUGUST2003 ICPARAUGUST2003 ICPARAUG	F] m (23 ICPARAU (23 ICPARAU (23 ICPARAU (23 ICPARAU (23 ICPARAU (23 ICPARAU	RW illion 1 JGUST JGUST JGUST JGUST JGUST	0 4.5 200 Balance c/d 2023 ICPARAUGUST 2023 IC 2023 ICPARAUGUST 2023 IC 2023 ICPARAUGUST 2023 IC 2023 ICPARAUGUST 2023 IC 2023 ICPARAUGUST 2023 IC	P23 IC FRW P23 IC million P23 IC D23 IC P23 IC P23 IC P23 IC P24 IC P23 IC PARAUGUST 2023 IC P24 IC	PARA PARA PARA PARA PARA PARA PARA PARA
Bal b/d Bal b/d Goodwill acquired (W8 Addition (Balancing fig PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2003 ICPARAUGUST20	F) (23) ICPARAT (23) ICPARAT (23) ICPARAT (23) ICPARAT (23) ICPARAT (23) ICPARAT (23) ICPARAT (23) ICPARAT	RW illion 1 JGUST JGUST JGUST JGUST JGUST JGUST	0 4.5 200 Balance c/d 2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC	P23 IC FRW 223 IC p23 IC 223 IC 224 IC 225 IC 226 IC 226 IC 226 IC 226 IC 226 IC 226 IC 227 IC 227 IC 228 IC 22	PARA PARA PARA PARA PARA PARA PARA PARA
Bal b/d Bal b/d Goodwill acquired (W8 Addition (Balancing fig PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2	F) gure) 223 ICPARAI 223 ICPARAI 223 ICPARAI 223 ICPARAI 223 ICPARAI 223 ICPARAI 223 ICPARAI 223 ICPARAI 223 ICPARAI	RW illion 1 JGUST JGUST JGUST JGUST JGUST JGUST JGUST	0 4.5 200 Balance c/d 2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC	223 IC FRW 223 IC 223 IC 224 IC 223 IC 224 IC 223 IC 224 IC 223 IC 224 IC 223 IC 224 IC 225 IC 226 IC 226 IC 226 IC 226 IC 226 IC 227 IC 227 IC 22	PARA PARA PARA PARA PARA PARA PARA PARA
Bal b/d Goodwill acquired (W8 Addition (Balancing fig PARAUGUST 2023 ICPARAUGUST 2023 ICPAR	F) (UTE) (223 ICPARAU (223 ICPARAU	RW illion 1 2 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	0 4.5 200 PARAUGUST2023 IC 2023 ICPARAUGUST2023 IC	P23 IC FRW D23 IC million D23 IC D23 IC D23 IC PARAUGUST2023 IC D3 IC D3 IC D3 IC D3 IC D3 IC D4 IC D3 IC D5 IC <thd3 ic<="" th=""></thd3>	PARA PARA PARA PARA PARA PARA PARA PARA
Bal b/d Goodwill acquired (W8 Addition (Balancing fig PARAUGUST 2023 ICPARAUGUST 2023 ICPAR	F] m (223 ICPARAU (223 ICPARAU	RW illion 1 JGUST JGUST JGUST JGUST JGUST JGUST JGUST JGUST JGUST	0 4.5 200 Balance c/d 2023 ICPARAUGUST 2023 IC 2023 ICPARAUGUST 2023 IC	P23 IC PRW 223 IC 223 IC 224 IC 225 IC 226 IC 226 IC 226 IC 226 IC 227 IC 227 IC 227 IC 227 IC 22	PARA PARA PARA PARA PARA PARA PARA PARA
Bal b/d Bal b/d Goodwill acquired (W8 Addition (Balancing fig PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	F) (223 ICPARAT (223 ICPARAT	RW illion 1 2 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	0 4.5 200 Balance c/d 2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC	P23 IC FRW 223 IC million 223 IC D23 IC 223 IC PARAUGUST2023 IC 223 IC PARAUGUST2023 IC 224 IC PARAUGUST2023 IC 225 IC PARAUGUST2023 IC 224 IC PARAUGUST2023 IC 244 IC PARAUGUST2023 IC 245 IC PARAUGUST2023 IC 246 IC PARAUGUST2023 IC 247 IC	PARA PARA PARA PARA PARA PARA PARA PARA
Bal b/d Bal b/d Goodwill acquired (W8 Addition (Balancing fig PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2	F) () () () () () () () () () (RW illion 1 JGUST JGUST JGUST JGUST JGUST JGUST JGUST JGUST JGUST JGUST JGUST	0 4.5 200 Balance c/d 2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC	P23 IC FRW 223 IC million 223 IC D23 IC 223 IC PARAUGUST2023 IC 223 IC PARAUGUST2023 IC 224 IC PARAUGUST2023 IC 225 IC PARAUGUST2023 IC 224 IC PARAUGUST2023 IC 244 IC	PARA PARA PARA PARA PARA PARA PARA PARA
Bal b/d Bal b/d Goodwill acquired (W8 Addition (Balancing fig PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUG	F) (USA)	RW illion 1 2 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	0 4.5 200 Balance c/d 2023 ICPARAUGUST 2023 IC 2023 ICPARAUGUST 2023 IC 2024 ICPARAUGUST 2023 IC 2025 ICPARAUGUST 2023 IC 2025 ICPARAUGUST 20	P23 IC FRW 223 IC million 223 IC D23 IC 223 IC P2745 223 IC P27425 223 IC PARAUGUST2023 IC 22440000000000000000000000000000000000	PARA PARA PARA PARA PARA PARA PARA PARA

	Non-controlli	ing interest a/c	
Dividend paid (balancing figure)	FRW million 160	Bal b/d NCI in White stone at acquisition (W8)	FRW million 840 310 310 310 310 310 310 310 310 310 31
D 1 /1	952 5	Profit for the year	170 3 IG
Bal c/d	<u> </u>		1.012.5
PARAUGUST2023 ICPARAUGUST2	023 ICPARAUGUST2023 ICPARA	UGUST2023 ICPARAUGUST	2023 ICPARAUGUST 2023 I 2023 ICPARAUGUST 2023 I
Working Six ICPARAUGUST2	023 ICPARALIGUST2023 ICPARA	UGUST2023 ICPARAUGUST UGUST2023 ICPARAUGUST	2023 ICPARAUGUST2023 IC 2023 ICPARALIGUST2023 IC
	FRW million	tions account	FRW million
		Bal b/d: NCL	400 310
Lease paid	550	Bal b/d: CL	1,000
Bal cd: CL	200	New Leased assets	
Bal c/d: NCL	<u> </u>	-	1,600
PARAUGUST2023 ICPARAUGUST2	023 ICPARAUGUST2023 ICPARA	UGUST2023 ICPARAUGUST	2023 ICPARAUGUST2023 I
PARAUGUST2023 ICPARAUGUST2 Working:Sevenparaugust2	023 ICPARAUGUST2023 ICPARA		2023 ICPARAUGUS I 2023 I 2023 ICPARAUGUS I 2023 I
		earning a/c	
	FRW million	Bal b/d	FRW million
Dividend paid		Dai 0/d	3 10
(balancing figure)	200		3 IO 3 IO
		Profit for the year	900 ³ 10
Bal c/d	2,100		310
PARAUGUST2023 ICPARAUGUST2	2,300 023 ICPARAUGUST2023 ICPARA	UGUST2023 ICPARAUGUST	2,300 3 10 2023 ICPARAUGUST2023 10
Working Eight: Goodwil A. Net asset acquire	computation 2023 ICPARA	UGUST2023 ICPARAUGUST UGUST2023 ICPARAUGUST UGUST2023 ICPARAUGUST UGUST2023 ICPARAUGUST UGUST2023 ICPARAUGUST	2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC
Property, plant and equi	023 ICPARAUGUST2023 ICPARA 023 ICPARAUGUST2023 ICPARA oment	UGUST2023 ICPARAUGUST. UGUST2023 ICPARAUGUST.	2023 ICPA FR W 911110 2023 ICPARAUGUST202 2023 ICPARAUGUST202
Inventory	023 ICPARAUGUST2023 ICPARA	UGUST2023 ICPARAUGUST UGUST2023 ICPARAUGUST	2023 ICPARAUGUST2023 2023 ICPARAUGUST2023 2023 ICPARAUGUST2023
Receivables	023 ICPARAUGUST2023 ICPARA 023 ICPARAUGUST2023 ICPARA	UGUST2023 ICPARAUGUST .UGUST2023 ICPARAUGUST	2023 ICPARAUGUST2023 10 2023 ICPARAUGUST2023 2
Cash and bank ARAUGUST2	023 ICPARAUGUST2023 ICPARA 023 ICPARAUGUST2023 ICPARA	UGUST2023 ICPARAUGUST UGUST2023 ICPARAUGUST	2023 icparaugust 2023 icparaugust 2023 icparaugust 20 40
Payables 023 ICPARAUGUST2	023 ICPARAUGUST2023 ICPARA 023 ICPARAUGUST2023 ICPARA	UGUST2023 ICPARAUGUST	2023 ICPARAUGUST 2023 I 2023 ICPARAUGUST 2007 5
Current tax	023 ICPARAUGUST2023 ICPARA	UGUST2023 ICPARAUGUST	2023 ICPARAUGUST20
Net Asset acquired	023 ICPARAUGUST2023 ICPARA	UGUST2023 ICPARAUGUST	2023 ICPARAUGUST 2023 I 2023 ICPARAUGUST 2023 I 2023 ICPARAUGUST 2023 I
PARAUGUST2023 ICPARAUGUST2 PARAUGUST2023 ICPARAUGUST2 PARAUGUST2023 ICPARAUGUST2 2.RGoodwill B ICPARAUGUST2	023 ICPARAUGUST2023 ICPARA 023 ICPARAUGUST2023 ICPARA 023 ICPARAUGUST2023 ICPARA 023 ICPARAUGUST2023 ICPARA 023 ICPARAUGUST2023 ICPARA	UGUST2023 ICPARAUGUST UGUST2023 ICPARAUGUST UGUST2023 ICPARAUGUST UGUST2023 ICPARAUGUST UGUST2023 ICPARAUGUST	2023 ICPARALICHST/2023 R
Fair value of consideratio		JGUST2023 ICPARAUGUST JGUST2023 ICPARAUGUST	2023 ICI FRW million 2023 ICPARAUGUST2023 I 2023 ICPARAUGUST2023 I
Less proportion of net ass		IGUST2023 ICPARAUGUST	
Good will 023 ICPARAUGUST2	020 IOI MICHOGODI 2020 IOI MICH	JGUST2023 ICPARAUGUST	2028 ICPARAUGUST2029 I 2023 ICPARAUGUST202 1
Non-controlling interest =		UGUST2023 ICPARAUGUST UGUST2023 ICPARAUGUST	2023 ICPARAUGUST2023 IC 2023 ICPARAUGUST2023 IC
PARAUGUST2023 ICPARAUGUST2	023 ICPARAUGUST2023 ICPARA	UGUST2023 ICPARAUGUST	2023 ICPARAUGUST2023 I

i) In relation to consolidation exception applicable to investment entity, paragraph 31 of IFRS 10 provides that, except as described in paragraph 32 of the same standard, an investment entity shall not consolidate its subsidiaries or apply IFRS 3 when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9.

Paragraph 32 provides that, notwithstanding the requirement in paragraph 31(above), if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing services that relate to the investment entity's investment activities, it shall consolidate that subsidiary in accordance with IFRS 10 and apply the requirements of IFRS 3 to the acquisition of any such subsidiary.

As per paragraph 33 of IFRS 10, a parent of an investment entity shall consolidate all entities that it controls, including those controlled through an investment entity subsidiary, unless the parent itself is an investment entity.

ii) When an entity becomes, or ceases to be, an investment entity, it shall disclose the change of investment entity status and the reasons for the change. In addition, an entity that becomes an investment entity shall disclose the effect of the change of status on the financial statements for the period presented, including:

• The total fair value, as of the date of change of status, of the subsidiaries that cease to be consolidated;

• The total gain or loss, if any, calculated in accordance with IFRS 10; and

• The line item(s) in profit or loss in which the gain or loss is recognised (if not presented separately).

b)

SECTION B

QUESTION TWO – BYUMBA GENERAL ENTERPRISES (BGE)

Marking Guide

Part (a): Calculations for the following as should be recognised by BGE in its financial statements:

(a) (i): The present value of the lease liability on 1 January 2022

Award 0.5 marks for a correct calculation of the present value of the future lease payment for each of the four years including the correct calculation of the present value of the lease liability on 1 January 2022 (maximum of 2 marks)

(a) (ii): The fair value of the right-of-use asset on 1 January 2022

Award 0.5 marks for each element making up the total fair value of the right-of-use asset including the correct "total sum" of the fair value of the right-of-use asset on 1 January 2022 (maximum of 2 marks)

(a) (iii) The balances for the lease liability and right-of-use asset for all the four years up to 31 December 2025

Lease liability: Award 1 mark for a correct calculation of the lease liability balance for each of the four years of the lease period (maximum of 4 marks on the liability balances); Right-of-use asset: Award 1 mark for a correct calculation of the right-of-use asset balance for each of the four years of the lease period (maximum of 4 marks) - total maximum of 8 marks

(b): Deferred tax implications to BGE arising from the lease contract of the trucks and the accounting treatment for the deferred tax on 31 December 2022 For the explanation of the deferred tax implications, award a maximum of 4 marks picked from the mark allocation below:

The carrying amount based on a "net carrying amount" which is the leased liability balance offset by the asset balance (1 mark) and its application to BGE's case (1 mark) Justifying the reason for the "tax base" being nil (1 mark) Indicating or justifying that the temporary difference is a "deductible temporary difference"

(1 mark) and therefore a "deferred tax" should be recognised (1 mark) Explaining the accounting treatment for a deferred tax asset (1 mark) - limit to 0.5 marks if the answer does not go ahead and refer to IAS 12's condition for recognition of a deferred tax asset

For the calculation of the deferred tax implications, award a maximum of 2 marks picked from the mark allocation below: Net lease liability - award 1 mark for a correct calculation

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Deferred tax asset - award 1 mark for a correct calculation Maximum marks for part (b): (c) PK Trucks Limited's lease accounting (as a lessor)

Award as below: 1 mark to justify the lease as an operating lease to the lessor 1 mark for explaining the appropriate accounting to be used by PK Trucks Ltd

ARAUGUST2023 ICPARAUGUST2 ARAUGUST2023 ICPARAUGUST2

A1.3

Maximum marks for part (c):

Part (d): Ethical issues arising from	the scenario and the actions you should take
Award 1 mark for every correctly expl	lained ethical threat relating to the information in
DADATIONS TO DADADATIONO AND ADADATION	S)2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023
Award 1 mark for each justified action	on proposed for the Finance manager to consider
regarding the identified ethical threats ((maximum of 2 marks) ARAUGUST2023 ICPARAUGUST2023

Total Marks for Question Two

Model Answers

Part (a)(i): Present value of lease liability on 1 January 2022

DARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 DI Details (dates/years) UST2023 ICPARAUGUST2023	Rental payment (FRW'million)	ARAUGUST2023 10 ARAUGUST2023 10 A Discount 23 10 ARAUGUST2023 10 A RAUGUST2023 10 A rate UST2023 10	Present value (FRW'million)
Year 1 (1 Jan 2022 – 31 Dec 2022)	ICPARAUGUST2023 ICP. ICPARAUGUST2023 ICP.	RAUGUS1.000	PARAUGUST2023 ICPA PARAUGUST2023 ICPA
Year 2 (1 Jan 2023 – 31 Dec 2023)	CPARAUGU 500,000	0.930	PARAUGUS465,000
Year 3 (1 Jan 2024 – 31 Dec 2024)	CPARAUGU 500,000	0.865	PARAUGU 432,500
Year 4 (1 Jan 2025 – 31 Dec 2025)	CPARAUGU500,000	RAUGU 0.805	PARAUGUS402,500
Present value of future lease payments (1 Jan 2022) 23 ICPARAUGUST 2023 ICPARAUGUST 2023	CPARAUGUST2023 ICP CPARAUGUST2023 ICP CPARAUGUST2023 ICP	ARAUGUST2023 IO ARAUGUST2023 IO ARAUGUST2023 IO	PARAUGUST2023 ICPA PARAUGUST2023 ICPA PARAUG 1,300,000

Part (a)(ii): Fair value of right-of-use asset on 1 January 2022

	(FRW'million)
resent value of lease liability (1 January 2022) RAUGUST2023 ICPARAUGU	st2023 ICPARAUG1 ;300,000
lus: Lease rental payment made on 1 Jan 2022 RAUGUST2023 ICPARAUGU	st2023 icparaugus 500,000
lus: Legal fees & other direct costs JUST2023 ICPARAUGUST2023 ICPARAUGU	st2023 iCPARAUGUST2023 iCPARAUGUST45,000
air value of right-of-use assets (1 January 2022)	ST2023 ICPARAUG 1,845,000

Part (a) (iii): Computations for the Lease liability and Right-of-use assets balances (1 Jan 2022 – 31 Dec 2025)

Lease liability balances

A1.3

PARAUGUST2023 ICPARAUGUST2023 ICPARAU PARAUGUST2023 ICPARAUGUST2023 ICPARAU PARAUGUST2023 ICPARAUGUST2023 ICPARAU PARAUGUST2023 ICPARAUGUST2023 ICPARAU PARAUGUST2023 ICPARAUGUST2023 ICPARAU	Lease Liability at start	Lease rental payments	Finance cost (7.5%) –	Lease liability at year-end (31
Details (dates/years) ST2023 ICPARAU	(1 Jan)	(1 Jan) ^{23 ICPA}	31 Dec	Dec) JGUST2023 ICPA
Year 1 (1 Jan 2022 – 31 Dec 2022)	1,300,000	AUGUST2023 ICPA	RAU 97,500	1,397,500
Year 2 (1 Jan 2023 - 31 Dec 2023)	1,397,500	AUGU 500,000A	RAU 67,313	CPARAUGU 964,813
Year 3 (1 Jan 2024 – 31 Dec 2024)	964,813	500,000	34,861	Approx. 500,000
Year 4 (1 Jan 2025 – 31 Dec 2025)	500,000	500,000	RAUGUST2023 RAUGUST2023	CPARAUGUST2023 ICPAI CPARAUGUST2023 ICPAI

January) less lease rental payments (made on 1 January) plus finance costs

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2

25

Right-of-use asset balances

PARAUGUST2023 ICPARAUGUST2023 ICP PARAUGUST2023 ICPARAUGUST2023 ICP PARAUGUST2023 ICPARAUGUST2023 ICP Deraugust2023 ICPARAUGUST2023 ICP Details (dates/years)	Asset value at start (01 Jan)	Depreciation charge – 31 Dec (using 4 years)	
Year 1 (01/01/X1 - 31/12/X1)	1,845,000	UGUST2023 ICPARA 461,2503	1,383,750
Year 2 (01/01/X2 – 31/12/X2)	ARAUGU 1,383,750	UGUST2023 ICPARA 461,250 ³	ICPARAUGUS922,500
Year 3 (01/01/X3 – 31/12/X3)	ARAUGUST 922,500 ^A	UGUST2023 ICPARA 461,2503	ICPARAUGUS461,250
Year 4 (01/01/X4 - 31/12/X4)	araugust2461,250a	ugust2023 icpara 461,250 3	ICPARAUGUST2023 ICPA ICPARAUGUST2023 ICPA ICPARAUGUST2023 ICPA

Note:

A1.3

- Annual depreciation charge is computed using a straight-line depreciation method (assuming nil residual value) of 1,845,000/ 4 years (giving a depreciation of FRW 461,250 million annually)
- Right-of-use asset balances closing on 31 December is computed based on opening balance
 - R (1 January) less annual depreciation charge ARA

Part (b): The deferred tax implications for BGE regarding the lease contract of the trucks

BGE shall assess any deferred tax implications arising from the current lease contract for the trucks leased at the end of each reporting period (31 December).

In determining the deferred tax implications, BGE (as the lessee) is required to determine the carrying amounts of the lease liability which is then offset by the carrying amount of the Right-of-use asset to determine the **net carrying amount** at each reporting date. The net carrying liability relating to the lease of the trucks in BRW's financial statements on 31 December 2022 is FRW 13,750 million (which in the first year for the BGE lease as seen in the calculation exhibit below).

However, from the tax laws applied by the Rwanda Revenue Authority as indicated for BGE's lease contract, the tax relief is only provided to lease rentals paid (i.e., dis-regarding the depreciation charge and the finance charge in the BGE's profit or loss) giving a tax base of NIL at each reporting date and this results into temporary differences at each reporting date.

On this basis, a net lease liability (which is usually the case in the earlier years of the lease contract) of FRW 13,750 million in BGE's accounts financial statements as the net liability carrying amount and a nil tax base, a "deductible temporary difference" of FRW 13,750 million will arise on 31 December 2022.

Consequently, a deferred tax asset shall be computed as FRW 4,125 million at the reporting date of 31 December 2022 (see calculation appendix below).

The deferred tax asset is recognized as a tax credit in the profit or loss and within the assets in the statement of financial position. This arises because the carrying amount of the net lease liability is greater than the tax base (always nil).

The deferred tax asset is computed using the tax rate of 30% applicable to BGE.

The recognition of the deferred tax asset will ONLY be acceptable if BGE expects future taxable profits from which the deductible temporary difference will be recovered and this position is reviewed at the end of each reporting date until the deferred tax asset is fully recovered.

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Appendix: Calculation of the deferred tax asset on 31 December 2022

PARAUGUS E 2023 ICPARAUGUS E 2	D23 IFRW'million ICPA
Lease liability balance (31 Dec 2022) – from part (a)(iii)	1,397,500
Less: Right-of-use asset balance (31 Dec 2022) – from part (a)(iii)	1,383,750
Net Lease liability (31 December 2022) (1,397,500 – 1,383,750)	13,750
Tax base (based on RRA tax computations)	0
Deductible Temporary Difference (31 December 2022)	13,750
BGE's tax rate	30%
Deferred tax Asset (as at 31 December 2022) (13,750 * 30%)	4,125

Part (c): Classification and accounting treatment for the lease in the financial statements of PK Trucks Ltd ("the lessor")

According to IFRS 16 "Leases" an operating lease is a lease other-than finance lease i.e., a lease that does not transfer significant risks and rewards associated with the ownership of the leased asset to the lessee.

In the case provided, PK Trucks Ltd as a lessor shall have to classify the lease contract (with BGE) as an "operating Lease" on the basis that the lease period of four (4) years does not cover a major part of the economic useful life of twelve (12) years for the leased trucks.

In substance, PK Trucks Ltd has retained the significant risks and rewards associated with the trucks and therefore it will maintain the underlying asset on its statement of financial position appropriately (in this case as an item of property, plant and equipment)

The lease payments received/earned by PK Trucks shall be recognised as "operating income" in the profit or loss on a systematic basis over the 4-year lease period.

Part (d): Ethical issues arising from the scenario and the actions you should take as a consequence in paraugust 2023 in

Mr. Deo Kazungu (Deo), the MD of BGE and also a CPA member under ICPAR faces the following ethical dilemmas based on the information in the scenario:

Deo is involved in "insider-trading" by informing his wife of the proposed lease contract between BGE and PK Trucks Ltd. This arises when Deo discloses non-public information to his wife, Alice so as Alice makes a decision to acquire shares in PK Trucks Ltd based on information which the public do not yet know about.

Getting involved in insider-trading also indicates a breach to the ethical principal of maintaining a professional behavior expected of Deo who is a CPA. This arises as Alice (who as Deo's wife is provided with information by Deo) is in an advantageous position to make investment decisions which others do not have privy to in order for them to also have made investment decisions.

In addition, getting involved in inside-trading such as this may be seen as a breach of the local money laundering regulations in Rwanda if the funds used by Alice to invest are laundered money which when invested in shares will be considered a legitimate transaction possible in form of a "placement stage" under money laundering. This makes the investment transaction a fraudulent activity.

A1.3

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Deo has become privy to confidential information regarding the highly probable additional lease contract between BGE and PK Trucks Ltd. The duty of confidentiality being maintained by a professional accountant such as Deo is a key ethical principle under the IFAC code of ethics. Deo must not disclose to others such information to others or use such information for his own benefit unless there is a legal or professional right or duty to disclose the information.

Deo has a self-interest threat arising from his wife's ownership of shares in PK Trucks Ltd, a company, he may have used his position as MD of BGE to ensure a high value lease contract is given. The self-interest threat arises as Deo is under pressure to ensure the financial benefit is achieved by his wife if due to the new lease contract with BGE, the PK Trucks Ltd share price can increase prior to Alice's disposal of the shares.

In addition, Deo acting in a manner which ensures that Alice can hold shares which she plans to dispose of immediately the share price increases based on Deo's access to privileged information is a sign of Deo's lack of integrity. As a professional accountant, Deo is expected to act without any bias or due influence based on his position or access to privileged information which ethical principle has been breached by Deo.

Actions:

Discuss with Deo and bring to his attention the ethical requirements for a professional accountant which he must be subscribing to as registered CPA and member of the ICPAR and ensure notes of this discussion are taken

If Deo does not attend to the ethical requirements following your discussion with him, you may consider bringing the ethical breaches to the attention of:

The Board of directors of the BGE requesting the Board to persuade Deo to ensure the ethical requirements are compiled to; and

^{AR} The accountancy body that Deo subscribes to (in this case ICPAR) after you have sought for a legal advice.

As a last resort, you may review the possibility of resigning from the position of a finance manager to BGE where breaches of ethical threats are not addressed professionally.

RAUGUST2023 ICPARAUGUST2023 IC

QUESTION THREE: RWANDA EXECUTIVE SUITES (RES)

Marking Guide

Part (a): Accounting treatment for the Head office building in the financial statements of RES for:

(i) Year-ended 31 December 2019

Award 1 mark for every relevant reference to an accounting principle (including IAS 16, IAS 23 and IAS 36) and/or 1 mark for the correct application of the accounting principle to RES' head office building. In addition, award 0.5 marks for every correct calculation done with a maximum of 2 marks for calculations (either calculations done separately as an appendix or calculations included within the narrative explanation)

(ii) Year-ended 31 December 2020

Award 1 mark for every relevant reference to an accounting principle (including IAS 16 and IAS 36) and/or 1 mark for the correct application of the accounting principles to RES' head office building. In addition, award 0.5 marks for every correct calculation done with a maximum of 2 marks for calculations (either calculations done separately as an appendix or calculations included within the narrative explanation)

(iii) Year-ended 31 December 2021

Award 1 mark for every relevant reference to an accounting principle (including IAS 16 and IAS 36) and/or 1 mark for the correct application of the accounting principle to RES' head office building. In addition, award 0.5 marks for every correct calculation done with a maximum of 2 marks for calculations (either calculations done separately as an appendix or calculations included within the narrative explanation)

(b) Change in use of the head office building (a transfer from PPE to an investment property)

Award 1 mark for every relevant reference to an accounting principle (including IAS 16 and IAS 40) and/or 1 mark for the correct application of the accounting principle to RES' change in use for the building. In addition, award 0.5 marks for every correct calculation done with a maximum of 2 marks for calculations (either calculations done separately as an appendix or calculations included within the narrative explanation)

Total Marks for Question Three

AUGUST 2023 ILPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUS

Model Answers

A1.3

(a) Head office building in the financial statements of RES for:

(i) The financial year ended 31 December 2019

In accordance with IAS 16 "Property, plant and equipment", capitalization of an item of PPE ceases when the asset is ready for its intended purpose. Therefore, on the construction of the head office building, RES was required to capitalize the construction cost as part of the initial measure of the PPE and up to when the building was ready for its intended purpose. This implies that the head office building was ready for its intended purpose on 31 December 2019 when the office partitioning and installation of the interior access routes in the building were completed.

In accordance with IAS 16, the initial measure of RES's head office building includes the total construction costs of FRW 600,000 million (including the FRW 90,000 million incurred on the office partitioning and interior access routes).

In addition, under IAS 23 "Borrowing costs", the initial cost of the head office building should include the related finance costs as this is a qualifying asset since the loan borrowed by RES was used specifically to finance the construction of the head office building and the construction took a substantial period (2 years) to get the building ready for its intended purpose.

Under IAS 23, the capitalization of the finance costs should cease when the fixed asset is substantially complete and in this case the construction of RES's head office was substantially completed on 31 December 2019. The finance costs to capitalize as part of the initial measure of the head office building are FRW 150,000 million (500,000 * 15% * 2 years).

PARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUS	FRW' million	ST2023 ICPA ST2023 ICPA
Construction costs (excluding finance costs)	UST2023 ICPARAUGU UST2023 ICPARAUGU	600,000
Plus: Capitalized finance costsparations 2023 (CPARAUGUST	UST2023 ICPARAUGU UST2023 ICPARAUGU	150,000
Initial measure: Head office building on 31 Dec 2019	UST2023 ICPARAUGU	750,000

However, in accordance with IAS 36 "Impairment of assets" a tangible non-current asset should not be carried at an amount that is higher than its recoverable amount where the recoverable amount is the higher of its value-in-use and the net realizable value (net selling price).

The recoverable amount of RES's head office on the completion of its construction on 31 December 2019 is the net selling price of FRW 690,000 million since this is higher than its valuein-use of FRW 638,000. An impairment loss of FRW 60,000 million (750,000 less 690,000) should be recognised while the head office building is written down to FRW 690,000 million on 31 December 2019.

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(ii) The financial year ended 31 December 2020

Year-ended 31 December 2020

In accordance with IAS 16 "Property, plant and equipment" where an asset has major components with separate useful economic lives, then these components are separated for purposes of calculating the depreciation charge. At the start of the financial year 1 January 2020, RES should separate the opening balance of the head office building into the following major components for purposes of calculating the depreciation charge for the year ended 31 December 2020:

10	CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	PAR	F
IC	Head office roof (30% x 690,000) 207,00)0	E
IC	Remaining head office building (70% x 690,000) 483,00)0	P
IC	PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS 690.00)OAR	A

The depreciation charge for the head office building for the year ended 31 December 2020 will be calculated using a straight-line method over the useful lives of the two separated major components. Therefore, on 31 December 2020, the depreciation charge of FRW 29,670 million shall be recognised in the financial statements leaving a carrying amount for head office building as FRW 660,330 million (as in the calculation schedule below).

PARAUGUST2023 ICPARAUGUST2023 ICPAR PARAUGUST2023 ICPARAUGUST2023 ICPAR	Opening balance (1	Depreciation	Closing balance
CPARAUGUST2023 ICPARAUGUST2023 ICPAR	Jan 2020) CPARAUGUST2	charge AUGUST202	31 Dec 2020 23 CPA
PARAUGUST 2023 ICPARAUGUST 2023 ICPAR	UFRW'million	FRW'million	BI FRW'million BICPA
Roof (annual RA depreciation:	AUGUST2023 ICPARAUGUST2 AUGUST2023 ICPARAUGUST2	023 ICPARAUGUST202 023 ICPARAUGUST202	3 ICPARAUGUST 2023 ICPA 3 ICPARAUGUST 2023 ICPA
207,000 / 20 years)	$10005120231CP 207,000^{-2}$	023 ICPARA 10,350	BICPARAUGUS BICPARAUGUS 196,650
Remaining Head office building	AUGUST2023 ICPARAUGUST2	023 ICPARAUGUST202	3 ICPARAUGUST2023 ICPA 3 ICPARAUGUST2023 ICPA
(annual depreciation: 483,000 /	AUGUST2023 ICPARAUGUST2	023 ICPARAUGUST202	3 ICPARAUGUST2023 ICPA
25 years)2023 iCPARAUGUST2023 iCPAR	UGUST2023 ICPARA3,000 2	023 ICPARA (19,3202	3 icparaugus 463,680
PARAUGUST2023 ICPARAUGUST2023 ICPAR PARAUGUST2023 ICPARAUGUST2023 ICPAR,	UGUST2023 ICP 690,000	231CPARA 29,670	660,330 SICPARAUGU 660,330

On 31 December 2020, in accordance with IAS 36 "Impairment of assets" the recoverable amount of the head office building is the value-in-use of FRW 580,000 since this is higher than the net selling price of FRW 560,000. An impairment loss of FRW 80,330 million (660,330 less 580,000) should be recognised while the head office building is written down to FRW 580,000 million on 31 December 2020. The closing balance on 31 December 2020 of FRW 580,000 million for the head office building will be split in the separate major components as below:

CPARAUGUST 2023 ICPARAUGUST 2023 PARAUGUST 2023 ICPARAUGUST	FRW'million ^{2023 ICPAR}
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS	T2023 ICPARALIGUST2023 ICPAR
Head office roof (30% x 580,000)	12023 ICPARAUGUS 174,000
Remaining head office building (70% x 580,000) AUGUST2023 ICPARAUGUS	T2023 ICPARAUGUS 406,000 A
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS	T2023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 580,000

SUST2023 ICPARAUGUST2023 ICPARAUGUST2022 ICPARAUGUST2022 ICPARAUGUST2023 ICPAR

(iii) Year-ended 31 December 2021

The depreciation charge for the head office building for the year ended 31 December 2021 will be calculated using a straight-line method over the useful lives of the two separated major components. Therefore, on 31 December 2021, the depreciation charge of FRW 26,075 million shall be recognised in the financial statements leaving a carrying amount for head office building as FRW 553,925 million (as in the calculation schedule below).

ICPARAUGUSI 2023 ICPARAUGUSI 2023 ICPARAUGUSI	ZUZO ICPARAUGUO I ZUZO	ICPARAUGUSIZUZSIC.	PARAUGUSIZUZSICPA
CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST	Opening GUST2023	ICPARAUGUST2023 IC	Closing
CPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 1 CPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 1	balance (1 Jan	Depreciation	balance 31
CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST	2023 ICPARAUGUST2023	ICPARAUGUST2023 IC	PARAUGUST2023 ICPA
CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST PRABAUGUST2023 ICPARAUGUST2023 ICPARAUGUST	22021) ARAUGUST2023	charge UST20231C	ADec 2021 23 ICPA
CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST	FRW'million 23	FRW'million	FRW'million
Roof (annual depreciation: 174,000	2023 ICPARAUGUST 2023 2023 ICPARAUGUST 2023	ICPARAUGUST2023 IC ICPARAUGUST2023 IC	PARAUGUST2023 ICPA PARAUGUST2023 ICPA
19 remaining years) gust2023 icparaugust	2023 ICPARA 174,000 3	ICPARAUGUST9,158	ARAUGUS164,842
Remaining Head office building	2023 ICPARAUGUST2023	ICPARAUGUST2023 IC	PARAUGUST2023 ICPA PARAUGUST2023 ICPA
(annual depreciation: 406,000 / 24	2023 ICPARAUGUST2023	ICPARAUGUST2023 IC	PARAUGUST2023 ICPA
remaining years)	2023 ICPARAUGUST 2023 2023 ICPARA 406,000 3	ICPARAUGUST2023 IC ICPARAUGUS 16,917 :	ARAUGUST2023 ICPA
PARAUGUSI 2023 ICPARAUGUST 2023 ICPARAUGUSI	2023 ICPARAUGUST2023	ICPARAUGUST2023 IC	ARAUGUST2023 ICPA
CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST	2023 ICPARA 580,000 3	ICPARAUGU 26,075	PARAUGUS 553,925 4
CPARAUGUSTZUZƏ ICPARAUGUSTZUZƏ ICPARAUGUST	ZUZJICPARAUGUSIZUZJ	ICPARAUGUSI2023 IC	PARAUGUST2023 ICPA

On 31 December 2021, in accordance with IAS 36 "Impairment of assets" the recoverable amount of the head office building is the value-in-use of FRW 540,000 since this is higher than the net selling price of FRW 530,000. An impairment loss of FRW 13,925 million (553,925 less 540,000) should be recognised while the head office building is written down to FRW 540,000 million on 31 December 2021.

The closing balance on 31 December 2021 of FRW 540,000 million for the head office building will be split in the separate major components as below:

PPARAUGUST2025 ICPARAUGUST2025 ICPARAUGUST2025 ICPARAUGUST2025 ICPARAUGU CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGU	ST2FRW'millionT2023 ICPA
Head office roof (30% x 540,000) UGUST2023 ICPARAUGUST2023 ICPARAUGU	12023 ICPARAUGUS 162,000
Remaining head office building (70% x 540,000)	ST2023 ICPARAUGUS 378,000
CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGU CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGU	ST2023 ICPARAUGUS 540,000 A ST2023 ICPARAUGUS 540,000 A

(b) Change in the use of the building: year-ended 31 December 2022

A1.3

In accordance with IAS 40 "Investment properties" a transfer to / from an investment property is made only when there is a change in the use of the property. This occurs when the property meets or ceases to meet the definition of an investment property and there is evidence of the change in use for example where there is an end of "owner-occupation" in the case of a transfer from an owner-occupied property to an investment property.

On approval by the Board of RES and immediate occupation of the building by Kwik Insurance ("the tenant") on 1 February 2022, is clear evidence of a change in the use of RES' building from an owner-occupied building to an investment property and this change in use should be recognised in the financial statements of RES on 1 February 2022. This is an investment property from 1 February 2022 as RES is evidently earning rental income from the building which is rented to Kwik Insurance and hence the building will be classified as an investment property from 1 February 2022.

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Under IAS 40, RES shall adopt the use of the "fair value model" for the investment property since the property's fair values can reliably be determined using the prevailing market values for such properties in Kigali.

On the change in use of the property, the measurement principles under IAS 16 "Property, plant and equipment" will be applied up to the date of change in use (1 February 2022). On 1 February 2022, when RES changes the use of the building, the revaluation amount of FRW 610,000 million is recognised as the valuation of the asset with the revaluation difference recognised in accordance with IAS 16.

Therefore, RES should recognise the revaluation surplus of FRW 70,000 million (610,000 - 540,000) by increasing the value of the building. Since under IAS 16, this is a subsequent revaluation with a surplus for a PPE that previous had revaluation losses (due to the cumulative impairment losses in the two previous years) the revaluation surplus of FRW 70,000 million shall all be recognised in the profit or loss as it is less than the recognised cumulative impairment losses for the past two years. The cumulative impairment losses earlier recognised for the building by 31 December 2021 were FRW 94,255 million (80,330 at 31 Dec 2020 + 13,925 at 31 Dec 2021).

On initial classification as an investment property (i.e., 1 February 2022), RES will measure the building at the revalued amount of FRW 610,000 million which is transferred from the PPE classification.

Subsequently, at the reporting date of 31 December 2022, under the "fair value model" of IAS 40 "Investment properties" RES: RAUGUST2023 (CPARAUGUST2023) (CPARAUGUST203) (CPARAUGUST203) (CPARAUGUST203) (CPARAUGUST203) (CPARAUGUST203) (CPARAUGUST203) (CPARAUGUST203) (CPARAUGUST203) (CPARAUGUST203) (CPARAUGUST203

Cease to depreciate the building implying that there will be no depreciation charge for the building in the year ended 31 December 2022

Carry the property using the fair value of FRW 650,000 million with the fair value increase of FRW 40,000 million (650,000 – 610,000) immediately recognised in the profit or loss.

ARAUGUST2023 ICPARAUGUST2023 I

PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20	23 ICPAR
Generally, award 0.5 marks for each correct figure used either in the workings or figure	23 ICPAR
presented on the face of: 2023 ICPARAUGUST2023 ICPARAUGUST203	023 ICPAR 023 ICPAR
FARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGU)23 ICPAR)23 ICPAR
PAKAUGUST2023 ICPARAUGUST2025 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 IC	023 ICPAR 023 IC 2 AR
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 I	0.23 ICEAR
Revenue: Other incomes 2023 ICPARAUGUST2023 ICPARAUGUST203 ICP	$0.230.5^{\text{AR}}$
Paraugust 2023 ICPARAUgust 2023 ICPARAUg	0.23 CPAR
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2003)23 ICPAR)23 375 AR
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGU	023 ICPAR 023 ICPAR
Paraugust 2023, CPARAugust 2023, ICPARAUgust 202	0.23 ICPAR
Other expenses Araugust 2023 ICPARAUGUST	$0.230.5^{\text{AR}}$
Surplus/(deficit) for the period	$0.230.5^{\text{AR}}$
PARAUGUS \$2023 ICPARAUGUS \$2023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS P Total marks for part (a) 023 ICPARAUGUS 12023 ICPARAUGUS 1)23 ICPAR)23 I 1 () AR)23 ICPAR
PARAUGUST2023 ICPARAUGUST2023	023 ICPAR 023 ICPAR
Land and Buildings [GUST2023] [CPARAUGUST2023] [CPARAUGUS	23 ICPAR
Motor vehicles paraugust2023 ICPARAUgust2023 I	023000
FARAUGUST20231CPARAUGUST2)23 ICPAR)23 ICPAR
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST)23 ICPAR)23 ICPAR
PARAUGUST 2023 ICPARAUGUST 2023 ICPARAUG	23 ICPAR
Prepayments & Receivables (cparaligust2023) (cparaligust2023) (cparaligust2023) (cparaligust2023) (cparaligust2023))23 ICPAR
Cash and cash equivalents	0231CPAR
10% Bank loan (Property mortgage) (principal 0.5 marks and interest 0.5 marks))23 ICPAR)23 ICPAR
PARAUGUST2023 ICPARAU G UST2023 ICPARAUGUST2025 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20)23 ICPAR)23 I CPAR
Payable to suppliers GUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 I	123 ICPAR
PARALIGUST2023, CPARALIGUST2023 ICPARALIGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20	0.23 CPAR
Accumulated reserves ST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203)23 CHAR)23 IC H AR
Total marks for nart (b)023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20)23 ICKAR
PARAOGUST2023 ICPA PARCUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUS	120101111
PARAUGUST2023 ICPARAUGUST2023	D23 ICPAR
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20	023 ICPAR
PARAUGUST2023 ICPARAUGUST2023 ICPAR	023 ICPAR
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 I PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20	
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS	
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS	
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 IC)23 ICPAR
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20	023 ICPAR
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 IC)23 ICPAR
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS	
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 IC	
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2003 ICPARAUGUST2003 ICPARAUGUST2003 ICPARAUGUST2003 ICPARAUGUST2003 ICPARAUGUST2003 ICPARAUGUST2003 ICPARAUGUST2003 ICPARAUGUST2003	023 ICPAR
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20	023 ICPAR
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS	023 ICPAR
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20)23 ICPAR) <mark>23 ICPAR</mark>

RAUGUST2023 I Model Answersparaugust2023 i cparaugust2023 i cparaug

PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 IC PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 IC	FRW'million	FRW'million
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 IC I Revenue: 023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 IC	PARAUGUST2023 ICP PARAUGUST2023 ICP	ARAUGUST2023 ICP. ARAUGUST2023 ICP.
Cash grants (W1), $AUGUST2023$ ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST2003 ICPARAUGUST2003 ICPARAUGUST2003 IC	PARAUGUST2023 ICP. PARAUGUST2023 ICP.	805,000
Capital Grants (note 1) ST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	PARAUGUST2023 ICP. PARAUGUST2023 ICP.	RAUGUS100,000
Other incomes - fixed deposit interest (80,000 x 15%) note 3	PARAUGUST2023 ICP	RAUGUST 12,000
Total Revenue ARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 IC	PARAUGUST2023 ICP	NRAUGUS 917,000
PARAUGUST2023 ICPARAUGUST2023	PARAUGUST2023 ICP.	ARAUGUST2023 ICP
ILess: Expenses araugust 2023 ICPARAUgust 2023 ICPARAUgus	PARAUGUST2023 ICP.	ARAUGUST2023 ICP ARAUGUST2023 ICP
Personnel expenses jgust2023 iCPARAUGUST2023 iCPARAUGUST203 iCPARAUGUST203 iCPARAUGUST2023 iCPARAUGUST2023 iCPARAUGUST2023 iCP	ARAUGU195,675	ARAUGUST2023 ICP ARAUGUST2023 ICP
Administrative expenses (W2) PARAUGUST 2023 ICPARAUGUST 2	ARAUG 366,539	ARAUGUST2023 ICP ARAUGUST2023 ICP
Operational expenses (W3) CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARA	PARAUGUS 90,230	ARAUGUST2023 ICP ARAUGUST2023 ICP
Communication and publicity expenses	PARAUGUS 67,215	ARAUGUST2023 ICP ARAUGUST2023 ICP
Other expenses PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203 IC	PARAUGUST7,120P	ARAUGUST2023 ICP
Total expenses ARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 IC	PARAUGUST2023 ICP	NRAUG (726,779)
Surplus / (deficit) for the period UGUST2023 ICPARAUGUST2023 IC	PARAUGUST2023 ICP.	RAUGUS190,221

ARAUGUST2023ICP/

ARAUGUST2023ICP/

Part (b): Statement of Financial Position as at 31 December 2022

PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	FRW' millio parauc n parauc	FRW' million
ARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 Assets 15/2023 ICPARAUGUST2023 ICP	3 ICPARAUG 3 ICPARAUG	UST2023 IC
Non-current assets GUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	3 ICPARAUG	UST2023 IC
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 Land and Buildings (W4)023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	3 520,00 3 ICPARAUG 3 ICPARA 0 G	UST2023 IC UST2023 IC UST2023 IC
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 Motor vehicles	100,00	UST2023 IC UST2023 IC UST2023 IC
Furniture and fixtures (250,000 - 100,000 - 50,000 depreciation charge	100,00	UST2023 IC UST2023 IC UST2023 IC UST2023 IC
this year) 0231CPARAUGUST20231CPARAUGUST	126,24 0	UST2023 IC UST2023 IC UST2023 IC UST2023 IC
MIS Software (40,000 - 10,000 amortization charge) IST2023 ICPARAUGUST202	30,000	UST2023 IC
Total non-current assets)23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	3 ICPARAUG	876,24
PARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 202 PARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 202	3 ICPARAUG 3 ICPARAUG	UST2023 IG UST2023 IG
Current assets araugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust202 Current assets araugust2023 icparaugust2023 icparaugust2023 icparaugust202	3 ICPARAUG 3 ICPARAUG	UST2023 IO UST2023 IO
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	340,00	UST202310 UST202310
Prepayments & Receivables (W5) UGUST2023 ICPARAUGUST2023 ICPARAUGUST203 IC	3 ICPARA 0 G 3 ICPARADO	UST202310 UST202310
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	231,50	UST202310 UST202310
Cash and cash equivalents 23 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 202	3 ICPARAOG	UST202310
Total current assets ust2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	3 ICPARAUG 3 ICPARAUG	571,50
PARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 1202 PARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 1202 Total assets: ICPARAUGUS 12023 ICPARAUGUS 1202	3 ICPARAUG 3 ICPARAUG 3 ICPARAUG	UST2023 I
PARAUGUST 2023 ICPARAUGUST 2023 ICPARAUG	3 ICPARAUG 3 ICPARAUG	UST2023 I UST2023 I
Liabilities)23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 Liabilities)23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	3 ICPARAUG 3 ICPARAUG	UST2023 I UST2023 I
NRAUGUST2023 ICPARAUCUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 Non-current liabilities (2023 ICPARAUGUST2023	3 ICPARAUG	UST202310

PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	100,00	UST2023 ICP
10% Bank loan (Property mortgage): UST2023 ICPARAUGUST2023 ICPARAUGUST202	23 ICPARA () G	UST2023 ICP
Total non-current liabilities paraugust 2023 icparaugust 2023 icparaugust 2023 icparaugust 2023 icparaugust 202	23 ICPARAUG 23 ICPARAUG	100,000
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	23 ICPARAUG 23 ICPARAUG	UST2023 ICP UST2023 ICP
24RAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 Current liabilities ugust2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	23 ICPARAUG	UST2023 ICP UST2023 ICP
PARAUGUST 2023 ICHARAUGUST 2023 ICHARAUG	132,00	UST2023 ICP
Payable to suppliers (W6) 23 icparaugust 2023 icparaug	23 ICPARAUG 23 ICPARA () G	UST2023 ICP UST2023 ICP
PARAUGUST2029 TEPARAUGUST2029 TEPARAUGUST2029 TEPARAUGUST2029 TEPARAUGUST202 PARAUGUST2023 TEPARAUGUST2023 TEPARAUGUST2023 TEPARAUGUST2023 TEPARAUGUST202	200,00	UST2023 ICP UST2023 ICP
Deferred Grants income (W1) paraugust 2023 (CPARAUGUST 2023 (CPARAUGUST 2023) (CPARAUGUST 2023)	23 ICPARA 23 ICPARA	UST2023 ICP UST2023 ICP
Loan mortgage interest payable (10% x 100,000 x 6/12 months) (note 2)	5,000	UST2023 ICP
Total current liabilities ²⁰²³ ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	23 ICPARAUG	337,000
Total liabilities ^a raugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust202	23 ICPARAUG 23 ICPARAUG	437,000
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	23 ICPARAUG 23 ICPARAUG	UST2023 ICP UST2023 ICP
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	2 <mark>3 ICPARAUG</mark> 23 ICPARAUG	1,010,74
Net assets (total assets less total liabilities)	23 ICPARAUG	
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 I	23 ICPARAUG 23 ICPARAUG	UST2023 ICP
Net assets / Equity GUST2023 ICPARALIGUST2023 ICPARALIGUST2023 ICPARALIGUST202 Net assets / Equity GUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	23 ICPARAUG 23 ICPARAUG	UST2023 ICP UST2023 ICP
Capital contribution - Government of Rwanda ^{2ARAUGUST2023} ICPARAUGUST202	23 ICPARAUG 23 ICPARAUG	800,000
Accumulated reserves (W7) ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	23 ICPARAUG 23 ICPARAUG	210,740
ARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	23 ICPARAUG	1,010,74
Total net assets/equity	23 ICPARAUG 23 ICPARAUG	UST2023 IC
PANAUGUST2025 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	23 ICPARAUG	UST2023 ICP UST2023 ICP

Workings: 23 ICPARAUGUST2023 I

PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST2003 IC	FRW'million	RAUGUS'
Cash grants - in the account balances UST2023 ICPARAUGUST2023 ICPARAUGUST2023	ICPARAUGUS825,000	RAUGUS'
Less: Advance cash grant (Gisenyi office administrative expenses from	ICPARAUGUST2023 ICPA	RAUGUS RAUGUS
r paral.g. 2023) 23 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 2 April 2023) 23 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023	(200,000)	RAUGUS' RAUGUS'
Plus: Small Grants Income (from World Bank) ARAUGUST2023 ICPARAUGUST2023	ICPARAUGUS180,000	RAUGUS RAUGUS
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	ICPARAUGUS 805,000	RAUGUS

W2: Administrative expenses: paraugust2023 iCparaugust2023 i

PARAUGUST2023 ICPARAUGUŠT2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	FRW'million
As per account balances ¹²⁰²³ ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	CPARAUGUS158,419
Revaluation deficit - buildings (W4) UST2023 ICPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST 50,000
Depreciation charge - Buildings (W4) ST2023 ICPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST 30,000
Interest charge - loan / mortgage (10% x 100,000 x 6/12 months) (note 2)	CPARAUGUST205,000
Depreciation charge - Furniture & fittings (250,000 x 20%) - note 2	CPARAUGUST 50,000
Depreciation charge - Office equipment (315,600 x 20%) - note 2000872023	CPARAUGUST63,120
Amortization charge - MIS software (40,000 / 4 years) - note 2 RAUGUST2023	CPARAUGUST2025
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 I	CPARAUGU 366,539

I A 1.3 UGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARA<mark>Page</mark>t 19 of 20 ICPARAUGUST2023 ICPAR

PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA	RAUGUST202 FR	W'million 23 ICP.
As per account balances 2023 ICPARAUGUST	RAUGUST2023 ICI	araugust 88,230
Penalty - cancellation of motor vehicles lease (note 1)	RAUGUST2023 ICI RAUGUST2023 ICI	araugust202,000
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA	RAUGUST2023 ICH RAUGUST2023 ICH	ARAUGUST 90,230
W4: Land and Buildings (IPSAS 17: Property, Plant & Equi	pment) 2023 ICI	ARAUGUST2023 ICP. ARAUGUST2023 ICP.
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA	FRW'millio RAUGUST20231CI R N IGUST20231CI	AR FRW'millio ARAUGUST2023 ICP. AR N GUST2023 ICP.
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA Landgust2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA	RAUGUST2023 ICH RAUGUST2023 ICH	250,000
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA Buildings: 023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA	RAUGUST2023 ICF RAUGUST2023 ICF	ARAUGUST2023 ICP. ARAUGUST2023 ICP.
Cost - per accounts (750,000 - 250,000)	500,000	ARAUGUST2023 ICP. ARAUGUST2023 ICP.
Less: Accumulated depreciation (1 Jan 2022) - per accounts	(150,000	ARAUGUST2023 ICP
Carrying amount (1 Jan 2022) (500,000 - 150,000)	350,000 350,000	ARAUGUST2023 ICP
Revaluation (1 Jan 2022) - note 2 AUGUST 2023 ICPARAUGUST 2023 ICPA	RAUGUS300,000	ARAUGUST2023 ICP
Revaluation deficit (350,000 - 300,000) 2023 ICPARAUGUST2023 ICPA	RAUGUST 50,000	ARAUGUST2023 ICP.
Depreciation charge for the year on buildings (300,000 / 10 years)	RAUGUST2023 ICI RAUGUST2023 ICI RAUGUST 30,00 0	ARAUGUST2023 ICP. ARAUGUST2023 ICP. ARAUGUST2023 ICP. ARAUGUST2023 ICP.
Carrying amount - buildings (31 Dec 2022) (300,000 - 30,000)	RAUGUST2023 ICI	270,000
Carrying amount - land & buildings (31 Dec 2022) (250,000 - 270,000)	RAUGUST2023 ICF RAUGUST2023 ICF RAUGUST2023 ICF	araugust2023 icp. araugust2023 icp. araugus 520,000
W5: Prepayments and Receivables UST2023 CPARAUGUST2023 CPA	RAUGUST2023 ICI RAUGUST2023 ICI	ARAUGUST2023 ICP. ARAUGUST2023 ICP.
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUG	RAUGUST2023 ICF RAUGUST2023 ICF RAUGUST2023 ICF	FRW'millio
As per account balances 2023 ICPARAUGUST	RAUGUST2023 ICH	ARAUGUST 68,000
New small grants income (receivable from World Bank) - note	AUGUST2023 ICH	A AUGUS180,000
Fixed deposit investment (matured) - (principal of 80,000 + 1	5% interest o	f laugust2023 ICP. Alaugust2023 ICP. Alaugust 92.000
12,000) T2023 ICPARAUGUST2023 ICPA	DALLOUDODODICI	12,000

. PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20 . PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20	FRW'million	RAUGUST2023ICPA RAUGUST2023ICPA
As per account balances 2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST20	23 ICPARAUGUST 90,000	RAUGUST2023ICPA RAUGUST2023ICPA
Penalty - cancellation of motor vehicles lease (note 1)	23 ICPARAUGUST202,000	RAUGUST2023ICPA
Payable to MIS software supplier (note 2)23 ICPARAUGUST2023 ICPARAUGUST20	23 icparaugust 40,000 \	RAUGUST2023ICPA
CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST203 ICPARAUGUST203 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 I	23 ICPARAUGUST2025 ICPA	KAUGUST2023ICPA RAUGUST2023ICPA
CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20	J23 ICPARAUGUST2023 ICPA	RAUGUST2023ICPA

CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	ICPARAUGUST2023 ICPAF
W7: ACCUMULATED ACIENTS 1023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	ICPARAUGUST2023 ICPAF
W.A. ACCUMULATEU A CSELVES A ICPARALIGUST2023 ICPARALIGUST2023 ICPARALIGUST2023	ICPARAUGUST2023 ICPAR
PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	FRW'million
On 1 January 2022 - per accounts AUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	ICPARAUGUST48,019
Less: Prior year error adjustment due to fraud (IPSAS 3 - Accounting	ICPARAUGUST2023 ICPAI
policies, changes in estimates and errors) 023 ICPARAUGUST 2023 ICPARAUGUST 2023	icparaugu (27,500) i
Plus: surplus/(deficit) for the period GUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	ICPARAUGUS ICPARAUGUS 190,221 AI
29 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 29 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	210,740

2023 ICPARAUGUST20 END OF MARKING GUIDE AND MODEL ANSWERS GUST2023 ICPARAUGUST2023 ICPARAUGUST2023

GUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA

RAUGUST2023 I**AAK3**UGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARA**Paget20 of 20**August2023 ICPA RAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023