ICPAR
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CERTIFIED PUBLIC ACCOUNTANT

FOUNDATION LEVEL 1 EXAMINATIONS

F1.3: FINANCIAL ACCOUNTING

DATE: TUESDAY, 22 AUGUST 2023

MARKING GUIDE AND MODEL ANSWERS

SECTION A

QUESTION ONE

Marking guide

Sub questions	**Marks**
a) Award 0.5 mark for each correct classification of adjusting and non-adjusting event. Maximum 4 marks	4
Do Not Award (DNA) marks on the explanation of adjusting events and non-adjusting events	
b) Importance and limitation of accounting	
Award 1 mark for each explained importance of financial accounting, maximum 3 marks	3
Award 1 mark for each explained limitation of financial accounting, maximum 3 **Note:** Consider valid point provided by students but not stated in the model answer	3
Sub-Total	**10**
c) i) Preparation of Statement of profit or loss and other comprehensive income	
Revenues	1
Other revenues (Including related workings)	3
Cost of sales (Including related workings)	2
Administrative costs (Including related workings)	3
Distribution costs (Including items shown in the workings)	2
Finance Costs (Including related workings)	2
Revaluation gain	1
Presentation and format	1
Sub-Total	**15**
c) ii) Preparation of Statement of financial position	
Well-presented freehold property in the face of SOFP	0.5
Building (Including related workings)	2
Correct presentation of machinery in the face of SOFP	1
Correct presentation of office Equipment in the face of financial position	0.5
Correct presentation of investment property in the face of SOFP	1.5
Correct presentation of inventory	0.5
Accounts receivable (Including prepaid rental expense)	0.5
Share capital (Including related working)	1
Share premium (Including related working)	1
Revaluation reserves	0.5
Retained Earnings	0.5
6% Loan	0.5
10% Loan	0.5
Differed Grant	0.5
Differed Grant Current Portion	0.5
Accounts Payable	0.5

Accrued expense (including related workings)	2
Tax Payable	0.5
Bank overdraft	0.5
Subtotal	**15**
Total Marks	**40**

Model Answers

a) State whether the following are or are not adjusting events in the financial statements

Adjusting events: Those that provide evidence of conditions that existed at the balance sheet date

Non-adjusting events: Those that are indicative of conditions that arose after the balance sheet date

S/N	Type of transaction	Type of Event
i	Settlement of a court case that confirms that the entity had a present obligation at the balance sheet date.	Adjusting Event
ii	Evidence that an asset was impaired at the balance sheet date, the bankruptcy of a debtor and selling prices achieved for inventory after the balance sheet date.	Adjusting Event
iii	Discovery of fraud or error indicating that the financial statements are misstated.	Adjusting Event
iv	Bonuses relating to the year but determined after balance sheet date	Non-Adjusting Event
v	A major business combination	Non-adjusting Event
vi	Announcing a plan to discontinue an operation or a major restructuring.	Non-adjusting event
vii	Major purchases of assets, classification of assets as held for sale or destruction of assets by, for example, fire or flood after the reporting date	Non-adjusting event
viii	Commencing major litigation relating to events occurring after the balance sheet date.	Non-Adjusting Event

(b) **Explain the importance and limitations of financial accounting**

Importance of financial accounting

1. **Records past financial transactions:** Accounting deals only with those transactions which are measurable in terms of money. Anything which cannot be expressed in monetary terms does not form part of financial accounting.
2. **Recording financial information:** Accounting is an art of recording financial transactions of a business concern. There is a limitation for human memory. It is not possible to remember all transactions of the business. Therefore, the information is recorded in a set of books called Journal and other subsidiary books and it is useful for management in its decision-making process.
3. **Preparation of financial statements:** Financial information recorded in the list of account i.e trial balance are used to report on financial performance and financial position of the company for specific period
4. **Classification of Data:** The recorded data is arranged in a manner to group the transactions of similar nature at one place so that full information of these items may be collected under different heads.
5. **Interpretation of financial statements:** It is concerned with explaining the meaning and significance of the relationship established by the analysis. It should be useful to the users, so as to enable them to take correct decisions using ratio, vertical, horizontal analysis etc…
6. **Communicating the results:** The profitability and financial position of the business as interpreted above are communicated to the interested parties at regular intervals so as to assist them make their own conclusions.
7. Financial accounting helps to establish the relationship between the items of the profit and loss account and the balance sheet. The purpose is to identify the financial strength and weakness of the business. It also provides a basis for interpretation.

Limitations of Financial accounting

1. It focusses only the quantitative information and qualitative information has no room in financial accounting
2. It records only the historical cost. The impact of future uncertainties has no place in financial accounting.
3. It does not take into account price level changes
4. It provides information about the whole concern. Product-wise, process-wise, department-wise or information of any other line of activity cannot be obtained separately from the financial accounting.
5. Accounting estimates do not represent reality of the company's performance. Financial accounting allows estimates which could not represent actual results of company's operation
6. In case of loss, whether loss can be reduced or converted into profit by means of cost control and cost reduction? Financial accounting does not answer this question.
7. It is not helpful to the management in taking strategic decisions like replacement of assets, introduction of new products, discontinuation of an existing line, expansion of capacity, etc.

(c) i)

Burera Trading Company (BTC) LTD

Statement of profit or loss and other comprehensive income for the period ended 31 December 2021

	Notes	FRW (000)
Revenues		12,200
Cost of Sales	2	(5,310)
Gross Profit		**6,890**
Other revenues	1	1,080
		7,970
Operating Expenses		
Administrative costs	3	(2,355)
Distribution costs	4	(1,130)
Finance costs	5	(4,024)
Total Operating Expenses		**(7,509)**
Net Profit before tax		**461**
Income tax		(300)
Net Profit After tax		**161**
Other Comprehensive Income		
Revaluation gain		1,400
Total comprehensive income		**1,561**

(c) ii)

Burera Trading Company (BTC) LTD

Statement of financial position as at 31 December 2021.

Particulars	**Notes**	**FRW (000)**
Non-Current Assets		
Freehold property		7,920
Building	6	21,000
Machinery	8	320
Office equipment	10	840
Investment property	7	21,000
Total non-current assets		**51,080**
Current assets		
Inventory		270
Accounts receivable	11	2,629
Total current assets		**2,899**
Total assets		**53,979**
Equity and liabilities		
Equity		
Share capital	12	4,000
Share premium	13	1,100
Revaluation reserves	6	1,400

Retained Earnings	14	1,861
Total Equity		**8,361**
Liabilities		
Non-Current Liabilities		
6% Loan		400
10% Loan		40,000
Differed grant	9	240
Total non-current liabilities		**40,640**
Current Liabilities		
Differed grant current portion	9	80
Accounts payable		424
Accruals	15	4,074
Tax payable		300
Bank overdraft		100
Total current liabilities		**4,978**
Total Liabilities		**45,618**
Total equity and liabilities		**53,979**

Workings

1	**Cost of Sales**	**FRW (000)**
	Opening inventory	500
	Purchase	5,000
	Less: closing inventory	(270)
	Depreciation of machinery 400/5	80
		5,310
2	**Other revenues**	**FRW (000)**
	Gain on FV(Building)	1,000
	Amortization of Grant	80
		1,080
3	**Administrative expenses**	**FRW (000)**
	Balance as per TB	1,848
	Prepaid Rent	(13)
	Depreciation of Building	400
	Depreciation-Office Equipment	120
		2,355
4	**Distribution costs**	**FRW (000)**
	Balance as per TB	1,080
	Advertisement costs	50
		1,130
5	**Finance Costs**	**FRW (000)**
	Balance as per TB	-

	6% Loan interest	24
	10% Building finance loan 40,000*10%	4,000
		4,024
6	**Building**	**FRW(000)**
	Balance as per TB	-
	Cost of Building (own occupied FRW million*50%)	20,000
	Depreciation 20,000/50	(400)
	Revaluation gain (Balancing figure)	1,400
	Revalued amount of own occupied part FRW 42 million*50%	**21,000**
7	**Building-Investment property**	**FRW (000)**
	Balance as per TB	-
	Cost of Building	20,000
	Gain on FV measurement (Balancing figure)	1,000
	Revalued amount of rented floors	**21,000**
8	**Machinery**	**FRW (000)**
	Balance as per TB	0
	Acquired machinery (Grant)	400
	Depreciation(400/5years)	(80)
		320
9	**Differed grant Income**	**FRW (000)**
	Grant Received	400
	Amortization (400/5 years)	80
	Balance	**320**
	Current portion (12 months period)	80
	Long term portion	240
10	**Office Equipment**	**FRW (000)**
	Balance as per TB	1,200
	Accumulated Depreciation	(240)
	Depreciation of the year (1,200/10 years)	(120)
		840
11	**Accounts receivable**	**FRW (000)**
	Balance as per TB	2,616
	Prepaid rent	13
		2,629
12	**Share Capital Account**	**FRW (000)**
	Balance as per TB	4,400
	Reclassified share premium (0.8*500,000 shares)	(400)
		4,000

13	**Share premium**	**FRW (000)**
	Balance as per TB	700
	Reclassified share premium (0.8*500,000 shares)	400
		1,100
14	**Retained Earnings**	**FRW (000)**
	Balance as per TB	1,700
	Profit/(Loss)for the year	161
		1,861
15	**Accrued expense**	**FRW (000)**
	Interest on debenture 6%*400	24
	Accrual-Advert	50
	Interest on 10% loan taken to acquire building 40,000*10%	4,000
		4,074

SECTION B

QUESTION TWO

Marking Guide

a) Components of Working Capital Management	Marks
Award 1.5 marks for each explained component of working capital, maximum 6 marks	6
b) i) Ratio Analysis	
Award 0.5 marks for a correct formula, maximum 3.5 marks	3.5
b) ii) Interpretations	
Current ratio	1
Quick ratio	1
Return on capital employed	1.5
Receivable days	2
Payable days	2
Inventory turnover	2
Gross profit margin	1
Total marks	**20**

Model Answers

(a) Explain the components of working capital management

Working capital management is mainly composed with current assets and current liabilities

1. **Inventory (stock):** Stock or Inventory are the goods, purchased by company with a view to resell in the market and earn profits or be used in production process. The turnover of inventory determines.
2. **Accounts receivable (debtors):** The account receivable is the amount of money receivable from clients and arises due to credit sales by the company in the normal course of business. You will find account receivables on the company's balance sheet under the current assets.
3. **Cash and cash equivalent:** This is the most liquid asset and very essential for every business to maintain the smooth operations of their business.
4. **Accounts payable (creditors):** Accounts payable are the obligation of a company to pay off its debt when comes due from its creditors, and suppliers.

(b)

i) Show how each of the above financial ratios are calculated

Ratio type	Formula
Current ratio	Current assets/current liabilities
Quick Asset (Acid test) ratio	Quick assets (Current assets -inventory and prepayments) /Current liabilities
Return on Capital Employed (ROCE)	Net profit/ Capital employed
Accounts receivable days	(Account receivable/ credit Sales) *365 days
Accounts payable days	(Account payables/ credit purchases*365 days
Inventory (stock) turnover	Cost of sales/average stock
Gross profit margin	Gross profit/ Sales

ii) Using provided information for both companies, analyze financial performance of these companies against each other and the industry perspective.

1. **Current Ratio:** Usually, current ratio tests the company's ability to pay off available current liabilities using current assets. HWK had current ratio of 2:1 and KY had 1.5:1. This means that HWK's current assets could pay available current liabilities as current assets is double of its current liabilities. On the other hand, KY Ltd had the ability to pay its current liabilities using current assets however, it is below the industry average. When you compare both companies, you realize that HWK has much ability to pay its current liabilities using current assets than KY. For industry perspective, you may realize that in terms of current ratio, HWK is better than KY as KY is below the industry average.

2. **Quick asset (acid test ratio):** The quick asset (acid test) ratio tests ability of the company's current assets less inventory and prepayments to pay off current liabilities. HWK Ltd had the quick ratio of 1.7:1 and KY had 0.7:1. This means that HWK's quick assets could pay all available current liabilities. On the other hand, KY Ltd could not pay their current liability without disposing of inventory. When you compare both companies, you realize that HWK Ltd was much liquid in terms of quick asset than KY Ltd. For industry perspective, HWK Ltd quick ratio is above industry average, this could be taken as best but it could result into idle funds. What they can do, is to purchase market securities using surplus funds. For KY Ltd, their quick ratio was below industry average which indicates poor performance in terms of liquidity position

3. **Return on capital employed:** ROCE ratio illustrates that what is important is not simply how much profit made but how well company employed their capital. It was apparently clear that both HWK Ltd and KY Ltd had 5% and 2% respectively above industry level. Even though HWK's used efficiently their capital than KY Ltd, but for industry perspective both companies were quiet performing well as they were all above industry average.

4. **Accounts receivable days:** Accounts receivable days measure the company's ability to collect its accounts receivable (debtors). It measures how well company could collect receivables from its customers. For provided scenario, it was clear that HWK Ltd and KY Ltd had accounts receivable days of 53 days and 29 days respectively. This means that KY Ltd was efficient in collecting its debts than HWK Ltd as it uses few days to collects its debts. On the other hand, it may be a risk of losing customers for KY as it pressurizes its customers to pay back as early as possible. For industry perspective, it is clear KY Ltd is more efficient in collecting its debts than HWK Ltd as its accounts receivable days is beyond the industry average which could reduce company's liquidity.

5. **Accounts payable days:** Accounts payable days measure the companies' ability to pay its creditors within stated credit period. The more days the better, but the company has to be careful to protect reputation with creditors. For our companies, it is clear that HWK and KY have accounts payable days of 60 days and 70 days respectively. This means that KY Ltd was efficient in paying their payables than HWK Ltd as it uses more days. It may be also a risk of losing your suppliers as the company delays payments. KY Ltd were in risk of losing potential suppliers due to long days taken to pay debt. For industry perspective, both companies were inefficient in paying their payables as they usually use more days than the industry average of 45 days.

6. **Inventory (Stock turnover):** The inventory (stock) turnover measures how efficient a business is at maintaining an appropriate level of stock. When company is less efficient than its competitors, their turnover become less compared to others. HWK Ltd and KY Ltd had 23 times and 25 times respectively. It is obvious that KY Ltd was better than KWK Ltd for stock turnover but all companies were above the industry level, which was better indicator for operating results.

7. **Gross profit margin:** The gross profit margin, measure the percentage of gross profit to sales. The higher the percentage, the better. But the company may have a higher gross profit margin but not performing well, as we should consider also operating expenses. HWK Ltd and KY Ltd's gross profit margin are 40% and 22% respectively. It is very clear that HWK Ltd performed well than KY Ltd but they are all performing above the industry level

QUESTION THREE

Marking Guide

Sub questions	**Marks**
a) Reasons for difference of cashbook and bank statement	
Award 0.5 marks for every valid point, maximum 2 marks	2
Marks	**2**
b) i) Updated cashbook	
Balance Brought forward	1
Omitted bank charges	1
Error made (Sundries)	1
Dishonoured cheque	1
Standing order-Rates	1
Dividends received	1
Error correction-Stationery	1
Error of opening balance	1
Updated Cash book balance	1
Marks	**9**
b) ii) Bank reconciliation	
Balance as per updated Cashbook	1.5
Cheque to IYAMARERE	1.5
Errors made by the bank	1.5
Cheque from AYUBU	1.5
Errors made by bank	1.5
Balance as per bank statement	1.5
Marks	**9**
Total Marks	**20**

Model Answers

a) State potential reasons for difference between cash book and bank statement

1. Errors made by the bank
2. Errors made in cashbook by accountant
3. Cheques drawn by the company but not yet presented to the bank
4. Standing orders not recorded in cashbook
5. Bank charges not recorded in cashbook
6. Uncredited cheques (cheques not yet credited to company's account by the bank)

b) i) September the adjusted cash book of QLC for the month of 30 September 2021

Dr **Cr**

Particular	**FRW (000)**	**Particulars**	**FRW (000)**
		Balance Brought forward	1,108
		Omitted bank charges	272
		Error made (Sundries)	88
		Dishonoured cheque	160
		Standing order-Rates	300
Dividends received	124	Error correction-Stationery	2
		Error of opening balance	100
Balance c/d (Updated cash book balance	**1,906**		
Total	**2,030**		**2,030**

ii) Bank reconciliation statement of QLC as at 30 September 2021

	Particular	**FRW (000)**
	Balance as per updated Cashbook	(1,906)
Add	Unpresented cheques	
	Cheque to IYAMARERE	534
		(1,372)
Add	Errors made by the bank	
	Credit by error	1,968
Less	Uncredited cheques	
	Cheque from AYUBU	(1,524)
Less	Errors made by bank	
	Cheque-MBARAGA	(425)
	Balance as per bank statement	**(1,353)**

Alternatively, if we start with the balance as per the bank statement we have,

	Particular	**FRW (000)**
	Balance as per bank statement	**(1,353)**
Add	Uncredited cheques	
	Cheque from AYUBU	1,524
Add	Errors made by bank	
	Cheque-SIMBIMENYEREYE	425
Less	Unpresented cheques	
	Cheque to IYAMARERE	(534)
Less	**Errors made by the bank**	
	Credit by error	(1,968)
	Balance as per revised cashbook	**(1,906)**

QUESTION FOUR

Marking Guide

i) Opening Statement of Financial Position	**Marks**
Fixtures	0.5
Inventory	0.5
Accounts receivable	0.5
Bank	0.5
Cash	0.5
Accounts payable	0.5
Capital (balancing)	1.5
Net Assets	0.5
Marks	**5**
ii) Trial balance for the year ended 31 December 2021	
Revenue (including workings)	2
Opening stock	1
Purchases (Including workings)	1.5
Rent expense (Including workings)	1
Depreciation expense	1
General expenses	0.5
Fixtures	0.5
Accumulated depreciation	1
Accounts receivable	1
Bank	1
Cash	1
Capital	0.5
Drawings	0.5
Accounts Payable	1
Rent owing	0.5
Bank loan	1
	15
Total Marks	**20**

Model Answers

i) Mr. Kabaye Statement of Financial Position as at 01 January 2021

Particulars	**FRW (000)**
Non-Current Assets	
Fixtures and fittings	33,000
Total Non-current assets	33,000
Current Assets	
Inventory	63,600
Accounts receivable	55,000
Bank	56,500
Cash	3,200
Total Current Assets	**178,300**
Total Asset	**211,300**
Current Liabilities	
Accounts Payable	16,000
Financed by:	
Capital (Balancing figure)	195,300
Total equity and liability	**211,300**

ii) **Mr. Kabaye Trial balance for the year ended 31 December 2021**

	Debit	**Credit**
	FRW	**FRW**
Account receivable (W1)	66,000	
Cash (W2)	4,200	
Bank (W3)	179,400	
Account payable (W4)		26,000
Rent (W5)	3,542	
Revenue		25,484
Opening stock	63,600	
Purchase	10,316	
Closing stock		
Depreciation	8,250	
Accumulated depreciation		8,250
General expense	31	
Fixtures	33,000	
Capital		195,300
Drawing	13,000	
Bank loan		122,805
Rent payable		3,500
Total	**381,339**	**381,339**

Working 1

Account receivable			
Dr			**Cr**
Opening balance	55,000	Bank	480
		Cash	14,004
Sales (balance)	25,484		
		Bal c/d	66,000
	80,484		**80,484**

Working 2

Cash			
Dr			**Cr**
Opening balance	3,200		
Debtors	14,004	Rent	4
		Drawing	13,000
		Bl c/d	4,200
	17,204.0		**17,204.0**

Working 3

Bank			
Dr			**Cr**
Bal b/d	56,500	Suppliers	316
Debtors	480	Rent	38
Loan	122,805	general expense	31
		Bal c/d	179,400
	179,785		179,785

Working 4

Account payable			
Dr			Cr
		Opening balance	16,000
Payment	316		
		Purchase	10,316
Bal c/d	26,000		
	26,316		**26,316**

Working 5

Rent			
Bank	38	PL	3542
Cash	4		
Bal c/d	3,500		
	3,542		**3,542**

QUESTION FIVE

Marking Guide

a) Benefits of adopting IPSAS	**Marks**
Award 1 marks for a well explained point, maximum 5 marks	5
b) Differentiate Capital from revenue expenditure	
Definition of Capital expenditure	1
Examples of Capital expenditure	1
Definition of Revenue expenditure	1
Examples of Revenue expenditure	1
c) i) Statement of financial performance	
Revenues	0.5
Staff costs	1
Insurance	1
General expenses	0.5
Bank interest charges	0.5
Loan interest paid	0.5
Provision for bad debts	1
Depreciation Expenses	1
c) ii) Statement of Financial position	
Building-Cost	0.5
Accumulated Depreciation	0.5
Equipment-Cost	0.5
Accumulated Depreciation	0.5
Investment Property	0.5
Bank	DNA
Accounts receivable	0.5
Accumulated surplus opening	0.5
Surplus for the period	0.5
General reserves	DNA
5% Long term Loan	DNA
Accounts Payable	0.5
Accrual-Staff Costs	0.5
Total Marks	**20**

Model Answers

a) **Benefits of adopting IPSAS in Africa"** This is the article published in the journal "The new Times" published on 21 March 2021. Basically, it was linking the adoption of IPSAS and the economic growth in Africa. **Below are benefits of IPSAS adoption in Rwanda**

1. IPSAS help to build a financial reporting system supported by strong governance, high quality standards, and sound regulatory frameworks which is the key to economic growth development.
2. IPSAS will help Rwanda to achieve a high-quality reporting standard which greatly increase the confidence of investors and the general public in financial and non-financial information thereby contributing to a country's economic growth and financial stability.
3. For public sector entities in Rwanda, adoption of accounting standards such as IPSASs would lead to high quality financial reporting which would enable better decision making. In particular, governments would be able to make better informed decisions on resource allocation thereby increasing transparency and accountability.
4. Apart from the government, there are several other users of financial statements prepared by public entities. These users include taxpayers, members of the legislature, creditors, suppliers, the media, and employees. Specifically, tax payers are the main shareholders of the country and it is only fair that the government accurately and transparently accounts for the funds contributed by tax payers and other resources entrusted to the government. This will be achieved mainly by applying IPSAS appropriately.
5. IPSAS is essential for planning and budgeting as this financial information can be used to predict the future resources required by the government and determine the future direction of the government.
6. IPSASs will enable comprehensive financial reporting that provides relevant information for economic analysis, decision-taking and policy making. With all these benefits of adopting IPSASs, there should be a stampede towards adoption of these standards by public sector entities across Rwanda.

b) Differentiate capital from revenue expenditure

- **Capital expenditures:** Those are funds used by an entity to acquire, upgrade, and maintain physical non-current assets such as equipment, machineries, plant etc…….

  These costs are typically one-time large purchases of fixed assets that will be used for revenue generation over a longer period usually more than a year. Example: Acquisition of building, Machinery

- Whereas, **revenue expenditures** are the ongoing operating expenses, which are short-term expenses used to run the daily business operations like communication, repair, transport, salaries, mission allowances etc...

c)

i) Ministry of Growth Statement of Financial Performance for the period ended 31st December 2021

Particulars	Notes	FRW (000)
Revenues	1	10,730
Expenses		
Staff costs	2	3,340
Insurance	3	570
General expenses		1,870
Bank interest charges		30
Loan interest paid		40
Provision for bad debts		50
Depreciation Expenses	4	2,102
Total Expenses		**8,002**
Surplus of the period		**2,728**

ii) Ministry of Growth statement of financial position for the period ended 31December 2021

Particulars	Notes		FRW (000)
Non-Current Assets			
Building-cost		37,000	
Accumulated depreciation	12,600+822	(13,422)	
			23,578
Equipment-cost		8,300	
Accumulated depreciation	3,180 + 1,280	(4,460)	
			3,840
Investment property			1,840
Total non-current assets			**29,258**
Current assets			
Bank			240
Accounts receivable	6		220
Total current assets			**460**
Total assets			**29,718**
Equity and liabilities			
Equity			
Accumulated surplus opening			24,170
Surplus for the period			2,728
General reserves			200
Total Equity			**27,098**
Liabilities			
Non-current liabilities			
5% Long term loan			800
Total non-current liabilities			**800**
Current Liabilities			
Accounts payable			1,780

Particulars	Notes		FRW (000)
Accrual-staff costs	2		40
Total current liability			**1,820**
Total liabilities			**2,620**
Total Equity+ Liabilities			**29,718**

Workings

1	**Revenues**		**FRW (000)**
	Revenue from stadium		2,200
	Youth development grants		440
	Donations and fundraising income		700
	Other revenue		350
	General grant for operating activities		7,040
			10,730
2	**Staff Costs**		**FRW (000)**
	Balance as per TB		3,300
	Increase in salaries		40
			3,340
3	**Insurance Expenses**		**FRW (000)**
	Balance as per TB		600
	Prepayment		(30)
			570
4	**Depreciation**		**FRW (000)**
	Building (FRW 37,000/45 years)		822
	Equipment (FRW 8,300- FRW 3,180) *0.25		1,280
			2,102
5	**Accumulated Depreciation**		**FRW (000)**
	Building-Accumulated depreciation as per TB		12,600
	Depreciation-Building		822
			13,422
	Equipment- Accumulated depreciation as per TB		3,180
	Depreciation-Equipment		1,280
			4,460
6	**Accounts receivable**		**(FRW 000)**
	Balance as per TB		240
	Provision for bad debts		(50)
	Prepaid insurance		30
			220

END OF MARKING GUIDE AND MODEL ANSWERS