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CERTIFIED PUBLIC ACCOUNTANT

**I1.2: FINANCIAL REPORTING DATE: TUESDAY 22, AUGUST 2023** 

INTERMEDIATE LEVEL EXAMINATIONS

MAKING GUIDE AND MODEL ANSWERS

# **SECTION A**

#### **QUESTION ONE**

# Making Guide

$\mathcal{L}(\mathbf{a})$ araugust2023 iCharaugust2023 iCharaugust2023 iCharaugust2023 iCharaugust2023 iCharaugust2023	ICPARAUGUST2023 IC
is icparaugust 2023 icparaugust 2023 icparaugust 2023 icparaugust 2023 icparaugust 2023 23 icparaugust 2023 icparaugust 2023 icparaugust 2023 icparaugust 2023 icparaugust 2023	CPARAUGUST2023 I CPARAUGUST2023 I
is icparaturus 12023 icparaturus 2023 icharaturus 12023 icparaturus 12023 icparaturu	CPARAUGUST2010 CPARAUGUST2010
• student may provide a public finance management cycle diagram and	CPARAUGUST2023 I
S/he makes a brief explanation on each cycle of the diagram so in this	CPARAUGUST2023 I
case award two marks for each reasonable explanation provided	CPARAUGUST2023 I
• Alternatively, student may break the cycle into small cycle (sub-cycle)	CPARAUGUST2023 I
is icparaugust2023 icparaugust	CPARAUGUST2023 I CPARAUGUST2023 I
is icparatious 12023 icparatious 12023 icparatious 12023 icparatious 12023 icparatious 12023 icparatious 12023 icparation for each sub-cycle explained where cycle is composed by 2 sub-cycle	CPARAUGUST2023 I
IS ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 IS ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST2023 I
3 CPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023	CPARAUGUST2023 I
3 ICPARAUGUST 2023 ICPA	CPARAUGUST2023 I
Award 0.5 for each correct line shown in the fund account excluding totals	CPARAUGUST20231
is ieparaugus izuzs ieparaugus izuzs ieparaugus izuzs ieparaugus izuzs ieparaugus izuzs ieparaugus izuzs I <b>&amp;Subtotals</b> T2023 ieparaugust2023 ieparaugust2023 ieparaugust2023 ieparaugus ieparaugus izuzs	CPARAUGUST2023 I CPARAUGUST2023 I
Award 01 mark for computation of impairment CPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST2023 I CPARAUGUST2023 I
Award 01 mark for adjustment of accrued contribution UST2023 ICPARAUGUST2023	CPARAUGUST2023 I CPARAUGUST2023 I
IST <u>CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023</u> IS <b>T otal</b> august2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST2023 I CPARAUGUST20 <b>20</b>
3 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	ICPARAUGUST2023 I

# **Model Answers**

# a) Public Finance cycle explained as follows

Manual of public financial management in Rwanda shows the process of how Rwandan public finance system is built. Public finance Management cycle is explained as below paraugust 2023 to

- 1) **Planning and budgeting**: The cycle starts with planning process, under this stage; the public institutions identify programs, projects likely to be implemented and rank them into priorities to achieve optimum balance of needs using available resources. The budget process goes with preparation of medium-term expenditure (MTEF) and annual budget is prepared based on MTEF.
- 2) Finance Law: The detailed budget from individual agencies is consolidated by MINECOFIN for submission to Parliament. Parliament reviews the drafts budget and conduct budget consultation with all sector ministries. After consultation session, parliament committee issue recommendations for improvement of the budget framework paper. The recommendations are incorporated and draft budget law is prepared and late approved by parliament before commencement of the next fiscal year
- 3) Resource mobilization: After voting finance law on budget, the resources are mobilized through tax collections and through other means such as grants or loans.

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- 4) Procurement and budget execution: The government institution prepare annual procurement plan based on the approved budget. Procurement plan should agree with budget to ensure that the institution has available resources of procured goods. After completing tendering process, the institution prepares cash flow plan based on the budget and on priorities. MINECOFIN avail funds to respective public intuition to execute planned activities
- 5) Accounting and financial reporting: The public institution record funds received and maintain records on how the funds were utilized. Budget agency that received government funds should prepare financial reports on monthly, quarterly and annual basis
- 6) Audits and oversight: Starting from August each year, Audit General could conduct an audit of previous year. The auditor general shall submit annual audit report to parliament indicating the manner in which the budget was utilized. The institution must ensure that supporting documents are kept safely for future reference and external oversight

# b) Table 1.1: Kigali Equity fund account for the year ended 30 June 2020

3 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUS 3 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUS	T2023 ICPAR FRW 000	FRW 000
Income	T2023 ICPARAUGUST2023 I	CPARAUGUST2023 I
Employers' contributions ST2023 ICPARAUGUST2023 ICPARAUGUS	T2023 ICPARAUGUST2023 I T2023 ICPARAUGUST2023 I	cparauguls <b>1,617</b>
Employee contributions, HST2023 ICPARAUGUST2023 ICPARAUGUS	802+2,200	PARAUGU 3,002
Government contribution for vulnerable groups CPARAUGUS	T2023 ICPARAUGUST2023 I	CPARAUGUST2550
3 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUS 3 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUS	T2023 ICPARAUGUST2023 I	CPARAUG(15,169
Benefit paid	T2023 ICPARAUGUST2023 I T2023 ICPARAUGUST2023 I	PARAUG (1,121)
Net income 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUS	T2023 ICPARAUGUST2023 I	CPARAUGU 14,048
Transfers from other scheme)23 ICPARAUGUST2023 ICPARAUGUS	T2023 ICPARAUGUST 828	CPARAUGUST2023
Transfers to other scheme Transfers to other scheme Transfers to other scheme	12023 ICPARAUGUST (47)	CPARAUGUST2023
Net transfer income \ugust2023 icparaugust2023 icparaugus	T2023 ICPARAUGUST2023 I	CPARAUGUST2781
Other income 23 icparaugust 2023 icparaugus 12023 icparaugus Other income 23 icparaugust 2023 icparaugus 12023 icparaugus	T2023 ICPARAUGUST2023 I T2023 ICPARAUGUST2023 I	CPARAUGUST2018
Fair value gain on investment ACPARAUGUST 2023 ICPARAUGUS	T2023 ICPARAUGUST2023 I	CPARAUGU 2,940
Investment income RAUGUST2023 ICPARAUGUST2023 ICPARAUGUS	T2023 ICPARAUGU <b>1,7428</b> I	CPARAUGUST2023
Tax on investment income 12023 ICPARAUGUS 12023 ICPARAUGUS	12023 ICPARAUGUS (27) 12023 ICPARAUGUS (27)	CPARAUGUST2023
Investment management expense PARAUGUST2023 ICPARAUGUS	T2023 ICPARAUGUST(54)	CPARAUGUST2023
Net investment income ust 2023 icparaugust 2023 icparaugus	T2023 ICPARAUGUST2023 I	CPARAUGUS <b>1,347</b>
3 CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS <b>Expense</b> ust2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS	T2023 ICPARAUGUST2023 I T2023 ICPARAUGUST2023 I	CPARAUGUST2023   CPARAUGUST2023
Administrative expense UST2023 ICPARAUGUST2023 ICPARAUGUS	T2023 ICPARAUGUST2023 I	CPARAUGUS(259)
Impairment of long-term investment AUGUST 2023 ICPARAUGUS	12023 1018,500*10%	cparaug(1,850)
Depreciation 023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS Depreciation 023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS	T2023 ICPARAUGUST2023 I T2023 ICPARAUGUST2023 I	CPARAUGUS (400)
Other expense 3 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUS	T2023 ICPARAUGUST2023 I	CPARAUGUS(150)
Fund account surplus for the year AUGUST 2023 ICPARAUGUS	T2023 ICPARAUGUST2023 I T2023 ICPARAUGUST2023 I	CPARAUG 16,475
Opening balance of surplus for fund	T2023 ICPARAUGUST2023 I	25,548
Fund account bal c/d GUST2023 ICPARAUGUST2023 ICPARAUGUS	T2023 ICPARAUGUST2023 I	CPARAUGI <b>42,023</b>
3 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUS	TZUZ3 ICPARAUGUST2023 I	CPARAUGUST2023

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# PARAUGUST20 **QUESTION TWO** ARAUGUST2023 ICPARAUGUST2023 ICPARA

Marking guide icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugu 3 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust	Mar ST20ks
a) Award 0.5 marks for each correct figure under cash flow from operating activities	<del>ST2023</del> ST2023 ST2 <b>5</b> 23
except sub-totals and totals  Award 0.5 marks for each correct figure under cash flow from Investment activities	ST2023 ST2023
BICPARAUGUST 2023 ICPARAUGUST 2023 ICPAR	ST2023
Award 0.5 mark for each correct figure under cash flow from Financing activities	ST2023
i Cexcept sub-totals and totals 23 iCPARAUGUST2023 iCPARAUGUST	ST2023 ST2023
BICPAWARD 0.5 marks March for cash at the start and cash at the ended correctly brought	ST2023 ST2023
3 iCPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS 3 ICP <b>INTO CONSOLIDATED SOCF</b> 2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS	ST2023 ST2023
WPARALIGUST2023 ICPARAUGUST2023 ICPARAUGUST202	ST2023
Award 0.5 marks for correct figure/line on goodwill calculation except	ST2023
3 icparaugust2023 icparaugust2	ST2023
s icparaugust 2023 icpa	ST2023 ST2023
8 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS 8 ICPARAUGUST2 <b>and sub-totals (W2)</b> PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS	ST2023 ST2023
Award 0.5 marks for each correct figure in the calculation amortization	ST2023 ST2023
ICPARAUGUST2023 ICPARAUGUST202	ST2023
Award 0.5 marks for each correct figure in the calculation on investment	ST2023
ceparaugust 2023 iceparaugust	ST2023
Award 0.5 marks for each correct figure in the calculation on retained	ST2023 ST2023
s icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust s icparaugust2 <b>earnings except for totals and sub-totals (W5)</b> 2023 icparaugust2023 icparaugus	ST2d2; ST2023
Award 0.5 marks for each correct figure in the calculation on NCI except	ST2023
BICPARAUGUST for totals and sub-totals (W6) 2023 ICPARAUGUST 2023 ICPARAUG	ST2025
Award 0.5 marks for each correct figure in the calculation tax paid except	ST2023
s icparaugust 2023 icparaugust 2023 icparaugust 2023 icparaugust 2023 icparaugust 2023 icparaugus s icparaugust 2 <b>for totals and sub-totals (W7)</b> 2023 icparaugust 2023 icparaugust 2023 icparaugust 2023 icparaugus	ST2023 ST2023
Figure 2 and 1 mark for well-presented consolidation statement of cash flow (format as	ST2023 ST2023
3 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS 3 ICPARAUGUST2 <b>PET IAS 1)</b> IGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS	ST2023 ST2023
Sub-rotal (A) 23 icparaugust 2023 icpara	ST202
b) - Award 1 mark for well stated treatment of interest paid, interest received and	ST2023
s reparaugus 12023 repa	ST2023
Award 1 mark for well stated treatment of interest paid, interest received and	ST2023 ST2023
CPARAL dividend received for other entities 2023 ICPARAUGUST2023 ICPARAUGUST20	ST2023 ST2023
SICPAE Award 1 mark for well stated treatment of dividend paid CPARAUGUST2023 ICPARAUGUS	ST2023 ST2023
Note: The student must provide reasons of reporting interest or dividend in operating	ng 023
cash flows or in financing activities, for example, If student said that interest and	ST2023
ICPA dividend are reported under operating cash flow, he/she must say why. 23 ICPARAUGUS 1CPARAUGUS 12023 ICPARAUGUS 12023 IC	ST2023
icparaugust2023 icparaugust202	
3 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS 3 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST	st2023 nark
ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS	ST203

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# PARAUGUST20 **Model answers**:3 ICPARAUGUST2023 ICPARAUGUST2023

(a) CPARAUGUST 2023 ICPARAUGUST 2023 ICP

Peloque Ltd 023 icparaugust 2023 icparau	ARAUGUST2023 ICF	RAUGUST2023
Consolidated Statement of Cash Flow for the Year ended 31 I	December 2022	RAUGUST2023
Cash flow from Operating Activities UST2023 ICPARAUGUST2023 ICP	ARAUGUST2023 ICF/	RAUGUST2023
3 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICP 3 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUS T 2023 ICPARAUGUS T 2023 ICP	FRW 000	FRW 000
Profit Before tax CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20	16,200 l	ARAUGUST2023   ARAUGUST2023
Adjustments for: CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	ARAUGUST2023 ICF/ ARAUGUST2023 ICF/	ARAUGUST2023 I ARAUGUST2023 I
Amortization of intangibles (W3) ARAUGUST2023 ICPARAUGUST2023 ICP	ARAUGUST20 <b>960</b> FA	RAUGUST2023
Loss on disposal (9,600 -8,160) CPARAUGUST2023 ICPARAUGUST2023 ICP	araugust <b>ī,440</b> p	RAUGUST2023 1
Total depreciation for the year apparaugust 2023 icparaugust 2023 icp	184 P	RAUGUST2023 I
Interest expense icparaugust2023 icparaugust2023 icparaugust2023 icp	ARAUGUST1,200	RAUGUST2023 I RAUGUST2023 I
Share of profit from associate CPARAUGUST2023 ICPARAUGUST2023	(2,880)	ARAUGUST2023 I ARAUGUST2023 I
Cash flow before working capital change O23 ICPARAUGUST2023 ICP	ARAUGU <b>26,304</b>	ARAUGUST2023 I ARAUGUST2023 I
Working capital changes ST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICP	ARAUGUST2023 ICEA	RAUGUST2023
Decrease in Inventory (7,320+1,800-8,880) O23 ICPARAUGUST2023 ICP	ARAUGUST20 <b>240</b> FA	RAUGUST2023
Decrease in Trade and other Receivables (4,200+1,020-4,680)	ARAUGUST20 <b>540</b> FA	RAUGUST2023 I
Decrease in trade payable (5,760+900-6,240) a cparaugust 2023 cp	raugust(420)	RAUGUST2023 I RAUGUST2023 I
Cash flow from operations 023 ICPARAUGUST 2023 ICPARAUGUS	26,664	ARAUGUST2023   ARAUGUST2023   ARAUGUST2023
BICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICP Interest Paid 023 ICPARAUGUST2023 ICPARAU	ARAUGUST2023 ICH ARAUGU (1,200) F	ARAUGUST2023 I ARAUGUST2023 I ARAUGUST2023 I
3 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icp 3 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icp <b>Tax, Paid (W7)</b> 3 icparaugust2023 icparaugust2023 icparaugust2023 icp	ARAUGUST2023 ICF/ ARAUGUST2023 ICF/ ARAUGU <b>(4,164)</b> F/	ARAUGUST2023 I ARAUGUST2023 I ARAUGUST2023 I
Net Cash flow from Operating Activities	ARAUGUST2023 ICEA	RAUG <b>21,300</b>
Cash flow from Investment Activities UST2023 ICPARAUGUST2023 I	ARAUGUST2023 ICF	RAUGUST2023
Proceeds from sale of PPE 12023 ICPARAUGUST 2023 ICPARAUG	ARAUGUS 8,160	ARAUGUST2023   ARAUGUST2023   ARAUGUST2023
3 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICP 3 ICPARAUGUST2023 ICPAR	ARAUGUST2023 ICI ARAUG ARAUC (36,024)	ARAUGUST2023 I ARAUGUST2023 I
Dividend received from associate (W4)	2,640	RAUGUST2023   RAUGUST2023
BICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICP	ARAUGUST2023 ICF	ARAUGUST2023 I ARAUGUST2023 I
Investment in subsidiary - Cash paid (2,370-240) ARAUGUST 2023 ICPARAUGUST	ARAUGUST2023 ICF/ ARAUGU <b>(2,130)</b> I	ARAUGUST2023 I ARAUGUST2023 I
Net Cash flow from Investment Activities 23 ICPARAUGUST 2023 ICP	ARAUGUST2023 ICF	rau(27,354)
Cash flow from Financing Activities GUST2023 ICPARAUGUST2023 ICP	ARAUGUST2023 ICFA ARAUGUST2023 ICFA ARAUGUST2023 ICFA	ARAUGUST2023 I ARAUGUST2023 I
Dividend Paid to owners of the parent (W5) 23 ICPARAUGUST 2023 ICPARAUGUST	ARAUGUST2023 ICH ARAUGUST (168) F ARAUGUST (168)	ARAUGUST2023 I ARAUGUST2023 I ARAUGUST2023 I
8 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICP 8 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICP <b>Dividend Paid to NCI (W6)</b> 1023 ICPARAUGUST2023 ICPARAUGUST2023 ICP	araugust2023 ich/ araugust2023 ich/ araugu <b>(3,918)</b> h/	ARAUGUST2023 I ARAUGUST2023 I ARAUGUST2023 I
Loan acquired during the year (22,800-13,200)	MRAUGUS 19,600	RAUGUST2023 I RAUGUST2023 I
Net Cash flow from financing activities	ARAUGUST2023 ICE	5,514
Net cash out flow for the period	ARAUGUST2023 ICFA	RAUGU (540)
Cash & Cash equivalent - At the start ST2023 ICPARAUGUST2023 ICP	ARAUGUST 2023 ICF	RAUGUS <b>1,020</b>
s icParatigust2023 iCParatigust2023 icParatigust2023 icParatigust2023 icParatigust2023 icParatigust2023 icPara 3 iCParatigust2023 iCParatigust* <b>At the end</b> Gust2023 iCParatigust2023 iCP	ARAUGUST2023 ICE/	RAUGUST2023

CPARAUGUST20**11,2**°ARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA**|Page 5°of218** PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2

Cl   Goodwill   Fair value of consideration   (75%*60Shares*16/15*125) + 2,370   8,370   Assets acquired   Share capital   6,000   Share premium   1,200   Retained earnings   960   Fair value adjustments   1,080   9,240	23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPAI 2- <b>Workings</b> T2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPAI	raugust2023 icpar rau <b>fRW:000</b> °par	AUGUST2023 ICPARAUGUST202310 AUGUST2023 ICPARAUGUST202310
Fair value of consideration [(75%*60Shares*16/15*125) + 2,370  Assets acquired  Share capital  Share capital  Retained earnings  960 Fair value adjustments  1,080  Parent shares (75%* 9,240)  Goodwill  C) Property, Plant and Equipment  At the beginning  Acquired from subsidiary  7,320 Fair value adjustment  1,080  Coodwill  31,320  Acquired from subsidiary  7,320 Fair value adjustment  1,080  Less Depreciation  (9,384)  Less Disposal of plant  Carrying amount at the end  (3) Amortization of intangibles  Balance b/f Goodwill from subsidiary  1,440  Amortization for the year balancing figure  Balance b/f Goodwill from subsidiary  (4) Investments in associates  Balance b/f Balance b/f Go,000  Amortization for the year balancing figure  Balance b/f Goodwill from subsidiary  1,440  4,200  Amortization for the sear balancing figure  Balance c/f Go,000  Charles Go,000  Share of profit from associates  Balance b/f Go,000  Share of profit from associates  Balance c/f Go,000  Cartying amount at the end  C	23 1CPARAUGUST 2023 1CPARAUGUST 2023 1CPARAUGUST 2023 1CPARAUGUST 2023 1CPA	RAUGUST2023 ICPAR RAUGUST2023 ICPAR	AUGUST2023 ICPARAUGUST202310 AUGUST2023 ICPARAUGUST202310
Share capital   6,000   Share premium   1,200   Retained earnings   960   Fair value adjustments   1,080   9,240   9,240   9,240   (6,930)   (6,		RAUGUST2023 ICPAR RAUGUST2023 ICPAR	august2023 icparaugust202310 augus <b>8,370</b> icparaugust202310
Share premium   1,200   Retained earnings   960   Fair value adjustments   1,080   9,240   9	0.2 IODADALICII.070.002 IODADALICII.070.002 IODADALICII.070.002 IODADALICII.070.002 IODA	RAUGUST2023 ICPAR RAUGUST2023 ICPAR	AUGUST2023 ICPARAUGUST202310 AUGUST2023 ICPARAUGUST202310
Retained earnings	2 Sharaugust 1023 icparaugust 2023 icpar	RAUGUST <b>6,000</b> PAR	AUGUST2023 ICPARAUGUST2023I0 AUGUST2023 ICPARAUGUST2023I0
Retained earnings	2. Share premium: ICPARAUGUST2023 ICPARAUGUST2	RAUGUSTI,200 PAR	AUGUST2023 ICPARAUGUST202310
Parent shares (75%* 9,240)		RAUGUST20960 PAR	AUGUST2023 ICPARAUGUST2023IC
Parent shares (75%* 9,240)         (6,930)           Goodwill         1,440           (2) Property, Plant and Equipment         31,320           At the beginning         31,320           Acquired from subsidiary         7,320           Fair value adjustment         1,080           39,720         39,720           Less Depreciation         (9,600)           Less -Disposal of plant         (9,600)           Acquisition during the period (Balancing figure)         36,024           Carrying amount at the end         56,760           (3) Amortization of intangibles         3,720           Balance b/f         3,720           Goodwill from subsidiary         1,440           Amortization for the year balancing figure         960           Balance c/f         4,200           (4) Investments in associates         8,880           Balance b/f         6,000           Share of profit from associates         2,880           Less Balance c/f         (6,240)           Dividend received (Balance)         2,640	2 Fair value adjustments GUST2023 ICPARAUGUST2023 ICPARAUGUST2	raugust <b>1,080</b> par	AUGUST2023 ICPARAUGUST2023R AUGUST2023 ICPARAUGUST2023R
Coodwill	23 ICPARAUGUS I 2023 ICPA 23 ICPARAUGUS I 2023 ICPARAUGUS I 2023 23 ICPARAUGUS I 2023	RAUGUS 12023 IUPAR RAUGUS 1 <b>9,240</b> PAR	AUGUST2023 ICPARAUGUST202316 AUGUST2023 ICPARAUGUST202316 AUGUST2023 ICPARAUGUST202316
Coodwill	23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA 2. Papant   Shares (75% * 9.240)2023 ICPARAUGUST2023 I	RAUGUST2023 ICPAR RAUGUST2023 ICPAR	AUGUST2023 ICPARAUGUST202310 AUG <b>(6103))</b> ICPARAUGUST202310
(2) Property, Plant and Equipment       31,320         Acquired from subsidiary       7,320         Fair value adjustment       1,080         Less Depreciation       (9,384)         Less - Disposal of plant       (9,600)         Acquisition during the period (Balancing figure)       36,024         Carrying amount at the end       56,760         (3) Amortization of intangibles       3,720         Balance b/f       3,720         Goodwill from subsidiary       1,440         Amortization for the year balancing figure       960         Balance c/f       4,200         (4) Investments in associates       8,880         Less Balance c/f       (6,240)         Dividend received (Balance)       2,640	zs icparaugus i zuzs icparaugus i zuzs icparaugus i zuzs icparaugus i zuzs icpa	RAUGUST2023 ICP <del>AR</del> RAUGUST2023 ICPAR	<u>aug NS 12022 ic</u> paraugus 12023 i Augus <b>1244 (</b> icparaugus 12023 i
At the beginning Acquired from subsidiary Fair value adjustment  Less Depreciation  (9,384)  Less Disposal of plant  (9,600)  20,736  Acquisition during the period (Balancing figure)  Carrying amount at the end  (3) Amortization of intangibles  Balance b/f Goodwill from subsidiary  Amortization for the year balancing figure  Balance c/f  (4) Investments in associates  Balance b/f Share of profit from associates  8,880  Less Balance c/f  (6,240)  Dividend received (Balance)  31,320  7,320  (9,384)  (9,600)  20,736  36,024  20,736  36,024  20,736  36,024  20,736  36,024  20,736  36,024  20,736  36,000	23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA 23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST	RAUGUST2023 ICPAR RAUGUST2023 ICPAR	AUGUST2023 ICPARAUGUST202310 AUGUST2023 ICPARAUGUST202310
At the beginning Acquired from subsidiary Fair value adjustment  Less Depreciation  (9,384)  Less - Disposal of plant  (9,600)  Acquisition during the period (Balancing figure)  (3) Amortization of intangibles Balance b/f Goodwill from subsidiary  Amortization for the year balancing figure  Balance c/f  (4) Investments in associates Balance b/f Share of profit from associates  8,880  Less Balance c/f  (6,240)  Dividend received (Balance)  31,320  7,320  (9,384)  (9,600)  36,024  20,736  36,024  20,736  36,024  20,736  36,024  20,736  36,024  20,736  36,024  20,736  36,024  20,736  36,000  36	23 ICPARAUGUST 2023 ICP	RAUGUST2023 ICPAR RAUGUST2023 ICPAR	AUGUST2023 ICPARAUGUST202310 AUGUST2023 ICPARAUGUST202310
Carrying amount at the end   1,080	23 L.PARA IGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA 2. <b>At the beginning</b> cparaugust2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA	$_{ m RAUGU}$ 31,320 $_{ m PAR}$	AUGUST2023 ICPARAUGUST202310 AUGUST2023 ICPARAUGUST202310
Less Depreciation	23 Acquired from subsidiary st2023 icparaugust2023 icparaugust	RAUGUST <b>7,320</b> PAR	AUGUST2023 ICPARAUGUST202310 AUGUST2023 ICPARAUGUST202310
Less Depreciation  Less - Disposal of plant  Carrying amount at the end  (3) Amortization of intangibles  Balance b/f  Amortization for the year balancing figure  Balance c/f  Amortization for the year balancing figure  Balance b/f  Share of profit from associates  Balance c/f  Carrying associates  Balance c/f  Carrying associates  Balance b/f  Share of profit from associates  Balance c/f  Carrying associates  Balance c/f  Carrying associates  Balance b/f  Share of profit from associates  Balance c/f  Carrying associates  Balance c/f  Carrying associates  Balance c/f  Carrying associates  Carryi	2 Fair value adjustment ugust2023 icparaugust2023 icparaugust2	RAUGUST1,080 PAR	AUGUST2023 ICPARAUGUST202310
Less -Disposal of plant    Comparison of the period (Balancing figure)   Comparison of intangibles   Comparison of	23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA 23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST	RAUGU <b>39,720</b> PAR RAUGUST2023 ICPAR	AUGUST2023 ICPARAUGUST202310 AUGUST2023 ICPARAUGUST202310
Less -Disposal of plant    Carrying amount at the end	23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA 23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA	RAUGUST2023 ICPAR RAUGUST2933 ICPAR	AUGUST2023 ICPARAUGUST2023I0 AUGUST2023 ICPARAUGUST2023I0
Acquisition during the period (Balancing figure)  Carrying amount at the end  Carrying are all of the carrying and carrying	2. <b>Less. Depreciation</b> paraugust2023 icparaugust2023 icparaugust2023 icpa 23 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icpa	RAUGU(9,384). RAUGUST2023 ICPAR	AUGUST2023 ICPARAUGUST2023 I AUGUST2023 ICPARAUGUST2023 I
Acquisition during the period (Balancing figure)  Carrying amount at the end  Carrying are all of the carrying and carrying	23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA 2 <b>Less: -Disposal of plant</b> GUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA	RAUGUST2023 ICPAR RAUGU <b>(9,600)</b> PAR	AUGUST2023 ICPARAUGUST202310 AUGUST2023 ICPARAUGUST202310
Acquisition during the period (Balancing figure)  Carrying amount at the end  Carrying aparaudus 3,720  Carrying aparaudus 12023 icparaudus	23 ICPARAUGUST2023 ICPARAUGUST	RAUGUST2023 ICPAR	AUGUST2023 ICPARAUGUST202310 AUGUST2023 ICPARAUGUST202310
Carrying amount at the end    Carrying amount at the end   Carrying amount	Acquisition during the period (Balancing figure) $\frac{1}{100}$	DATESTICATION OF TAXABLE	AUGUST2023 ICPARAUGUST202310 AUGUST2023 ICPARAUGUST202310
Balance b/f 2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust3,720 paraugust2023 icparaugust2023 icparaugust202	AS LODA DA LICUSTORAS LODA DA LICUSTORAS LODA DA LICUSTORAS LODA DA LICUSTORAS LODA	DATIGUIGMOOOGIGDAD	AUGUST2023 ICPARAUGUST202310
Balance b/f 2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust3,720 paraugust2023 icparaugust2023 icparaugust202	23 ICPARAUGUST2023 ICPARAUGUST	RAUGUST2023 ICPAR	AUGUST2023 ICPARAUGUST202310
Balance b/f 2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust3,720 paraugust2023 icparaugust2023 icparaugust202	23 ICPARAUGUST2023 ICPARAUGUST	RAUGUST2023 ICPAR RAUGUST2023 ICPAR	AUGUST2023 ICPARAUGUST2023IC AUGUST2023 ICPARAUGUST2023IC
Goodwill from subsidiary 1023 icparaugus 1023 icparaugus 1023 icparaugus 11,440 paraugus 1023 icparaugus 1023	O DECEMBRATICA DE ALICA COMO A COMO DE LA COMO DE LA COMO DE C	RAUGUST2023 ICPAR	AUGUST2023 ICPARAUGUST2023IC
23 ICPARAUGUST2023 ICPARAUGUST		raugust <b>3,720</b> par	AUGUST2023 ICPARAUGUST2023IC
23 ICPARAUGUST2023 ICPARAUGUST			AUGUST 2023 ICPARAUGUST 2023 IC AUGUST 2023 ICPARAUGUST 2023 IC
Balance c/f 2023 ICPARAUGUST2023 ICPARAUGUST20	23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA 23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA	RAUGUS 5,160 PAR	AUGUST2023 ICPARAUGUST202310 AUGUST2023 ICPARAUGUST202310
23 ICPARAUGUST 2023 ICP	Amortization for the year balancing figure Character the Year balancing figure	RAUGUST20 <b>960</b> PAR RAUGUST20260 PAR	AUGUST2023 ICPARAUGUST202310 AUGUST2023 ICPARAUGUST202310
(4) Investments in associates i cparaugust2023 icparaugust2023	2 <b>Balance c/f</b> 2023 icparaugust2023 icparaugu	RAUGUST <b>4,200</b> PAR RAUGUST <b>200</b> PAR	AUGUST2023 ICPARAUGUST202310 AUGUST2023 ICPARAUGUST202310
(4) Investments in associates i cparaugust2023 icparaugust2023	23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA 23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPA	RAUGUST2023 ICPAR RAUGUST2023 ICPAR	AUGUST2023 ICPARAUGUST202310 AUGUST2023 ICPARAUGUST202310
2. Share of profit from associates, icparaugust2023 icparaugust2023 icparaugust2,880 paraugust2023 icparaugust2023 icparaugust	2.(4) Investments in associates 3 icparaugust 2023 icparaugust 2023 icpa	RAUGUST2023 ICPAR	AUGUST2023 ICPARAUGUST202310
23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST8 880 PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2			AUGUST2023 ICPARAUGUST2023IC
23 icparaugust2023 icparaugust			AUGUST2023 ICPARAUGUST2023II
23. CPARAUCUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICP <del>ARAUGUST2023 ICP</del> ARAUGUST2023 ICPARAUGUST2023 ICPARAUGU	zs icpakaugustzozs icparaugustzozs icparaugustzozs icparaugustzozs icparaugustzozs icpai 23 icparaugustzozs icparaugustzozs icparaugustzozs icparaugustzozs icpai	RAUGUST <b>8,880</b> PAR RAUGUST2,023 ICPAR	AUGUST2023 ICPARAUGUST2023I0 AUGUST2023 ICPARAUGUST2023I0
23. CPARAUCUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICP <del>ARAUGUST2023 ICP</del> ARAUGUST2023 ICPARAUGUST2023 ICPARAUGU	23 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPA 23 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPA	RAUGUST2023 ICPAR RAUGUST2023 ICPAR	AUGUST2023 ICPARAUGUST202310 AUGUST2023 ICPARAUGUST202310
		<u> </u>	AUGUST2023 ICPARAUGUST202310 AUGUST2023 ICPARAUGUST202310
	2 <b>Dividend received (Balance)</b> 3 ICPARAUGUST2023 ICPARAUGUST2023 ICPA 23 ICPARAUGUST2023 ICPA		AUGUST2023 ICPARAUGUST202310

CPARAUGUST 20<del>23 (CPARAUGUST 2023 (CPARA</del>

PARAUGUST20231

3 ICPARAUGUS 1 2023 ICPARAUGUS 1 2023 ICPARAUGUS 1 2023 ICPARAUGUS 1 2023 ICPARAUGUS 1 202	SICE
(5) Retained earnings Gust 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 202	3 ICP
is icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust202 B <b>alance b/f</b> i2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust	3 ICP
3 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	23 ICP
<b>:Protitator the year</b> paraugust2023 icparaugust2023 icparaugust2023 icp <u>araugus</u> 19,1	68
33 ICPARAUGUST 2023 ICP	48
3 ICPARAUGUST 2023	23 ICP
3 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	3 ICP
Balance c/f 2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaug (1933)	30)
Biridend Paid (balance)	68
23 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 202	3 ICP
23 ICPARAUGUST 2023 ICP	3 ICP
(6) Non-Controlling Interest 3 ICPARAUGUST2023	23 ICP
Balance b/f 2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST7,	20P
3 ICFARAUGUS 12023 ICFARAUGUS 12023 ICFARAUGUS 12023 ICFARAUGUS 12023 ICFARAUGUS 1202	SOICE.
Profit attributable to NCI st2023 icparaugust2023 icparaugust2	48
Non-controlling interest share in subsidiary (25%*9,240) T2023 ICPARAUGUST2023	10P
3 ICPARAUGUST2023 ICPARAUGUST2	23 ICP
3 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUG $(oldsymbol{10,8}^2)$	
Dividend Paid to NCI (Balancing figure) 2023 CPARAUGUST 2023 CPARAUGUS 3,9	18
Balance c/f	60
3 <del>3 ICPARAUGUS</del> 12023 ICPARAUGUS12023 ICPARAUGUS12023 ICPARAUGUS12023 ICPARAUGUS12023 ICPARAUGUS1202 23 ICPARAUGUS12023 ICPARAUGUS12023 ICPARAUGUS12023 ICPARAUGUS12023 ICPARAUGUS1202	23 ICP
3 ICPARAUGUST 2023 ICPA	23 ICP
(7) Current2taxicparaugust2023 icparaugust2023 icparaugust2023 icparaugust202	3 ICP
is icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 2 <b>Balance:b/f</b> 12023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust20,5	31CP
	23 ICP
	320 P
Tax expense for the period 2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST 5,7	784
	24 P
Tax Paid (balancing figure) 23 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 4,1	64
Balance c/f 2023 icparaugust 2023 icparaugust 2023 icparaugust 2023 icparaugust 5.2	60°P
3 ICPARALICUSTONOS ICPARALICUSTONOS ICPARALICUSTONOS ICPARALICUSTONOS ICPARALICUSTON	SICP

IAS 7 statement of cash flow provides guidance on treatment of interest and Dividend

For Financial institutions: Interest paid and interest and dividends received are classified under 23 ICPARAUGUST 2023 ICPARA

For other entities other than financial institution: Interest and dividend received could be classified as operating cash flow because it forms part of profit or loss account. However, the entity may choose to classify interest paid under financing activities to shows costs of obtaining financial resources and Dividend received could be reported under investment activities to show returns on investments

Dividend paid are usually classified as financing cash flow because they represent **costs of obtaining equity funds**. Alternatively, the dividends could be reported in operating activities to determine the ability of entity to pay dividends out of operating cash flow.

I11,22araugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icpaPage Tof~18

# PARAUGUST20: ${f QUESTION}$ 2 ${f THREE}$ ${f L}$ UGUST2023 ICPARAUGUST2023 ICP

# Making Guide 3 ICPARAUGUST 2023 ICPARAUG

a paraugus i 2023 i Cparaugus i 202 Baraugus i 2023 i Cparaugus i 2023	Marks
Award 0.5 mark for each correct line excluding totals in the face of income	RAUGUST2323 RAUGUST2023
statement ST2023 ICPARAUGUST2023 ICPARAUGUST20	RAUGUST2023
Correct computation of decrease in deferred taxCPARAUGUST2023 ICPARAUGUST2023 CPAR	RAUGUST2023
Award 0.5 for each correct line shown in the working for cost of sales (Referstrance of Sal	RAUGUST2023 RAUGUST2023 RAUGUST2023
Each correct line shown in the workings for Administrative cost awarded 0.5 (Refer to working two)	RAUGUST2023 RAUGUST2023 RAUGUST2023 RAUGUST2023
Working three for Distribution cost; award marks as follows ARAUGUST2023 CPAR	RAUGUST2023
Recorded motor vehicle depreciation UGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 CPARAUGUST2023 CPA	RAUGUST2023
Well shown impairment UST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 CPAR	RAUGUST2023
Correct balance as per trial balance RAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20	RAUGUST2023 RAUGUST2 <b>0</b> .3
Working four: Expense resulting from building RAUGUST2023 ICPARAUGUST2023 CPAR	<del>RAUGUST2023</del> RAUGUST2023
Correct computation of depreciation charge for the year ST2023 ICPARAUGUST2023 CPAR	RAUGUST2023
Correct computed revaluation loss araugust 2023 ICPARAUGUST 2023 ICPARAUGU	RAUGUST2023
Offset revaluation loss against previous surplus	RAUGUST20.
Compute balance expensed in profit or loss 2023 ICPARAUGUST 2023 ICPARAUGU	RAUGUST202
3 ICPARAUGUST2023 ICPARAUGUST2	RAUGUST2023 RAUGUST2023 RAUGUST201
SILPARAUGUST 2023 ICPARAUGUST 2023 ICPAR	RAUGUST2023 RAUGUST2023
GICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20	RAUGUST2023 RAUGUST2023
Award 0.5 mark for each correct line in the financial position (Q1,B)	RAUGUST2023
Do Not Award marks on totals and sub-totals 3 (CPARAUGUST2023	RAUGUST2023 RAUGUST2023
Working relating to motor vehicle AUGUST2023 ICPARAUGUST2023 I	RAUGUST2023
Deducting asset held for sale from existing balance	RAUGUST202
Deducting depreciation of transferred motor vehicle from existing balance	RAUGUST202.
For income tax working ST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 CPAR	RAUGUST2023
Correct computed deferred tax for the year 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 CPARAUGUST 2	RAUGUST202.
Lease working icparaugust2023	RAUGUST2023 RAUGUST2023
Correct computation of present value of annual lease rentals 23 ICPARAUGUST 2023 CPARA	RAUGUST2023 RAUGUST2 <b>0</b> 2
Correct computation of lease movement schedule ARAUGUST2023 ICPARAUGUST2023 CPARAUGUST2023 CPARA	RAUGUST2023 RAUGUST2023
Sub Total (Q3,B) ARAUGUST2023 ICPARAUGUST2023	RAUGUST2023
PARAUGUST2023 ICPARAUGUST2023	RAUGUST2023
0.5 mark for opening balances of retained earnings and reserves	RAUGUST2023
Imark for share capital UST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 CPAR	RAUGUST2023
Award 1 mark for revaluation deficit deducted from Revaluation reserve	RAUGUST2023 RAUGUST2023
balance gust 2023 i cparaugust	RAUGUST2023 RAUGUST2023
0.5 mark for interim dividend 13 ICPARAUGUST2023 ICPARAUGUST20	RAUGUST2023 RAUGUST2023
0.5 for profit for the year ST2023 ICPARAUGUST2023 ICPARAUGUST	RAUGUST2023
Sub-TotaF12023 ICPARAUGUST2023	RAUGUST2022 RAUGUST2023
Grand total 023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 CPAR	RAUGUST2030

paraugust20**11,2** araugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icpa**iPage 8 of 18** paraugust2023 i paraugust2023 icparaugust2023 icparaugust20

#### Model Answers

# 2023 ICPARAUGUST2023 ICPARAUGU

23 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 I 23 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 I	Reference	UST2023 ICPAR FRW 1 000
Sales AUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 I	CPARAUGUST2023 ICPARAUC	UST2023 ICPARAU 910,000
23 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 I	CPARAUGUST2023 ICPARAUG	UST2023 ICPARAUGUST2023 I
Cost of sales 023 ICPARAUGUST2023 ICPARAUGUST2	CPARAUGUST2023 ICPARAUC CPARAUGUST2023 ICPARAUC	UST2023 ICPARA (400,400)
Gross profit 023 ICPARAUGUST 2023 ICPARAUGUST 2023 I	CPARAUGUST2023 ICPARAUG	UST2023 ICPARAU <b>509,600</b>
Expenditure)23 icparaugust2023 icparaugust2023 i	CPARAUGUST2023 ICPARAUG	UST2023 ICPARAUGUST2023 I
Administrative expense UST2023 ICPARAUGUST2023	CW2AUGUST2023 ICPARAUG	UST2023 ICPARAU (59,200)
Distribution expense AUGUST2023 ICPARAUGUST2023 I	C <b>W3</b> AUGUST2023 ICPARAUG	ust2023 icparau(84,661)
Tinance cost 023 icparaugust 2023 icparaugust 2023 i	ciW6.ugust2023 icparauc	ust2023 icparaug (5,730)
Profit before tax paraligust2023 icparaligust2023 i	CPARAUGUST2023 ICPARAUC	UST2023 ICPARAU 360,009
Income tax 12023 ICPARAUGUST2023 ICPARAUGUST2023 I	C <b>W</b> &ugust2023 icparauc	ust2023 icparau <b>(15,000)</b> (
Profit after tax icparaugust2023 icparaugust2023 i	CPARAUGUST 2023 ICPARAUC CPARAUGUST 2023 ICPARAUC	UST2023 ICPARAU 345,009
Other comprehensive income 23 ICPARAUGUST2023	CPARAUGUST2023 ICPARAUG	UST2023 ICPARAUGUST2023 I
Gain on investment through OCI PARAUGUST 2023	360,000-354,000 RAUG	UST2023 ICPARAUGUS <b>6,000</b>
Total comprehensive income	CPARAUGUST2023 ICPARAUG CPARAUGUST2023 ICPARAUG	UST2023 ICPARAU 351,009 UST2023 ICPARAU 351,009

# b) Table 3.2: KBV Ltd's statement of financial position as at 31 December 2021

Assetsugust2023 icparaugust2023 icparaugust	2023 CReference 023 ICPARAUGUS	T2023 ICPARFRWT2000
Non-current Assets Raugust 2023 ICPARAUGUST	12023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS	T2023 ICPARAUGUST2023 I T2023 ICPARAUGUST2023 I
Building ust2023 icparaugust2023 icparaugust Building ust2023 icparaugust2023 icparaugust	2023 ICVARAUGUST2023 ICPARAUGUS 2023 ICVARAUGUST2023 ICPARAUGUS	T2023 ICPARAU 300,000
Plant AUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST	12023 I <b>W</b> 5 AUGUST 2023 ICPARAUGUS	T2023 ICPARAU <b>135,000</b>
Motor Vehicle 3 ICPARAUGUST 2023 ICPARAUGUST	r2023 i <b>W</b> 7kaugust2023 icparaugus	t2023 icparaugt <b>89,000</b>
Intangible assets CPARAUGUST 2023 ICPARAUGUST 2023 ICPARA	12023 ICPARAUGUST2023 ICPARAUGUS 12023 ICPARAUGUST2023 ICPARAUGUS	12023 ICPARAUG 95,400
Leased Truck W9PARAUGUST2023 ICPARAUGUST	38,607-3,861 ICPARAUGUS	T2023 ICPARAUG 34,746
Total Non-current assets T2023 ICPARAUGUST	12023 ICPARAUGUST 2023 ICPARAUGUS	T2023 ICPARAU <b>654,146</b>
Current Assets ICPARAUGUST 2023 ICPARAUGUST	2023 ICPARAUGUST 2023 ICPARAUGUS 2023 ICPARAUGUST 2023 ICPARAUGUS	T2023 ICPARAUGUST2023 I
Asset held for sale ARAUGUS12023 ICPARAUGUS1	2023 ICPARAUGUST 2023 ICPARAUGUS 2023 ICPARAUGUST 2023 ICPARAUGUS	12023 ICPARAUGU <b>12,000</b> 12023 ICPARAUGU <b>12,000</b>
Inventory ST2023 ICPARAUGUST2023 ICPARAUGUST	155,000-15,000 PARAUGUS	T2023 ICPARAU 140,000
Investment at Fair value through OCI	12023 ICPARAUGUST2023 ICPARAUGUS	T2023 ICPARAU( <b>360,000</b>
3Trade receivable cparaugust 2023 icparaugust	T2023 ICPARAUGUST2023 ICPARAUGUS T2023 ICPARAUGUST2023 ICPARAUGUS	t2023 icparaud <b>176,000</b>
Total current Asset August 2023 ICPARAUGUST	72023 ICPARAUGUST 2023 ICPARAUGUS 72023 ICPARAUGUST 2023 ICPARAUGUS	T2023 ICPARAU <b>688,000</b>
Total Assets 023 ICPARAUGUST 2023 ICPARAUGUST	2023 ICPARAUGUST2023 ICPARAUGUS	T2023 ICPARA 1,342,146
Equity and Liabilities UGUST2023 ICPARAUGUST	12023 ICPARAUGUST 2023 ICPARAUGUS	T2023 ICPARAUGUST2023 I
Ordinary share capital ugust 2023 ICPARAUGUST	T2023 ICPARAUGUST 2023 ICPARAUGUS T2023 ICPARAUGUST 2023 ICPARAUGUS	t2023 icparau <b>320,000</b>
Retained Earning PARAUGUST 2023 ICPARAUGUST 2023 ICPARAUG	2023 ICARAUGUSI 2023 ICPARAUGUS 2023 ICQIC) GUST 2023 ICPARAUGUS	12023 ICPARAU 431,809
Revaluation reserves AUGUST 2023 ICPARAUGUST	2023 (QTC) GUST2023 ICPARAUGUS	T2023 ICPARAUGUS 6,000
Total owners' funds UGUST2023 ICPARAUGUST	12023 ICPARAUGUST 2023 ICPARAUGUS	T2023 ICPARAU( <b>757,809</b> )
Liabilities 12023 ICPARAUGUST2023 ICPARAUGUST	C2023 ICPARAUGUST 2023	T2023 ICPARAUGUST2023 I T2023 ICPARAUGUST2023 I
Noncurrent Liabilities UST2023 ICPARAUGUST	2023 ICPARAUGUST 2023 ICPARAUGUS 2023 ICPARAUGUST 2023 ICPARAUGUS	TZ023 ICPARAUGUST2023 I T2023 ICPARAUGUST2023 I
1% Debentures ICPARAUGUST2023 ICPARAUGUST	12023 ICPARAUGUST2023 ICPARAUGUS	T2023 ICPARAU 380,000
Lease obligation CPARAUGUST2023 ICPARAUGUST	T2023 ICW9 AUGUST2023 ICPARAUGUS	T2023 ICPARAUGI <b>32,314</b>
Deferred tax 023 ICPARAUGUST2023 ICPARAUGUST	12023 I <b>W8</b> AUGUST2023 ICPARAUGUS	t2023 icparaugu <b>15,000</b> .

111,22araugust2023 ICPARAUGUST2023 ICPARA

Long-term employee benefits23 ICPARAUGUST20	)23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGU $31,200$
Total Non-current Liability23 ICPARAUGUST20	023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAU( <b>458,514</b> )
Current liabilities RAUGUST 2023 ICPARAUGUST 2023 ICPARAU	)23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 I )23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 I
Trade payable 3 ICPARAUGUST2023 ICPARAUGUST20	D23 CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGI 80,000
Lease obligation CPARAUGUW9 23 ICPARAUGUST20	023 (35,537432,314 CPARAUGUST2023 ICPARAUGUS3,223)
$^{\circ}Bank$ august2023 icparaugust2023 icparaugust20	023 CPARAUGUST2023 CPARAUGUST2023 CPARAUG $(21,000)$
Accrued interest CPARAUGUST 2023 ICPARAUGUST 2023 ICPARAU	3,800-2,200 23 ICPARAUGUST 202 ICPARAUGUST,600
Uppard (axt2023 iCPARAUGUST2023 iCPARAUGUST20	23 CPARAUGUST2023 ICPARAUGUST202 3 ICPARAUGUST2020 ICPARAUGUST2023 ICPARAUGUST
Total current liability GUST2023 ICPARAUGUST20	023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAU 125,823
Total equity and liability 12023 ICPARAUGUST 20	023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARA <b>1,342,146</b>
STOPAPATICITETY TO TOPAPATICITETY OF TOPAPATICITETY	103 TO PA PATICE ISTORYS TO PA PATICITS TO 103 TO PAPATICE ISTORYS TO

# c) Table 3.3: KBV Ltd's statement of change in equity as at 31 December 2021

23 ICPARAUGUST 2023 ICPARAUG 23 ICPARAUGUST 2023 ICPARAUG	Ordinary share	Revaluation reserves	Retained earnings
3 ICPARAUGUST2023 ICPARAUG	capital PARAUGUST2023	ICPARAUGUST2023 ICPARAUGUS	T2023 ICPARAUGUST2023 IC
23 ICPARAUGUST 2023 ICPARAUC 23 ICPARAUGUST 2023 ICPARAUC	UST2023 ICP <b>FRW 000</b> 3	icparaugust202 <b>FRW</b> ra <b>000</b> s	T2023 ICPARAFRW 2000C
Bal b/d Gust2023 ICPARAUC	UST2023 ICPARA 320,000	ICPARAUGUST2023 ICPARAUGUST2023 ICI50,000 S	12023 ICPARAUGU91,800 12023 ICPARAUGU91,800
Revaluation loss on	UST2023 ICPARAUGUST2023 UST2023 ICPARAUGUST2023	ICPARAUGUST2023 (50,000) S	T2023 ICPARAUGUST2023 IC T2023 ICPARAUGUST2023 IC
building UST2023 ICPARAUC	UST2023 ICPARAUGUST2023	ICPARAUGUST2023 ICPARAUGUS	T2023 ICPARAUGUST2023 IC
Profit for the year PARAUC	UST2023 ICPARAUGUST2023 UST2023 ICPARAUGUST2023	ICPARAUGUST2023 ICPARAUGUS ICPARAUGUST2023 ICPARAUGUS	12023 ICPARAUG <b>345,009</b> C
Interim Dividend	UST2023 ICPARAUGUST2023 UST2023 ICPARAUGUST2023	ICPARAUGUST2023 ICPARAUGUS ICPARAUGUST2023 ICPARAUGUS	12023 icparaugu 12023 icparaugi <b>(5,000)</b> c
Gain on investment	UST2023 ICPARAUGUST2023 UST2023 ICPARAUGUST2023	ICPARAUGUST2023 ICPARAUGUST2023 ICPA <b>6,000</b> S	T2023 ICPARAUGUST2023 IC T2023 ICPARAUGUST2023 IC
Balc/d GUST2023 ICPARAUC	UST2023 ICPARA 320,000	ICPARAUGUST2023 ICPA 6,000 S	T2023 ICPARAUG <b>431,809</b> C

# 23 ICPARAUGUST2023 ICPARAUGUST

23 ICPARAUGUST2023 ICPARAUGUST2023	3 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICP 8 ICPARAUGUST2023 ICPARA <b>RETER</b> 2023 ICPARAU <b>GU</b> ST2023 ICPARAUGUST2023 ICP
Balance per TB ICPARAUGUST2023	3 ICPARAUGUST 2023 ICPARA <b>KULU</b> 2023 ICPARA <b>I</b> UK W 20 <b>00</b> PARAUGUST 2023 ICP 8 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGU <b>320,000</b> PARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUS
Overstated Closing stock	8 ICPARAUGUST2023 ICPARAUGUST2
Building depreciation Building depreciation	$^{8.1}46,\!000^*_{000}60\%^{23}_{000}$ icpara $^{4}$ W4 st2023 icparaugust2023 icparaugus $^{2}$ 7,600 p.
Revaluation 2023 deficit UST on	81(18,000*60%)3 ICPARAW $4$ ST2023 ICPARAUGUST2023 ICPARAUGUS $10,800$ PARAUGUS $10,800$ PARAUGUS $10,800$ PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS
2 building; ust 2023 ic paraugust 2023	BICPARAUGUST 2023 ICPARAUGUST 2023 ICPAR
Plant depreciation PARAUGUST 2023	8 1 <b>45,000*60%</b> 3 1 CPARAW <b>5</b> ST2023 1 CPARAUGUST2023 1 CPARAUGUS <b>27,000</b> PARAUGUST2023 1 CPARAUGUST2023 1
23 <b>Total</b> august2023 icparaugust2023	BICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGU $400,400$ PA

#### Working two: Administrative cost

23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	3 ICPARAUGUSTERWP
23 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 202	3 ICPARALIGUST 2023 ICP
23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	3 ICPARAUGUST20 <b>000</b> PA
2. <b>Balance per TB</b> icparaugust2023 icparaugust2023 icparaugust2023 icparaugust202 2. Balance <b>per TB</b> icparaugust2023 icparaugust2023 icparaugust2023 icparaugust202	3 ICPARAUGUS 42,800 P
2: Provision for legal case 3 ust 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 202	3 ICPARAUGUST (400) PA
Building depreciation 46,000*20% W4	3 ICPARAUGUST 9,200 PA
Revaluation deficit on building ICPARAUGUST2023 ICPARAUGUS18,000*20% UW42	3 ICPARAUGUST3,600PA
Plant depreciation ARAUGUST2023 ICPARAUGUST2023 ICPARAUGU 45,000*20% UW52	3 ICPARAUGUST 9,000 PA
Adjustment on lease payment expensed by error PARAUGUST2023 ICPARAUGU W92	3 ICPARAUGU (5,000) PA
23 <b>Total</b> august2023 iCparaugust2023 iCparaugust2023 iCparaugust2023 iCparaugust202	3 ICPARAUGUS 59,200 PA
23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	3 ICPARAUGUST2023 ICP

#### **Working three: Distribution cost**

23 ICPARAUGUST2023	ICPARAUGUST2023 ICPARAUGU	JST2023 ICPARAUGUST2023	ICPARAUGUS Refer	PARAFRW2 000
Balance per TB	ICPARAUGUST2023 ICPARAUGU	JST2023 ICPARAUGUST2023	ICPARAUGUST2023 ICI	PARAUGU 40,000
23 ICPARAUGUST 2023	ICPARAUGUST2023 ICPARAUGU	JST2023 ICPARAUGUST2023	ICPARAUGUST2023 ICI	PARAUGUST2023 ICI

 $1_{1:2}$  araugust 2023 icharaugust 202

23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 I	CPARAUGUST2023 ICPARAUGUS <b>Refe</b>	PPARAFRW2000P
23 CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 I 2 Building depreciation UGUST2023 ICPARAUGUST2023 I	46,000*20% W4	CPARAUGUS 9,200 P
Revaluation deficit on building [CPARAUGUST2023]	CPARAUGUS 18,000*20% W431	CPARAUGUST3,600 PA
2 Plant depreciation PARAUGUST 2023 ICPARAUGUST 2023 I	CPARAUGU 45,000*20% TUS W53	CPARAUGUS 19,000 PA
Depreciation of Motor vehicle and leased truck	15,000+3,861 W7	cparaugu 18,861 cp
Impairment of motor vehicle classified as held to	CPARALIGUST2023 ICPARAUGUST <b>W7</b> 3 I for <sub>a</sub> sale <sub>gust2023 ICPARAUGUST</sub> W73 I	CPARAUGUST4,000 P
2. Total August 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 I	CPARAUGUST2023 ICPARAUGUST2023 I	CPARAUGU 84,661

#### Working four: Building

23 ICPARAUGUST2023 ICPARAUGUS
2 Revalued Amount Analysis 10
23 ICPARAUGUS 12023 ICP
23 CPARAUGUST 2023 ICPARAUGUST 2023 ICPA
23 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPAR 2: <mark>2</mark> PARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPARAUGUS 12023 ICPA
Depreciation for the year 460,000*10% (46,000) Allocated as follows: 60%
ended 31-Dec-21 Paraugust 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARACOST T20 of CPARales, ST20 20%
23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST 23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARA <b>Administrative</b> .Uc <b>cost</b> .02 <b>:and</b> .
23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARA $20\%$ to distribution $\cos t$
23 ICPARAUGUS 12023 IC
$_{2}^{2}$ 1. CPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGU
2 Revalued amount as at 31 ST2023 ICPARAUGUST20300,000 UGUST2023 ICPARAUGUST2023 ICPARAUGUST20
2:ft Pakon til 812123 16 vakaugust 2023 icparaugust 2023 16 vakaugust 2023 icparaugust 2023 icparaugust 2023 icpa 2: <b>Dec 2021 (bal c/d)</b> araugust 2023 icparaugust 2023 icparaugust 2023 icparaugust 2023 icparaugust 2023 icpa
Revaluation loss Charaugust 2023 ICPARAUgust 20 (68,000) IGUST 2023 ICPARAUGUST 2023 ICPARA
Amount to be expensed UST (68,000-UGUST2018,000-UGUST2023 ICPARA Allocated as follows: 60%
23 ICPARAUGUST2023 ICPARAUGUST250,000) AUGUST2023 ICPARAUGUST2023 ICPARAUGUST2
23 ICPARAUGUST2023 ICPARAUGUST2 <b>39,000</b> RAUGUST2023 ICPARAUGUST2023 ICPARA <b>UGUS</b> T20 <b>30 I</b> CPARAUGUST2020 ICPARAUGUST2023 ICPARA
23 ICPARAUGUST2023 ICPARAUGUS
23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARA <b>ZU70 (D. distribution-cost</b> 3 ICPA

# Treatment of Revaluation loss of FRW 68,000,

IAS 16, State that if an asset's carrying amount is decreased because of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in profit or loss to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. In the trial balance, there was a reserve of FRW 50 million. Therefore, FRW 50 million will be offset against previous recognized surplus for this building and the remaining balance will be expensed.

# Working Five: Plant

023 ICPARAUGUST2023 ICPARAUGUST2023	ICPARAUGUST2023 ICPARA	UGUST2023 ICPARAUGUST2	023 ICPARA <b>IKW</b> 20 <b>00</b> 0 PA
Cost RAUGUST 2023 ICPARAUGUST 2023	ICPARAUGUST2023 ICPARA	UGUST2023 ICPARAUGUST2	023 ICPARAUGI 220,000 PA
023TCPARAUGUST2023ICPARAUGUST2023	ICPARAUGUST2023 ICPARA	UGUST2023 ICPARAUGUST2	023 ICPARAUGUS12023 ICP#
2: Accumulated depreciation T2023	ICPARAUGUST2023 ICPARA	UGUST2023 ICPARAUGUST2	023 ICPARAUG <b>(40,000)</b> PA
Charge for the year RAUGUST2023	CPAR (220,000-40,000	)) <b>*25%</b> 23 ICPARAUGUST2 DG <b>*25%</b> 23 ICPARAUGUST2	023 ICPARAUG (45,000) PA
D2 Balac/d JGUST2023 ICPARAUGUST2023	ICPARAUGUST2023 ICPARA	UGUST2023 ICPARAUGUST2	023 ICPARAUG <b>135,000</b> PA

Note: Depreciation charge of plant is allocated as follows: 60% to cost of sales, 20% to administrative cost and 20% to distribution cost

#### Working six: Finance cost

3 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparai ${f FRW}$ 0 $m{000}$	PI
3 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 IC	CP/
Balance per Trial balancest2023 ICPARAUGUST2023 ICPARAUGUST202	<b>)</b> P/
S ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARA	€P/

111/2-araugust2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPPage 11 of 18

2 Unpaid interest: $1$ CPARAUGUST2023 ICPARAUGUST2023 ICPARA $(380,000*1\%)$ -2,200 2023 ICPARAUGUST2023 ICPARAU	JGUST <b>1,600</b> P
2 Finance cost on lease august 2023 icparaugust 2023 icparaugus 12023 icparaugus 12023 icparaugus 2023 icparau	JGUST 1,930
23 CPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2	JGUST 5,730
Working seven: Motor vehicle ICPARAUGUST2023 I	JGUST2023 ICP
23 ICPARAUGUS 12023	JGUST2023 ICP JGUS <b>ERW</b> CP
23 ICPARAUGUST 2023 ICP	JGUST2000CP
23 ICPARAUGUST 2023 ICP	JG 02 1 Z 0 Z 3 I C P.
2. <b>UOSI</b> RAUGUS 12023 ICPARAUGUS 12023 I	JG <b>180,000</b> CP JGJ <u>18</u> 72023 JCP
2: Asset classified as held for sale icparaugust 2023 icp	J((30,000))
2 Sub tot gust2024 cparaugust2023 icparaugust2023 icparaugust2	150,000
23 Accumulated depreciation 72023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20 60,000	JGUST2023 ICP
Less depreciation of asset classified under IFRS 5 ARAUG 30,000-16,000 ST (14,000)	JGUST2023 ICP
2 Charge for the year RAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2	JGUST2023 ICP JGUST2023 ICP
23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGU <del>ST2023 ICPARA</del> 2 <b>Sub<sub>t</sub>itotal B</b> t2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAU	61,000
23 CDARAUGUST 2023 (CPARAUGUST 2023 ICPARAUGUST 2023 ICPA	89,000
23 ICPARAUGUST 2023 ICP	JGUST2023 ICP
23 ICPARAUGUST 2023 ICP	JGUST2023 ICP
2 <b>Accounting treatment for Motor vehicle held for sale</b> ST2023 ICPARAUGUST2023 ICPARAU 23 CPARAUGUS 12023 ICPARAUGUST2023 ICP	JGUST2023 ICF
2. Costraugust 2023 icparaugust 2023 icp	30,000
2 Depreciation 023 ICPARAUGUST2023 ICPARAUGUST	(14,000)
2 Net book value as at classification date \$12023 ICPARAUG30,000-14,000 SUST2023 ICPARAUG30,000 SUST2023 ICPARAUG30 SUST2023 IC	16,000 P
2 Fair value of asset as at classification date 12023 ICPARAUGUST 2023 ICP	JGU12,000
23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAU 2. <b>Impairment</b> 023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGU <b>16,000-12,000</b> UST2023 ICPARAU	JGUST 4,000
Z. AMPAM MCHEUZZ ICPARAUGUS I ZUZZ ICPARAUGUS I ZUZZ ICPARAUGUEV, UVU T. 12,000 USI ZUZZ ICPARAU	JGUS TOUGUCP

IFRS 5 state that non-current assets held for sale should be measured at the lower of their carrying amount and fair value less cost to sell

# **Working Eight: Income tax**

20	i icparaugus i 2023 icparaugus i 2023 icparaugus i 2023 icparaugus i 2023 icparau $^{\circ}_{ m RW}$ 0 $^{\circ}_{ m 000}$ 0
23	3 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20
23	Current tax $^{\circ}$ 2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS $^{\circ}$ 0,000 Paraugust2023 ICPARAUGUST2023 IC
23	Decrease in deferred tax (Refer to working per rows below) 23 ICPARAUGUST2023
20	Decrease in deterred tax (Neter to working per rows below) 23 reparadous (5,000)
20	BICPARAUGUST 2023 ICPARAUGUST 2023
23	3 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS <b>T2</b> 024 ICPARAUGUS <b>T2</b> 0
23	Deferred tax 023 icparaugust 2023 icpara
20	Tawakia Tana angun diffungan indaan ilongtang ilong
20	$Taxable\ Temporary\ difference {\tt 3}\ {\tt ICPARAUGUST2023}\ {\tt ICPARAUG$
23	Deferred tax liability august 2023 icparaugust 2023 icparaugust 2023 50,000*30% 23 icparaugus 15,000 p.
23	Deferred tax liability as per trial balance ST2023 ICPARAUGUST2023 ICPARAUGUST
23	Decrease in deferred tax UST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGU (5,000) PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST20
23	ficParaugust2023 iCParaugust2023 iCParaugust2023 iCParaugust2023 iCParaugust2023 iCParaugust2023 iCParaugust2023 iCP

# Working nine: Leased Truck

Present value of lease rentals

PV of lease rentals = 
$$\frac{a(1-(1+i)^{-n})}{i} = \frac{5,000(1-(1+5\%)^{-10})}{5\%} = 38,607$$

Lease obligation movement schedule
Period Opening Interest at Annual lease Closing
balance 5% payment balance
FRW 000 FRW 000 FRW 000
31-Dec-21 38,607 1,930 5,000 35,537
31-Dec-22 5,000 32,314

Depreciation of leased asset =38,607/10=3,861

11 i 2-araugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icparaugust2023 icp ${f Page}12$  o ${f f}18$ 

# 3 ICPARAU SECTION B

# **QUESTION FOUR**

# Making Guide23 ICPARAUGUST2023 ICPARAUGUST2023

22(a) PARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023	CPARAUGUST2023 I
(1) PARAUGUS 12023 ICPARAUGUS 12023 ICPA	CPARAUGUST2023 I
Computation of computed finance cost UST2023 ICPARAUGUST2023 ICPARAUGUST2023	ICPARAUGUST2023 I ICPARAUGUST2023 I
Computation of issue costs 2023 ICPARAUGUST 2023 ICPARAUG	CPARAUGUST2023 I CPARAUGUST2023 I
Adjusted borrowing cost for the effect of suspended period	CPARAUGUST202310 CPARAUGUST202310
Computed investment income 3 ICPARAUGUST 2023 ICPARAUGUST	CPARAUGUST2023 I
Calculation of capitalized amount ARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST2023
Amount expensed PARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGU	CPARAUGUST2023
(ii) ARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023	ICPARAUGUST2023 I
Award 1 mark for each of reasonable condition stated for starting of	CPARAUGUST20231
capitalization of borrowing cost, maximum 4 marks	CPARAUGUST2023 I CPARAUGUST2023 I
3 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 3 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST2023 I CPARAUGUST2023 I
PARAUGUST2023 ICPARAUGUST2023	CPARAUGUST2023 I CPARAUGUST2023 I
PARAUGUST2023 ICPARAUGUST2023	CPARAUGUST2023 I
Computed profit after tax for 2020 and for 2021, award 0.5 mark for each	CPARAUGUST2023
Computed basic earnings per share for 2020 23 ICPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST 2023 I
Computed basic earnings per share for 2021023 ICPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST2023 I
L (11) ARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS	CPARAUGUST2023 I CPARAUGUST2023 I
Calculation of interest that would be saved on conversion 2023 ICPARAUGUST 2023	CPARAUGUST2023 I CPARAUGUST2023 I
Increase in shares due to conversion AUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST2023 I CPARAUGUST2023 I
Computed diluted earnings per share UGUST2023 ICPARAUGUST2023	CPARAUGUST2023 I CPARAUGUST2023 I
PARAUGUST2023 ICPARAUGUST2023	CPARAUGUST2023 I CPARAUGUST2023 I
Award 1 mark for each factor that determine functional currency, Maximum	CPARAUGUST202310
2.4 (marks) (UST2023 ICPARAUGUST2023 ICPARAUGU	ICPARAUGUST2023 I
Total August 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023	CPARAUGUST2020
;5 ICPARAUGUS 1 ZUZS	ICPARAUGUST2023 I

 $13^{\circ}$  of  $18^{\circ}$  of  $18^{\circ}$  of  $18^{\circ}$  of  $18^{\circ}$  of  $18^{\circ}$ 

#### **Model Answers**

# (a) (i) Borrowing costs

23 ICPARAUGUST2023 ICPARAUGUST2023	ICPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST2023 ICPARAFRW:00010
Finance cost 023 ICPARAUGUST 202	ICPARAUGUST2023 1800,000*10%	CPARAUGUST 2023 ICPARAUG 80,000 CPARAUGUST 2023 ICPARAUG 80,000
Add Issue cost 3 ICPARAUGUST 202	ICPARA 800,000 PARAUGUST 2023 ICPARA 10, ST 2023	CPARAUGUST2023 ICPARAUGUS <b>4,000</b>
23 ICPARAUGUST 2023 ICPARAUGUST 2023	1000051202310 $10000000000000000000000000000000000$	CPARAUGUST 2023 ICPARAUGUST 2023 I
Total borrowing costs	BICPARAUGUST2023 ICPARAUGUST2023 BICPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST 2023 ICPARAUGUST 2023 ICPARAU
Suspended period: Two	BICPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST2023 ICPARAUGUST2023 IC
months Gust 2023 ICPARAUGUST 202	ICPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST2023 ICPARAUGUST2023 I
Adjusted borrowing costs	ICPARAUGUST2023 184,000*10/12	CPARAUGUST2023 ICPARAUGUST202000
Less Investment income UST202	1CPARAUGU*(450,000*5%)*2/123	CPARAUGUST2023 ICPARAUG(3,750)
Amount to be capitalized	FICPARAUGUST2023 ICPARAUGUST2023 FICPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST 2023 ICPARAUG 66,250 CPARAUGUST 2023 ICPARAUG
Amount to be expensed ST202	ICPARAUGUST2023 IC 84,000*2/12	CPARAUGUST2023 ICPARAUGU <b>14,000</b>

# (ii) In accordance with IAS 23 Borrowing costs, capitalization of borrowing costs starts if and only

- (1) The assets under development met criteria of qualifying asset
- (2) The entity incurs expenditure for the asset 23 ICPARAUGUST 2023 IC
- (2) The entity incurs expenditure for the asset
  (3) The entity incurs borrowing costs
  (4) The activities to prepare the assets for its intended use or sale are in progress

23 ICPARAUGUST2023 ICPARAUGUST2023 I	PARAUGUST2023 ICPARAUGUST <b>2020</b> C	PARAUGUST2023 ICPARAUGUS 2021 IC
23 ICPARAUGUST2023 ICPARAUGUST2023 I 23 ICPARAUGUST2023 ICPARAUGUST2023 I	PARAUGUST2023 ICPARAFRW 2000	PARAUGUST 2023 ICPAR <b>FRW</b> 1000
Profit before tax CPARAUGUST 2023 I	PARAUGUST2023 ICPARAUGU10,000	PARAUGUST2023 ICPARAUGU 12,000 C
Less Income tax @30% UST202310	PARAUGUST2023 ICPARAUGU $(3,000)$ C	Paraugust2023 icparaug $(3,600)$ ic
Profit after tax   CPARAUGUST2023	PARAUGUST2023 ICPARAUGUS 7,000 PARAUGUST2023 ICPARAUGUS 7,000	PARAUGUST2023 ICPARAUGUS 8,400 C

ICPARALIGIIST2023 ICPARALIGIIST2023	ICPARALIGUST2023 ICPARALIGUST2023 IC
C2020 GUST2023 ICPARAUGUST2023	<b>2021</b> UGUST2023 ICPARAUGUST2023 IC
CPARAUGUST 2023 ICPA FRWS 0003	CPARAUGUST 2023 ICPAR FRWT 000
CPARAUGUST2023 ICPARAUGUS, 0003	CPARAUGUST2023 ICPARAUGUS <b>5,000</b> IC
CPARAUGUST2023 ICPARAUGU $7,000$ 3	CPARAUGUST2023 ICPARAUGUS <b>8,400</b> C
CPARAUGUST2023 ICI <b>7,000</b> UST2023 ICPARAUGUST2023 ICI <b>7,000</b> UST <b>2</b> 023	CPARAUGUST2023 IC8,400 UST2023 IC
ICPARAUGUST2023 ICI <mark>5,000 U</mark> ST2043	CPARAUGUST 2023 IC $5,000 = 1.68$
CPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST2023 ICPARAUGUST2023 IC
	PARAUGUST 2023 ICPA FRWS 0003  PARAUGUST 2023 ICPA FRWS 0003  PARAUGUST 2023 ICPARAUGUST 5,0003

#### (ii) Table 4.4: diluted EPS

)	23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS	12023 ICPARAUGUST2023 ICP	ARAUGUST2023 ICPARAFRW 0001
)(	Interested stathatic pwillig be 202 saved Auons	120231040,000*5%*(1-1	ARAUGUST2023 ICPARAUGUS <b>1,400</b> IC
)(	conversion (FRW) ARAUGUST 2023 ICPARAUGUS CONVERSION (FRW)	12023 ICPARAUGUST 30%)	ARAUGUST2023 ICPARAUGUST2023 IC ARAUGUST2023 ICPARAUGUST2023 IC
)	Addition shares on conversion CPARAUGUS	r2023 <b>40,000</b> ust2023icp r2023 <del>icparauc</del> i <b>x</b> :5 <b>0</b> 23icp	ARAUGUST2023 ICPARAUGI <b>2,7000</b> IC
)(	33 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS 33 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUS	r2023 <del>icpárauc</del> i <b>x: 50</b> 23 icp r2023 i <b>1</b> p <b>,000</b> gust2023 icp	ARAUGUST2023 ICPARAUGUST2023 IC ARAUGUST2023 ICPARAUGUST2023 IC

Diluted EPS for 
$$2021 = \frac{8,400 + 1,400}{5,000 + 2,000} = 1.4$$

(c)

# Factors that determine functional currency are:

- 1) The currency that mainly influences sales prices for goods and services (i.e. the currency parallel strength of the currency parallel stren
- 2) The currency of the country whose competitive forces and regulations mainly determine the sales price of goods and services
- 3) The currency that mainly influences labour, material and other costs of providing goods
- 4) The currency in which funding from issuing debt and equity is generated
- 5) The currency in which receipts from operating activities are usually retained

#### **OUESTION FIVE**

#### Making Guide

A PARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST202	CPARAUGUST2023 I
Award 1 mark for any valid point provided on differences between IPSAS and IFRS. including any valid point provided by a student outside the model	CPARAUGUST20251
and Trks: including any vand point provided by a student outside the inoder as icparaugust2023	CPARAUGUST2023 I CPARAUGUST2023 I CPARAUGUST2023 I
Award 1 mark for any valid point provided on similarities between IPSAS	CPARAUGUST20231
and IFRS, including any valid point provided by a student outside the model answer, Maximum 4 marks	ICPARAUGUST2023 I ICPARAUGUST2023 I ICPARAUGUST2023 I ICPARAUGUST2023 I
For any valid point outside model answer provide 1 mark	CPARAUGUST2023 I
23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST2023 I
(a) ARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST2023 I
23 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	ICPARAUGUST2023 I
Award 1 mark for each point with brief explanation of benefit of social and environmental reporting up to a Maximum of 6 Marks.	CPARAUGUST202 6 CPARAUGUST2023 I CPARAUGUST2023 I CPARAUGUST2023 I
However, student who provides benefit of social and environmental reporting	ICPARAUGUST2023 I
without any explanation, S/he will be given 0.5 Mark for any valid benefit up	CPARAUGUST2023 I CPARAUGUST2023 I CPARAUGUST2023 I
to a maximum of 3 Marks. For example, a student may provide 3 valid points a sugaraugust 2023 ICPARAUGUST 20	CPARAUGUST2023 I CPARAUGUST2023 I
with explanations and 3 valid point without explanations, in this case, 4.5 marks will be awarded i.e. $(3*1) + (3*0.5)$ .	CPARAUGUST2023 I CPARAUGUST2023 I CPARAUGUST2023 I
3 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST2023 I

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U.	<u> 23 ICPARAUGUS 12023 I</u>	ICPARAUGUST2023 IC	나
03	2: (c) ARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023 ICPARAUGUST2023	CPARAUGUST2023 IC	JF
0.0	23 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023 ICPARAUGUST 2023	CPARAUGUST2023 IC	J.F
0.	Discussion on presentation of profit or loss and other comprehensive income,	CPARAUGUST2023IC	3F
03	award 3 Marks. Any less marks can be awarded due to the validity of	CPARAUGUST2023 IC CPARAUGUST2023 IC	JF JF
0:	23 J. PARAUGUST 2013 J. CPARAUGUST 2023 J. CPARAUGU	CPARAUGUST2023 IC	3F 3F
0.0	A well stated difference between profit or loss and other comprehensive	CPARAUGUST2022IC	JP TF
0:	income, award 3 Marks. Any less marks can be awarded due to the validity of	CPARAUGUST2023 IC	3F
0.	estatement made by student 12023 ic paraugus 12023 ic paraugus 12023 ic paraugus 12023 ic paraugus 12023	CPARAUGUST2023 IC	J.F
02	EGIARAUGUS 12023 ICPARAUGUS 12023 ICPARA	CPARAUGUST2023 IC	SP SP
$\cap$	23 ICPARAHOLISTO003 ICPARAHOLISTO003 ICPARAHOLISTO003 ICPARAHOLISTO003 ICPARAHOLISTO003	TOPARALIGHISTOOSS TO	J.P

#### Model Answers

(a)

Ref/00010/2021 Date: 25/01/2021

From: CPA Djema

To: Minister

Ministry of finance and economics planning

Dear Sir

Re: Inception Report for consultancy services relating to developing Public Finance Module

#### Below are differences between IFRS and IPSAS

- (1) International financial standards (IFRSs) are accounting standards developed to guide private sector on recording financial transactions and to regulate the way financial statements are prepared to ensure consistency and comparability. While International public sector accounting standards are applied in public/government institutions like Ministries, local entities which primarily devote to offer services for the wellbeing of the citizens
- (2) International Financial Reporting Standards are based on the accrual accounting while Internal Public Sector Accounting Standards may be applied on the cash basis, modified cash basis or full accrual accounting.
- (3) Under IFRSs, an item is recognized in the statement of financial position if the item meets the definition of asset, a liability or equity but for public entities there is nothing like equity. For IPSAS items to be recognized are Assets, Liabilities, Revenues, Ownership contributions and ownership distributions. Other items not specified above may be recognized in the financial statements if it can be measured in a way that meets the qualitative characteristics.
- (4) IFRS provides standards on the economic point of view in the private sector but those phenomena are irrelevant to the operations of public entities e.g share based payment, Earning per share.
- (5) IPSAS classify revenue into exchange transactions and non-exchange transactions while under IFRS revenue relates to sale of goods or rendering services

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(6) Component of financial statements under IFRS and IPSAS look similar.

One important difference however is the comparison of budget and actual amounts. Budget performance report in public sector is vital to the users but in private sector, budget performance report is for internal use only and it does not form part of financial report available to external stakeholders.

#### Similarities between IFRSs and IPSASs

- (1) Both are standard developed to provide guidance in recording financial transactions and for preparation of financial reports
- (2) The report prepared based on either IFRS or IPSAS should be comparable between private and public entities when reporting on the same or similar transactions. And both base on the same accounting principals
- (3) Income tax perspective: IPSAS assumes that the entities that operates within the public sector are exempted from income tax. If it happens that the public entity becomes liable for income tax, they must apply the requirements as per IAS 12 (income tax)
- (4) IPSAS are developed based on the content of IFRS and modified to the extent to match these with the nature and operations in public institutions

(b)

Social and Environmental reporting relates to preparation of reports about company's social environmental, employees, other stakeholders' interactions and consequences of those interactions.

# Benefits of social and environment reporting

- 1) Building and strengthening relationship between company and stakeholders: The company communicates with their stakeholders through publication of reports, when the reports are publicly available, the stakeholders could track impact and results of companies' operation and their strategy
- 2) Act as catalyzer of competitive advantage: The clients are attracted by how company is responsive to them, if the company reports social and environment issues, it increases trust that client have over the company
- 3) Increasing public recognition for corporate accountability. Social and environment reports evidence how company is accountable on the effect of their operations 12023 ICPARAUGUST 2023 ICPARA
- 4) Boosting employees' morale and increase companies' performance. If the company publish social and environment reports, the employees believe that the company respect human rights and this increase performance at work place
- 5) Reduction of litigation risk for non-compliance: Social reports serves as precaution way of minimize potential risks and this save funds on the side of the company
- 6) Social and environmental reports provide details of costs incurred by company for fulfilling corporate social responsibility and this build good bond with external environment

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i) Of recent, the company prepare statement of profit or loss that portrait details of other comprehensive income at edge of Profit or loss account

IAS 1 state that financial performance of company could be shown in a combined statement of profit or loss and other comprehensive income or it could be in form of two separate statements, statement of profit or loss and statement of other comprehensive income

The entity should provide separate disclosure showing items of other comprehensive income that would be reclassified to profit or loss account and those that would not be reclassified to profit of loss and their effect on tax. The items classified under other comprehensive income should be reported in the capital reserve and if realization is clear, those items should be reclassified under revenue reserves.

ii) Profit or loss represent the total of all items of income and expenses except profit not realized while other comprehensive income comprises items of income not yet realized as profit and their associated costs

# END OF MARKING GUIDE AND MODEL ANSWERS

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