ICPAR
Unlimited possibilities

CERTIFIED PUBLIC ACCOUNTANT

FOUNDATION LEVEL 1 EXAMINATIONS

F1.3: FINANCIAL ACCOUNTING

DATE: TUESDAY 27, AUGUST 2024

MARKING GUIDE & MODEL ANSWERS

SECTION A

QUESTION ONE

MARKING GUIDE

QN	Description	Marks
a)	Calculation of value of closing inventory	
	Correct computation of inventory A value	1
	Correct computation of inventory B value	1
	Correct summation of A and B	1
	Maximum marks for a	**3**
b)	Calculation of Government grant liability	
	Amortization of Government grant	1
	Correct calculation of non-current liability	1
	Correct calculation of current liability	1
	Maximum marks for b	**3**
c)	Recognition of provision for warranty claims	
	Correct minor defects computation	1
	Correct major defects computation	1
	Correct total provision for warranty	1
	Maximum marks for c	**3**
d)		
i	Preparation of ledger accounts	
	Motor vehicle non-current asset account preparation	
	0.5 marks awarded for each correct entry (0.5 * 4)	2
	Computation of balance c/d	1
ii	**Disposal account preparation**	
	0.5 marks awarded for each correct entry on credit side (0.5 * 4)	2
	0.5 marks awarded for each disposal working (0.5*2)	1
	Maximum marks for d	**6**
e)	Journal entries and trial balance	

	Posting of journal entries 0.5 marks awarded for each correct dr and cr entry in each transaction (0.5*12)	6
	Preparation of adjusted trial balance	
	1 Mark awarded for correct posting on the right side of the account	1
	0.5 marks for each entry with adjustment (0.5 * 10)	5
	1 mark awarded for balanced dr and cr side	1
	Maximum marks for e	**13**
f	**Preparation of statement of financial position**	-
	Working on issue of shares	0.5
	Cash received from issue of shares	0.5
	Receivables working	0.5
	Depreciation of building working	0.5
	Depreciation of office equipment working	0.5
	Net book value of building	0.5
	Net book value of office equipment	0.5
	Total non-current assets computation	0.5
	Accounting for cash	0.5
	Total current assets	0.5
	Correct total assets	0.5
	Total share capital (current + new)	0.5
	Total share premium (current + new)	0.5
	Total retained earnings (deduction of loss)	0.5
	Total equity	0.5
	Each of the current liability items (0.5 * 3)	1.5
	Long terms liabilities	0.5
	Correct format of statement of financial position	0.5
	Maximum marks awarded for f	**10**
	Total	**40 Marks**

MODEL ANSWERS

a) Calculate the total value of closing inventory of inventory A and B in accordance to IAS 2 (Inventories)

According to IAS 2, inventories should be valued at the lower of cost and net realizable value

	Cost FRW	Net Realizable Value FRW	Lower FRW
Inventory A	8,000.00	9,500 – 600 – (10% * 9,500) = 7,950.00	7,950
Inventory B	22,000.00	24,000 – 1,800 = 22,20000	22,000
Total value of inventory			29,950

b) Using the deferred income approach, calculate the amount of Government grant obligation to be recognized as a non-current liability and current liability in accordance to IAS 20 (Accounting for Government grant and disclosure of Government assistance)

		FRW
Cost of asset =		25,000,000
Government grant received =	40% * 25,000,000 =	10,000,000
Life span of asset =	5 years	
Amortization of GG =	10,000,000 / 5 years =	2,000,000
Government Grant Earned	End of 1st year	2,000,000
GG obligalition =	10,000,000 - 2,000,000 =	8,000,000
Non current liability	8,000,000 - 2,000,000 =	6,000,000
Current liability		2,000,000

c) Calculate the total provision for the warranty claims to be recognized in accordance to IAS 37 (provisions, contingent assets and contingent liabilities)

The expected cost of the entity's warranty is:

No defects (80% x Nil) = Nil

Minor Defects (15% x FRW 2,000,000) = FRW 300,000

Major Defects (5% x FRW 8,000,000) = FRW 400,000

Total Provision for Warranty Claims = 300,000 + 400,000 = FRW 700,000

In calculating the best estimate of a provision consideration should be given to any risks and uncertainties that exist. This does not justify the creation of excessive provisions or a deliberate overstatement of liabilities.

Future events that may affect the amount required to settle an obligation shall be reflected in the amount of the provision where there is sufficient objective evidence that they will occur.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision. In the Statement of Comprehensive Income , the expense relating to a provision may be presented net of the amount recognized for a reimbursement.

d)

i) Preparation of motor vehicle non current asset account and disposal account

Motor Vehicle Non Current Assets a/c

Dr.					Cr.
1/Jan/2023	Balance b/d	345,600,000	31/Mar/2023	Disposal	44,000,000
1/Oct/2023	Bank	70,000,000	30/Jun/2023	Disposal	60,000,000
		-	31/Dec/2023	Balance c/d	311,600,000
		415,600,000			415,600,000

Dr.		Disposal a/c			Cr.
31/Mar/2023	Cost of Motor Vehicle A	44,000,000	31/Mar/2023	Bank	8,000,000
30/Jun/2023	Cost of Motor Vehicle B	60,000,000	30/Jun/2023	Bank	10,200,000
			31/Dec/2023	Depreciation (W1a)	25,740,000
			31/Dec/2023	Depreciation (W1b)	48,600,000
		-	31/Dec/2023	P & L (Bal fig)	11,460,000
		104,000,000			104,000,000

Workings

W1) Disposal

a) 1st Disposal	FRW
44,000,000 * 90% * 20% * 3 yrs =	23,760,000
44,000,000*90%*20%* 3/12 =	1,980,000
	25,740,000

b) 2nd Disposal	FRW
60,000,000 * 90% * 20% * 4 yrs =	43,200,000
60,000,000 * 90% * 20% * 6/12 =	5,400,000
	48,600,000

e)

i) Prepare journal entries with appropriate narratives to correct each of the errors & omissions

		Dr.	Cr.
1)	Motor vehicle a/c Purchases a/c A correction of purchase of motor vehicle wrongly Dr. to purchase a/c	30,000,000	 30,000,000
2)	Purchases a/c Mahoro a/c (Payables) A correction of error of omission	1,200,000	 1,200,000
3)	Bank a/c Motor vehicle expense a/c	63,000	 63,000

	A correction of overcast of bank and motor vehicle account		
4)	Inshuti a/c (Receivables) Sales a/c A correction of error of omission	2,000,000	 2,000,000
5)	Bank a/c General expenses a/c A correction of overcast of bank and general expenses	9,000	 9,000
6)	Machine a/c Machine repairs a/c Correction of error of principle	17,000,000	 17,000,000

ii) Prepare the trial balance as at 30 April, 2023 after adjusting for the errors

SEMAKULA
Adjusted Trial balance as at 30th April, 2023

Particulars	Dr FRW	Cr FRW
Capital (1/May/2022)		105,900,000
Trade receivables (9,200,000 + 2,000,000)	11,200,000	
Trade payables (4,400,000 + 1,200,000)		5,600,000
Drawings	14,800,000	
Sales (268,400,000 + 2,000,000)		270,400,000
Purchases (124,600,000 - 30,000,000 + 1,200,000)	95,800,000	
Discount received		780,000
Discount allowed	480,000	
Inventory (1/May/2022)	9,400,000	
Salaries and wages	25,400,000	
Rent and rates	16,200,000	
Motor vehicle expenses (15,000,000 - 63,000)	14,937,000	
Machinery repairs (28,400,000 -17,000,000)	11,400,000	
General expenses (5,200,000 - 9,000)	5,191,000	

Machine at cost (90,000,000 + 17,000,000)	107,000,000	
Machine accumulated depreciation upto 1/May/2022		16,000,000
Motor vehicle at cost (60,000,000 + 30,000,000)	90,000,000	
Motor vehicle accumulated depreciation upto 1/May/2022		12,000,000
Bank (8,800,000 + 63,000 + 9,000)	8,872,000	-
	410,680,000	410,680,000

f) Prepare the statement of financial position for IMANA Ltd as at 31st December, 2023 showing all the relevant workings.

IMANA Ltd

Statement of financial position as at 31st December, 2023

Non-current assets		FRW 000	FRW 000
Land			160,749
Building			398,432
Office equipment			74,666.25
Total non-current assets			633,847.25
Current assets			
Inventory		44,000	
Trade receivables	W2	65,000	
Cash	W1c	13,200	122,200
Total assets			756,047.25
Equity and liabilities			
Equity			
Share capital	W1b		195,040
Share premium	W1b		90,160
Retained earnings	(202,940 - 27,508.75)		175,431.25
Total equity			460,631.25
Non current liabilities			
Long term loan			200,000
Current liabilities			

Trade payables	16,000	
Tax payable	19,416	
Short term loan	60,000	95,416
Total equity and liabilities		756,047.25

W1) Issue of shares

a)Current shares:

No of shares	184,000 /184 =	1,000
Share capital		184,000
Share premium		88,000

b) New issue of shares:		‘ 000'
No of new shares		60
New share capital	60 * 184 =	11,040
New Share premium	60 * (220 -184)	2,160
Total share capital	184,000 + 11,040 =	195,040
Total share premium	88,000 + 2,160 =	90,160

c) Total cash received	11,040 + 2,160 =	13,200

W2) Receivables

Trade receivables in trial balance	67,200
Less: Doubtful debt	2,200
	65,000

W3) Non-current asset

a) Depreciation of building and net book value

Building cost	600,000	
Less: Residual value	280,000	
Depreciable amount	320,000	
Depreciation (2% * 320,000)	6,400	
Depreciation b/d	195,168	

Net book value = 600,000 - 195,168 -6,400 =	398,432

b) Depreciation of office equipment

Office cost	132,740
Less: Accumulated depreciation b/d	33,185
Depreciable amount	99,555
Depreciation = 25% * 99,555 =	24,888.75
Net book value =	74,666.25

SECTION B

QUESTION TWO

MARKING GUIDE

QN	Description	Marks
a)	**Preparation of statement of profit or loss**	
	Working on depreciation of equipment	0.5
	Working on depreciation of property	0.5
	Working on increase in allowance for receivables	1
	Each line item in the profit and loss (0.5 marks * 12)	6
	Correct cost of sales	0.5
	Correct gross profit	0.5
	Correct total expenses	0.5
	Correct net profit	0.5
	Maximum marks awarded for part a	**10**
b)	**Preparation of statement of financial position**	
	Each element of non-current assets (0.5 marks * 2)	1
	Correct total amount of non-current assets	0.5
	Each element of current assets (0.5 marks * 5)	2.5
	Correct total amount of current assets	0.5
	Correct total assets computation	0.5
	Each element of equity (0.5 marks * 3)	1.5
	Correct total amount of equity	0.5
	Correct amount of non-current liability	0.5
	Each element of current liability (0.5 marks * 2)	1
	Correct amount of current liability	0.5
	Correct amount of total equity and liability	0.5
	Correct format of statement of financial position	0.5
	Maximum marks awarded for part b	**10**
	Total	**20 Marks**

MODEL ANSWERS

a) Prepare statement of profit or loss for INGABIRE for the year ended 31st May, 2023.

INGABIRE Sole Trader

Statement of profit or loss for the year ended 31st May, 2023

		FRW 000	FRW 000
Revenue			192,100
Cost of sales:			
Opening stock		25,000	
Add: Purchases		122,600	
Less: Return outwards		7,500	
Less: Closing stock		21,000	119,100
Gross profit			73,000
Expenses:			
Receivables expense		2,300	
Wages and salaries	29,400 + 400	29,800	
Loan interest		2,550	
Other operating expenses	8,850 -150	8,700	
Depreciation:			
Equiptment	W1a	5,250	
Property	W1b	1,200	
Increase in prov for receivables	W2	130	49,930
Net profit			23,070

b) Prepare statement of financial position for INGABIRE as at 31st May, 2023.

INGABIRE Sole Trader
Statement of financial position as at 31st May, 2023

Non current assets		FRW 000	FRW 000
Property	W1b		48,800
Equiptment	W1a		15,750
Total non current assets			64,550
Current Assets			
Inventory		21,000	
Receivables	W3	18,620	
Prepaid operating expenses		150	
Cash at bank		650	
Cash in hand		150	40,570
Total assets			105,120
Equity and Liabilities			
Equity			
Capital			60,650
Less: Drawings			12,000
Retained Earnings			23,070
Total equity			71,720
Non current liabilities			
17% long term loan			15,000
Current liabilities			
Trade payables		18,000	
Accrued wages and salaries		400	18,400
Total equity and liabilities			105,120

Workings

W1) Depreciation

a) Equipment: Reducing balance

Depreciation = (40,000 - 19,000) * 25% = 5,250

Net Book Value = 40,000 - 19,000 - 5,250 = 15,750

b) Property: Straight line

Depreciation = 2% * 60,000 =	1,200
Net Book Value = 60,000 - 10,000 - 1,200 =	48,800

W2) Allowance for receivables

Opening allowance in trial balance	250
Closing allowance (2% * 19,000)	380
Increase in allowance for receivables	130

W3) Receivables

Receivables 19,000 - 380 (W2) =	18,620

QUESTION THREE

MARKING GUIDE

QN	Description	Marks
a	**Users of financial accounts**	
	Listing of each user (0.5 marks * 5)	2.5
	Explanation of each user (0.5 marks * 5)	2.5
	Maximum marks awarded for part a	5
b	**Accounting for IAS 10**	
	Identification of inventory destroyed as non adjusting	1
	Claims received in previous period as adjusting	1
	Assets purchased as non adjusting	1
	Machines w/o as adjusting	1
	Amount recognised for claims received	0.5
	Amount recognised for machine w/o	0.5
	Maximum marks awarded for part b	5
c		
i	**Preparation of opening statement of accumulated funds**	
	Each of the line items in the statement (0.5 marks * 6	3.0
	Total of the current and non current assets	0.5
	Correct opening capital (total assets less liabilities)	0.5
	Maximum marks awarded for part c i	4
ii	**Preparation of subscription account**	

	Posting of cash received on credit side	0.5
	Correct posting of opening balances on Dr and Cr side	0.5
	Correct posting of closing balances on Dr and Cr side	0.5
	Correct computation of income and expenses (bal fig)	0.5
	Maximum marks awarded for part c ii	2
iii	Preparation of income and expenditure account	
	Computation of electricity expense	0.5
	Computation of depreciation expense	0.5
	Correct accounting for all total income items	0.5
	Correct accounting for all total expenses items	0.5
	Finding of the deficit (income less expenses)	1
	Correct format of the statement	1
	Maximum marks awarded for part c iii	4
	Total	**20 Marks**

MODEL ANSWERS

a) Explain any five users of the financial accounts prepared by the business

Investors and potential investors are interested in their potential profits and the security of their investments. Future profits may be estimated from the target entity's past performance.

Employees and trade union representatives need to know if an employer can offer secure employment and possible pay rise. They will also have a keen interest in the salaries and benefits enjoyed by senior management.

Lenders need to know if they will be repaid, This will depend on the solvency of the business entity which should be revealed by the financial statements.

Government agencies need to know how the economy is performing in order to plan financial and industrial policies. The tax authorities also use financial statements as a basis of assessing the amount of taxes payable.

Suppliers need to know if they will be paid. New suppliers may also require reassurance about the financial health of a business before agreeing to supply goods.

Customers need to know that an entity can continue to supply them into the future. This is especially true if the customer is dependent on an entity for specialized supplies.

The public may wish to assess the effect of the entity on the economy, local environment and local community. Companies may contribute to their local economy and community through providing employment and patronizing local suppliers.

b) In accordance with IAS 10 (Events after the reporting period) indicate which events are adjusting or not adjusting. For adjusting, show the amounts to be recognised in the financial statements of the year ended 31st December, 2023.

Scenario one		**Amount Recognized (FRW)**
Inventory destroyed	Non adjusting	-
Claims received for previous period	Adjusting	9,500,000
Scenario two		
Asset purchased	Non adjusting	
Machines that were to be written off held before the year end	Adjusting	36,000,000

c)

i) Prepare statement of accumulated affairs indicating the opening accumulated fund as at 1st January, 2023

MUHANGA SPORTS CLUB

Statement of Accumulated Affairs as at 1st January, 2023

	FRW 000	FRW 000
Non-current assets		
Building (NBV)		180,200
Equiptment (NBV)		26,400
		206,600
Current assets		
Accrued income for subscription	800	
Cash and cash equivalent	22,500	23,300
Total assets		229,900
Liabilities		
Trade payables (Electricity)	650	
Subscription in advance	530	1,180
Opening capital		228,720

ii) Prepare subscription account

Subscription account (Income)

Receipts	FRW 000	Payments	FRW 000
Balance b/d	800	Balance b/d	530
		Cash Received (Bank)	12,800
Income & expense (Bal fig)	13,160		
Balance c/d	620	Balance c/d	1,250
	14,580		14,580

iii) Prepare an income and expenditure account for the year ended 31/December/2023

MUHANGA SPORTS CLUB

Income and expenditure account for the year ended 31st December, 2023

Income		FRW 000	FRW 000
Subscriptions			13,160
Sponsorship			4,850
Grants for daily operation			2,300
Donations			3,068
Talent show			2,086
Total Income			25,464
Expenditure			
Electricity	(540+2,400 - 650)	2,290	
Coaching expenses		7,550	
Rent		2,540	
Office stationary		1,200	
Talent show expenses		1,320	
Telephone expenses		2,058	
Sports outfit expenses		3,600	
Equiptment		6,350	
Depreciation	(26,400 + 6,350 -30,400)	2,350	
Total Expenditure			29,258
Deficit			(3,794)

QUESTION FOUR

MARKING GUIDE

QN	Description	Marks
a	Calculation of ratios	
	Correct calculation for each ratio in 2022 (0.5 marks * 10)	5
	Correct calculation for each ratio in 2023 (0.5 marks * 10)	5
	Maximum marks awarded for part a	10
b	Preparation of analysis report	
	Correct format (to, from, title, analysis)	1
	Correct analysis of profitability ratios	3
	Correct analysis of liquidity ratios	4
	Correct analysis of risk ratios	1
	Correct conclusion	1
	Maximum marks awarded for part b	10
	Total	**20 Marks**

MODEL ANSWERS

a) Calculation of ratios from the financial statements provided for HUYE Ltd for the years ended 31st December, 2022 and 2023

	Ratio	Formula	2022	
i)	Asset Turnover =	Sales	3,818,904	
		Capital Employed	1,131,202	3.38
				3.38 Times
	Capital Employed =	Total Assets - Current Liabilities	1,919,696 - 788,494 =	1,131,202
		or		
		Equity + Non-Current Liabilities		1,131,202
ii)	Return on Capital Employed =	Profit Before Interest & Tax * 100	318,342 * 100	
		Capital Employed	1,131,202	
				28.1%
iii)	Operating Profit Margin =	Profit Before Interest & Tax * 100	318,342 * 100	
		Sales	3,818,904	
				8.34%
iv)	Receivables Period =	Receivables * 365	949,336 * 365	
		Sales	3,818,904	
				90.73
				91 Days
v)	Payables Period =	Payables * 365	394,646 * 365	

		Purchases	2,440,280	59.0 59 Days
vi)	Inventory Period =	Average Inventory * 365	564,823 * 365	
		Cost of Sales	2,400,766	85.9 86 Days
	Average Inventory =	(Open + Closing) / 2	(545,066+584,580) / 2 =	564,823
vii)	Interest Cover =	Profit Before Interest & Tax	318,342	
		Interest Payable	47,660	6.7 6.7 Times
viii)	Current Ratio =	Current Assets	1,579,168	
		Current Liabilities	788,494	2.0 2:01
ix)	Quick Ratio =	Current Assets - Inventories	1,579,168 - 584,580	
		Current Liabilities	788,494	1.3 1.3:1
x)	Equity Gearing Ratio =	Non-Current Liabilities * 100	300,000 * 100	
		Equity	831,202	36.1%

	Ratio	Formula	2023	
i)	Asset Turnover =	Sales	4,038,868	
		Capital Employed	1,296,652	3.11
				3.11 Times
	Capital Employed =	Total Assets - Current Liabilities	1,987,876 - 691,224 =	1,296,652
		or		
		Equity + Non-Current Liabilities		1,296,652
ii)	Return on Capital Employed =	Profit Before Interest & Tax * 100	334,978 * 100	
		Capital Employed	1,296,652	
				25.8%
iii)	Operating Profit Margin =	Profit Before Interest & Tax * 100	334,978 * 100	
		Sales	4,038,868	
				8.29%
iv)	Receivables Period =	Receivables * 365	992,806 * 365	
		Sales	4,038,868	
				89.72
				90 Days
v)	Payables Period =	Payables * 365	416784 * 365	
		Purchases	2,583,176	
				58.9
				59 Days
vi)	Inventory Period =	Average Inventory * 365	604,879 * 365	

		Cost of Sales	2,542,578	86.8 87 Days
	Average Inventory =	(Open + Closing) / 2	(584,580 + 625,178) /2 =	604,879.00
vii)	Interest Cover =	Profit Before Interest & Tax Interest Payable	334,978 36,428	9.2 9.2 Times
viii)	Current Ratio =	Current Assets Current Liabilities	1,652,974 691,224	2.4 2.4;1
ix)	Quick Ratio =	Current Assets - Inventories Current Liabilities	1,652,974 - 625,178 691,224	1.5 1.5:1
x)	Equity Gearing Ratio =	Non Current Liabilities * 100 Equity	250,000 * 100 1,046,652	23.9%

b) Prepare a report to the directors of HUYE Ltd which analyses the financial performance of the company

To: Directors of HUYE Ltd
From: Accountant
Title: <u>Analysis of Financial Performance of HUYE Ltd</u>

Introduction

Analysis of financial performance of the two years is analysed in terms of profitability, liquidity and risk.

Analysis of financial performance

1) Profitability analysis

Asset turnover which measures proportion of revenue in comparison to capital employed, performance of 2022 was better than 2023. Return on capital employed in 2022 was 2.3% higher than 2023. The was no major change in operating profit margin.

2) Liquidity analysis

There was an increase in proportion of current assets to current liabilities between the two years which is measured by current ratio. The acceptable current ratio is normally any ratio between 1.5 and 2. The two years ratio were higher than the norm. Quick ratio which focuses on only current assets that are easily convertible to cash was also higher than the expected norm which is a ratio ranging between 0.7 and 1.

Receivables period in the two years was almost the same at 91 days and 90 days. This means that it takes the business three months to collect cash from its customers. Payables period stands at 59 days in the two years which is lower than receivables period. This is no good for the company as it may run out of cash to pay suppliers. Ideally the receivables period should be shorter than payables period to enable the business collect cash from customers which is then used to pay suppliers. Inventory period is also relatively high at 86 days for 2022 and 87 days for 2023. It shows that the inventory takes a lot of time before they are disposed.

3) Risk analysis

There has been a significant increase in interest cover between the two years. The increase is 2.5 times. This shows that the business is in a position to comfortably pay their interests from loans when they fall due. Finally equity gearing is also low at 36.1% in 2022 and 23.9% in 2023. This means that the business has a capacity to even borrow more funds in the near future as the gearing levels are low. When the equity gearing ratio is more than 100%, the business is highly geared.

Conclusion

In general, the performance of HUYE ltd in the two years is relatively good. There was a slight improvement in performance between the two years.

QUESTION FIVE

MARKING GUIDE

QN	Description	Marks
a	**Receivables and payables ledger control account**	
i	Receivables ledger control account	
	Posting of opening balance on debit side	1
	Debit posting of credit sales	1
	Correct posting of all credit entries (0.5 marks * 5)	2.5
	Correct summation of debit and credit side	0.5
	Computation of balance c/d	1
	Maximum marks awarded for a i	6
ii	Payables ledger control account	
	Posting of opening balance on cr side	1
	Credit posting of credit purchases	1
	Correct posting of all debit entries (0.5 marks * 4)	2
	Correct summation of debit and credit side	1
	Computation of balance c/d	1
	Maximum marks awarded for a i	6
b	**Preparation of statement of financial position**	
	Correct posting of each non-current asset (0.5 marks * 3)	1.5
	Summation of non-current assets	0.5
	Correct posting of each current asset (0.5 marks * 3)	1.5
	Summation of current assets	0.5
	Total assets computation	0.5
	Accumulated funds computation	1
	Reserves computation	0.5
	Correct posting of each non-current liability (0.5 marks * 2)	1
	Correct posting of current liabilities	0.5
	Total funded by and liabilities computation	0.5
	Maximum marks awarded for part b	8
	Total	**20 Marks**

MODEL ANSWERS

a) Preparation of receivables and payables ledger control account

i) Prepare Receivables ledger control account for the year ended 31 December 2023 and determine the balance at 31st December, 2023.

Receivables Control a/c

Dr.			Cr.
Balance b/d	142,800,000	Cash received	95,400,000
Sales on credit	144,600,000	Sales returns	5,700,000
		Discounts allowed	900,000
		Contra with suppliers	6,300,000
		Bad debts written off	8,100,000
	-	Balance c/d	171,000,000
	287,400,000		287,400,000

ii) Prepare Payables ledger control account for the year ended 31 December 2023 and determine the balance at 31st December, 2023.

Payables Control a/c

Dr.			Cr.
Cash paid to suppliers	97,500,000	Balance b/d	112,200,000
Purchase returns	2,100,000	Purchases on credit	109,500,000
Discount received	1,200,000		
Contra with customers	6,300,000		
Balance c/d	114,600,000		-
	221,700,000		221,700,000

b) Preparation of Ministry of Sports statement of financial position as at 30th June, 2024

Ministry of sports

Statement of financial position as at 30th June, 2024

Non-current assets	FRW 000	FRW 000
Land and buildings		23,625,000
Motor vehicles		1,575,000
Computer equipment		1,800,000
Total non-current assets		27,000,000
Current assets		
Inventory	675,000	
Receivables	1,350,000	
Cash	3,375,000	5,400,000
Total assets		**32,400,000**
Funded by and liabilities		
Funded by:		
Accumulated funds (5,062,500 +3,712,500)		8,775,000
Reserves		12,150,000
Total funded by		20,925,000
Non current liabilities		
Liability for long term benefits	1,350,000	
Long term borrowings	6,750,000	8,100,000
Current liabilities		
Payables		3,375,000
Total funded by and liabilities		32,400,000

END OF MARKING GUIDE AND MODEL ANSWERS