

NOVE 2022 CERFIED PUBLIC ACCOUNTANT VE 2022 IL PARNO VE 2022 ICPARNO VE 2022 I

F1.3: FINANCIAL ACCOUNTING

DATE: TUESDAY, 29 NOVEMBER 2022

INSTRUCTIONS:

- 1. Time Allowed: 3 hours 15 minutes (15 minutes reading and 3 hours writing).
- 2. This examination has two sections; A & B.
- 3. Section A has one compulsory question to be attempted.
- 4. Section **B** has **four** questions, **three** questions to be attempted. In summary attempt four (4) questions.
- 5. Marks allocated to each question are shown at the end of the question.
- 6. Show all your workings where applicable.
- 7. Any assumptions made must be clearly and concisely parnove of the stated.
- 8. The question paper should not be taken out of the examination room.

F1.3 (EPARNOVE 2022 ICPARNOVE 2022 I

SECTION A

QUESTION ONE

- a) Describe at least 2 advantages and disadvantages of Computerized accounting system parnove 2022 icparnove 20
- b) Kisimenti Holding (KH) Ltd awarded a contract to supply internet to one of the biggest Bank in East Africa countries for 3 years. Head of finance is not familiar with accounting standards. They were wondering on how they should recognize the revenue from the signed contract.

Required:

In accordance with IFRS 15, discuss on the steps that KH Ltd should follow to recognize revenue from signed contract E2022 ICPARNOVE2022 ICPAR

c) HAWEBA Partners Ltd is manufacturing business that operates in Rwamagana and their trial balance as of 31 December 2021 was as follow: 2022 ICPARNOVE2022 ICPARNOVE2022

Sales revenue Material purchased Work in progress-materials Stock of raw materials Stock of finished goods Salary of factory staff Salary of administration staff Repair of factory building Repair -machinery and plant Rent and rate Light and power Motor expense Postage and telephone Printing and stationery Transport of materials Capital account at 01 Jan 2021 PARNOVE 2022 Habineza Webale Fabien Current account at 01 Jan 2021 PARNOVE 2022 Par	Details)22 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE	ARNOVE2022 ICPARNOVE2022 ICPAR	PARNOVE2022 ICPARNOVE20 2022 ICPARNOVE2022 I C R
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Rent and rate O22 ICPARNOVE2022 ICPARNOVE202	Repair of factory building 2022 ICPARNOVE	2022 CPARNOVE2022 ICPARNOVE2350 C ARNOVE2022 ICPARNOVE2022 ICPARNOVE	PARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPAR
Light and power CPARNOVE2022 CPA	Repair -machinery and plant 2 ICPARNOVE	2022 CPARNOVE2022 ICPARNOV 3 2000 C	PARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPAR
Motor expense 2 ICPARNOVE2022	Rent and rate 2022 ICPARNOVE2022 ICPARNOVE	2022 CPARNOVE2022 ICPARNOV 7-000 C	PARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPAR
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Transport of materials Nove 2022 ICPARNOVE 2022 CPARNOVE 2022 ICPARNOVE 2022 ICPA	Postage and telephone OVE 2022 ICPARNOVE	2022 CPARNOVE2022 ICPARNOV 6,380 C	PARNOVE2022 ICPARNOVE2
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Provision for bad and doubtful debt at 01^{st} cparnove2022 icparnove2022 icparnove	PARNOVE2022 ICPAR <mark>NO00</mark> 2022 ICPARNOVE2022 ICPAI PARNOVE2022 ICPARNOVE20
Land and building (cost): on which land is cparnove2022 icparno17,400 cparnove2022 icparnove2022 icp	PARNOVE2022 ICPARNOVE20 2022 ICPARNOVE2022 ICPAR PARNOVE2022 ICPARNOVE20
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Motor vehicle (cost) RNOVE2022 ICPARNOVE2022 CPARNOVE2022 ICPARNOVE2022	.2022 ICPARNOVE2022 ICPAI PARNOVE2022 ICPARNOVE20
Accumulated depreciation as at 01 Jan cparnove 2022 ICPARNOVE 2022	2022 ICPARNOVE2022 ICPAI PARNOVE2022 ICPARNOVE20 2022 ICPARNOVE2022 ICPAI PARNOVE2022 ICPARNOVE20
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Cash at bank Arnove 2022 ICPARNOVE 2	2022 ICPARNOVE2022 ICPA
Total 2022 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 489,800 FEDDE CPARNOVE2022 ICPARNOVE2022 ICPARN	2022 ICPARNOVE 489,800 PARNOVE 2022 ICPARNOVE

Additional Information:

- 1) On 1 September 2021, Haweba Partners Ltd bought new motor vehicle paying by Bank transfer. However, accountant omitted to record this transaction in the books of account. The costs incurred to purchase the motor vehicle were:
- a) Cost of vehicle: FRW 2,500,000b) Transport Cost: FRW 500,000c) Recoverable VAT FRW 450,000
- 2) Depreciation is computed on prorate basis and the following rates were applicable
- a) Building: 5% on cost
- b) Plant and machinery: 25% on reducing balance
- c) Motor vehicle: 20% on reducing balance
- 3) Inventory at 31 December 2021 was as follow:
- a) Raw materials: FRW 4,000,000
- b) Work in Progress: FRW 5,000,000
- c) Finished Goods: FRW 19,865,000
- 4) Amount in trial balance for light and power included FRW 650,000 paid to cover the month
- of January and February 2022
- 5) Motor expense of FRW 790,000 was not paid until end of the year
- 6) Haweba Partners Ltd estimate that allowance for bad and doubtful debt would be adjusted Parnovezuzz ICPARNOVEZUZZ ICPARNOVEZZ
- to 5% of total trade receivables.
- 7) The following expense are to be allocated at the 70% for factory and 30% for office
- a) Light and Power
- b) Rent and Rate
- c) Building Depreciation
- 8) Interest on partner's capital is 5%
- 9) Profit is shared among partners based on capital contribution ratio
- 10) Current tax is 30%
- 11) All expenses are accrued evenly during the year

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Required: i) Prepare manufacturing account for HAWEBA Partners Ltd (6.5 Marks) ii) Prepare profit or loss for the year ended 31 December 2021 and show partners 'appropriation account (9 Marks) iii)Prepare a Statement of Financial Position as of 31 December 2021 (15.5 Marks) (Total: 40 Marks) Note: "Show all of your workings appropriately" F1.3 Page 4 of 12

SECTION B

QUIESTION TWO

Mukaneza started business on 01March 2020 with capital of FRW 10,000,000 at bank and they made the following transaction in the month of March 2020.

- 1) On 2 March 2020, they received a loan of FRW 5,000,000 from S&S Bank Plc
- 2) On 3 March 2020, Mukaneza bought 3 computers for FRW 250,000 each
- 3) On 4 March 2020, they paid rent for 12 months from 01 March 2020 for FRW 2,400,000 (FRW 200,000 per month). The payment was made through bank
- 4) On 10 March 2020, they purchased goods from G-shop worth FRW 5,000,000 (including VAT) and they paid by bank 22 ICPARNOVE2022 ICPARNOVE2022
- 5) On 15 March 2020, they made cash sales of FRW 4,000,000 inclusive of VAT
- 6) On 20 March 2020, they paid electricity cost of FRW 500,000 through bank
- 7) On 24 March 2020, Mukaneza acquired motor vehicle worth FRW 3,000,000 using cash
- 8) On 28 March 2020, they purchased goods worth FRW 8,000,000 on credit

Note: Current VAT tax is 18% and it is applied if stated in the transaction

Financial year ends in December of each year

Required:

- a) Prepare Journal entries with relevant narration for the above transactions (9 Marks)
- b) Prepare ledger accounts of Mukaneza for the transaction made in March 20220.

(11 Marks)

(Total: 20 Marks)

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QUESTION THREE

a) Matunda Ltd is a wholesaler of different products in the Kigali city market. During delivery of their items to Kajagari's store, some items costing FRW 5,000,000 were damaged in way to Kajagari store. In order to sell these items, repair cost of 5% would be incurred. After repair, the product could be sold at FRW 4,800,000 with a commission cost of 10% of the sale value.

Required:

What should be the net realizable value of these items damaged?

(4 Marks)

- b) Muhire Co prepare financial statements in June. The inventory as at 30 June 2020 could not be determined due to working from home. The following information are relevant in respect of Muhire's stock as at 30 June 2020
- 1) Cost of finished goods was FRW 30,000,000 as at 30 June 2020.
- 2) Goods that cost FRW 600,000 were found defective in June 2020. However, those goods were sold at FRW 650,000 after the remedial cost of FRW 250,000.
- 3) Raw material at cost of FRW 500,000 sold in July 2020 at FRW 750,000 after paying selling expense of FRW 100,000.

Required:

In accordance with IAS 2, compute the value of inventory to be presented in financial statement for the year ended 30 June 2020 PARNOVE 2022 I CHARNOVE 2022 I

c) Thousand Hill's assets register as at 31 May 2018 had the following costs

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VE2022 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 I	PARNOVE2022 ICPARNOVE2022 ICPARNOVE2(FRW#000"20
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eEquipmentve2022 icparnove2022 icparnove2022 i	
Plant and machinery RNOVE 2022 ICPARNOVE 2022 I	CPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 ICPARNOVE2020 ICPARNOVE2022 ICPARNOVE202 IC

Addition information

- 1) On 30 September 2018, Thousand Hill sold one of their equipment for FRW 5,000,000. The related equipment was purchased on 1 May 2016 at FRW 8,000,000 22 IDPARNOVE 2022 IDPARNOVE 2022
- 2) On 01 June 2018, Thousand Hill bought new plant at cost of FRW 20,000,000. On 30 June 2018, due to the urgent need of cash in the company, the equipment was sold for FRW 19,800,000.
- 3) It is company's policy to depreciate their assets using straight line method taking into consideration acquisition date or date of disposal (pro-rata basis)
- 4) Depreciation is to be charged using 5% for building and 25% for both equipment and plant& machinery | CPARNOVE2022 | CPARNO
- 5) Accumulated depreciation as at 31 May 2018 were FRW 50,000, 000, FRW 4,000,000 and FRW 12,000,000 for building, equipment and plant & machinery respectively

Notes: Thousand hill's financial period end on 31 May each year

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Required:

i) Determine the carrying amount of the assets disposed at the date of disposal and related gain or loss for the year ended 31 May 2019. (4 Marks)

ii) prepare property plant and equipment movement schedule as at 31 May 2019

(8 Marks)

(Total: 20 Marks)

QUESTION FOUR

a) Explain the method of preparing statement of cash flows as per IAS 7 statement of cash parnove 2022 ic parn

b) Contrast method used to prepare statement of cashflow.

(3 Marks)

c) Below is the financial statement of Sumson trading Ltd for the year ended 31 March 2018 part of 2012 icparnove 2022 icparno

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Trade receivable ICPARNOVE2022 ICPARNOVE202	2 ICPARNOVE2022 ICPARN 35,000 I	CPARNOVE2022 ICP45,000
Cash and Cash equivalent 2022 ICPARNOVE202	2 ICPARNOVE2022 ICPAR 150,000 I	CPARNOVE2022 IC135,000
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Equity & liabilities RNOVE2022 ICPARNOVE202	2 ICPARNOVE2022 ICPARNOVE2022 I	CPARNOVE2022 ICPARNOVE2
Share capital 2022 ICPARNOVE2022 ICPARNOVE202	2 ICPARNOVE2022 ICPAR 130,000 I	CPARNOVE2022 IC 140,000
Share premium 2 ICPARNOVE 2022 ICPARNOVE 202	2 ICPARNOVE2022 ICPARNOV 1,300 I	cparnove2022 icpar $1,100$
Earning reserves ICPARNOVE2022 ICPARNOVE202	2 ICPARNOVE2022 ICPARNO 3,680 I	cparnove2022 icpaf $3,000$
eTotal equity:2022 icparnove2022 icparnove202	ovezolz icparnovezozz icparnov 2 icparnovezoz2 icpar 134,980 i	62022 ICPARNOVE2022 ICPA CPARNOVE2022 IC 1/14;100
Non-current liabilities VE2022 ICPARNOVE202	OVE2012 ICPARNOVE2022 ICPARNOV 2 ICPARNOVE2022 ICPARNOVE2022 I	E2022 ICPARNOVE2022 ICPA CPARNOVE2022 ICPARNOVE2
Bank loanove2022 icparnove2022 icparnove202	ove2012 icparnove2022 icparnov 2 icparnove2022 icparn 75,000 i	e2022 icparnove2022 icpa cparnove2022 icp 68,000
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PARNOVE2022 ICPARNOVE2022 ICPA

Statement of profit or loss for the year ended 31 March 2019

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PARNOVE2022 ICPARNOVE2022 ICPARNOVE202 ICPARNOVE202 ICPARNOVE202 ICPARNOVE202 ICPARNOVE202 ICPARNOVE	ve $_{2022}$ icparnove $_{2022}$ icpa \mathbf{FRW}_2 " 000 "ar
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P2022 ICPARNOVE2022 ICPARNOVE2	TC ARNOVE2022 ICPARNOVE2022 ICPARNOVE2024 1CPARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 1CPARNOVE2022 1C
Net Profit After Taxnove2022 ICPARNOVE2022 ICPARNOVE	IC PARNOVE2022 ICPARNOVE2022 ICPARNO 10 10 10 10 10 10 10 10 10 10 10 10 10

Additional Information

- 1) Depreciation of property plant and equipment for the year 2019 was FRW 298,000
- 2) Dividend was proposed and paid on 31 March 2019
- 3) Property Plant and equipment that costed FRW 15,000,000 was sold for FRW 12,000,000, these assets had accumulated depreciation of FRW 5,000,000
- 4) On 28 Feb 2019, Sumson Trading Ltd issued shares on Rwanda stock exchange

Required:

In accordance with IAS 7, prepare statement of cash flow for Sumson Trading Ltd for the year ended 31 March 2019 (15 Marks)

(Total: 20 Marks)

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QUESTION FIVE

a) Define the following terms as per relevant IPSAS

(4 Marks)

- i) Non -exchange Transactions
- ii) Exchange Transaction
- iii) Income
- iv) Assets

b) Distinguish non-adjusting event and adjusting events and provide at least 1 example of each events in accordance to IPSAS 14 (4 Marks)

c) Kamashashi Red Cross organization also known as KRC, is a non-profit humanitarian organization. They provide emergency assistance, disaster relief, and disaster preparedness education in the North part of Kicukiro District. The following is the statement showing receipt and payments made during the year ended 31 December 2020,

Details 22 ICPARNOVE2022 ICPARNOVE2022	2 ICPARNOVE20 OVE2022 ICPAR	RW''000"	2022 ICPARNOV ARNOVE2022 IC	FRW''000"
Receipt 2 ICPARNOVE2022 ICPARN	2 ICPARNOVE20 OVE2022 ICPAR	22 ICPARNOVE NOVE2022 ICP	2022 ICPARNOV ARNOVE2022 IC	E2022 ICPARNOVE20 PARNOVE2022 ICPAR
Grant and donation 022 ICPARNOVE2022 ICPARNO	2 ICPARNOVE20 OVE2022 ICPAR	22 ICPARNOVE NOVE2022 ICP	2022 ICPARNO\ ARNOVE2022 IC	E2022 ICPA PARNOVE2 50,000
Members' contribution CPARNOVE 2022 ICPARNOVE 2022	2 ICPARNOVE20 OVE2022 ICPAR	22 ICPARNOVE NOVE2022 ICP	2022 ICPARNOV ARNOVE2022 IC	E2022 ICPAP 5,000 PARNOVE 2 15,000 P
Payments CPARNOVE2022 CPARNOVE20	2 ICPARNOVE20 OVE2022 ICPAR	22 ICPARNOVE NOVE2022 ICP	2022 ICPARNOV ARNOVE2022 IC	E2022 ICPARNOVE20 PARNOVE2022 ICPAF
Office stationery VE2022 ICPARNOVE2022 ICPAR	2 ICPARNOVE20 OVE2022 ICPAR	22 IC 5,000	2022 ICPARNOV ARNOVE2022 IC	E2022 ICPARNOVE20 PARNOVE2022 ICPAR
Communication expenses 2022 ICPARNOVE2022	2 ICPARNOVE20 OVE2022 ICPAR	22 IC 3,000 P	2022 ICPARNOV ARNOVE2022 IC	E2022 ICPARNOVE20 PARNOVE2022 ICPAR
Light and power icparnove2022 icparnove2022	2 ICPARNOVE20 OVE2022 ICPAR	22 ICT 1,500'E	2022 ICPARNOV ARNOVE2022 IC	E2022 ICPARNOVE20 PARNOVE2022 ICPAR
Fuel expenses 022 icparnove2022 icparnove202: Parnove222 icparnove2022 icparnove2022 icparno	2 ICPARNOVE20 OVE2022 ICPAR	22 IC 2,000 P	2022 ICPARNOV ARNOVE2022 IC	E2022 ICPARNOVE20 PARNOVE2022 ICPAR
Furniture and equipment Parnove 2022 ICPARNOVE 2022	2 ICPARNOVE20 OVE2022 ICPAR	²² 10 6,000 1	2022 ICPARNOV ARNOVE2022 IC	E2022 ICPARNOVE20 PARNOVE2022 ICPAR
TRent CPARNOVE2022 ICPARNOVE2022 ICPARNOVE202.	2 ICPARNOVE20	22 12,000	2022 ICPARNOV	E2022 ICPARNOVE20

The following was the information on assets and expenses as at 31December,

PARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 IC	PARNOVE2022 ICPARNOVE2020197	RNOVE2022 ICPARNOVE202 2020 R
PARNOVE2022 ICPARNOVE2022 ICPARNOVE2022 IC	PARNOVE2022 ICPAFRW"000"PA	RNOVE2022 ICPAR FRW''2000'' AR
Building2 ICPARNOVE2022 ICPARNOVE2022 IC	PARNOVE2022 ICPARNOVE 56,000	RNOVE2022 ICPARNOVE2 $50,000$ R
Furniture and equipment PARNOVE2022 IC	Parnove 2022 ICPARNOVE $10,000$ A	RNOVE2022 ICPARNOVE2 $14,000$ R
Bank balance arnove 2022 ICPARNOVE 2022 IC	Parnove 2022 icparnove $10,\!500$	$\frac{1022}{1000}$ $\frac{1000}{1000}$ $\frac{1000}{1000}$ $\frac{1000}{1000}$ $\frac{1000}{1000}$
Pre-paid rentarnove2022 icparnove2022 ic	Parnove2022 ICPARNOVE2022 ICPARNOVE26,000	rnove2022 icparnove20 2,000 r
Unpaid office stationery PARNOVE 2022 IC	parnove 2022 icparnove $23,000$ p	rnove2022 icparnove20 2,000 r
Contribution in arrears ICPARNOVE 2022 IC	PARNOVE2022 ICPARNOVE2 5,000	nove2022 icparnove20 6,500 k

Note: There was no disposal of assets

Required:

Prepare statement of affairs showing opening accumulated fund of KRC as at 01 January 2020 and income/expenditure account for the year ended 31 December 2020 (12 Marks)

End of question paper

F1.3) icparnove2022 icparnove2022 icparnove2022 icparnove2022 icparnove2022 icparnove2022 icparnove2**Page** 0 of 12

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