

Applied Skills

Taxation  
– Russia  
(TX – RUS)

Tuesday 4 December 2018



**Time allowed:** 3 hours 15 minutes

This question paper is divided into two sections:

Section A – ALL 15 questions are compulsory and MUST be attempted

Section B – ALL SIX questions are compulsory and MUST be attempted

Tax rates and allowances are printed on pages 2–4.

**Do NOT open this question paper until instructed by the supervisor.**

**Do NOT record any of your answers on the question paper.**

**This question paper must not be removed from the examination hall.**

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Think Ahead

**ACCA**

The Association of  
Chartered Certified  
Accountants

## SUPPLEMENTARY INSTRUCTIONS

1. Calculations and workings need only be made to the nearest RR
2. All apportionments should be made to the nearest month, unless the law requires otherwise
3. All workings should be shown in Section B

## TAX RATES AND ALLOWANCES

The following tax rates and allowances are to be used in answering all questions on this paper unless the question states otherwise.

### Children allowances

First and second child (up to 350,000 RR)	1,400 RR per child
Third child (up to 350,000 RR)	3,000 RR

### General limitation on 'property' allowance

Investments in residential property and land for tax purposes	2,000,000 RR (upper limit)
Interest on mortgage loan	3,000,000 RR (upper limit)

### Statutory exclusions from taxable income

Prizes and awards	4,000 RR (upper limit)
Gifts at work	4,000 RR (upper limit)
Support payments	4,000 RR (upper limit)

Maximum limit for social deductions listed below 120,000 RR

(medical, personal educational, non-state pension insurance, voluntary pension insurance, voluntary life insurance and additional insurance contributions for the accumulated part of labour pension – subject to certain conditions set out in the law)

Educational deduction for children 50,000 RR (upper limit)

Professional deduction – general	20%
– designer, photographer, architect	30%
– musician, sculptor	40%
– creator of literary works, including theatre, cinema, circus	20%

Charity deduction up to 25% of income

Gains on property sales:

– immovable residential property	1,000,000 RR (upper limit)
– immovable non-residential property	250,000 RR (upper limit)
– movable property	250,000 RR (upper limit)

Investment deduction Ks\*3,000,000 RR (upper limit)

$$Ks = \sum_{i=3}^n Vi \times i \div \sum_{i=3}^n Vi, \text{ where}$$

$V_i$  – gain from sale (redemption) of all securities in the tax period with the ownership period of  $i$  years

$n$  – quantity in full years of ownership periods for securities subject to sale/redemption in the tax period as a result of which the taxpayer becomes eligible for this deduction

Statutory *per diem* rate for personal income tax:

– for domestic business trips	700 RR per day
– for foreign business trips	2,500 RR per day

## Exempt employer contribution limits for personal income tax and social insurance contributions

Additional insurance contributions for the accumulated portion of the pension	12,000 RR
Birth of a child	50,000 RR for each birth

## Threshold interest rates for personal income tax purposes

Rouble bank deposits	CB refinancing rate* increased by 5%
Foreign currency bank deposits	9%
Rouble loans	2/3 of the CB refinancing rate*
Foreign currency loans	9%

## Threshold interest rates for profits tax purposes for controlled bank loans

Loan currency	Lower limit	Upper limit
RR	75% of CB key rate*	125% of CB key rate*
GBP	GBP LIBOR + 4%	GBP LIBOR + 7%
EUR	EURIBOR + 4%	EURIBOR + 7%
USD	USD LIBOR + 4%	USD LIBOR + 7%
CHF	CHF LIBOR + 2%	CHF LIBOR + 5%
Other currencies	USD LIBOR + 4%	USD LIBOR + 7%

\*Note: The CB refinancing rate is equal to CB key rate

## Thresholds and rates for insurance contributions for the year 2018

(Note: Several categories of insurance contributions subject to special incentives and reduced rates are not examined)

	Remuneration per annum	Rate
Pension fund (PF):	Up to 876,000 RR	22%
	Over 876,000 RR	10%
Social insurance fund (SIF):	Up to 755,000 RR	2.9%
	Over 755,000 RR	0%
Federal fund of obligatory medical insurance (FFOMI):		5.1% (no upper threshold)

## Expenses for profits tax purposes

Voluntary medical insurance expenses (subject to conditions set out in the law) are limited to 6% of labour costs.

Voluntary life insurance expenses (subject to conditions set out in the law) are limited to 12% of labour costs.

Voluntary personal insurance against accidents at work resulting in death or permanent physical disability is limited to 15,000 RR per each insured employee per annum.

Certain advertising expenses are limited to 1% of sales revenue.

Reimbursement of interest on employees' mortgage loans is limited to 3% of labour costs.

Entertainment expenses (subject to conditions set out in the law) are limited to 4% of labour costs.

## Special depreciation ratios

Non-current assets received under financial leasing	3 (upper limit)
Historic costs of non-current assets	100,000 RR (minimum)

## Allowances for receivables

General limitation	10% of sales
Aged 0 to 44 days	0% of receivables
Aged 45 to 90 days	50% of receivables
Aged more than 90 days	100% of receivables

<b>Value added tax (VAT)</b>	
Standard rate	18%
Reduced rate	10%
Exports	0%
Limit for VAT – exempt promo prizes – 100 RR (upper limit)	
<b>General profits tax rate</b>	
	20%
Tax on dividends for residents	13%
Tax on dividends for foreign companies	15%
<b>Property tax rate</b>	
General rate	2.2%
Office premises and shopping centres	1.3%
<b>Personal income tax rates</b>	
Basic rate	13%
Higher rate	35%
Tax on dividends for residents	13%
<b>Central Bank refinancing and key rates (notional)</b>	
1 January to 30 April 2018	15%
1 May to 30 September 2018	7%
1 October to 31 December 2018	5%
<b>Number of calendar days in calendar months (assumed for all years)</b>	
January	31
February	28
March	31
April	30
May	31
June	30
July	31
August	31
September	30
October	31
November	30
December	31

**Section A – ALL 15 questions are compulsory and MUST be attempted**

Please use the grid provided on page two of the Candidate Answer Booklet to record your answers to each multiple choice question. Do not write out the answers to the MCQs on the lined pages of the answer booklet.  
Each question is worth 2 marks.

**1 Which of the following statements relating to the filing of calculations and payment of insurance contributions (IC) is/are correct in respect to regional subdivisions?**

- (1) The filing of calculations and payments should be the responsibility of legal entities in the location of their regional subdivisions in Russia, irrespective of the responsibility of the latter ones for the accrual of remunerations in favour of physical persons
- (2) Payments and filing of calculations for subdivisions located outside Russia should be the responsibility of legal entities in their main location
- (3) Filing of calculations and payments should be the responsibility of legal entities in the location of their regional subdivisions in Russia, provided that the latter ones are responsible for the accrual of remunerations in favour of physical persons

- A** 1, 2 and 3
- B** 1 and 2 only
- C** 2 and 3 only
- D** 3 only

**2 Which of the transfer pricing methods below are listed in the Tax Code?**

- (1) Resale
- (2) Comparable profitability
- (3) Income split
- (4) Cost plus

- A** 1, 2, 3 and 4
- B** 1, 2 and 3 only
- C** 2, 3 and 4 only
- D** 1 and 4 only

**3** OOO Scala concluded a civil law agreement with Michael for translation services he provided in July 2018. Michael received remuneration of 42,000 RR. In addition, according to the agreement, OOO Scala reimbursed Michael for expenses of 10,500 RR incurred by him for the translation work, evidenced by documents.

**What is the amount of insurance contributions (IC) payable by OOO Scala in respect of Michael?**

- A** 14,228 RR
- B** 15,750 RR
- C** 11,382 RR
- D** 12,600 RR

**4 What is the tax penalty for a legal entity for not filing a transfer pricing annual notification by the due date?**

- A** No penalties in the Tax Code
- B** 5,000 RR per each notification
- C** 5,000 RR per each transaction in the notification
- D** The penalty is equal to the penalty for non-submission of a tax return

**5 Which of the following items are treated as indirect taxes?**

- (1) Value added tax (VAT)
- (2) State duties
- (3) Excise duties

- A** 1, 2 and 3
- B** 1 only
- C** 2 and 3 only
- D** 1 and 3 only

**6 Which of the following types of transactions meet the definition of controlled transactions?**

- (1) Transactions between related Russian legal entities where the annual amount is equal to 1,000,000 RR
- (2) Transactions between related Russian legal entities provided that one of the entities applies the exemption from profits tax, irrespective of the annual amount
- (3) Transactions between related Russian legal entities provided that one of the entities applies the exemption from profits tax and the annual amount exceeds 60 million RR

- A** 3
- B** 2
- C** 1
- D** None of them

**7** OOO Kot has the balances below in its books in relation to fixed assets subject to property tax:

Date	Accounting net book value	Tax net book value
	RR	RR
1 January 2018	43,000,000	40,000,000
1 February 2018	42,820,833	39,600,000
1 March 2018	42,641,667	39,204,000
1 April 2018	42,462,500	38,811,960
	<u>170,925,000</u>	<u>157,615,960</u>

**What is OOO Kot's prepayment amount of property tax for quarter 1 (Q1) 2018?**

- A** 940,088 RR
- B** 235,022 RR
- C** 866,888 RR
- D** 216,722 RR

**8** In Q4 2018, OOO Quest received the following prepayments for goods subject to value added tax (VAT) at the standard rate on the domestic market:

- 7 November 2018: 1,475,000 RR from a Russian company.
- 15 November 2018: 25,000 EUR from an Austrian company for the export of goods.

Goods were not shipped to these companies in Q4 2018.

**Exchange rates (EUR/RR)**

30 November 2018 – 75 RR

15 November 2018 – 71 RR

**What amount of VAT is payable on prepayments received in Q4 2018?**

- A** 225,000
- B** 495,763
- C** 511,017
- D** 265,500

**9** Maya received the following items in 2018:

- A birthday gift from her husband worth 90,000 RR;
- Travelling voucher as a gift from her employer costing 35,000 RR;
- Material aid from her employer of 15,000 RR.

**What is Maya's taxable base for personal income tax (PIT) for the year 2018?**

- A** 42,000 RR
- B** 132,000 RR
- C** 140,000 RR
- D** 128,000 RR

**10** OOO Jean, a Russian legal entity, is 70% owned by another Russian legal entity, OOO Profile, in January 2013. In June 2018, OOO Jean paid a dividend of 2,300,000 RR to OOO Profile.

**What amount of profits tax is payable on the dividend received by OOO Profile in June 2018?**

- A** 0 RR
- B** 345,000 RR
- C** 460,000 RR
- D** 299,000 RR

**11** OOO Boston is a value added tax (VAT) taxpayer which exports goods for sale. The following information is available regarding a sale OOO Boston made to a customer:

- |                 |  |
|-----------------|--|
| 15 January 2018 | OOO Boston acquired goods for export   |
| 30 January 2018 | OOO Boston shipped the goods for export  |
| 3 February 2018 | The customer paid OOO Boston for the goods. However, OOO Boston did not confirm the export by the deadline |

**After which date should OOO Boston recalculate the amount of output VAT on the above export at a rate other than 0%?**

- A** 31 March 2018
- B** 30 April 2018
- C** 30 January 2018
- D** 30 July 2018

**12 Which of the following payments of income in kind made by an employer for an employee's education is/are exempt from personal income tax (PIT)?**

- (1) Payments for a taxpayer's education on both main and additional educational programmes in the Russian organisations carrying out an educational activity
- (2) Payments for a taxpayer's education on both main and additional educational programmes in foreign organisations, having a right to carry out an educational activity
- (3) Payments for a taxpayer's education in both Russian and foreign organisations within 4,000 RR threshold only

- A** None of them
- B** 1 and 2
- C** 2 only
- D** 3

**13 Which of the following statements about electronic VAT invoices is/are true?**

- (1) VAT invoices can be prepared electronically without a mutual agreement between the parties of a transaction
- (2) VAT invoices are prepared in electronic format provided compatible technical tools and opportunities exist between parties of the transaction for receiving and processing of these invoices in compliance with the set up layouts and order
- (3) The order of issuing and receiving VAT electronic invoices, with the application of a qualified electronic signature, under telecommunication connection channels is set up by the Federal Tax Service

- A** 1, 2 and 3
- B** 1 only
- C** 2 only
- D** 3 only

**14** Due to damage of an insured property, Ivan received compensation of 1,200,000 RR from an insurance company in the year 2018. The actual repair costs, confirmed by documents, amounted to 1,000,000 RR. The insurance contributions which Ivan paid in respect of this property in the year 2018 were 45,000 RR.

**What amount of personal income tax (PIT) is payable by Ivan for the year 2018?**

- A** 156,000 RR
- B** 26,000 RR
- C** 150,150 RR
- D** 20,150 RR

**15** Vladimir is an employee of OOO Magic. He returned from a business trip to Kazan in June 2018. His expense report, supported by relevant VAT invoices, included the following items (VAT inclusive where applicable):

	RR
Hotel accommodation	11,800
Taxi from the hotel to the railway station	826
Laundry at the hotel	944
<i>Per diems</i>	2,100

**What amount of value added tax (VAT) will OOO Magic be able to recover based on Vladimir's expense report?**

- A** 2,070 RR
- B** 1,926 RR
- C** 2,246 RR
- D** 2,390 RR

**(30 marks)**



**Section B – ALL SIX questions are compulsory and MUST be attempted**

Please write your answers to all parts of these questions on the lined pages within the Candidate Answer Booklet.

- 1 000 Vertical (Vertical) is 65% owned by a French company, Ocean SA, and 35% owned by a German company, GmbH Arctic (Arctic). Arctic provided Vertical with a loan of 10,000,000 EUR at a 4% annual rate on 8 October 2018 to finance Vertical's Russian investment projects. Interest is payable on a monthly basis on the third day following the end of each month.

The following information below relates to the assets and liabilities of Vertical at 31 December 2018:

Total assets	310,000,000 RR
including:	
Deferred tax assets	97,000,000 RR
Total liabilities	160,000,000 RR
including:	
Deferred tax liabilities	52,000,000 RR
Current tax liabilities	21,000,000 RR

The total liabilities figure does not include any other loans other than the above-mentioned 10 million EUR loan.

**Required:**

- (a) Calculate the deductible interest, imputed dividends (if any) and relevant withholding tax on dividends in relation to the controlled loan received by 000 Vertical for the year 2018.

Relevant (notional) exchange rates are as follows:

EUR/RR exchange rates (notional):

1 October	61
8 October	62
31 October	63
3 November	63.5
30 November	65
3 December	68
31 December	70
3 January	70.5

EURIBOR one year rates (negative rates):

1 October	0%
8 October	-0.25%
31 October	-0.50%
3 November	-0.30%
30 November	-0.45%
3 December	-0.5%
31 December	-0.6%
3 January	-0.55%

(8 marks)

- (b) Instead of accepting the 10,000,000 EUR loan from Arctic, Vertical could have instead been provided with a loan for the same amount on the same date by a foreign bank at the same annual rate and conditions for the monthly interest payable. This loan would have been guaranteed by Ocean SA.

**Required:**

**State the conditions under which this foreign bank loan would have been treated as an uncontrolled loan.**

Note: Calculations are not required for this part.

(2 marks)

**(10 marks)**

- 2 (a) Vadim works for OOO Day (Day) under a labour agreement. The following information relates to his salary and benefits from Day for the year 2018:

	RR
Monthly gross salary	61,000
Annual voluntary medical insurance for himself	21,000
One-off support payment on the birth of his daughter	53,000
<i>Per diems</i> within the statutory limits	30,000
Reimbursement for unused vacation	185,000
Sick leave reimbursement within the limits of compliance with the Russian legislation	12,500
Material support	10,000

**Required:**

**Calculate the annual amount of insurance contributions (IC) payable by OOO Day in respect of Vadim for the year 2018. Clearly identify any items referred to in the question on which IC are not payable (exempt).**

(7 marks)

- (b) Vadim's brother, Igor, works as a freelance photographer. Based on his licence agreement with company OOO Zoom (Zoom), he receives total gross remuneration of 1,800,000 RR in the year 2018. His expenses for the year 2018 in respect of this remuneration from Zoom are 570,000 RR. Igor is not registered as an individual entrepreneur.

**Required:**

**Calculate Igor's insurance contributions (IC) subject to payment by OOO Zoom provided that he has all the supporting documents confirming the expenses incurred.**

(3 marks)

**(10 marks)**

- 3 (a) Elena works for a consulting company under a labour agreement and receives monthly gross remuneration of 80,000 RR. She is married to Boris, and they have two children, aged 21 and 18 years respectively. The following information is available in relation to the year 2018:

**Medical treatment**

During the year 2018, Elena paid 125,000 RR for special medical treatment in a licensed Russian hospital. Elena's employer reimbursed Elena for 25,000 RR of the cost of the medical treatment in December 2018.

**Sale of car**

In May 2018, Elena sold her car for 1,000,000 RR. This car was purchased in March 2016 for 950,000 RR. All supporting documents for this car were kept by Elena.

**Purchase of apartment**

Elena and her husband Boris acquired an apartment for 6,000,000 RR in July 2018. The ownership of the apartment is split 20% to Elena and 80% to Boris. They declared this split to the tax authorities on application for housing allowance.

Elena applied to a bank for a mortgage loan to finance the purchase of the apartment. The bank provided a loan of 1,000,000 RR at an annual rate of 7% from 7 July 2018. Elena will repay the principal amount from January 2019. Interest is payable on a monthly basis on the fifth day following the end of each month. Elena financed the residual amount she needed to purchase her share of the apartment from personal savings. She has never used housing allowance in the past.

**Required:**

**Calculate Elena's final personal income tax (PIT) for the year 2018, assuming she claims all possible deductions, and calculate any unused balance of her housing allowance available to carry forward.**

(6 marks)

- (b) Anatoly works as an architect under an author's agreement with OOO Season (Season) for creating a new building for the company. Anatoly received net remuneration of 1,305,000 RR for the year 2018 after PIT was withheld by an agent. His professional expenses incurred for this work equalled 400,000 RR for the year 2018. Anatoly submitted an application to Season for receiving a professional deduction at source. He is not registered as an individual entrepreneur.

**Required:**

**Calculate Anatoly's personal income tax (PIT) for the year 2018, assuming that he applies for all available deductions in the most tax efficient way.**

Note: Do not take into account insurance contributions (IC).

(4 marks)

**(10 marks)**

- 4 (a) In quarter 3 (Q3) 2018, OOO Chocolad (Chocolad) sold chocolate in Russia for 43,688,025 RR (VAT inclusive). In addition, during September 2018, Chocolad sold the following debt receivables to an independent bank:

Customer name	Balance sheet value (VAT inclusive)	Due date of debt	Amount received from the bank on sale (VAT inclusive)
	RR		RR
Beans	3,058,162	21 January 2016	2,752,346
Cacao	7,198,000	7 March 2017	7,917,800

**Required:**

**Calculate the value added tax (VAT) liability of OOO Chocolad on the sale of the Beans and Cacao debt receivables. Provide explanations in respect of any exempt items.** (2 marks)

- (b) OOO Pharmapro (Pharmapro) is a distributor of medical products and is subject to 10% VAT in the Russian market. Pharmapro participated in a social responsibility project and provided several state hospitals with products free of charge as donations. The value of donations in quarter 4 (Q4) 2018 was 25,200,000 RR. These donations are treated as VAT exempt operations, with all supporting documents in place. The data below is available for Q4 2018 (VAT is included where necessary):

Total sales (including donations)	RR 249,480,000
<b>Expenses</b>	
Direct transportation for taxable activity (VAT inclusive)	18,733,680
Direct transportation for donations (VAT exempt)	2,081,520
General and administrative expenses (VAT inclusive)	32,114,880

**Required:**

**Calculate (1) the total value added tax (VAT) subject to recovery, and (2) the total VAT (if any) to be included in costs as a result of the above transactions of OOO Pharmapro in quarter four (Q4) of 2018.** (8 marks)

**(10 marks)**

5 Karina worked as a media client manager for an advertising agency, OOO Minder (Minder), from January to June 2018 inclusive. She is married to Pavel, and the couple have a 5-year-old daughter and 17-year-old son. Karina's gross monthly salary is 210,000 RR and, in addition, Minder provides her with the following benefits during the year 2018:

- Semi-annual voluntary medical insurance for herself costing 21,000 RR
- Semi-annual voluntary medical insurance for her children costing 25,000 RR
- Professional leadership training costing 32,000 RR
- Voluntary life insurance in favour of her children for the entire year 2018 costing 16,000 RR
- Ten yoga classes costing 10,000 RR

In addition to the above, during 12 months of the year Karina pays monthly insurance contributions of 7,000 RR into a non-state pension fund in her favour.

Karina also participated in a voluntary programme sponsored by Minder, to support an orphanage school. She did this through Minder's accounting department, which made a one-off withholding of 30,000 RR from her salary in March 2018. The funds were then transferred to the orphanage school as a charitable donation. In addition, in April 2018 Karina provided the school with a new video camera costing 50,000 RR.

During the year 2018, Karina made the following payments to Russian licensed institutions:

- 35,000 RR to the School of Figure Skating for her daughter
- 55,000 RR to the Academy of Architecture for her son's daily education
- 38,000 RR to a licensed language school for a Spanish language course for herself

Karina did not provide confirmation from the tax authorities to her employer in respect of her entitlement for the educational deduction before the end of 2018.

Karina and her husband decided to open their own media agency in July 2018. They needed 100,000,000 RR to finance the start-up. For this, Karina took out a consumer's loan of 12,000,000 RR from a bank on 15 August 2018 at an annual interest rate of 4%. Interest is payable on a monthly basis on the third day following the end of each month. The remaining finance needed for the start-up has been provided by Karina's husband, Pavel.

**Required:**

**(a) Calculate the personal income tax (PIT) of Karina withheld at source by OOO Minder for mid-year 2018, assuming that she asked for all possible maximum deductions to be given at source.**

Note: You should list all of the relevant items referred to in the question, indicating by the use of zero (0) any which are not taxable or tax exempt. (7 marks)

**(b) Calculate the final settlement of Karina's PIT liability (additional payment or refund) on submission of her PIT return for the year 2018. Clearly identify any limits to the available deductions.** (8 marks)

**(15 marks)**

- 6 000 Merry (Merry), which is 100% owned by Russian shareholders, provides transportation services within Russia and abroad. Merry applies the accruals method for corporate profits tax purposes. In compliance with Merry's tax policy for the year 2018, direct costs should be booked completely against the revenue recognised in the same reporting quarter without an allocation to work-in-progress.

Merry applies the non-linear method of depreciation for profits tax purposes. Merry's tax policy for the year 2018 stipulates the right to an immediate 30% write-off of tangible non-current asset costs. All the services provided to Russian customers during the year 2018 were subject to Russian value added tax (VAT) at the standard rate. All amounts shown below are VAT inclusive (where relevant) unless otherwise stated.

The following information is available for the year 2018:

#### Revenue

	RR
Sales to Russian customers	164,610,000
Sales to CIS customers (confirmed exports)	11,500,000
Prepayments from Russian customers	20,355,000

#### Purchased direct materials

Purchased direct materials put into production in 2018 were valued at 24,780,000 RR.

#### Direct labour costs

Merry has 300 employees, who each receive a monthly gross salary of 31,000 RR.

Annual voluntary personal insurance against accidents at work for a total premium of 5,000,000 RR has been paid for by Merry for all 300 employees.

#### Direct equipment

Non-current asset type	Initial value in RR per unit	Quantity	Date put in use	Monthly non-linear depreciation tax rate
Cars	855,500	300	1 April 2016	5.6%

#### Indirect expenses

Merry has 15 administrative employees who each receive a monthly gross salary of 10,000 RR. Annual voluntary medical insurance for a total premium of 7,500,000 RR has been paid for by Merry for the administrative employees.

Business entertainment expenses incurred during the year as a result of a visit by some of Merry's foreign partners are as follows. Value added tax (VAT) is not applicable unless otherwise stated.

	RR
Official lunches (VAT inclusive)	483,800
Visa expenses	20,000
Cost of external translators	436,600
Taxi from the hotel to the venue and back	25,000
Hotel accommodation (VAT inclusive)	2,006,000
Guided tour in Kremlin	35,400
	<hr style="width: 100%; border: 0.5px solid black;"/>
	3,006,800

**Required:**

- (a) Assuming that all expenses referred to in the scenario are properly confirmed by the necessary documents, calculate OOO Merry's taxable base for corporate profits tax for the year 2018.

Notes:

1. List all of the items referred to in the question, indicating by the use of zero (0) any which are non-taxable and/or non-deductible.
2. Ignore both insurance contributions (IC) for employees and property tax. (13 marks)

- (b) Assuming that OOO Merry introduces the rule of direct expenses allocation based on completion ratio into its 2018 tax policy, calculate the service completion ratio (in %) taking into account the information below:

- OOO Merry applies the FIFO valuation method for its inventory.
- At 31 December 2017, the inventory balance was 0 RR. At 31 December 2018, invoices for 26,337,600 RR had been issued for services rendered but not accepted by the customers.
- The completion date is the date when the act of acceptance for the service is accepted and signed by the customer. (2 marks)

**(15 marks)**

**End of Question Paper**