ADVANCED LEVEL EXAMINATION

MONDAY 6 NOVEMBER 2017

(3½ HOURS)

CORPORATE REPORTING

This paper consists of **THREE** questions (100 marks).

1. Ensure your candidate details are on the front of your answer booklet. You will be given time to sign, date and print your name on the answer booklet, and to enter your candidate number on this question paper. You may not write anything else until the exam starts.

2. Answer each question in black ball point pen only.

3. Answers to each question must begin on a new page and must be clearly numbered. Use both sides of the paper in your answer booklet.

4. The examiner will take account of the way in which material is presented.

5. When the assessment is declared closed, you must stop writing immediately. If you continue to write (even completing your candidate details on a continuation booklet), it will be classed as misconduct.

The questions in this paper have been prepared on the assumption that candidates do not have a detailed knowledge of the types of organisations to which they relate. No additional credit will be given to candidates displaying such knowledge.

IMPORTANT Question papers contain confidential information and must NOT be removed from the examination hall. DO NOT TURN OVER UNTIL YOU ARE INSTRUCTED TO BEGIN WORK	You **must** enter your candidate number in this box

QUESTION 1

You are an audit senior working for a firm of ICAEW Chartered Accountants, MKM LLP. You have been assigned to the audit of EF Ltd, a UK company which sells home furnishings.

In July 2017, your team completed audit planning and interim audit procedures on EF for its year ending 31 December 2017. You prepared a file note (**Exhibit 1**) outlining the key elements of your planned audit approach.

The MKM audit manager for the EF audit engagement gives you the following briefing:

"On 31 August 2017, EF was acquired by a listed multinational company, MegaB plc. I have received an email from the EF chief financial officer (CFO) (**Exhibit 2**) which provides information that may affect our audit plan. MegaB has told the CFO to make some adjustments to EF's financial statements for four matters. These matters are included in an attachment to the email.

"MegaB is a client of MKM's consulting division and we know its finance team well. We have not done much work for the MegaB group in the last twelve months but MKM is currently tendering for a large consultancy contract with MegaB which MKM is keen to win. It is therefore important that we perform well on the EF audit this year.

"MegaB is audited by Lewis-Morson LLP and today I received a telephone call from the Lewis-Morson group audit partner. The telephone call raises issues for our audit approach and I have summarised it in a brief note (**Exhibit 3**).

Instructions from the MKM audit manager

"I need to respond to the CFO's email (Exhibit 2) and consider its implications for the EF audit. To help me, please prepare a briefing note in which you:

(1) Explain, for each of the four matters in the email attachment (Exhibit 2), the appropriate financial reporting treatment in the financial statements of EF for the year ending 31 December 2017. Identify any additional information you need to finalise the accounting entries required. Ignore any adjustments for current and deferred taxation.

(2) Identify and explain the changes that we need to make to each element of the planned audit approach summarised in the file note (Exhibit 1). You should also consider any additional key areas of audit focus and risk using all the information available.

(3) Explain any ethical matters which MKM now needs to consider in respect of the 2017 EF audit and any actions that MKM should take."

Requirement

Respond to the MKM audit manager's instructions.

Total: 40 marks

Exhibit 1: File note − planned approach for EF audit − prepared by audit senior in July 2017

The key elements of our planned audit approach for EF for the year ending 31 December 2017 are set out below.

We have:

- Agreed engagement terms and an audit fee of £60,000, giving us an inflationary increase from the prior year.

- Established planning materiality at £800,000 based on a forecast profit after tax of £16 million for the year ending 31 December 2017.

- Considered factors affecting the inherent risk associated with the client, noting:
    - no new business risks;
    - no unusual pressures on management; and
    - no factors which cause us to question the effectiveness of the general control environment.

- Assessed the risk of material misstatement, identifying the following balances and assertions as key areas of audit focus:
    - the accuracy and cut-off of revenue recognition; and
    - the valuation of future obligations for the defined benefit pension scheme.

- Evaluated the design of the controls over revenue and trade receivables. We also performed testing to ensure that these controls had been implemented and we also tested their operating effectiveness for the six months ended 30 June 2017. No exceptions were identified from this work so we plan to rely on the operating effectiveness of controls over revenue and trade receivables.

- Scheduled our final audit visit for March 2018 in line with the timing of our audit procedures in previous years. During this final visit, we plan to update our testing of operating effectiveness to cover the operation of controls in the six months ending 31 December 2017.

Exhibit 2: Email from EF CFO

To: MKM audit manager
From: EF CFO
Date: 6 November 2017
Subject: Information and attachment including adjustments required by MegaB

Change in ownership of EF

EF was acquired by MegaB on 31 August 2017. As a result, there have been some changes in EF's staff, systems and procedures. With effect from 1 November 2017, responsibility for routine accounting was transferred to the MegaB shared service centre. This now processes all our accounting transactions. As EF CFO, I still have overall responsibility for the EF financial statements. I am responsible for reviewing the draft financial statements and for processing journal entries for judgemental, complex or one-off items.

MegaB does not get involved in detailed operational matters but expects the EF board to achieve the forecast results. MegaB has made it clear that EF will face cuts in staff if we fail to do so.

In the future, it may make sense to appoint the MegaB group auditor as the EF auditor. However, the board has decided that it would like MKM to complete the audit of EF for the year ending 31 December 2017. Cost control is very tight under our new owners so I am unlikely to be able to approve any increase in the £60,000 audit fee already agreed.

Pension scheme

MegaB asked its actuary to provide a valuation of the EF defined benefit pension scheme at 31 August 2017, as it questioned the assumptions that EF's actuary used last year. Because of changes in the actuarial assumptions used, the revised valuation resulted in a reduction of £10.5 million in the net pension obligation recognised at 31 August 2017. The MegaB auditor has reviewed the actuarial calculations and is happy with them.

The MegaB actuary has confirmed that he expects his actuarial assumptions to be very similar at 31 December 2017 and he plans to use the same assumptions at that date.

Re-organisation and bonus costs

Because of MegaB's acquisition of EF, there are several employees whose services will not be required. A redundancy programme was announced on 1 October 2017 and 12 members of the finance and administration staff have already left the company, together with three directors and six other members of senior management. They received redundancy payments totalling £1.25 million, which will be recognised in our October 2017 management accounts.

A further 50 members of staff are due to leave on 28 February 2018, by which time we hope to have signed off our financial statements. They will receive redundancy payments totalling £635,000.

There is a new executive bonus scheme for me and the two other remaining directors of EF. If the company exceeds its forecast operating profit of £34 million, we will each receive a bonus payment of £100,000. I have not accrued for this cost, as the bonus will be payable in 2018.

Financial performance

I summarise below key financial data from EF's management accounts for the nine months ended 30 September 2017. The results for October 2017 are not yet available. I hope to provide these in early December 2017.

	9 months ended 30 September 2017 Actual £ million	**Year ending 31 December 2017 Updated forecast £ million**	**Year ended 31 December 2016 Actual £ million**
Revenue	175.0	274.3	214.0
Gross profit	51.0	76.2	64.2
Operating profit	18.9	34.0	21.4
Profit after tax	14.7	26.0	16.1
Net assets	53.1	74.9	38.4

Performance for the 8 months to 31 August 2017 was in line with the forecast and the previous year.

In September 2017, revenue increased by around £15 million because of sales of EF products to MegaB subsidiaries outside of the UK. These sales represent our first international revenue and are expected to continue at the same level for the rest of the year. The gross margin is lower than on EF's other sales, as the prices charged to group companies are lower than those charged to third parties. I have updated the whole forecast to reflect these sales.

There have been no changes to costs and revenue other than the additional international sales.

Attachment to CFO's email – adjustments required by MegaB

Bob Wright (the MegaB group financial controller) has reviewed EF's accounting policies and estimates at the acquisition date, 31 August 2017. He has told me to adjust EF's financial statements for the year ending 31 December 2017 for the four matters set out below.

Brand

At 31 August 2017, an expert valued the EF brand at £20 million and Bob expects to see this asset in the EF statement of financial position. We have not previously recognised any value for the brand and I am unsure as to what costs were incurred to acquire or develop it.

Goodwill

MegaB has recognised goodwill of £11.2 million relating to the EF business and Bob wants me to recognise this in the EF statement of financial position.

Investment property

MegaB has a policy of measuring both its investment properties and all other land and buildings at fair value and it requires EF to adopt the same policy, although we have historically used the cost model for all property, plant and equipment (PPE).

MegaB valued EF's PPE as at 31 August 2017. There was no difference between the carrying amount and fair value of PPE, except for EF's head office property. The carrying amount of the property at 31 August 2017 was £1.3 million, including land at £0.7 million. The property had a remaining useful life of 30 years at that date.

Because there are plans for EF to vacate the head office property and to rent it to tenants, MegaB wants us to treat it as an investment property. At 31 August 2017, MegaB valued the head office property at £3.7 million, including land at £0.7 million, based on anticipated rental income.

The head office property has three identical floors and each floor can be rented to tenants separately. Until 1 September 2017, EF occupied the whole building. At that date, it signed a 10-year lease with a tenant for the third floor, at an annual rental of £40,000. EF continues to occupy the other two floors.

Trade receivables allowance

Historically, EF has made only small impairment allowances for specific trade receivables which it does not expect to recover in full. Bob has now also asked us to establish a general allowance based on the ageing of receivables that, at 31 August 2017, amounts to £1.35 million. A general allowance calculated on the same basis as at 31 December 2016 would have amounted to £800,000.

I would welcome your advice as to what, if anything, we should adjust. I am not sure Bob has really considered the effect on EF's single company financial statements. The above four matters are not recognised in EF's management accounts.

Exhibit 3: Note of my telephone call with Petra Newton − prepared by MKM audit manager

I received a telephone call today from Petra Newton, the group audit partner from Lewis-Morson, MegaB's auditor.

Lewis-Morson LLP expects to sign off the group audit opinion by 28 February 2018.

EF is a significant component of the MegaB group. By 15 February 2018, Lewis-Morson needs us to do a full audit of EF's financial statements for the year ending 31 December 2017, based on the component materiality of £3 million, and to prepare a reporting memorandum to Lewis-Morson.

The partner confirmed that Lewis-Morson has completed audit procedures on the defined benefit pension scheme obligations at 31 August 2017, so we may not need to perform separate procedures on these. He will send an email confirming the work done and that no issues were noted.

It is likely that, during 2018, the EF business will be transferred into an existing MegaB subsidiary. As a result, the audit this year may be MKM's last for EF. The MegaB board is interested only in ensuring that there is no material misstatement at group level. Therefore, it expects MKM to adopt component materiality of £3 million for the single company EF audit. The MegaB board sees no great value in the single company audit and just wants it to be completed as quickly and efficiently as possible.

QUESTION 2

You are Damian Field, an ICAEW Chartered Accountant and the financial controller at Wayte Ltd, a manufacturer of industrial weighing machines. The ordinary shares in Wayte are held equally by four members of the Benson family, who are also the directors of the company. You have just returned to work after a period of sick leave. During your absence, Wayte employed an unqualified accountant, Jenny Smith, on an interim contract.

On your return to work, you received the following note from Gerard Benson, the production director who is your line manager.

> Wayte needs to expand production facilities and requires a loan of £10 million from the bank to invest in plant and machinery. The bank has asked for information to support Wayte's application for this loan.
>
> Jenny has prepared a draft information schedule as requested by the bank (**Exhibit 1**). She has also prepared a draft statement of cash flows for the year ended 30 September 2017 (**Exhibit 2**). Jenny told me that her work is incomplete and adjustments are still required. She has left some handover notes for you (**Exhibit 3**).
>
> I believe that Wayte will have no problem obtaining bank finance because profitability is high and increasing, liquidity is generally good and there is ample security for the loan.
>
> <u>Instructions</u>
>
> I would like you to:
>
> (a) Explain the financial reporting adjustments required for the year ended 30 September 2017 in respect of the issues identified in Jenny's handover notes (Exhibit 3). Include journal entries for each adjustment.
>
> (b) Prepare a revised information schedule for the bank (Exhibit 1) including your financial reporting adjustments to both the figures and the key ratios.
>
> (c) Prepare a report for the board in which you analyse and interpret the financial position and performance of Wayte using your revised information schedule and the draft statement of cashflows (Exhibit 2). Provide a reasoned conclusion on whether the bank is likely to advance the £10 million loan.

Requirement

Respond to Gerard Benson's instructions.

Total: 30 marks

Exhibit 1: Wayte draft information schedule requested by the bank – prepared by Jenny

Performance information for the year ended 30 September

	2017	**2016**
	£'000	**£'000**
Revenue	35,400	34,500
Gross profit	10,020	9,660
Cash generated from operations	6,320	3,990

Extracts from statement of financial position at 30 September

	2017	**2016**
	£'000	**£'000**
Total assets	35,670	33,560
Total liabilities	8,490	8,730
Equity	27,180	24,830
Net debt	450	

Non-current assets available as security at 30 September 2017

	2017
	£'000
Land	1,000
Buildings	18,200
Financial assets: available-for-sale	430
Financial assets: fair value through profit or loss	192
Plant and equipment	8,678
	28,500

Key ratios

	2017
Gearing (Net debt/equity) x 100	1.7%
Gross profit margin	28.3%
Return on capital employed (Operating profit/net debt + equity) x 100	16.0%

Exhibit 2: Wayte draft statement of cash flows for year ended 30 September 2017 – prepared by Jenny

	2017 £'000	2016 £'000
Cash generated from operations (**Note**)	6,320	3,990
Tax paid	(810)	(790)
Net cash from operating activities	5,510	3,200
Cash flows from investing activities		
Dividends received	30	-
Purchase of PPE	(2,408)	(2,656)
Purchase of financial asset	(192)	(430)
	(2,570)	(3,086)
Cash flows from financing activities		
Dividends paid	(3,000)	-
Directors' interest-free loan accounts repaid	(1,000)	-
	(4,000)	-
Net change in cash and cash equivalents	(1,060)	114
Cash and cash equivalents brought forward	610	496
Cash and cash equivalents carried forward	(450)	610

Note

Reconciliation of profit before tax to cash generated from operations

Profit before tax	4,440	4,040
Investment income	(30)	-
Depreciation charge	1,100	690
Decrease (increase) in inventories	250	(400)
Decrease (increase) in trade receivables	330	(360)
Increase in trade payables	230	20
Cash generated from operations	6,320	3,990

Exhibit 3: Handover notes for Damian, financial controller - prepared by Jenny

(1) Financial instruments

I have accounted for the foreign exchange implications of all trading transactions, and I am satisfied that these are correctly recognised. However, I was unsure about the correct treatment of the two financial assets and have made no year-end adjustments in respect of them.

- On 30 September 2016, Wayte invested in 2% of the issued ordinary share capital of PSN, a company based in Ausland, where the currency is the Auslandian dollar (AS$). The investment comprised 2,000 shares and was recognised as an available-for-sale financial asset at £430,000. On 30 September 2017, the shares in PSN were quoted in an active market at AS$310 per share.

- On 1 January 2017, Wayte invested in 1% of the issued ordinary share capital of another Auslandian company, LXP. Wayte bought 50,000 shares at AS$5 each, and the investment was recognised by Wayte at £192,000. Wayte correctly classified this investment as fair value through profit or loss. On 30 September 2017, the shares in LXP were quoted in an active market at AS$7 per share.

The exchange rates for the Auslandian dollar were:

At 30 September 2016	£1 = AS$1.4
At 1 January 2017	£1 = AS$1.3
At 30 September 2017	£1 = AS$1.6

(2) Revenue

Until recently, Wayte sold weighing machines without service contracts. On 31 July 2017, Wayte signed a new contract with a large customer, JM Ltd, to supply weighing machines together with a two-year fixed-term service contract. For two years after delivery of the machines, Wayte's engineers will make quarterly visits to JM to service them.

Sales made under this contract in August and September 2017 were £4,500,000, comprising machine sales of £3,750,000 and services valued at £750,000. No service visits are due until December 2017 at the earliest, so no service costs were incurred under this contract before 30 September 2017.

I have left the full amount of £4,500,000 in revenue. I understand that under IFRS 15, Revenue from Contracts with Customers, it would be incorrect to recognise the service revenue immediately but IFRS 15 is not yet mandatory and so I have applied IAS 18, Revenue.

(3) Deferred tax

A deferred tax balance of £1,200,000 was brought forward on 1 October 2016. This relates entirely to temporary differences in respect of the revaluation of land and buildings. I have made no adjustment to the balance of £1,200,000, but I think it is likely that adjustments will be required in respect of the following:

- Land and buildings are carried at revalued amounts. I have adjusted for the revaluation on 30 September 2017, which increased the value to £19,200,000. The original cost of the land and buildings was £11,400,000. In Wayte's tax jurisdiction no tax allowances are given for depreciation charged on land and buildings. A taxable capital gain will arise in future on the sale of land and buildings. This capital gain is calculated as the difference between the sale proceeds and the original cost. A tax on capital gains of 20% will apply when the land and buildings are sold.

- Any temporary differences arising in respect of adjustments you make from note (1) above. The tax treatment for financial instruments follows the accounting treatment in respect of gains and losses recognised through profit or loss. Deferred tax arises in respect of gains or losses on financial instruments which are recognised in other comprehensive income.

(4) Current tax

Adjustments from notes (1) and (2) above may require adjustments to the current tax charge. Tax is charged at 20%.

QUESTION 3

SettleBlue plc (SB) is a UK AIM-listed company, operating in the outdoor retail sector. SB owns several subsidiaries and has an investment in CeeGreen Ltd (CG). Owen-Grey LLP, a firm of ICAEW Chartered Accountants, is the auditor of SB and its subsidiaries. It also audits CG.

You are an audit senior working on the SB group audit and SB parent company audit for the year ended 30 September 2017. Other audit teams from Owen-Grey are responsible for the individual audits of SB's subsidiaries and CG.

The group audit engagement manager left you the following briefing note including instructions:

Briefing note

The draft consolidated financial statements for SB for the year ended 30 September 2017 show profit after tax of £5.3 million. SB uses the proportion of net asset method to value non-controlling interests when preparing consolidated financial statements.

Our audit procedures are nearly complete and I need your help in respect of the following:

<u>Investment in CG</u>

The SB financial controller, Geri Hawes, has sent me a note with information about two key matters concerning SB's investment in CG (**Exhibit 1**).

<u>Audit of parent company's trade and other payables</u>

SB's purchases and its trade and other payables balances have been identified as high audit risk balances. Ann Zhang, the Owen-Grey audit associate responsible for this area of our work, has just gone on leave. She has left a file note summarising two issues arising from her audit procedures for the year ended 30 September 2017 (**Exhibit 2**). Ann asked Owen-Grey's data analytics team to analyse SB's purchase data using our new data analytics system, Titan. This analysis was delayed and has only just been provided. It includes a dashboard summarising the results (**Exhibit 3**).

<u>Instructions</u>

(1) Explain, for each of the two matters identified in Geri's note (Exhibit 1), the appropriate financial reporting treatment in SB's consolidated financial statements for the year ended 30 September 2017. Set out appropriate adjustments. Ignore any potential adjustments for current and deferred taxation.

(2) Review the file note prepared by Ann (Exhibit 2) and the dashboard (Exhibit 3) and:

- Identify and explain any weaknesses in the audit procedures completed by Ann on the two issues;
- analyse the information provided in the dashboard to identify the audit risks; and
- set out any additional audit procedures that we will need to perform.

Requirement

Respond to the audit engagement manager's instructions.

Total: 30 marks

Exhibit 1: Note prepared by Geri Hawes, SB's financial controller

There are two key matters concerning SB's investment in CG which have arisen during the year ended 30 September 2017.

1. Additional investment in CG

CG was set up by the Troon family in 2008 to manufacture tents. CG is one of SB's key suppliers. On 1 June 2015, CG issued 100,000 new ordinary £1 shares to SB for cash at £20 per share. At 30 September 2015 and 2016, the issued ordinary share capital was held as follows:

Shareholder	Number of £1 ordinary shares
John Troon	600,000
Ken Troon – John's son	200,000
Sharon Troon – Ken's wife	100,000
SB	100,000
	1,000,000

John, Ken and Sharon were the only directors of CG until 1 January 2017. At 30 September 2015, SB recognised its investment in CG as an available-for-sale financial asset at its fair value of £2 million. At 30 September 2016, the SB board estimated the fair value of the investment to be £2.5 million and an increase of £0.5 million was recognised in other comprehensive income.

On 1 January 2017, John offered to sell his 600,000 shares to SB for £15 million. SB bought 40% of John's shares on 1 January 2017 for a consideration of £6 million. SB also holds a call option to buy the remaining 60% of John's shares on 1 January 2018 for £9 million.

On 1 January 2017, John resigned as a director of CG. SB appointed two representatives to the CG board as marketing and production directors. Since they joined the board, CG's performance has improved significantly and this trend is expected to continue.

In SB's consolidated financial statements for the year ended 30 September 2017, the investment in CG is recognised at £8.5 million, as an available-for-sale financial asset, since SB does not own the majority of the shares in CG.

2. Share options

On 1 January 2017, as an incentive to work more closely with SB, Ken and Sharon were appointed as directors of SB. The service agreement includes the following key terms:

- Ken and Sharon are not paid cash salaries.
- On 1 January 2019, Ken and Sharon have the right to receive (provided that they are still directors of SB at 1 January 2019) either 32,000 SB shares or cash to the equivalent value of 28,000 SB shares.
- At 1 January 2017, the fair value of the share route has been calculated at £20 for the right to receive one SB share on 1 January 2019.
- The market value of SB's shares at 1 January 2017 was £22 per share and at 30 September 2017, it was £24 per share. I have not made any adjustment for this service agreement in the consolidated financial statements as no cash has been paid.

Exhibit 2: File note: Key issues arising from audit procedures on purchases, trade and other payables – prepared by Ann Zhang, Owen-Grey audit associate on SB audit

<u>Issue 1: Goods received not invoiced (GRNI) accrual of £610,000</u>

When goods are received in SB's factory, they are matched to a purchase order on SB's computer system and a goods received note (GRN) is produced and recorded on a list of goods received not invoiced (GRNI). When the purchase invoice is received from the supplier, it is matched to the GRN, which is removed from the GRNI list on SB's computer system. The purchase invoice is then authorised for payment and recorded in the purchases and payables accounts.

At 30 September 2017, SB has calculated an accrual of £610,000 from the list of GRNI and made the following adjustment:

Debit	Cost of sales	£610,000
Credit	Trade and other payables	£610,000

My controls testing of the matching of GRNs to purchase invoices showed that the controls did not operate effectively during the year ended 30 September 2017. This was due to inexperienced SB staff members not matching purchase invoices to the correct GRNs. Therefore, I tested a sample of 10 GRNs included on the GRNI list at 30 September 2017 to make sure that the goods were received before the year-end. I also tested completeness by agreeing large payments made to suppliers after 30 September 2017 to the payables account for the appropriate supplier.

<u>Issue 2: Accrual for a debit balance of £290,000 on MAK Ltd payables account</u>

At 30 September 2017, the payable account of MAK Ltd, a large supplier of goods to SB, shows a debit balance of £290,000. This balance arose because SB did not receive purchase invoices from MAK for goods received in June and July 2017 when MAK's accountant was on sick leave.

To authorise payments to MAK without purchase invoices, SB's accounts staff used GRNs prepared by SB's warehouse and recorded on the GRNI list as evidence that the goods had been received from MAK. SB accounted for the payments to MAK for these goods by crediting the cash account and debiting MAK's payables account. No adjustment has been made to the GRNI list for these payments.

SB has corrected the transaction by recording the following journal entry:

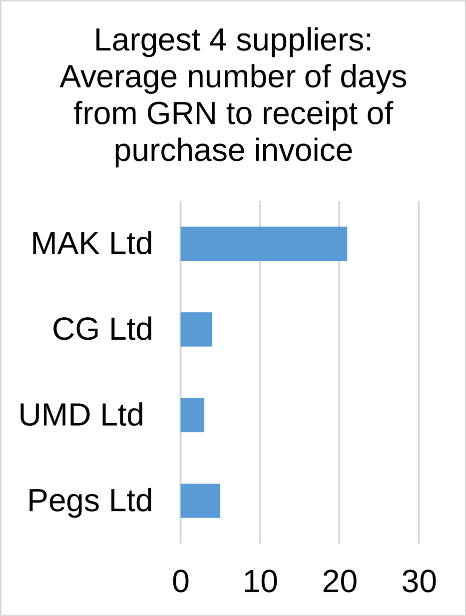
Debit	Cost of sales	£290,000
Credit	Trade and other payables	£290,000

I agreed payments of £290,000 made to MAK before 30 September 2017 to SB's bank statements. I confirmed that SB did not receive the invoices from MAK by agreeing the amounts to GRN on the GRNI list at 30 September 2017. Invoices relating to these goods have been received by SB and recorded after 30 September 2017. I have asked SB to provide a supplier statement from MAK but have not yet received a response.

Exhibit 3: Dashboard of results from the application of the Titan analytics system

SB provided Owen-Grey with its purchases data files for the year ended 30 September 2017. Owen-Grey's Titan analytics system has been applied to this data. The system analysed 100% of purchase orders and goods received notes raised in the year ended 30 September 2017. The following results have been obtained:

Test for all data (including MAK Ltd)	Outcome
Number of purchase orders raised	7,246
Number of GRNs raised and matched to purchase orders	6,884
Average number of days from GRN to receipt of purchase invoice	10 days
Number of GRNs not invoiced at 30 September 2017 (GRNI)	311
Number of GRNs over 2 months old not invoiced at 30 September 2017	156
Average order value	£1,900



One supplier, MAK Ltd was identified as an outlier showing the following data:

Test for MAK Ltd	Outcome
Number of purchase orders raised	771
Number of GRNs raised and matched to purchase orders	732
Average number of days from GRN to receipt of purchase invoice	21 days
Number of GRNs not invoiced at 30 September 2017 (GRNI)	142
Number of GRNs over 2 months old not invoiced at 30 September 2017	122
Average order value	£2,040