



CERTIFIED ACCOUNTING TECHNICIAN (CAT)

STAGE 2 EXAMINATION

S2.1 PREPARATION OF BASIC ACCOUNTS

DATE: AUGUST 2025

MODEL ANSWERS AND MARKING GUIDE

SECTION A

Marking guide

QUESTION	CORRECT CHOICE	MARKS AWARDED	QUESTION	CORRECT CHOICE	MARKS AWARDED
01	D	2	26	C	2
02	C	2	27	D	2
03	A	2	28	C	2
04	C	2	29	A	2
05	D	2	30	B	2
06	B	2	31	C	2
07	C	2	32	B	2
08	B	2	33	B	2
09	D	2	34	C	2
10	B	2	35	D	2
11	A	2	36	A	2
12	D	2	37	C	2
13	B	2	38	A	2
14	A	2	39	D	2
15	A	2	40	B	2
16	C	2	41	A	2
17	B	2	42	B	2
18	D	2	43	B	2
19	C	2	44	A	2
20	B	2	45	B	2
21	C	2	46	A	2
22	A	2	47	A	2
23	D	2	48	D	2
24	A	2	49	A	2
25	B	2	50	C	2
For each correct choice award			2 Marks		
Total marks awarded			120		

Model Answers

QUESTION ONE

The correct answer is D.

The consistency principle states that business should maintain the same accounting methods or principles throughout the accounting periods, so that users of the financial statements or information are able to make meaningful conclusions from the data.

Option A - Matching Concept

This option is incorrect because is an accounting concept that dictates that companies report expenses at the same time as the revenues they are related to.

Option B - Prudence Concept

This option is incorrect as refers to a crucial principle used in accounting to ensure that income and assets are not overstated in financial statements.

Option C - Money Measurement Concept

This option is incorrect because states that a business should only record an accounting transaction if it can be expressed in terms of money.

QUESTION TWO

The correct answer is C.

Debit Bank account FRW 100,000, credit Cash account FRW 100,000

Option A, is incorrect because when you pay cash into the bank according to the accounting principle the bank account will be increased by FRW 100,000, and cash account decreased by FRW 100,000

B, is incorrect because when you pay cash into the bank according to the accounting principle the bank account will be increased by FRW 100,000, and cash account decreased by FRW 100,000

D is incorrect because when you pay cash into the bank according to the accounting principle the bank account will be increased by FRW 100,000, and cash account decreased by FRW 100,000.

QUESTION THREE

The correct answer is A

Kagwesage closing inventory as at 31st December 2023 are as follows:

$(\text{Inventory cost} + \text{Sales}) - (\text{Repacking cost} + \text{other items costs}) = (\text{Frw } 17,500,000 + \text{FRW } 1,000,000) - (\text{FRW } 600,000 + \text{FRW } 2,000,000) = \text{FRW } 15,900,000$

Option B is incorrect because Kagwesage ignores repacking cost during the computation of closing inventory $(\text{Inventory cost} + \text{Sales}) - \text{other items costs} = (\text{FRW } 17,500,000 + \text{FRW } 1,000,000) - \text{FRW } 2,000,000 = \text{FRW } 16,500,000$

Option C is incorrect because Kagwesage deducts sales value instead of added back repacking cost during the computation of closing inventory $(\text{Inventory cost} - \text{Sales}) - (\text{Repacking cost} + \text{other items costs}) = (\text{FRW } 17,500,000 - \text{FRW } 1,000,000) - (\text{FRW } 600,000 + \text{FRW } 2,000,000) = \text{FRW } 13,900,000$

Option D is incorrect because Kagwesage add up the repacking cost and other items cost instead of being deducted from the inventory cost and sales (Inventory cost +Sales+ Repacking cost +other items costs = (FRW17,500,000+FRW 1,000,000+ FRW 600,000+FRW 2,000,000 = **FRW 21,100,000**

QUESTION FOUR

The correct answer is C.

So that users of the financial statements can assess the level of business debt due for repayment within a fairly short time.

Option A is not correct, to distinguish current and non-current liabilities in the statement of financial position of the business through knowing how much is owed by the business at all times

Option B is not correct, to distinguish current and non-current liabilities in the statement of financial position of the business through knowing ability of the business to continue as ongoing concern.

Option D is not correct, to distinguish current and non-current liabilities in the statement of financial position of the business through knowing money can be withdrawn from the business at a given time.

QUESTION FIVE

The correct answer is D.

James's bank account will be overdrawn by FRW 215,000 (FRW 935,000 cash at bank less the FRW 1,150,000 of bank charges).

Option A is not correct because it considers only FRW 935,000 cash and bank and ignores bank charges amounting of FRW 1,150,000

Option B is not correct is not correct because it considers only FRW 935,000 cash and bank and ignores bank charges amounting of FRW 1,150,000

Option C is not correct because FRW 215,000 will not be debited (FRW 935,000 cash at bank less the FRW 1,150,000 of bank charges).

QUESTION SIX

The correct answer is B

A bank reconciliation statement summarizes banking and business activity, comparing the bank's account balance with internal financial records. Bank reconciliation statements confirm that payments have been processed and cash collections have been deposited into a bank account.

A.Bank statement is not correct , it shows a list of all transactions for a bank account over a set period, usually monthly. The statement includes deposits, charges, withdrawals, as well as the beginning and ending balance for the period, along with any interest earned.

C. Financial statements (or financial reports) is not correct are formal records of the financial activities and position of a business, person, or other entity. Historical financial statements. Relevant financial information is presented in a structured manner and in a form which is easy to understand.

D. An income statement is not correct, is a financial statement that shows you the company's income and expenditures. It also shows whether a company is making a profit or loss for a given period. The income statement, along with the balance sheet and cash flow statement, helps you understand the financial health of your business.

QUESTION SEVEN

The correct answer is C

IAS 2 inventories

- A. IAS 1 is not correct because this standard stands for presentation of financial statement.
- B. IFRS 10 is not correct because this is standard for Consolidated Financial statement.
- C. IAS 16 is not correct because this is standard for Property, Plant and Equipment.

QUESTION EIGHT

The correct answer is B

Carrying amount is (FRW 20,000,000-FRW 15,000,000) = FRW 5,000,000, Profit for Disposal FRW 1,000,000 (FRW 6,500,000-FRW 5,000,000)

A is incorrect, the asset is traded at high value as compared to the carrying amount this implies to get profit on disposal.

C and D are not correct because Teta business group only compute carrying amount amounting to FRW 5,000,000 (FRW 20,000,000-FRW 15,000,000) and ignores the value trading the assets equivalent to FRW 6,500,000.

QUESTION NINE

The correct answer is D

Initial depreciation charges (FRW 100,000,000-FRW 10,000,000)/5 years =FRW 18,000,000

Carrying value (FRW 100,000,000-FRW 18,000,000) =FRW 82,000,000

New depreciation (FRW 82,000,000-0)/8years =FRW 10,250,000

A is not correct because we add up cost of an asset with residual value (FRW 100,000,000+ FRW 10,000,000)

B is not correct because we subtract residual value to the cost on asset only (FRW 100,000,000-FRW 10,000,000)

C is not correct (FRW 100,000,000-FRW 10,000,000)/5 years =FRW 18,000,000 and ignore to compute the new depreciation charges.

QUESTION 10

The correct answer is B.

The Auditing firm upon receipt of the payments Cash account is debited and the account receivables is credited.

Option A, is incorrect, because the firm upon receipt of the payment Cash account is debited and the account receivables is credited

Option C, is incorrect, because the firm upon receipt of the payment Cash account is debited and the account receivables is credited

Option D is incorrect, because the firm upon receipt of the payment Cash account is debited and the account receivables is credited.

QUESTION 11

The correct answer is A

Receivable amount =FRW 100,000

Allowance for doubtful debt is $5\% = \text{FRW } 100,000 \times 5\% = \text{FRW } 5,000$

Amount of Allowance to be charged to the statement of comprehensive income is the difference between the opening balance of allowance for doubtful debt and closing balance (FRW 5000-FRW 1000=FRW 4,000)

Option B is not correct because only took only the closing balance of the Allowance for doubtful debt is $5\% = \text{FRW } 100,000 \times 5\% = \text{FRW } 5,000$

Option C is not correct, because total opening balance was added up with the total of closing balance of the Allowance for doubtful debts (FRW 5000+FRW 1000)

Option D is not correct because only the opening balance of allowance for doubtful debts amounting to FRW 1,000 is considered and ignore the closing balance of FRW 5,000

QUESTION 12

The correct answer is D,

In single entry system it's possible to prepare a receipt and Payment accounts

Option A, in single entry system it's not possible to prepare a trial balance.

Option B, in single entry system it's not possible to prepare a trading Profit and loss account.

Option C in single entry system it's not possible to prepare balance Sheet.

QUESTION 13

The correct answer is B.

Dr		Rental Account		Cr
Rental in arrears (b/d)	1,700	Rent received in advance b/d		3,000
Rent received in advance c/d	4,000	Bank		50,800
To Profit and Loss Account	50,600	Rent due in arrears bal c/d		2,500
Total	56,300	Total		56,300

Option A is not correct. Ignore rent received in advance balance c/d of FRW4,000.

Dr		Rental Account		Cr
Rental in arrears (b/d)	1,700	Rent received in advance b/d		3,000
		Bank		50,800
To Profit and Loss Account	54,600	Rent due in arrears bal c/d		2,500
Total	56,300	Total		56,300

Option C is not correct , ignore amount of rent received amounting to FRW 50,800

Dr		Rental Account		Cr
Rental in arrears (b/d)	1,700	Rent received in advance b/d		3,000
Rent received in advance c/d	4,000	Rent due in arrears bal c/d		2,500
		To Profit and Loss Account		200
Total	5,700	Total		5,700

Option D is not Correct ignore Rent received in advance b/d FRW 3,000

Dr		Rental Account		Cr
Rental in arrears (b/d)	1,700	Bank		50,800
Rent received in advance c/d	4,000	Rent due in arrears bal c/d		2,500
To Profit and Loss Account	47,600			
Total	53,300	Total		53,300

QUESTION 14

The correct answer is A

When expenses are greater than the revenue this net loss for the company.

Option B is incorrect because net profit is when the revenue is greater than expenses.

Option C is incorrect, these deductions include discounts, allowances, and returns on purchases.

Option D is incorrect, the sum of a company's gross sales minus its returns, allowances, and discounts.

QUESTION 15

The correct answer is A

An allowance for doubtful accounts is considered a “contra asset,” because it reduces the amount of an asset, in this case the accounts receivable.

Option B is not correct, An allowance for doubtful accounts is NOT considered a “contra asset,” because it reduces the amount of an asset, in this case the accounts receivable

C is not correct ,An allowance for doubtful accounts is NOT considered a “contra asset,” because it reduces the amount of an asset, in this case the accounts receivable

D An allowance for doubtful accounts is NOT considered a “contra asset,” because it reduces the amount of an asset, in this case the accounts receivable.

QUESTION 16

The correct answer is C.

Total credit sales are most relevant to calculating allowance for doubtful debt.

Option A: Total Credit Purchases are not most relevant to calculating of allowance for doubtful debt.

Option B: Total current assets are not most relevant to calculating allowance for doubtful debt.

Option D: Total current liabilities are not most relevant to calculating allowance for doubtful debt.

QUESTION 17

The correct answer is B.

The unearned income is classified as liability.

Option A is not correct because the unearned income is classified as liability not under assets.

Option C is not correct because the unearned income is classified as liability not under assets.

Option D is not correct because the unearned income is classified as liability not under loss.

QUESTION 18

The correct answer is D

The objective of preparing trial balance is to ascertain the arithmetical accuracy of account.

Option A is not correct, the objective of preparing trial balance is NOT to ascertain the profit or loss of business.

Option B is not correct, the objective of preparing trial balance is NOT to ascertain the financial position of the business.

Option C is not correct, the objective of preparing trial balance is NOT to ascertain the accuracy of account.

QUESTION 19

The correct answer is C

When the trial balance does not agree, the difference is transferred to suspense account.

Option A is not correct, A capital account is used in accounting to record individual ownership rights of the owners of a company. The capital account is recorded on the balance sheet and is composed of the following items: Owner's capital contributions made when creating the company or following the creation, as required by the business.

Option B is not correct, A drawing account is a financial account that essentially records owners' drawings, i.e., the assets, mainly including money, that are withdrawn from a business by its owner(s) for their personal use

Option D is not correct Profit and loss account shows the net profit and net loss of the business for the accounting period. This account is prepared in order to determine the net profit or net loss that occurs during an accounting period for a business concern

QUESTION 20

The correct answer is B

When a transaction is completely omitted to be recorded in the books it is called error of omission

Option A error of Principle: Is not correct are often simply accounting entries recorded in the incorrect account.

Option C compensating error is not correct, a mistake when calculating or recording accounts that is equal in amount to an opposite mistake so that neither affects the final total.

Option D error of Posting is not correct, an error in which amount is posted to the wrong side of the same account is known as error of posting.

QUESTION 21

The correct answer is C.

Errors of principle are often simply accounting entries recorded in the incorrect account.

Option A is incorrect, error of omission occurs when an entry has not been recorded although a transaction has occurred during that period.

Option B is incorrect, Error of commission is an error that occurs when a bookkeeper or accountant records a debit or credit to the correct account but to the wrong subsidiary account or ledger.

Option D compensating error is not correct, a mistake when calculating or recording accounts that is equal in amount to an opposite mistake so that neither affects the final total.

QUESTION 22

The correct answer is A

Details	Amount(FRW)
Purchase	320,000
Add: Carriage in wards	16,500
Add: Opening stock	28,000
Less: Closing stock	(25,000)

Cost of Goods Sold	339,500
---------------------------	----------------

Option B is not correct because the closing stock were added back.

Details	Amount (FRW)
Purchase	320,000
Add: Carriage in wards	16,500
Add: Opening stock	28,000
Less: Closing stock	25,000
Cost of Goods Sold	389,500

Option C is not correct because the carriage inwards is omitted.

Details	Amount(FRW)
Purchase	320,000
Add: Opening stock	28,000
Less: Closing stock	(25.000)
Cost of Goods Sold	323,000

Option D is not corrected because the opening stock is omitted.

Details	Amount(FRW)
Purchase	320,000
Add: Carriage in words	16,500
Less: Closing stock	(25.000)
Cost of Goods Sold	311,500

QUESTION 23

The correct answer is D

Details	Amount (FRW)	Amount (FRW)
Sales		500,000
Purchase	320,000	
Add: Carriage in wards	16,500	
Add: Opening stock	28,000	
Less: Closing stock	(25.000)	
Cost of Goods Sold	339,500	(339,500)
Gross Profit		160,500

Option A is not correct because the closing stock was added back.

Details	Amount (FRW)	Amount(FRW)
Sales		500,000
Purchase	320,000	
Add: Carriage in wards	16,500	
Add: Opening stock	28,000	
Less: Closing stock	25,000	
Cost of Goods Sold	389,500	(389,500)
Gross Profit		110,500

Option B is not correct because the carriage inwards is omitted.

Details	Amount (RWF)	Amount (FRW)
Sales		500,000
Purchase	320,000	
Add: Opening stock	28,000	
Less: Closing stock	(25.000)	
Cost of Goods Sold	323,000	(323,000)
Gross Profit		177,000

Option C is not corrected because the opening stock is omitted.

Details	Amount (FRW)	Amount (FRW)
Sales		500,000
Purchase	320,000	
Add: Carriage in words	16,500	
Less: Closing stock	(25.000)	
Cost of Goods Sold	311,500	(311,500)
Gross Profit		188,500

QUESTION 24

The correct answer is A

Details	Amount (FRW)	Amount (FRW)
Sales		500,000
Purchase	320,000	
Add: Carriage in wards	16,500	
Add: Opening stock	28,000	
Less: Closing stock	(25.000)	
Cost of Goods Sold	339,500	(339,500)
Gross Profit		160,500

Wages	56,200	
Insurance	12,400	
Light and Heat	7,600	
Telephone	5,100	
Advertising	14,200	
Total Expenses	95,500	(95,500)
Net Profit		65,000
Less: Dividend		(38,000)
Profit for the Year		27,000

Option B is not correct because the closing stock was added back.

Details	Amount (FRW)	Amount (FRW)
Sales		500,000
Purchase	320,000	
Add: Carriage in wards	16,500	
Add: Opening stock	28,000	
Less: Closing stock	25,000	
Cost of Goods Sold	389,500	(389,500)
Gross Profit		110,500
Wages	56,200	
Insurance	12,400	
Light and Heat	7,600	
Telephone	5,100	
Advertising	14,200	
Total Expenses	95,500	(95,500)
Net Profit		15,000
Less: Dividend		(38,000)
Loss for the Year		(23,000)

Option C is not correct because the carriage inwards are omitted

Details	Amount (FRW)	Amount (FRW)
Sales		500,000
Purchase	320,000	
Add: Opening stock	28,000	
Less: Closing stock	(25,000)	
Cost of Goods Sold	323,000	(323,000)
Gross Profit		177,000
Wages	56,200	

Insurance	12,400	
Light and Heat	7,600	
Telephone	5,100	
Advertising	14,200	
Total Expenses	95,500	(95,500)
Net Profit		81,500
Less: Dividend		(38,000)
Profit for the Year		43,500

Option D is not correct because the opening stock is omitted.

Details	Amount(FRW)	Amount (FRW)
Sales		500,000
Purchase	320,000	
Add: Carriage in wards	16,500	
Less: Closing stock	(25,000)	
Cost of Goods Sold	311,500	(311,500)
Gross Profit		188,500
Wages	56,200	
Insurance	12,400	
Light and Heat	7,600	
Telephone	5,100	
Advertising	14,200	
Total Expenses	95,500	(95,500)
Net Profit		93,000
Less: Dividend		(38,000)
Profit for the Year		55,000

QUESTION 25

The correct answer is B

Details	Amount (FRW)
Building	280,000
Motor vehicle	44,300
Machinery	62,500
Total Asset	386,800

Option A is not correct because the profit for the year was added up

Details	Amount (FRW)
Building	280,000
Motor vehicle	44,300
Machinery	62,500
Add Profit	55,000
Total Asset	441,800

Option B is not correct because the profit for the year was added up

Details	Amount (FRW)
Building	280,000
Motor vehicle	44,300
Machinery	62,500
Add Profit	27,000
Total Asset	413,800

Option C is not correct because the profit for the year was added up

Details	Amount (FRW)
Building	280,000
Motor vehicle	44,300
Machinery	62,500
Add Profit	43,500
Total Asset	430,300

Option D is not correct because the Machinery items is omitted.

Details	Amount (FRW)
Building	280,000
Motor vehicle	44,300
Total Asset	324,300

QUESTION 26

The correct answer is C.

The common characteristics of all the assets owned by a company is to provide future economic benefits,

A, An intangible asset is an identifiable non-monetary asset without physical substance. Such an asset is identifiable when it is separable, or when it arises from contractual or other legal rights. Separable assets can be sold, transferred, licensed

B they are selective about what they involve themselves in. They choose to do things that have an

impact and make a difference.

D liabilities are debts that a company has little uncertainty about. The company knows who to pay, how much to pay them, and when the payment is due. Most of the time, known liabilities come from contracts, agreements, or laws

QUESTION 27

The correct answer is D

An income statement is a financial statement that shows you the company's income and expenditures. It also shows whether a company is making profit or loss for a given period.

Option A is not correct, A balance sheet is a financial statement that contains details of a company's assets or liabilities at a specific point in time.

Option B is not correct, A statement of retained earnings, sometimes called a statement of changes in equity, shows the sum of the earnings that a company has accumulated and kept in the business since it started operations.

Option C is not correct, A cash flow statement provides data regarding all cash inflows that a company receives from its ongoing operations and external investment sources.

QUESTION 28

The correct answer is C

Markup=profit /cost= (FRW800-FRW600) = FRW200/FRW600=0,33*100= 33%

Option A is not correct, Mark up =FRW600/FRW800=0.75*100=75%

Option B is not correct (FRW800-FRW600=FRW200), FRW200/FRW800=0,25*100=25%

Option D is not correct, the answer is 33%

QUESTION 29

The correct answer is A

Profit margin =Profit/price (FRW800-FRW600=FRW200), FRW200/FRW800=0.25*100=25%

Option B is not correct, Profit Margin =FRW600/FRW800=0.75*100=75%

Option C Profit Margin = (FRW800-FRW600) = FRW200/FRW600=0,33*100= 33%

Option D is not correct, Profit Margin 100%, the correct answer is 25%

QUESTION 30

The correct answer is B

Account Payable appears the statement of financial position (Balance Sheet)

Option A, The income statement shows a company's expense, income, gains, and losses, which can be put into a mathematical equation to arrive at the net profit or loss for that time period. This information helps you make timely decisions to make sure that your business is on a good financial footing.

C Petty cash is a small amount of money kept on hand for small purchases or expenses. It is typically kept in a locked box or other secure location and is often used to pay for minor office

supplies, postage, or travel expenses. Typically, a petty cash fund is established and then a custodian is assigned to manage it. The statement of retained earnings tells a business owner and others how much cumulative profit the company has available to reinvest in the business. Bankers who are considering a loan request typically want to see that a company has at least two years of positive retained earnings.

QUESTION 31

The correct answer is C,

A record of the increases and decreases in specific assets, liability, equity, revenues or expenses is an Account.

Option A, A journal is a concise record of all transactions a business conducts; journal entries detail how transactions affect accounts and balances. All financial reporting is based on the data contained in journal entries, and there are various types to meet business needs.

B What is posting in accounting? Posting in accounting refers to moving a transaction entry from a journal to a general ledger, which contains all of a company's financial accounts. A journal's entries are chronological while a ledger compiles its transactions by accounts, such as assets or liabilities.

D A trial balance is a bookkeeping worksheet in which the balances of all ledgers are compiled into debit and credit account column totals that are equal. A company prepares a trial balance periodically, usually at the end of every reporting period

QUESTION 32

The correct answer is B,

The term revenue expenditure refers to any money spent by a business that covers short-term expenses. This means the money is used for expenses that are used within one year.

Option A is incorrect, deferred revenue expenditure? This term refers to money spent during one accounting period with the intention of creating revenue in a future accounting period. You pay the initial expense upfront to see benefits earned in the future.

Option c is incorrect, capital expenditure Is the payment with either cash or credit to purchase long-term physical or fixed assets used in a business's operations.

Option D is irrelevant.

QUESTION 33

The correct answer is B,

The capital expenditure is shown in the financial position (Balance Sheet),

Option A is not correct, the capital expenditure is NOT shown in the trading account.

Option C is not correct, the capital expenditure is NOT shown Profit or Loss account,

Option D is irrelevant.

QUESTION 34

The correct answer is C

The quality of staff will not be recorded in the books of account.

Option A is correct Sales of goods will be recorded in the books of account.

Option B is correct, Payment of salary will be recorded in the books of account,

Option D is correct, Purchases of goods will be recorded in the books of account.

QUESTION 35

The correct answer is D,

Lenders are not internal users of financial statements.

Option A is correct, Board of Directors are internal users of financial statements.

Option B is correct, employees are internal users of financial statements.

Option C Managers are internal users of financial statements.

QUESTION 36

The correct answer is A

Depreciation charges for 10 years $(\text{Cost of an asset} - \text{Residual Value}) / \text{Useful life}$

$(\text{FRW } 370,000 - \text{FRW } 20,000) / 10 = \text{FRW } 35,000$

Depreciation for one half of the year is recorded for the first year the asset is purchased regardless of the date of purchase so $= \text{FRW } 35,000 / 2 = \text{FRW } 17,500$

Option B is not correct, Depreciation charges for 10 years $(\text{Cost of an asset} - \text{Residual Value}) / \text{Useful life}$

$(\text{FRW } 370,000 - \text{FRW } 20,000) / 10 = \text{FRW } 35,000$

Option C is not correct, Depreciation $(\text{FRW } 17,500 + \text{FRW } 35,000)$

Option D is not correct, Depreciation charges $(\text{FRW } 370,000 / 10 = \text{FRW } 37,000)$

QUESTION 37

The correct answer is C.

the Straight-Line Method is an approach used for depreciating an asset's value over its useful life, where an equal amount of the total depreciable cost is allocated for every annual accounting period.

Option A is not correct, the reducing-balance method, also known as the declining-balance method, in the initial years of an asset's "service.

Option B is not correct, the diminishing value method assumes that the value of a depreciating asset decreases more in the early years of its effective life.

Option D is not correct, the cost method of accounting involves recording the cost of investment at its historical cost.

QUESTION 38

The correct answer is A

Depreciation ($\text{FRW}20,000 \times 10\% = 2,000$)

Depreciation (Cost-Residual Value)/Useful life, Assume Y: Useful life

$2,000 = \text{FRW}20,000/Y$

$2000y = \text{FRW}20,000$

$Y: \text{FRW}20,000/2000 = 10 \text{ Years}$

Option B is not correct ($\text{FRW}20,000 \times 10/100 = 2000 \text{ years}$)

Option C is not correct, ($10\% \times 100/10 = 100 \text{ Years}$)

Option D is irrelevant.

QUESTION 39

The correct answer is D

A gain or loss on disposal of a plant asset is determined by comparing the Book Value of the assets with the proceeds received from its sales.

Option A is not correct A gain or loss on disposal of a plant asset is determined by comparing the Book Value of the assets with the proceeds received from its sales

B is not correct, only , A gain or loss on disposal of a plant asset is determined by comparing the Book Value of the assets with the proceeds received from its sales

C is not correct only A gain or loss on disposal of a plant asset is determined by comparing the Book Value of the assets with the proceeds received from its sales

QUESTION 40

The correct answer is B,

Output tax: Taxes imposed on the goods or services made or supplied by a person.

Adoption A is not correct, A direct tax is one that the taxpayer pays directly to the government. These taxes cannot be shifted to any other person or group.

Option C is not correct, A sales tax is a tax paid to a governing body for the sales of certain goods and services. Usually, laws allow the seller to collect funds for the tax from the consumer at the point of purchase.

Option D is irrelevant.

QUESTION 41

The correct answer A

Cost ($\text{FRW}3000 + (\text{FRW}3000 \times 18\%) = \text{FRW} 3,540$)

Option B is incorrect ($\text{RWF}3000 \times 18\% = \text{FRW} 540$)

Option C is incorrect ($\text{RWF}3000 \times 118/100 = \text{FRW} 19,667$)

Option D is incorrect ($\text{FRW}19,667 - \text{FRW}540 = \text{FRW}19,127$)

QUESTION 42

The correct answer is B.

50% of the amount of VAT payable for the entire period of operation without VAT registration

Option A, C and D are irrelevant

QUESTION 43

The correct answer is B

Details	Amount (FRW)	VAT (FRW)
Sales to the local market	3,400,000	=3,400,000*18%=612,000
Sales for foreign market	5,000,000	=5,000,000*0%=0
Exempted Sales	2,350,000	-
Total Out VAT		612,000

Option A is not correct

Details	Amount (FRW)	VAT (FRW)
Sales to the local market	3,400,000	=3,400,000*18%=612,000
Sales for foreign market	5,000,000	=5,000,000*18%=900,000
Exempted Sales	2,350,000	-
Total Out VAT		1,512,000

Option c is not correct

Details	Amount (FRW)	VAT (FRW)
Sales to the local market	3,400,000	=3,400,000*18%=612,000
Sales for foreign market	5,000,000	=5,000,000*18%=900,000
Exempted Sales	2,350,000	=2,350,000*18%=423,000
Total Out VAT		1,935,000

Option D is not correct

Details	Amount (FRW)	VAT (FRW)
Sales to the local market	3,400,000	=3,400,000*118%=4,012,000
Sales for foreign market	5,000,000	=5,000,000*0%=0
Exempted Sales	2,350,000	-
Total Out VAT		4,012,000

QUESTION 44**The correct answer is A**

Details	Amount (FRW)	VAT (FRW)
Cash Purchases	1,300,000	=1,300,000*18%=234,000
Credit Purchases	2,250,000	=2,250,000*18%=405,000
Legal services	650,000	=650,000*18%=117,000
Stationeries	720,000	=720,000*18%=129,600
Warehouse Rent	400,000	=400,000*18%= 72000
Security services	680,000	=680,000*18%=122,400
Purchase of Computers	120,000	=120,000*18%=21,600
Total Input VAT		1,101,600

Option B is not Correct (Ignore Credit Purchases)

Details	Amount (FRW)	VAT (FRW)
Cash Purchases	1,300,000	=1,300,000*18%=234,000
Legal services	650,000	=650,000*18%=117,000
Stationeries	720,000	=720,000*18%=129,600
Warehouse Rent	400,000	=400,000*18%= 72000
Security services	680,000	=680,000*18%=122,400
Purchase of Computers	120,000	=120,000*18%=21,600
Total Input VAT		696,600

Option C is not correct (Ignore legal services)

Details	Amount (FRW)	VAT (FRW)
Cash Purchases	1,300,000	=1,300,000*18%=234,000
Credit Purchases	2,250,000	=2,250,000*18%=405,000
Stationeries	720,000	=720,000*18%=129,600
Warehouse Rent	400,000	=400,000*18%= 72000
Security services	680,000	=680,000*18%=122,400
Purchase of Computers	120,000	=120,000*18%=21,600
Total Input VAT		984,600

Option D is not correct (Ignore warehouse rent)

Details	Amount (FRW)	VAT (FRW)
Cash Purchases	1,300,000	=1,300,000*18%=234,000
Credit Purchases	2,250,000	=2,250,000*18%=405,000
Legal services	650,000	=650,000*18%=117,000
Stationeries	720,000	=720,000*18%=129,600
Security services	680,000	=680,000*18%=122,400
Purchase of Computers	120,000	=120,000*18%=21,600
Total Input VAT		1,029,600

QUESTION 45

The correct answer is B.

VAT Payable/Refundable=Output VAT-Input VAT (FRW612,000-FRW1,101,600=FRW489,600)

Option A is not correct =Output VAT-Input VAT (FRW1,512,000-FRW1,101,600=FRW410,400)

Option C is not correct =Output VAT-Input VAT (FRW1,512,000-RWF696,600=FRW815,400)

Option D is not correct =Output VAT-Input VAT (FRW1,935,000-FRW1,029,600=FRW905,400)

QUESTION 46

The correct answer is A

The assets that can be converted into cash within a short period of time are known as current assets.

Option B is not correct, Fixed assets are physical or tangible items that a company owns and uses in its business operations to provide services and goods to its customers and help drive income. These assets, which are often equipment or property, provide the owner with long-term financial benefits.

Option c is not correct, an intangible asset is an asset that is not physical in nature, such as a patent, brand, trademark, or copyright. Businesses can create or acquire intangible assets. An intangible asset can be considered indefinite (a brand name, for example) or definite, like a legal agreement or contract.

Option D is not correct, Investments are assets held by an enterprise for earning income by way of dividends, interest, and rentals, for capital appreciation, or for other benefits to the investing enterprise.

QUESTION 47

The correct answer is A

You set priorities in the workplace by Creating a list of tasks, rank your task, allocate your time for each task, use scheduled for your day priorities.

Option B, C and D are not correct, they are missing items

QUESTION 48

The correct answer is D,

Payment to cleaner, is mostly likely to use the petty cash because it is temporary person who is working on daily basis. Every day the company can pay him/her through petty.

Option A is not correct, the company can't not pay motor vehicle through petty cash.

Option B is not correct, the company can't not pay computers for the office through petty cash.

Option C is not correct, the company can't not pay trailer through petty cash.

QUESTION 49

The correct answer is A

Rent account will appear as debit balance in the ledger account.

Option B is not correct, Capital account will not appear as debit balance in the ledger account.

Option C is not correct, Sales account will not appear as debit balance in the ledger account.

Option D is not correct, Bank overdraft will not appear as debit balance in the ledger account.

QUESTION 50

The correct answer is C.

A journal is a concise record of all transactions a business conducts; journal entries detail how transactions affect accounts and balances. All financial reporting is based on the data contained in journal entries, and there are various types to meet business needs.

Option A is not correct, purchase invoice is a document that specifies the products or services purchased by a customer and the corresponding cost. The invoice is sent to the buyer after the purchase has been made and is matched to the corresponding purchase order before payment is issued.

Option B is not correct, A trial balance is a report that lists the balances of all general ledger accounts of a company at a certain point in time. The accounts reflected on a trial balance are related to all major accounting items, including assets, liabilities, equity, revenues, expenses, gains, and losses.

Option D is not correct, A sales invoice is an accounting document sent by a provider of goods/services to a purchaser. It records services rendered, items provided, the amount owed by the customer, and how they can make payment. Invoices create legally binding agreements between companies and buyers, especially for larger purchases.

END OF MARKING GUIDE AND MODEL ANSWERS