
CERTIFIED ACCOUNTING TECHNICIAN
STAGE 2 EXAMINATIONS
S2.1 PREPARATION OF BASIC ACCOUNTS
DATE: WEDNESDAY, 27 AUGUST 2025

INSTRUCTIONS:

1. Time allowed: **2 hours and 30 minutes**
2. This examination has **one** section only: **Section A**
3. Section A has **50 compulsory** multiple-choice questions equal to **2 marks** each.
4. The question paper should not be taken out of the examination room.

SECTION A

QUESTION ONE

The accounting concept that advocates similar presentation of information from one year to another is called?

- A Matching Concept
- B Prudence Concept
- C Money Measurement Concept
- D Consistency Concept

(2 Marks)

QUESTION TWO

State the correct entry to the transaction: Paid FRW 100,000 cash into Bank Account.

- A Debit Cash account FRW 100,000, Credit Sales account, FRW 100,000
- B Debit Purchase account FRW 100,000, credit Cash account, FRW 100,000
- C Debit Bank account FRW 100,000, credit Cash account FRW 100,000
- D Debit Sales account FRW 100,000, credit Purchase account FRW 100,000

(2 Marks)

QUESTION THREE

Kagwesage valued her inventory at 31st December 2023 at its cost of FRW 17,500,000 she includes some items which cost FRW2,000,000 which have been difficult to sell. Kagwesage intends to have these items repacked at a cost of FRW 600,000. She can then sell them for FRW 1,000,000. **What will be the value of closing inventory in Kagwesage's accounts at 31st December 2023?**

- A Closing Inventory is RWF15,900,000
- B Closing Inventory is FRW 16,500,000
- C Closing Inventory is FRW13,900,000
- D Closing Inventory is FRW21,100,0000

(2 Marks)

QUESTION FOUR

To distinguish current and non-current liabilities in the statement of financial position of the business is very important. Why is it important?

- A So that the owners know how much is owed by the business at all times.
- B So that users of the financial statements can assess the ability of the business to continue as a going concern.
- C So that users of the financial statements can assess the level of business debt due for repayment within a fairly short time.
- D So that the owners know how much money can be withdrawn from the business at a given time.

(2 Marks)

QUESTION FIVE

On 30th June 2021, the bank account balance of Mr James general ledger showed that he had FRW 935,000 cash at bank. During the reconciliation, he found that he had omitted bank charges of FRW 1,150,000 for the year to 30th June 2021. **What bank balance should be included in the James opening trial balance on 1st July 2021?**

- A FRW 935,000 debit
- B FRW 935,000 credit
- C FRW 215,000 debit
- D FRW 215,000 credit

(2 Marks)

QUESTION SIX

John would like to reconcile its monthly book of accounts, The statement used to reconcile the bank balance as per the cash book and bank statement is called?

- A Bank statement
- B Bank Reconciliation statement
- C Financial Statement
- D Income statement

(2 Marks)

QUESTION SEVEN

The relevant accounting standard on inventory account is?

- A IAS 1
- B IFRS 10
- C IAS 2
- D IAS 16

(2 Marks)

QUESTION EIGHT

1st January 2023 Teta business group has non-current asset amounting to FRW 20,000,000, depreciation FRW 15,000,000, in the middle of the year Teta add a new asset costing FRW 10,500,000. The agreed trade-in value was FRW 6,500,000 for old asset.

Which of the following will the statement of profit or loss include?

- A Loss on disposal FRW 1,500,000
- B A profit on disposal FRW 1,500,000
- C A loss on purchase of a new asset FRW 5,000,000
- D A profit on disposal FRW 5,000,000

(2 Marks)

QUESTION NINE

Kofi purchased Motor vehicle for FRW 100,000,000 on 1st January 2022 and started depreciating it over five years. Residual value as FRW 10,000,000. On 1st January 2023 the assets are reviewed, and the remaining useful life was estimated to be at least 8 years. The estimated residual value was nil.

What is the depreciation charge for the year ended 31 December 2023?

- A FRW 110,000,000
- B FRW 90,000,000
- C FRW 18,000,000
- D FRW 10,250,000

(2 Marks)

QUESTION 10

An auditing firm has billed their clients for services performed. They subsequently received payments from their clients. **What entry will the auditing firm make upon receipt of the payments?**

- A Debit Unearned Service Revenue and credit Service Revenue
- B Debit Cash and credit Accounts Receivable
- C Debit Accounts Receivable and credit Service Revenue
- D Debit Cash and credit Service Revenue

(2 Marks)

QUESTION 11

The Opening Balance of allowances for doubtful debts account is FRW 1000 whereas the closing balance of receivables is FRW 100,000. **What amount of allowance for doubtful debts should be charged to the statement of comprehensive income using 5% allowances for doubtful debts for the current accounting period?**

- A FRW 4000
- B FRW 5000
- C FRW 6000
- D FRW 1000

(2 Marks)

QUESTION 12

In single entry system it's possible to prepare.

- A Trial Balance
- B Trading Profit and loss account
- C Balance Sheet
- D A receipt and Payment accounts

(2 Marks)

QUESTION 13

In the year ended 31st December 2018, Marc Company Ltd received FRW 50,800 for rental income, the amount of rent received in advance and due in arrears were as follows:

Details	31 st December 2018 FRW	31 st December 2017 FRW
Rent received in advance	4,000	3,000
Rent due in arrears (Accrued)	2,500	1,700

What figure for rental income should be recorded in the statement of profit or loss for the year ended 31st December 2018?

- A FRW 54,600
- B FRW 50,600
- C FRW 200
- D FRW 47,600

(2 Marks)

QUESTION 14

What occurs when expenses are greater than the Revenue?

- A Net loss
- B Net Profit
- C Net Purchase
- D Net Sales

(2 Marks)

QUESTION 15

The nature of allowance for doubtful debts account is?

- A Contra Asset account
- B Asset account
- C Expense account
- D Liability account

(2 Marks)

QUESTION 16

Which of the following can be most relevant to calculation of allowance for doubtful debts?

- A Total Credit Purchases
- B Total current assets
- C Total credit Sales
- D Total Current Liability

(2 Marks)

QUESTION 17

Unearned Income is classified as?

- A Asset
- B Liability
- C Equity
- D Loss

(2 Marks)

QUESTION 18

The objective of preparing the trial balance is?

- A To ascertain the profit or loss of the business.
- B To ascertain the financial position of the business.
- C To ascertain the accuracy of accounts.
- D To ascertain the arithmetical accuracy of account.

(2 Marks)

QUESTION 19

When the trial balance does not agree, the difference is transferred to?

- A Capital Account
- B Drawings account
- C Suspense account
- D Profit or Loss account

(2 Marks)

QUESTION 20

When is a transaction completely omitted to be recorded in the books it is called?

- A Error of Principe
- B Error of omission
- C Compensating error
- D Error of Posting

(2 Marks)

QUESTION 21

If the wages paid for installation of new machinery is debited to wages account, it will be called?

- A Error of omission
- B Error of commission
- C Error of Principle
- D A compensating error

(2 Marks)

QUESTION 22

(Use the following information to answer this question 23 ,24 &25)

The following trial balance was extracted from the book of Marcel Ltd on the 31st of December 2017, the end of its financial year. The authorized share capital is 100,000 ordinary shares @ FRW 1 each.

Details	Amount (FRW)	Amount (FRW)
Cash Sales		500,000
Cash Purchases	320,000	
Carriage inwards	16,500	
Opening stock 01.01.2017	28,000	
Wages	56,200	
Insurance	12,400	
Light and Heat	7,600	
Telephone	5,100	
Advertising	14,200	
Dividend Paid	380,000	

Bank overdraft		12,000
Issued share capital		380,000
Buildings	280,000	
Motor vehicle	44,300	
Machinery	62,500	
Total	892,000	892,000

Closing stock at 31.12.2017 was FRW 25,000.

From the given information's **what is the cost of goods sold?**

- A FRW 339,500
- B FRW 389,500
- C FRW 323,000
- D FRW 311,500

(2 Marks)

QUESTION 23

What is the gross profit /Loss for the period?

- A FRW 110,500
- B FRW 177,000
- C FRW 188,500
- D FRW 160,500

(2 Marks)

QUESTION 24

What is the net Profit /Loss for the period?

- A FRW 27,000
- B FRW (23,000)
- C FRW 43,500
- D FRW 55,000

(2 Marks)

QUESTION 25

What is the total asset for the period?

- A FRW 441,800
- B FRW 386,800
- C FRW 430,300
- D FRW 324,300

(2 Marks)

QUESTION 26

What are the common characteristics of all the assets owned by a company?

- A Intangible assets
- B Big life
- C Future Economic Benefits
- D Liabilities

(2 Marks)

QUESTION 27

The financial statements that report whether the business earned profit and also list the type of amount of the revenue and expenses is called?

- A Balance Sheet
- B Statement of retained earnings.
- C Statement of cash flows
- D Income statement

(2Marks)

QUESTION 28

(Use the following information to answer this question 29)

Kamanayo is the seller of chocolate on the 1st January 2021 sold at FRW800 for the chocolate purchased @ FRW 600, **what is markup percentage?**

- A 75%
- B 25%
- C 33%
- D 100%

(2Marks)

QUESTION 29

What is the profit margin?

- A 25%
- B 75%
- C 33%
- D 100%

(2Marks)

QUESTION 30

Account Payable appears on which of the following statements?

- A Income Statement
- B Balance Sheet
- C Petty cash
- D Statement of retained earnings.

(2 Marks)

QUESTION 31

A record of the increases and decreases in a specific asset, liability, equity, revenues or expenses is a (n):

- A Journal
- B Posting
- C Account
- D Trial Balance

(2 Marks)

QUESTION 32

Cost of goods purchased for resale is an example of?

- A Deferred Revenue expenditure.
- B Revenue Expenditure
- C Capital Expenditure
- D None of these

(2 Marks)

QUESTION 33

The capital expenditure is shown in?

- A Trading account
- B Balance sheet
- C Profit or Loss account
- D None

(2 Marks)

QUESTION 34

Which of the following will not be recorded in the books of account?

- A Sales of goods
- B Payment salary
- C Quality of Staff
- D Purchases of Goods

(2 Marks)

QUESTION 35

Which of the following is not an internal user of financial statements?

- A Board of Directors
- B Employee
- C Managers
- D Lenders

(2 Marks)

QUESTION 36

Jordan company Purchased motor van for FRW 370,000 on May 6th ,2020, the useful life of this van is 10 years, and the residual value is FRW 20,000. **If the van uses the half year convention and the straight-line method, how much depreciation would they record in the year 2020 on this van?**

- A FRW 17,500
- B FRW 35,000
- C FRW 52,500
- D FRW 37,000

(2 Marks)

QUESTION 37

Which depreciation method charges a fixed amount of depreciation each year?

- A Reducing Balance Method
- B Diminishing Value Method
- C Straight Line Method
- D % on Cost

(2 Marks)

QUESTION 38

A Machine was bought for FRW 20,000. It is to be depreciated at a rate of 10% on cost per year, **what is the estimated useful life of the machine?**

- A 10 Years
- B 2000Years
- C 100 Years
- D None

(2 Marks)

QUESTION 39

A gain or loss on disposal of a plant asset is determined by comparing?

- A Replacement cost of the assets with the assets original cost
- B Book value of the assets within the original cost
- C Original cost of the assets with the proceeds received from its sales.
- D Book Value of the assets with the proceeds received from its sales.

(2 Marks)

QUESTION 40

Taxes imposed on the goods or services made or supplied by a person is called?

- A Direct Tax
- B Out Put VAT
- C Sales Tax
- D None

(2 Marks)

QUESTION 41

A stove costs FRW 3,000 exclusive of value added tax. Calculate the costs of the stove if 18% VAT is included?

- A FRW 3,540
- B FRW 540
- C FRW 19,667
- D FRW 19,127

(2 Marks)

QUESTION 42

Which of the following is the amount of the penalty for a business operating without VAT registration where VAT registration is required?

- A 10% of the amount of VAT payables for the entire period without VAT registration
- B 50% of the amount of VAT Payable for the entire period of operation without VAT registration.
- C 40% of the amount of VAT Payable for the entire period of operation without VAT registration.
- D 70% of the amount of VAT Payable for the entire period of operation without VAT registration.

(2 Marks)

QUESTION 43

(Use the following information to answer this question 44 and 45)

The following transactions were extracted from the books of Kanzeze Ltd for the month of January 2022. The company is registered for the Value Added Tax (VAT)

Details	Amount (FRW)
1. Sales	
Sales to the local market	3,400,000
Sales for foreign market	5,000,000
Exempted Sales	2,350,000
2. Purchase and other expenses incurred during the month were as follows:	
Cash Purchases	1,300,000
Credit Purchases	2,250,000
Salaries and wages	1,800,000
Legal services	650,000
Stationeries	720,000
Warehouse Rent	400,000
Security services	680,000
Purchase of Computers	120,000

The above transactions are stated exclusive of VAT at the rate of 18%

Determine the Output VAT?

- A FRW 1,512,000
- B FRW 612,000
- C FRW 1,935,000
- D FRW 4,012,000

(2 Marks)

QUESTION 44

Determine the Input VAT?

- A RW1,101,600
- B FRW 696,600
- C FRW 984,600
- D FRW 1,029,600

(2 Marks)

QUESTION 45

Determine if the VAT is Payable or refundable?

- A FRW 410,400
- B FRW (489,600)
- C FRW 815,400
- D FRW 905,400

(2Marks)

QUESTION 46

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

- A Current assets
- B Fixed assets
- C Intangible assets
- D Investment

(2 Marks)

QUESTION 47

How can you set priorities in the workplace?

- A Create a list of tasks, rank your task, allocate your time for each task, use scheduled for your day priorities.
- B Create a list of tasks, rank your tasks, allocate your use scheduled for your day priorities.
- C Rank your task, allocate your time for each task, use scheduled for your day priorities.
- D Create a list of tasks, rank your task, allocate your time for each task.

(2 Marks)

QUESTION 48

Which of the following items is likely to be paid out of petty cash?

- A Payment of a motor vehicle
- B Payment for a computer for the office
- C Hire purchase payment for trailer.
- D Payment to cleaner

(2 Marks)

QUESTION 49

Which of the following items will appear as a debit balance in ledger accounts?

- A Rent
- B Capital
- C Sales
- D Bank overdraft

(2 Marks)

QUESTION 50

Which of the following is record of prime entry?

- A Purchase Invoice
- B Trial Balance
- C Journal
- D Sales Invoice

(2Marks)

End of question paper

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