



CERTIFIED ACCOUNTING TECHNICIAN STAGE 2 EXAMINATION

S2.1 PREPARATION OF BASIC ACCOUNTS

DATE: WEDNESDAY, 28 MAY 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

Which of the following accounting principles are used to ensure that income and assets are not overstated in financial statements?

- A Prudence
- B Accrual
- C Going Concern
- D Consistency

(2 Marks)

QUESTION TWO

Which two of the following is fundamental characteristics of financial information make the information more meaningful?

- i) Comparability
- ii) Faithful representation
- iii) Understandability
- iv) Relevance

- A (i) and (ii)
- B (i) and (iii)
- C (ii) and (iv)
- D (ii) and (iii)

(2 Marks)

QUESTION THREE

Which is the following statement describing the term “Faithfull Representation”?

- A The Financial report of the entity should be complete
- B Financial reports of the entity must be complete, neutral, and free from material errors
- C the business is expected to stay 'in business' for the foreseeable future.
- D like items should be treated in a like way.

(2 Marks)

QUESTION FOUR

Which of the following statements accurately describes the accounting equation?

- A The assets and the aggregate of the capital and the liabilities of a business must always be equal.
- B Current assets and the aggregate of the capital and the liabilities of a business must always be equal.
- C The assets and the aggregate of the capital and the expenses of a business must always be equal.
- D The assets and the aggregate of the income and the liabilities of a business must always be equal

(2 Marks)

QUESTION FIVE

Which one of the following is a complete set of financial statements?

- A Statement of Profit/loss and other comprehensive income, statement of financial position, statement of change in equity, statement of cashflow.
- B Statement of Profit/loss and other comprehensive income, statement of financial position, statement of cashflow, and note to Accounts
- C Statement of Profit/loss and other comprehensive income, statement of financial position, statement of change in equity, statement of cashflow, and note to Accounts
- D Statement of Profit/loss and other comprehensive income, statement of financial position, statement of change in equity, and note to Accounts

(2 Marks)

QUESTION SIX

Kagembe is a businessman located in Gatsata sector and he has been doing business without recording in the books of primary entry, he needs to understand how transactions are recorded.

Among the following statements, which one accurately explains the principle of duality in accounting?

- A Every business transaction should increase two accounts with the same amount
- B Every business transaction should decrease two accounts with the same amount
- C Every business transaction should decrease and increase two accounts with different amounts.
- D Every business transaction should have two effects on the financial accounts.

(2 Marks)

QUESTION SEVEN

Which one among the following does not qualify as a capital expenditure?

- A Purchase of a vehicle to be used in the goods delivery
- B Purchase of Software to be used in recording of sales done
- C Payment of Plant and machinery maintenance
- D None of the above

(2 Marks)

QUESTION EIGHT

Safari Business Ltd closed first business year with a net book value of the building at FRW 2,375,000,000 with a depreciation rate of 5% straight line.

Which one of the following was the depreciation and cost of the building for that first year?

- A Depreciation of FRW 118,750,000 and Cost of FRW 2,375,000,000
- B Depreciation of FRW 118,750,000 and Cost of FRW 2,256,250,000
- C Depreciation of FRW 125,000,000 and Cost of FRW 2,500,000,000
- D Depreciation of FRW 118,750,000 and Cost of FRW 2,493,750,000

(2 Marks)

The following Information are to be used for Questions 9 and 10

Tirese Trading Ltd is a company specializing in letting motor vehicles to tourists in Rwanda, on 01st July 2022, accountant paid the annual 5 vehicles' insurance cost of FRW 1,200,000 for each vehicle, and on 18th April 2023, accountant received an unpaid invoice for fuel for 12 months up to 31st March 2023 of FRW 18,000,000.

QUESTION NINE

What is the value of fuel expenses for the period ending at 31st December 2022?

- A FRW 18,000,000
- B FRW 1,500,000
- C FRW 4,500,000
- D FRW 13,500,000

(2 Marks)

QUESTION 10

What is the value of Insurance expenses for 2023 financial period?

- A FRW 3,000,000
- B FRW 6,000,000
- C FRW 1,200,000
- D FRW 600,000

(2 Marks)

QUESTION 11

The trial balance of Maisha includes the following balances as at 31st December 2021:

- (i) Allowance for doubtful debt of FRW 52,000,000
- (ii) Trade Receivable FRW 400,000,000

During the year 2022, Maisha sold goods on credit worth FRW 550,000,000 and received payment from a customer of FRW 200,000,000, from historical experience, a customer with a

balance of 5% on previous receivable became bankruptcy and Maisha decided to take provision of 10% of a trade receivable.

What is the Bad debt and allowance for doubtful debt expense in 2022?

- A FRW 20,000,000 for Bad debt and FRW 21,000,000 for allowance
- B FRW 37,500,000 for Bad debt and FRW 73,000,000 for allowance
- C FRW 20,000,000 for Bad debt and FRW 52,000,000 for allowance
- D FRW 20,000,000 for Bad debt and FRW 125,000,000 for allowance

(2 Marks)

QUESTION 12

Nana is a businesswoman operating in Musanze, in the year 2019 her office burned down by a circuit, and all the documents as well as computers were destroyed beyond repair except for the record she had on the email about the trade receivables as follows:

- (i) 2018 closing trade receivables FRW 500,000,000
- (ii) 2019 Closing trade receivable FRW 800,000,000
- (iii) 2019 Payment from Customers FRW 450,000,000

What is the Credit sales made in 2019?

- A FRW 1,250,000,000
- B FRW 1,750,000,000
- C FRW 750,000,000
- D FRW 850,000,000

(2 Marks)

QUESTION 13

Harvey Trading company Ltd made sales of FRW 60,000,000 comprising cash sales of FRW 15,000,000 and credit sales of FRW 45,000,000. At the end of the financial period, Harvey needs to close off the revenue account however she doesn't know how.

Which of the following is the correct entry to close the revenue account?

- A Dr Revenue A/c with FRW 60,000,000 Cr Statement of profit or loss with FRW 60,000,000
- B Dr Revenue A/c with FRW 45,000,000 Cr Statement of profit or loss with FRW 45,000,000
- C Dr Revenue A/c with FRW 15,000,000 Cr Statement of profit or loss with FRW 15,000,000
- D Dr Statement of profit or loss with FRW 60,000,000 Cr Revenue with FRW 60,000,000

(2 Marks)

QUESTION 14

Maraba Ltd started in the business of selling meat on 1 January 2017 and preparing its accounts to 31 December 2017. Maraba Ltd pay rental expenses in 5 months consecutively of each five months' rent, The following bills were received from their Tenant

Date	Amount (FRW)
31st May 2017	5,000,000
31st Oct 2017	5,500,000
31st March 2018	6,000,000

What amount of rental expenses should be charged in 2017?

- A FRW 16,500,000
- B FRW 10,500,000
- C FRW 14,100,000
- D FRW 12,900,000

(2 Marks)

QUESTION 15

Opexial technology company paid the subscription fee of FRW 30,000 for each of the 150 staff members to Yaka Fitness Gym, , covering the period from 1st August 2021 up to 31st July 2022. Their financial year ended at 31st December each year.

What is the amount of subscription fee corresponding to the financial period of 2022?

- A FRW 30,000
- B FRW 4,500,000
- C FRW 1,875,000
- D FRW 2,625,000

(2 Marks)

QUESTION 16

Muhamudu business paid insurance expenses for his house for FRW 15,000,000 on 01st October 2022 of twelve months from that date and they close their financial period on 30th April each year.

Which of the following correct statement about Muhamudu Business?

- A Business has an accrual of FRW 8,750,000 at 30th April 2023
- B Business has an accrual of FRW 6,250,000 at 30th April 2023
- C Business has a Prepayment of FRW 8,750,000 at 30th April 2023
- D Business has a Prepayment of FRW 6,250,000 at 30th April 2023

(2 Marks)

QUESTION 17

Basterson business's trade receivable and allowance for doubtful debt for the period 31st December 2020 shows the following balances:

- (i) Trade Receivable FRW 85,000,000
- (ii) Allowance for doubtful debt FRW 15,000,000

Which of the following is correct side of the above balances in trial balance?

- A Debit side Trade receivable FRW 85,000,000 and Credit Side allowance for doubtful debt FRW 15,000,000
- B Debit side Trade receivable FRW 70,000,000 and Credit Side FRW 0
- C Debit side allowance for doubtful debt FRW 85,000,000 and Credit Side Trade receivable FRW 15,000,000
- D Debit side Trade receivable FRW 0 and Credit Side allowance for doubtful debt FRW (70,000,000)

(2 Marks)

QUESTION 18

Mugenzi has sold goods for FRW 40,000,000 in cash. However, due to an error, he debited revenue account and credited cash by the same amount.

Which of the following entries is correct in the correction of the above error?

- A Dr Cash with FRW 40,000,000 and Cr Revenue with FRW 40,000,000
- B Dr Revenue with FRW 80,000,000 and Cr Cash FRW 40,000,000
- C Dr Cash with FRW 80,000,000 and Cr Revenue with FRW 80,000,000
- D None of the above

(2 Marks)

The following information related to Question 19 to Question 25

Amani and Amini decided to enter into a partnership on 01st January 2019 with a total capital contributed of FRW 60,000,000 and FRW 90,000,000 agreed to share the profit from the business according to the capital ratio. 2019 partnership reported a profit after tax of FRW 40,000,000 and the following information is relevant to the partnership:

Description	Amount/Interest
Interest on capital	5%
Interest on Drawings	10%
Drawings: Amani FRW 10,000,000 Amini FRW 20,000,000	30,000,000
Partners Salary: -Amani FRW 1,500,000 -Amini FRW 1,100,000	2,600,000

QUESTION 19

Which of the following accurately defines the concept of a partnership?

- A The relationship which exists between persons carrying on a business in common with a view of profit.
- B The single owner makes the decisions, taking responsibility, and controlling all aspects of the business.
- C The legal entity is formed by a group of individuals to engage in and operate a business.
- D The business arrangement in which two or more parties agree to pool their resources to accomplish a specific task.

(2 Marks)

QUESTION 20

Which of the following is the correct sharing ratio of Amani and Amini?

- A Amini 40% and 60% Amani
- B Amini 60% and 40% Amani
- C Amini 64% and 36% Amani
- D Not available in the question

(2 Marks)

QUESTION 21

Which of the following entries were done to record drawings for the above partners?

- A Dr Partners Current account FRW 30,000,000 and Cr Bank account FRW 30,000,000
- B Dr Partners Capital account FRW 30,000,000 and Cr Bank account FRW 30,000,000
- C Dr Profit/Loss account FRW 30,000,000 and Cr Bank account FRW 30,000,000.
- D No entry to be recorded as it is partners money.

(2 Marks)

QUESTION 22

Which of the following statements is correct about the partner's salary?

- A Partner's salaries are normal expenses, therefore should be included in staff cost
- B Partners salary is not a normal partnership expense therefore should be dealt with in the appropriation account and partners' current accounts.
- C Partners salary is not a normal expense therefore should be deducted from partners' capital
- D Partner salary should not be recorded anywhere to avoid losing the trust of the government due to tax reduction.

(2 Marks)

QUESTION 23**What is the profit balance to be shared among partners?**

- A FRW 32,900,000
- B FRW 40,400,000
- C FRW 29,900,000
- D FRW 35,500,000

(2 Marks)**QUESTION 24****What are the closing balances of the partners' current accounts?**

- A Amani FRW 6,660,000 and Amini FRW 3,340,000
- B Amani FRW 3,340,000 and Amini FRW 6,660,000
- C Amani FRW 60,000,000 and Amini FRW 90,000,000
- D Amani FRW 16,660,000 and Amini FRW 23,340,000

(2 Marks)**QUESTION 25****Which of the balances should be the closing of partners' Capital accounts?**

- A Amani FRW 16,660,000 and Amini FRW 23,340,000
- B Amani FRW 26,660,000 and Amini FRW 43,340,000
- C Amani FRW 60,000,000 and Amini FRW 90,000,000
- D Amani FRW 26,660,000 and Amini FRW 43,340,000

(2 Marks)**The following information related to Question 26 to Question 27**

Jeremi started business on 01st January 2014 with his own money, due to time constraints, he hired an accountant to look after his business as well as record and prepare the final books of the business. After several years, Jeremi discovered that, due to the poor quality of the computer they use, some financial information had been deleted. The only information they have is as follows:

Description	2017	2018
Fixtures and fittings at book Value	FRW 50,000,000	FRW 40,000,000
Motor vehicles at book value	FRW 25,000,000	FRW 200,000
Trade receivables	FRW 150,000,000	FRW 175,000,000
Inventory	FRW 60,000,000	FRW 35,000,000
Trade payables	FRW 105,000,000	FRW 120,000,000
Prepayment Insurance	FRW 30,000,000	FRW 35,000,000
Accrued rent	FRW 15,000,000	FRW 17,000,000
Cash at bank	FRW 65,000,000	FRW 77,000,000

Other information:

- (i) Payment from customer FRW 50,000,000
- (ii) Supplier Payment FRW 40,000,000

QUESTION 26

Which of the following is the opening capital of 2018?

- A FRW 260,000,000
- B FRW 380,000,000
- C FRW 225,200,000
- D FRW 500,000,000

(2 Marks)

QUESTION 27

What are the credit sales and credit purchase for 2018 among the following?

- A Credit sales FRW 75,000,000 and Credit purchases FRW 55,000,000
- B Credit sales FRW 75,000,000 and Credit purchases FRW 15,000,000
- C Credit sales FRW 25,000,000 and Credit purchases FRW 55,000,000
- D Credit sales FRW 25,000,000 and Credit purchases FRW 15,000,000

(2 Marks)

QUESTION 28

On 31 December 2022, the profit before tax of Mirabele Company was FRW 150,000,000. However, after 15 days, it was discovered that the opening and closing inventory was overstated by FRW 7,000,000 and FRW 30,000,000 respectively.

What is the correct profit before tax?

- A FRW 187,000,000
- B FRW 113,000,000
- C FRW 127,000,000
- D FRW 173,000,000

(2 Marks)

QUESTION 29

Mardive business is business specializing in selling minerals domestically, during year, they sold minerals to Kimironko market at FRW 560,000 exclusive VAT to the customer.

What was the price of these goods inclusive Tax?

- A FRW 560,000
- B FRW 660,800
- C FRW 682,927
- D FRW 100,800

(2 Marks)

QUESTION 30

Which of the following input VAT is excluded from credit “irrecoverable input VAT”?

- A VAT on Passenger vehicles and spare parts for the repairs and maintenance of those vehicles.
- B VAT on educational materials and services
- C minerals that are sold on the domestic market
- D None of the above

(2 Marks)

The following information relates to Question 31 to Question 35

Masayi Trading Company Ltd is a company operating in Nyarugenge Market with various outlet in 4 provinces of the country. Masayi buys goods in Kigali and sells them outside Kigali where they have outlets. During the quarters of the year ended 31 December 2022, they made the following purchases and sales.

Description	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Total Purchase (Inclusive)	300,000,000	250,000,000	420,000,000	260,000,000
Exempted Purchase	20%	15%	25%	10%
Total Sales (Inclusive)	400,000,000	500,000,000	300,000,000	650,000,000
Zero-rated sales	10%	20%	15%	30%

Masayi elected to file VAT returns every quarter.

QUESTION 31

What is the input VAT for the Quarter 3?

- A FRW 48,050,847
- B FRW 64,067,797
- C FRW 32,415,254
- D FRW 35,694,915

(2 Marks)

QUESTION 32

What is the output VAT for the last quarter of 2022?

- A FRW 61,016,949
- B FRW 99,152,542
- C FRW 69,406,780
- D FRW 54,915,254

(2 Marks)

QUESTION 33

What is the VAT payable for quarter 2 of the year 2022?

- A FRW 33,711,864
- B FRW 28,601,695
- C FRW 38,135,593
- D FRW 18,305,085

(2 Marks)

QUESTION 34

Which of the following is the correct date for submission of VAT declaration for Quarter One?

- A 15th July 2022
- B 15th April 2022
- C 31st March 2022
- D None of the above

(2 Marks)

QUESTION 35

Which of the following is/are conditions of input VAT recoverable?

- (i) At the time the supply was made, the trader was a registered trader for VAT purposes.
- (ii) The supply must have been made to the taxable person making the claim
- (iii) The supply must be supported by evidence. The evidence is normally in the form of the tax invoice.
- (iv) The person making the claim must use the goods or services for business. Personal expenses do not qualify for relief.
- (v) The amount available for recovery is that which is accurately calculated. The tax must be the amount that accurately relates to the supply.
- (vi) The VAT should not be that which is irrecoverable.

- A (i), (ii) and (iii) only
- B (i), (ii), (iii) and (iv) only
- C (i), (iii), (iv) and (v) only
- D All of the above

(2 Marks)

QUESTION 36

Which of the following is not exempted supplies in Rwanda?

- A Goods and services related to health
- B Educational materials and services
- C Services rendered to a tourist
- D Precious metals

(2 Marks)

QUESTION 37

Among the following details, which one is not supposed to be on tax invoice?

- (i) The name, address and VAT registration number of the supplier
- (ii) The quantity or volume of the goods or services supplied
- (iii) The name and phone number of RRA staff
- (iv) The description of the goods or services supplied
- (v) The total amount of the VAT charged

- A (i) and (iii) only
- B (i), (ii) and (iii) only
- C (i), (ii), (iv) and (v) only
- D All of the above

(2 Marks)

QUESTION 38

Which of the following statements is not correct about the VAT declaration?

- A Purchase Tab differentiates exempt, zero rate, or export
- B VAT importation tab use the information from the customs declaration
- C Deductible VAT Reverse Tab is applicable to any taxpayer who has received services from foreign suppliers during the tax period.
- D VAT Retained Tab is applicable to any taxpayer who has sold goods or services to public institutions and had the VAT withheld and paid on their behalf by the public institution

(2 Marks)

QUESTION 39

Which of the following is the fine for not registering for VAT when it was required to be?

- A RWF 100,000 for taxpayers with annual turnover below RWF 20,000,000
- B 70% of the tax due in the period not registered
- C 100% of the amount of VAT for the invoice or on the transaction.
- D RWF 500,000

(2 Marks)

QUESTION 40

BENIMANA is a sole trader selling body lotion in Nyarugenge market with a turnover of more than FRW 800,000,000 per annum, during the RRA assessment for the year 2020, the assessment revealed that BENIMANA declared tax of FRW 45,000,000 instead of FRW 85,000,000 for quarter ended 31st September 2022, assume the assessment was done on 31st December 2022.

What are the penalties to be paid by BENIMANA?

- A FRW 20,000,000
- B FRW 25,800,000
- C FRW 40,000,000
- D FRW 5,800,000

(2 Marks)

QUESTION 41

Which one of the following is not considered in time management?

- A Planning
- B Prioritize
- C Productivity
- D None of the above

(2 Marks)

QUESTION 42

KAMALI's bookkeeper has posted an invoice for motor repairs expenses to the motor vehicles at cost account. **What term is used to describe this type of error?**

- A Error of commission
- B Error of principle
- C Error of transposition
- D Error of omission

(2 Marks)

QUESTION 43

Larissa trading Ltd had the following inventory information as at 31st March 2021

- (i) Cost of the inventory FRW 65,000,000
- (ii) Selling price FRW 82,000,000
- (iii) Selling Commission FRW 25% on Selling price

What should be the value of closing inventory as at 31st March 2021?

- A FRW 65,000,000
- B FRW 82,000,000
- C FRW 61,500,000
- D FRW 102,500,000

(2 Marks)

QUESTION 44

Maina is reconciliation manager in the trading company named M&S trading company, during quarter two, reconciliation supplier general ledger and customer general ledger account was not balancing, they found the following reasons for the imbalances:

- (i) The bank has made charges of 15,000 on company's account
- (ii) A customer has paid RWF 87,000 directly into M&S trading company's bank account.
- (iii) Some cheques of FRW 10,000,000 paid to suppliers have not been presented at the bank.

Which of the above items will require an entry in the general ledger?

- A (i) and (ii)
- B (ii) and (iii)
- C (i) and (iii)
- D (i), (ii) and (iii)

(2 Marks)

QUESTION 45

Which of the following is not one of the planning tools in business?

- A Forecasting
- B Contingency planning
- C Benchmarking
- D Productivity

(2 Marks)

QUESTION 46

Which one of the following will increase the assets?

- A Payment of supplier
- B Outstanding Rent fees
- C Increase tenor of outstanding loan
- D Selling goods on credit

(2 Marks)

QUESTION 47

Kennedy is supplier of variety of drinks in Kimironko market, by the end of quarter 3 of 2022, he sold goods worth FRW 25,000,000 inclusive VAT and FRW 40,000,000 exclusive VAT. VAT is 18% in Rwanda.

What is total output VAT to be declared for Quarter 3?

- A FRW 11,700,000
- B FRW 9,915,254
- C FRW 11,013,559
- D FRW 14,268,293

(2 Marks)

QUESTION 48

Which of the following is the correct accounting equation?

- A Capital + assets= Liabilities
- B Capital – liabilities= Net Assets
- C Assets + liabilities=Capital
- D Capital +Liabilities =Assets

(2 Marks)

QUESTION 49

Which of the following is definition of asset?

- A A resource controlled by the entity as a result of past events from which future economic benefits are expected to flow to the entity.
- B Present obligation of the entity to transfer an economic resource as a result of past events.
- C A decrease in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.
- D An increase in economic benefits during the accounting period in. the form of inflows or enhancements of assets or decreases of liabilities. that result in increases in equity, other than those relating to contributions. from equity participants.

(2 Marks)

QUESTION 50

Which of the following statements is/are true about Value Added Tax (VAT)?

- A VAT registration for companies is carried out online with the Rwanda Development Board, which will issue a certificate of registration.
- B Compulsory registration for VAT is required if the turnover from a business' taxable supplies, excluding VAT, exceeds FRW 20 million in the previous fiscal year or exceeds FRW 5 million in the last quarter.
- C VAT registration for individual businesses is with the RRA, which will issue a unique Tax Identification Number (TIN) to the business.
- D All of the above.

(2 Marks)

End of question paper