
CERTIFIED ACCOUNTING TECHNICIAN
STAGE 2 EXAMINATIONS
S2.1 PREPARATION OF BASIC ACCOUNTS
WEDNESDAY: 04 DECEMBER 2019

INSTRUCTIONS:

- 1 Time allowed: **2 hours**
- 2 This examination has **one** section only: **Section A.**
- 3 Section A has **50 compulsory** multiple choice questions equal to 2 marks each.

1. Claudine and Dancille are in partnership. In the year to 31st October 2019, Dancille's drawings were RWF12,000,000 and the following entries were made in the partnership appropriation account for Dancille:

	RWF'000
Salary	7,500
Interest on drawings	2,800
Share of profit	13,500

At 1st November 2018, the balance on Dancille's current account was RWF31,200,000 (credit).

What was the balance on Dancille's current account at 31st October 2019?

- A RWF22,400,000
- B RWF37,400,000
- C RWF43,000,000
- D RWF49,400,000
- E None of the above

(2 marks)

2. Which of the following VAT violations, resulting in the non-payment of RWF10 million, would incur the highest amount of penalty?

- A False accounting
- B Late declaration of VAT
- C Late payment of VAT
- D Under-declaration of VAT discovered by the Rwanda Revenue Authority
- E None of the above

(2 marks)

3. George took delivery of a machine on 1st May 2019. The invoice total includes the following:

	RWF'000
Model XY54	12,476
Delivery	125
Installation	375
Maintenance for the year to 30 th April 2020	246
VAT (assume recoverable)	2,380

What is the cost of the machine in accordance with IAS 16 *Property, Plant and Equipment*?

- A RWF12,476,000
- B RWF12,976,000
- C RWF13,222,000
- D RWF15,602,000
- E None of the above

(2 marks)

4. Which of the following statements about inventory valuation are correct in accordance with IAS 2 *Inventories*?

- (i) Average cost and FIFO (first in, first out) are both acceptable cost formulae.
- (ii) Inventories of manufactured goods may be valued at purchase cost only.
- (iii) Inventories may be valued at a net realisable value that is higher than cost.
- (iv) Inventories must be valued at the lower of cost and replacement value.

- A (i) only
- B (i) and (iii) only
- C (i) and (iv) only
- D (i), (ii) and (iii)
- E None of the above

(2 marks)

5. The following transactions during the year have been correctly recorded in the fixed asset register of a business:

- (i) Part-exchange of a vehicle.
- (ii) Scrapping of fully depreciated computer equipment.
- (iii) Cash proceeds on sale of a vehicle.

Which of these, if not recorded in the ledger accounts, would give rise to a discrepancy between the total cost in the fixed asset register and in the ledger accounts?

- A (i) and (ii) only
- B (i) and (iii) only
- C (ii) and (iii) only
- D (i), (ii) and (iii)
- E None of the above

(2 marks)

6. Listed below are five potential causes of difference between a sole trader's cash book balance and the bank statement balance as at 30th November 2019:

- (i) Cheques drawn and recorded and sent to suppliers before 30th November 2019 but not yet presented for payment.
- (ii) An error by the bank in charging the sole trader with a cheque that was drawn on the account of another customer.
- (iii) Bank interest charges.
- (iv) Cash paid in on 30th November 2019 but not credited by the bank until 1st October 2019.
- (v) A cheque recorded and paid in before 30th November 2019 but returned by the bank as dishonoured.

Which of items require an entry in the cash book and which are items in the bank reconciliation?

- | | <i>Cash book entry</i> | <i>Bank reconciliation</i> |
|---|------------------------|----------------------------|
| A | (i), (ii), (iv) | (iii), (v) |
| B | (iii), (v) | (i), (ii), (iv) |
| C | (iii), (iv) | (i), (ii), (v) |
| D | (ii), (iii), (v) | (i), (iv) |
| E | None of the above | |

(2 marks)

7. Fulgence bought a vehicle on 1st November 2015 for RWF24 million and estimated that it would have a useful life of five years and a residual value of RWF4 million. The vehicle was stolen on 30th April 2019. The theft is not covered by insurance because the key had been left in the vehicle.

A full year's depreciation is charged in the year of purchase. No depreciation is charged in the year of disposal.

What is the total amount of the transfer to the profit and loss account in respect of the vehicle for the year ended 31st October 2019?

- A RWF12,288,000
- B RWF9,600,000
- C RWF8,000,000
- D RWF6,000,000
- E None of the above

(2 marks)

8. Edouard is registered for VAT and recorded the following transactions, excluding VAT, in October 2019:

	RWF'000
Sales	3,540
Purchases	2,360

Edouard did not receive an invoice for RWF295,000 which is included in the amount of purchases until 21st November.

What amount of VAT is payable for the month of October?

- A RWF180,000
- B RWF212,400
- C RWF225,500
- D RWF265,500
- E None of the above

(2 marks)

9. Carine and Nadege are in partnership. Under the terms of the partnership agreement, Carine is entitled to a monthly salary of RWF1 million. In the year to 30th September 2019, the net profit of the partnership was RWF50 million. Interest on capital and interest on drawing for the year have been calculated as follows:

	<i>Carine</i>	<i>Nadege</i>
Interest on capital	RWF950,000	RWF1,100,000
Interest on drawings	RWF400,000	RWF650,000

What was the residual profit for the year to 30th September 2019?

- A RWF48,000,000
- B RWF39,000,000
- C RWF37,000,000
- D RWF34,900,000
- E None of the above

(2 marks)

10. Albert purchased a heavy goods vehicle for his business for RWF24 million on 1st March 2016. The vehicle has been depreciated using the reducing balance method at 25%. Albert charges a full year's depreciation in the year of purchase and none in the year of disposal.

Albert traded the vehicle in part-exchange for a replacement vehicle on 1st July 2019 for an agreed value of RWF9 million.

What was the profit or loss on disposal of the vehicle for the year ended 30th November 2019?

- A Profit RWF3,000,000
- B Profit RWF1,406,000
- C Loss RWF1,125,000
- D Loss RWF4,500,000
- E None of the above

(2 marks)

11. The following information is available for a sole trader, Fanfan, who keeps no accounting records:

	RWF'000
Net business assets at 1 st December 2018	18,600
Net business assets at 30 th November 2019	27,400
During the year ended 30 th November 2018:	
Cash drawings by Fanfan	6,800
Additional capital introduced by Fanfan	5,000

Business cash used to buy a second-hand car for Fanfan's son,
who takes no part in the business 2,000

What is Fanfan's profit for the year ended 30th November 2019?

- A RWF6,800,000
 - B RWF8,800,000
 - C RWF10,600,000
 - D RWF12,600,000
 - E None of the above
- (2 marks)**

12. Papias purchased an item of equipment for RWF800,000 on 1st July 2016. He charges a full year's depreciation in the year of purchase on the reducing balance basis at 25% per annum.

What will be the carrying amount of the equipment at 31st December 2019?

- A RWF253,125
 - B RWF295,310
 - C RWF337,500
 - D RWF546,875
 - E None of the above
- (2 marks)**

13. Which of the following defines prudence?

- A The exercise of caution under conditions of uncertainty
 - B The understatement of assets and overstatement of liabilities
 - C The business will continue in operation for the foreseeable future
 - D Using the same methods from period to period
 - E None of the above
- (2 marks)**

14. Which of the following statements about Value Added Tax (VAT) is correct?

- A It is a direct tax on the turnover of taxable supplies of goods and services
 - B It is an indirect tax on the turnover of taxable supplies of goods only
 - C It is a direct tax on the turnover of taxable supplies of goods and services
 - D VAT is a tax on all supplies by any VAT registered business
 - E None of the above
- (2 marks)**

15. Emmanuel is a sole trader and does not keep a full set of accounting records. He purchases all goods on credit terms and sells all goods for cash.

Which of the following methods could Emmanuel use to prepare his accounts?

- (i) Cash and bank control account
- (ii) Purchase ledger control account
- (iii) Sales ledger control account

- A (i) and (ii)
 - B (ii) and (iii)
 - C (i) only
 - D (ii) only
 - E None of the above
- (2 marks)**

16. In June 2019, Alphonse sold some goods on credit for RWF1,600,000, which had cost RWF1,200,000. The transaction has been correctly treated as a credit sale in the financial statements for the year ended 30th June 2019. In July 2019, the customer returned one quarter of the goods because they were slightly damaged.

Which of the following adjustments, if any, must be made to correct the financial statements?

- (i) Debit Receivables and Credit Revenue RWF400,000
- (ii) Debit Stock and Credit Stock RWF300,000
- (iii) Debit Revenue RWF400,000 and Credit Cost of sales RWF300,000
- (iv) Debit Revenue and Credit Receivables RWF400,000

- A (i) and (ii)
- B (ii) only
- C (ii) and (iv)
- D (iii) only
- E None of the above

(2 marks)

17. Patrick started a new business. During his first year of trading, the entries in the sales ledger control account are as follows:

	RWF'000
Revenue	25,000
Bank receipts	22,500
Dishonoured cheques	350
Irrecoverable debts written off	300
Sales returns	250
Contra with purchases ledger control account	400

What is the balance on the sales ledger control account at the end of the year?

- A RWF1,550,000
- B RWF2,150,000
- C RWF2,500,000
- D RWF2,700,000
- E None of the above

(2 marks)

18. As at 31st October 2018, a customer owed Eric RWF800,000. Eric decided to make an allowance of RWF300,000 against the balance in respect of disputed invoices. During the year to 31st October 2019, Eric made no sales to the customer and the customer paid Eric RWF400,000. Eric decided to write off the remaining balance as irrecoverable.

What total amount will be included in profit or loss in respect of this trade receivable for the year ended 31st October 2019?

- A RWF100,000 DEBIT
- B RWF200,000 CREDIT
- C RWF300,000 DEBIT
- D RWF400,000 DEBIT
- E None of the above

(2 marks)

19. Taxable supplies for four businesses, excluding Value Added Tax (VAT), are as follows:

	<i>For the year ended 30th June 2019</i>	<i>For the quarter ended 30th September 2019</i>
(i)	RWF21,000,000	RWF4,000,000
(ii)	RWF13,000,000	RWF8,000,000
(iii)	RWF13,000,000	RWF4,000,000
(iv)	RWF26,000,000	RWF6,000,000

Which businesses are required to register for VAT?

- A (iv) only
- B (i) and (iv) only
- C (ii) and (iv) only
- D (i), (ii), (iii) and (iv)
- E None of the above

(2 marks)

20. Huber has prepared an extended trial balance which, after all adjustments, includes the following balances:

	<i>DEBIT</i> RWF'000	<i>CREDIT</i> RWF'000
Accrued income	2,000	
Allowance for receivables		3,000
Bank loan		5,000
Cash at bank and in hand	6,500	
Sales ledger control	21,000	
Shop fittings – cost	31,000	
Shop fittings – accumulated depreciation		17,000
Stock	13,500	

What total of current assets should be reported in the statements of financial position?

- A RWF43 million
- B RWF40 million
- C RWF38 million
- D RWF35 million
- E None of the above

(2 marks)

21. Oliver extracted a trial balance at 30th November which failed to agree and created a suspense account for the difference. On investigation, he found the following errors:

- (i) A bank loan received of RWF3,330,000 was recorded in the cash book as RWF3,300,000.
- (ii) Cash of RWF2,800,000 paid for plant repairs was correctly accounted for in the cash book but was credited to the plant asset account.
- (iii) The petty cash book balance of RWF50,000 had been omitted from the trial balance.
- (iv) A cheque for RWF7,840,000 paid for the purchase of a motor car was debited to the motor vehicles account as RWF8,740,000.

Which of the errors will require an entry to the suspense account to correct them?

- A (i), (ii), (iii) and (iv)
- B (ii), (iii) and (iv) only
- C (i) and (iv) only
- D (ii) and (iv) only
- E None of the above

(2 marks)

22. Robert's statement of profit or loss for the year ended 31st October 2019 showed a profit for the year of RWF43,600,000. It was later found that RWF18,000,000 paid for the purchase of a delivery van on 1st May 2019 had been debited to the motor expenses account. It is Robert's policy to depreciate vehicles at 25% per year on the straight-line basis, with a full year's charge in the year of purchase.

What was Robert's profit for the year after adjusting for this error?

- A RWF30,100,000
- B RWF57,100,000
- C RWF59,350,000
- D RWF61,600,000
- E None of the above

(2 marks)

23. Josine is registered for Value Added Tax. A customer ordered goods on 18th November. Josine confirmed she had the goods in stock on 19th November and the customer collected them on 20th November. Josine raised the tax invoice on 22nd November and the customer paid for the goods on 30th November.

What date is the tax point for the supply of goods?

- A 19th November
- B 20th November
- C 22th November
- D 30th November
- E None of the above

(2 marks)

24. Kevin's plant and machinery account for the year ended 31st October 2019 was as follows:

PLANT AND MACHINERY			
	RWF'000		RWF'000
2018	24,000		
1 st November Cost b/f			
		2019	
		31 st January Transfer to disposal account	6,000
2019		31 st October Cost c/f	34,000
1 st May Cash purchase	16,000		
	<u>40,000</u>		<u>40,000</u>

Kevin's policy is to charge depreciation at 20% per year on the straight-line basis, with proportionate depreciation in the years of purchase and disposal.

What should be the depreciation charge in Kevin's statement of profit and loss for the year ended 31st October 2019?

- A RWF6,800,000
- B RWF5,800,000
- C RWF5,500,000
- D RWF5,200,000
- E None of the above

(2 marks)

25. On 1st January 2019, a business had prepaid insurance of RWF100,000. On 1st August 2019, it paid, in full, an insurance invoice of RWF360,000 for the year to 31st July 2020.

What amounts relating to insurance will be included in the financial statements for the year ended 31st December 2019?

Statement of profit or loss *Statement of financial position*

- A RWF250,000 RWF210,000
- B RWF250,000 RWF150,000
- C RWF210,000 RWF250,000
- D RWF150,000 RWF210,000
- E None of the above

(2 marks)

26. Philomene has not kept accurate accounting records during the financial year. She had opening stock of RWF670,000 and purchases during the year costing RWF8,400,000. At the year end, she had RWF540,000 left in stock. Philomene makes a gross profit margin of 20% on all sales.

What is Philomene's gross profit for the year?

- A RWF1,706,000
- B RWF2,067,500
- C RWF2,100,000
- D RWF2,132,500
- E None of the above

(2 marks)

27. The following bank reconciliation statement has been prepared by Jean, a trainee accountant:

	RWF
Overdraft per bank statement	926,400
<i>Less:</i> Unpresented cheques	<u>2,198,400</u>
	1,272,000
<i>Add:</i> Outstanding lodgements	<u>4,005,600</u>
Balance at bank	<u>5,277,600</u>

What should be the correct bank account balance?

- A RWF5,277,600 balance at bank as stated
- B RWF2,733,600 balance at bank
- C RWF880,800 balance at bank
- D RWF926,400 overdrawn
- E None of the above

(2 marks)

28. Rosemary has been trading for many years and is registered for VAT. In November 2019, she made sales of RWF3,540,000 excluding VAT and purchases totalling RWF4,767,200 including VAT. This amount for purchases includes RWF2,360,000 for a car for the sales manager.

What is the net amount of input or output VAT Rosemary will record in her VAT declaration?

- A RWF90,000 input
- B RWF106,704 output
- C RWF172,800 output
- D RWF270,000 output
- E None of the above

(2 marks)

29. Alivera part-exchanged an old vehicle for a new one, on 1st November 2019. The old vehicle, which had cost RWF12 million, had a carrying amount of RWF2 million as at that date. The list price of the new vehicle was RWF15 million. The car dealer gave Alivera a 5% discount on the list price for the old vehicle and Alivera paid RWF14,250,000 cash in final settlement.

What is the cost of the new vehicle to be recorded in the fixed asset register?

- A RWF13,000,000
- B RWF14,250,000
- C RWF15,000,000
- D RWF16,250,000
- E None of the above

(2 marks)

30. Solina is registered for VAT. The following amounts have been extracted from the VAT columns of her books of prime entry for the month of November:

	RWF
Sales day book	350,000
Sales returns day book	17,500
Purchase day book	318,000
Purchase returns day book	16,000
Cash receipts day book	31,500
Cash payments day book	29,000
Petty cash book	7,000

All input VAT is assumed to be recoverable input.

What amount of VAT is payable for the month of November?

- A RWF33,000
- B RWF32,000
- C RWF30,500
- D RWF26,000
- E None of the above

(2 marks)

31. Nadine bought a commercial freezer costing RWF4 million for her ice-cream business on 1st November 2015. The freezer carried a three-year manufacture's warranty. On 1st November 2018, she paid RWF600,000 to extend the warranty for another three years.

During the year to 31st October 2019, the freezer was damaged in a fire. Nadine paid RWF1 million for the replacement of the cooling element and the damaged element was scrapped. This was not covered by the warranty. Nadine also purchased a screen to heat protect the freezer for RWF750,000.

What was Nadine's capital expenditure in the year to 31st October 2019?

- A RWF750,000
- B RWF1,000,000
- C RWF2,150,000
- D RWF2,350,000
- E None of the above

(2 marks)

32. At the year ended 31st October 2018, a business prepared a journal entry to accrue for office rental. The journal entry was reversed on 1st November 2018. During the year ended 31st October 2019, cash payments for office rental included a prepayment.

What effect do the accrual and prepayment have on the rental expense for the year to 31st October 2019?

- (i) The accrual has no effect
- (ii) The accrual increases the expense
- (iii) The accrual reduces the expense
- (iv) The prepayment has no effect
- (v) The prepayment increases the expense
- (vi) The prepayment reduces the expense

- A (i) and (v)
- B (i) and (vi)
- C (ii) and (vi)
- D (iii) and (iv)
- E None of the above

(2 marks)

33. An extract from Michel's draft trial balance as at 31st October 2019 includes the following:

	<i>Debit</i>	<i>Credit</i>
Allowance for receivables as at 1 st November 2018		RWF654,600
Trade receivables	RWF25,176,000	

As at 31st October 2019, a balance of RWF186,000 due by Gilbert is deemed to be irrecoverable. Michel has determined that a receivables allowance of RWF506,000 is required at 31st October 2019.

What is the total irrecoverable debt expense for the year ended 31st October 2019?

- A RWF37,400
- B RWF148,600
- C RWF186,000
- D RWF334,600
- E None of the above

(2 marks)

34. At 30th September 2019, the following required inclusion in Claude's financial statements for his property business:

- (i) On 1st October 2018, Claude made a loan of RWF1,200,000 to another business, repayable on 1st October 2019, charging interest at 2% per year. The loan was repaid in full with the whole of the interest due on the repayment date.
- (ii) Claude paid an annual insurance premium for its properties of RWF900,000 in April 2019, covering the year ending 31st May 2020.
- (iii) In October 2019, Claude received RWF400,000 from a tenant for the rental of a property for the four months to 30th September 2019.

What total figures should be included in Claude's statement of financial position as at 30th September 2019 in respect of these transactions?

- A Current assets RWF1,000,000 Current liabilities RWF1,224,000
- B Current assets RWF1,024,000 Current liabilities RWF0
- C Current assets RWF1,624,000 Current liabilities RWF300,000
- D Current assets RWF2,224,000 Current liabilities RWF0
- E None of the above

(2 marks)

35. What is the main reason for producing a trial balance?

- A To reveal how errors have been made.
- B To provide a summary for the preparation of the financial statements.
- C To prove the accuracy of individual ledger accounts.
- D To show that the total of the debit balances is equal to the total of the credit balances.
- E None of the above

(2 marks)

36. Boniface extracted a trial balance as at 31st October 2019 that included RWF4,568,750 for stock as at 1st November 2018. He physically counted stock on 31st October 2019 and calculated its cost at RWF5,729,040. Of this, items costing RWF274,850 are damaged and estimated to have a net realisable value of only RWF150,000.

What amount of closing stock should appear in Boniface's financial statements as at 31st October 2019?

- A RWF4,568,750
- B RWF5,454,190
- C RWF5,604,190
- D RWF5,729,040
- E None of the above

(2 marks)

37. Fred values stock using the continuous weighted average cost method. At 1st November 2018, he held 2,400 units of product Z, valued at RWF10,000 each. During the year, the following transactions in product Z occurred:

14 th February	Sold	900 units
28 th April	Purchased	1,200 units for RWF20,100,000
7 th August	Sold	1,800 units

What was the value of Fred's stock of product Z at 31st October 2019?

- A RWF9,000,000
- B RWF11,025,000
- C RWF11,700,000
- D RWF15,075,000
- E None of the above

(2 marks)

38. Which of the following could appear in the statement of financial position of a sole trader?

- (i) Appropriation account
- (ii) Capital
- (iii) Current liabilities
- (iv) Goodwill
- (v) Gross profit

- A (i) and (ii)
- B (ii) and (iii) only
- C (ii), (iii) and (iv)
- D (ii), (iii) and (v)
- E None of the above

(2 marks)

39. A sole trader balanced his ledger accounts and extracted the following list of balances:

	RWF'000
Bank overdraft	800
Capital	4,000
Payables	2,000
Purchases	6,500
Plant and equipment – cost	9,000
Plant and equipment – depreciation	3,700
Revenue	10,000
Receivables	1,200
Stock	2,000
Other expenses	1,800

Assuming that no errors have been made in the double entry, what would be the total of the credit balances in the trial balance?

- A RWF16,500,000
- B RWF19,700,000
- C RWF20,500,000
- D RWF22,500,000
- E None of the above

(2 marks)

40. Which of the following details must be recorded in a fixed asset register to maintain control over the existence of fixed assets?
- A Description of assets acquired
 - B Estimated useful life
 - C Disposal proceeds
 - D Lost or destroyed assets
 - E None of the above
- (2 marks)**
41. Geraldine traded-in an old computer in part exchange for a new computer.
- In which of the following accounts must entries be made to record the disposal of the old computer?
- (i) Cash account
 - (ii) Computer cost account
 - (iii) Computer accumulated depreciation account
 - (iv) Disposal account
 - (v) Profit and loss account
- A (i), (ii) and (iii)
 - B (ii), (iii) and (iv)
 - C (ii), (iii) and (v)
 - D (iv) and (v)
 - E None of the above
- (2 marks)**
42. The IASB's *Conceptual Framework for Financial Reporting* defines fundamental qualitative characteristics which are necessary to make financial information useful and other qualitative characteristics which enhance the usefulness of financial information.
- Which of the following are examples of enhancing qualitative characteristics?
- (i) Comparability
 - (ii) Materiality
 - (iii) Reliability
 - (iv) Relevance
 - (v) Timeliness
 - (vi) Verifiability
- A (i), (v) and (vi)
 - B (ii) and (iii)
 - C (iii) and (iv)
 - D (i), (iv) and (v)
 - E None of the above
- (2 marks)**
43. Which of the following are examples of zero-rated supplies under the Value Added Tax Law of Rwanda?
- (i) Exported goods
 - (ii) Precious metals
 - (iii) Services to tourists
 - (iv) Books and newspapers
- A (i) and (ii)
 - B (i) and (iv)
 - C (ii) and (iii)
 - D (iii) and (iv)
 - E None of the above
- (2 marks)**

44. At 30th September 2018, Brigitte's allowance for doubtful debts was RWF390,000. At 30th September 2019, trade receivables totalled RWF5,170,000. She decided to write off irrecoverable debts totalling RWF370,000 and that a closing allowance for receivables equivalent to 5% of trade receivables was required, based on past experience.

What should appear in Brigitte's statement of profit or loss for the year ended 30th September 2019 for receivables expense?

- A RWF610,000
- B RWF520,000
- C RWF238,500
- D RWF220,000
- E None of the above

(2 marks)

45. The total of the list of balances in Bella's purchases ledger was RWF4,389,000 at 30th November 2019. This balance did not agree with Bella's purchases ledger control account balance. The following errors were discovered:

- (i) A contra entry of RWF98,000 was recorded in the purchases ledger control account, but not in the purchases ledger.
- (ii) The total of the purchase returns daybook was undercast by RWF100,000.
- (iii) An invoice for RWF434,400 was posted to the supplier's account as RWF443,400.

What amount should be reported in Bella's statement of financial position for trade payables as at 30th November 2019?

- A RWF4,478,000
- B RWF4,382,000
- C RWF4,300,000
- D RWF4,282,000
- E None of the above

(2 marks)

46. Etienne and Francis are in partnership. They share profits equally after allowing Etienne a monthly salary of RWF50,000 and both receive interest on capital at 5% per annum.

At 1st December 2018, their capital balances were:

Etienne	RWF4,000,000
Francis	RWF2,000,000

On 1st June 2019, Francis introduced a further RWF2,000,000 capital and Etienne's salary ceased with immediate effect. The partnership profit for the year ended 30th November 2019 was RWF5,000,000.

What was Etienne's total appropriation of profit for the year ended 30th November 2019?

- A RWF2,650,000
- B RWF2,675,000
- C RWF2,700,000
- D RWF2,825,000
- E None of the above

(2 marks)

47. Kevin has an annual turnover of RWF36 million. On 15th November 2019, he paid RWF240,000 to the Rwanda Revenue Authority. This amount had been due for payment on 15th September 2019 in respect of a correct VAT declaration which he had filed on time.

What is the total penalty Kevin will pay?

- A RWF31,200
- B RWF151,200
- C RWF175,200
- D RWF451,200
- E None of the above

(2 marks)

48. Clement and Dative have been in a partnership for several years and share profits and losses equally. On 1st December 2019, they admitted Evelyne into the partnership. Clement and Dative estimate that at this date, goodwill was worth RWF5,000,000. The new profit sharing ratio between Clement, Dative and Evelyne is 5:3:2.

What is the double entry to the partner's capital accounts in respect of goodwill if goodwill is to be maintained in the partnership's accounts?

		<i>Clement</i> RWF'000	<i>Dative</i> RWF'000	<i>Evelyne</i> RWF'000
A	Debit	2,500	1,500	1,000
B	Credit	2,500	1,500	1,000
C	Debit	2,500	2,500	0
D	Credit	2,500	2,500	0
E	None of the above			

(2 marks)

49. Olive and Olivier are planning to enter into a new business partnership.

Which of the following provisions may be specified in the partnership agreement?

- (i) The amount of goodwill they expect to bring to the partnership.
- (ii) The amount of capital they will each contribute to the partnership.
- (iii) The interest, if any, to be paid on the partners' capital.
- (iv) Whether drawings are permitted.
- (v) The agreed profit or loss sharing ratio.

- A (i), (ii), (iii) and (iv)
- B (ii), (iii), (iv) and (v)
- C (i), (iii), (iv) and (v)
- D (i), (ii), (iv) and (v)
- E None of the above

(2 marks)

50. James extracted the trial balance for his business on 31st October 2019. The total of the debits exceeded the credits by RWF300,000.

Which of the following could explain the imbalance?

- A A sales invoice for RWF300,000 was omitted from the sales day book.
- B Returns inward of RWF150,000 were extracted to the debit column of the trial balance.
- C Discounts received of RWF150,000 were extracted to the debit column of the trial balance.
- D The balance on the bank account in the general ledger was RWF300,000 more than the balance on the bank statement.
- E None of the above

(2 marks)

Total (100 marks)

