

CERTIFIED ACCOUNTING TECHNICIAN
STAGE 2 EXAMINATION
S2.1 PREPARATION OF BASIC ACCOUNTS
WEDNESDAY: 02 DECEMBER 2020

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.

Section A

1. Johnston is preparing his financial statements for the year ended 30 September 2019. His draft trial balance includes the following balances:

- (i) RWF891,000 for office expenses (including rent) paid during the year.
- (ii) RWF95,000 prepayment of rent as at 1 October 2018.

On 31 August 2019, Johnston had made an advance payment of RWF153,000 for three months' rent commencing 1 September 2019.

Which amount should be recognised for office expenses in Johnston's statement of profit or loss for the year ended 30 September 2019?

- A RWF789,000
- B RWF833,000
- C RWF884,000
- D RWF891,000
- E None of the above

(2 marks)

2. Which of the following should be recognised as an asset in accordance with IAS 16 *Property, Plant and Equipment*?

- (i) The cost of repainting a building.
- (ii) The replacement of broken windows in a building.
- (iii) The purchase of a car by a car dealer for re-sale.
- (iv) Legal fees incurred on the purchase of a building.

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

(2 marks)

3. The following information is available for the year ended 31 October 2019 for Didier, a trader, who does not keep proper accounting records:

	RWF'000
Stock at 1 November 2018	1,900
Stock at 31 October 2019	2,250
Purchases	31,850
Gross profit margin	30%

Based on this information, what was Didier's revenue for the year?

- A RWF40,950,000
- B RWF45,000,000
- C RWF45,500,000
- D RWF46,000,000
- E None of the above

(2 marks)

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

	<i>For the year ended 30 June 2019</i>	<i>For the quarter ended 30 September 2019</i>
(i)	RWF21,000,000	RWF6,000,000
(ii)	RWF19,000,000	RWF6,000,000
(iii)	RWF21,000,000	RWF4,000,000
(iv)	RWF26,000,000	RWF10,000,000

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)

5. Rene's ledger includes the following accounts relating to plant and equipment:

- (i) Accumulated depreciation
- (ii) Cost
- (iii) Depreciation
- (iv) Disposals
- (v) Repairs

Which accounts should be closed at the end of the financial year?

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

(2 marks)

6. Diane and Louise have been in partnership for several years, sharing profits and losses in the ratio 3:4. At 1 October 2018, they had the following credit balances on their capital and current accounts:

	<i>Capital</i>	<i>Current</i>
	<i>RWF'000</i>	<i>RWF'000</i>
Diane	6,500	1,150
Louise	8,000	950

The partnership's profit for the year to 30 September 2019 was RWF2,859,500 and the partners had made drawings of RWF1,650,000 each.

What are the balances on Diane's capital and current account to be included in the partnership's statement of financial position as at 30 September 2019?

- | | <i>Capital account</i> | <i>Current account</i> |
|---|------------------------|------------------------|
| A | RWF4,850,000 | RWF2,375,500 |
| B | RWF6,500,000 | RWF1,134,000 |
| C | RWF6,075,500 | RWF1,150,000 |
| D | RWF6,500,000 | RWF725,500 |
| E | None of the above | |

(2 marks)

7. Gerardine's plant and machinery cost account for the year ended 30 November 2019 was as follows:

PLANT AND MACHINERY – COST			
	RWF'000		RWF'000
2018			
1 December Cost b/f	28,000		
2019		2019	
1 March Cash	4,800	31 May Transfer disposal	1,400
1 August Cash	3,600	30 November Cost c/f	35,000
	36,400		36,400
	36,400		36,400

Gerardine is to charge depreciation at 20% on the straight-line basis, with proportionate depreciation in the year of acquisition and disposal.

What should be the depreciation charge in Gerardine's statement of profit and loss for the year ended 30 November 2019?

- A RWF6,280,000
- B RWF6,420,000
- C RWF6,560,000
- D RWF7,000,000
- E None of the above

(2 marks)

8. A trader is registered for Value Added Tax (VAT). A valid tax invoice must include which of the following?

- (i) The words 'tax invoice'.
- (ii) The trader's VAT registration number.
- (iii) The buyer's tax identification number.
- (iv) Its date of issue.
- (v) The quantity of goods or services supplied.

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

(2 marks)

9. Anastase made a profit for the year of RWF3,457,000 and has closing net assets of RWF4,352,000. During the year, he had introduced RWF400,000 cash and RWF200,000 of stock into the business. He draws a salary of RWF60,000 from the business each month.

What was the opening balance of net assets?

- A RWF1,215,000
- B RWF1,015,000
- C RWF775,000
- D RWF355,000
- E None of the above

(2 marks)

10. Amandin, a sole trader, keeps a full set of accounting records. However, during the year, a fire in his shop destroyed a substantial amount of his stock.

From which of the following could Amandin derive the value of goods destroyed?

- A Mark-up on cost
- B Purchase ledger control account
- C Sales ledger control account
- D Trial balance
- E None of the above

(2 marks)

11. Charles has prepared the following bank reconciliation for his business as at 30 November 2019:

	RWF
Overdraft per bank statement	875,600
Add: Outstanding lodgements	<u>1,410,200</u>
	2,285,800
Less: Unpresented cheques	<u>972,400</u>
Balance at bank	<u>1,313,400</u>

What should be the correct balance at bank?

- A RWF437,800 overdrawn
- B RWF1,313,400 overdrawn
- C RWF1,313,400 balance at bank as stated
- D RWF1,507,000 balance at bank
- E None of the above

(2 marks)

12. Which of the following details must be recorded in a fixed asset register in order to reconcile the carrying amount of non-current assets in the financial statements?

- A Description of assets acquired
- B Estimated useful life
- C Disposal proceeds
- D Transfer of assets between locations
- E None of the above

(2 marks)

13. Chantal extracted a trial balance on 30 November 2019 which includes the following balances:

	RWF'000
Purchases	9,500
Revenue	12,500
Stock	2,500

During the year, Chantal took RWF1,500,000 of goods from her business for personal use. This has not been recorded in the ledger.

As at 30 November 2019, the cost of goods in stock was RWF3 million.

What gross profit should be reported in Chantal's statement of profit or loss for the year ended

30 November 2019?

- A RWF3,500,000
- B RWF4,500,000
- C RWF5,000,000
- D RWF7,500,000
- E None of the above

(2 marks)

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

	RWF'000
Cash at bank and in hand	6,500
Capital	7,000
Payables	2,000
Purchases	5,500
Shop fittings – cost	7,000
Shop fittings – accumulated depreciation	3,500
Revenue	10,000
Other expenses	2,000
Drawings	1,500

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 RWF15,500,000
- B RWF19,000,000
- C RWF22,500,000
- D RWF24,000,000
- E None of the above

(2 marks)

15. On 15 September 2019, Leoncie submitted a VAT declaration for RWF240,000 and paid the amount in full. On 30 November 2019, she received notice from the Rwanda Revenue Authority that the correct amount of VAT due on 15 September was RWF420,000.

What penalty will Leoncie be due to pay in addition to the fixed administrative penalty?

- A RWF26,100
- B RWF62,100
- C RWF103,500
- D RWF270,900
- E None of the above

(2 marks)

16. During the year, the following transactions were 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 carrying amount of fixed assets in the register and in the ledger accounts?

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

(2 marks)

17. David extracted a trial balance as at 30 November 2019 and the totals were as follows:

DEBIT	RWF51,109,800
CREDIT	RWF50,173,600

Which of the following errors would have the effect of reducing the difference when corrected?

- A The bank reconciliation shows that RWF205,000 overdraft interest and charges have not been recorded in the cash book.
- B RWF350,000 trade-in value of an old car has been correctly recorded in the disposals account but no other entry has been made.
- C RWF620,000 paid for a second-hand vehicle has been debited to vehicle repairs.
- D RWF400,000 received for renting out some warehouse space has been correctly recorded in the cash book and debited to rent account.
- E None of the above **(2 marks)**

18. Which of the following are examples of exempt supplies under the Value Added Tax Law of Rwanda?

- (i) Educational materials
- (ii) Services related to health
- (iii) Services to diplomats
- (iv) Minerals sold on the domestic market

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

19. Soraya is registered for VAT. The following amounts have been extracted from the VAT columns of her books of prime entry for the last tax period:

	RWF
Sales day book	850,000
Sales returns day book	42,500
Purchase day book	763,200
Purchase returns day book	38,400
Cash received day book	75,600
Cash payments day book	69,600
Petty cash book	17,000

All input VAT is assumed to be recoverable input.

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

- A RWF71,700
- B RWF82,700
- C RWF86,800
- D RWF88,700
- E None of the above **(2 marks)**

20. 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 is a fundamental qualitative characteristic?

- A Prudence
- B Comparability
- C Materiality
- D Neutrality
- E None of the above

(2 marks)

21. Francis has been trading for many years and is registered for VAT. In the last tax period, he made sales of RWF3,390,000 excluding VAT and purchases totalling RWF4,767,200 including VAT. This amount for purchases includes RWF1,770,000 for goods imported for entertainment.

What is the net amount of input or output VAT Francis will record in his VAT declaration ?

- A RWF153,000 output
- B RWF70,704 output
- C RWF22,377 input
- D RWF117,000 input
- E None of the above

(2 marks)

22. The following control account has been prepared by a trainee accountant:

RECEIVABLES LEDGER CONTROL ACCOUNT

	RWF'000		RWF'00
			0
Opening balance	308,600	Cash	147,200
Credit sales	154,200	Discounts allowed	1,400
Cash sales	88,100	Interest charged on overdue accounts	2,400
Contras	4,600	Irrecoverable debt written off	4,900
		Allowance for doubtful debts	2,800
		Closing balance	396,800
	<u>555,500</u>		<u>396,800</u>
			<u>555,500</u>

Credit customers are not expected to take advantage of settlement discounts.

What should the closing balance be when all the errors made in preparing the receivables ledger control account have been corrected?

- A RWF395,200
- B RWF316,300
- C RWF307,100
- D RWF304,300

E None of the above

(2 marks)

23. The following transactions relate to Bernard's electricity expense ledger account for the year ended 30 September 2019:

	RWF
Prepayment brought forward	55,000
Cash paid	540,000
Accrual carried forward	65,000

What amount should be charged to Bernard's statement of profit or loss for the year ended 30 September 2019 for electricity?

- A RWF420,000
- B RWF530,000
- C RWF550,000
- D RWF660,000
- E None of the above

(2 marks)

24. On 25 October 2019, Isaac's delivery vehicle was stolen. It had a carrying amount of RWF8 million as at that date. Isaac claimed RWF9 million under his insurance policy and recorded a profit on disposal of RWF1 million at his accounting year end, 30 November. On 5 December, he recorded RWF6 million cash received in full settlement of his claim.

Which of the following journal entries will Isaac now need to make?

- A DEBIT Disposal account RWF1 million
CREDIT Profit or loss RWF1 million
- B DEBIT Sundry receivable account RWF9 million
CREDIT Disposal account RWF9 million
- C DEBIT Profit or loss RWF3 million
CREDIT Sundry receivable account RWF3 million
- D DEBIT Cash account RWF6 million
CREDIT Sundry receivable account RWF6 million
- E None of the above

(2 marks)

25. Evode bought a computer on 1 June 2016 for RWF6 million and estimated that it would have a residual value of RWF1 million. He charges depreciation at 20% per annum on the reducing balance method with a full year's charge in the year of purchase. On 30 November 2019, he decided to scrap the computer as worthless.

What is the total amount of the transfer to the profit and loss account in respect of the computer for the year ended 30 November 2019?

- A RWF3,072,000
- B RWF2,560,000
- C RWF2,048,000
- D RWF2,000,000
- E None of the above

(2 marks)

26. Which of the following could appear in the statement of profit or loss of a sole trader?

- (i) Appropriation account
- (ii) Capital
- (iii) Drawings
- (iv) Gross profit
- (v) Revenue

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

(2 marks)

27. At the year end 31 October 2018, a business prepared a journal entry to accrue for rental income. The journal entry was reversed on 1 November 2018. During the year ended 31 October 2019, cash receipts for rent included a prepayment.

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

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

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

(2 marks)

28. Julienne acquired a new computer and as part of the purchase she traded-in an old computer. The entries in her journal include:

DEBIT Asset disposal account
CREDIT Computer equipment at cost

What aspect of the transaction is recorded by this entry?

- A Cash proceeds from disposal of the old computer
- B Cash payment for purchase of the new computer
- C Transfer of the carrying amount of the old computer on disposal
- D Part exchange value of the old computer
- E None of the above

(2 marks)

29. Uzziel purchased an item of plant on 1 January 2019. The invoice showed:

	RWF'000
Purchase price of plant	4,800
Delivery to factory	400
Insurance cover against breakdowns during 2019	800
	6,000
	6,000

He also incurred RWF220,000 to install the plant in the factory.

At what amount should the plant be capitalised?

- A RWF4,800,000
- B RWF5,020,000
- C RWF6,000,000
- D RWF6,220,000
- E None of the above **(2 marks)**

30. How should interest charged on partners' drawings be accounted for in the financial statements of a partnership?

- A Debited to the partners' drawing account and added to the profit available for appropriation.
- B Credited to interest expense and deducted from the profit available for appropriation.
- C Credited to the partners' current account and deducted from the profit available for appropriation.
- D Debited to the partners' current account and added to the profit available for appropriation.
- E None of the above **(2 marks)**

31. Odette had opening stock of RWF1,800,000 and a closing stock of RWF2,200,000 for the year ended 30 November 2019.

Which of the following journal entries must be made to take account of stock for the preparation of Odette's financial statements?

		<i>Debit</i> RWF'000	<i>Credit</i> RWF'000
A	Stock account	1,800	
	Profit or loss		1,800
	Profit or loss	2,200	
	Stock account		2,200
B	Profit or loss	1,800	
	Stock account		1,800
	Stock account	2,200	
	Profit or loss		2,200
C	Stock account	400	
	Purchases account		400
D	Stock account	400	
	Profit or loss		400

E None of the above **(2 marks)**

32. At 30 September 2018, Claver's allowance for receivables amounted to RWF380,000, which was 5% of the receivables at that date.

At 30 September 2019, receivables totalled RWF8,685,000. Claver decided to write off RWF285,000 of debts as irrecoverable and to maintain an allowance for receivables at 5%.

What should be the total expense in Claver's statement of profit or loss for the year ended 30 September 2019 for irrecoverable debts?

- A RWF285,000
 - B RWF325,000
 - C RWF339,250
 - D RWF420,000
 - E None of the above **(2 marks)**
-

33. As at 31 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 31 October 2019, Eric made no sales to the customer and the customer paid Eric RWF600,000 in full and final settlement of his account.

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

- A RWF300,000 CREDIT
 - B RWF100,000 CREDIT
 - C RWF200,000 DEBIT
 - D RWF300,000 DEBIT
 - E None of the above **(2 marks)**
-

34. Which of the following statements about accounting principles are correct?

- (i) Going concern is a basis of preparation of accounts which assumes that the business will continue in operation for the foreseeable future
- (ii) The exercise of prudence means that the lowest possible values should be applied to income and assets and the highest possible values to expenses and liabilities
- (iii) The accrual basis of accounting recognises transactions and other events in the accounting period in which cash is received or paid
- (iv) Consistency means using the same methods for the same items from one period to the next

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

35. Vincent purchased a car for his business on 1 June 2019 for RWF2 million. On 30 November 2019, he discovered that the cost, which had been correctly entered in the cash book, had been debited to the vehicles repairs account.

Depreciation is to be charged monthly, on the straight-line basis, assuming a RWF400,000 residual value at the end of five years.

Which of the following journal entries should be made to take account of depreciation on the car for the year ending 30 November 2019?

- | | | |
|---|----------------------------|--------------------------|
| A | DEBIT Depreciation expense | RWF160,000 |
| | CREDIT | Accumulated depreciation |
| | RWF160,000 | |
| B | DEBIT Depreciation expense | RWF160,000 |
| | CREDIT | Vehicle repairs |
| | RWF160,000 | |
| C | DEBIT Depreciation expense | RWF200,000 |
| | CREDIT | Accumulated depreciation |
| | RWF200,000 | |
| D | DEBIT Depreciation expense | RWF320,000 |
| | CREDIT | Accumulated depreciation |
| | RWF320,000 | |
| E | None of the above | (2 marks) |

36. James is registered for VAT and recorded the following transactions, excluding VAT, in the last tax period:

	RWF'000
Sales	35,400
Purchases	23,600

James has not received an invoice for RWF2,950,000 of goods which are included in the amount of purchases.

What is the net amount of output VAT James should record in his VAT declaration?

- | | |
|---|-------------------|
| A | RWF2,124,000 |
| B | RWF2,250,000 |
| C | RWF2,655,000 |
| D | RWF6,372,000 |
| E | None of the above |
- (2 marks)**

37. Which of the following methods may be used to value stock in accordance with IAS 2 *Inventories*?

- (i) Current replacement cost
 - (ii) Expected selling price
 - (iii) First-in, first out
 - (iv) Last in, first out
 - (v) Weighted average cost
- A (i), (iii) and (v)

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

(2 marks)

38. Richard rents an office building for his business. He sublets one of the offices to another sole trader. For the year ended 30 November 2019 his annual rental charges were:

	RWF'000
Until 30 June 2019	8,400
From 1 July 2019	12,000

Richard receives rent in quarterly instalments, in advance, on 1 January, 1 April, 1 July, and 1 October each year.

Which of the following journal entries will be required to be made in the ledger accounts as at 30 November 2019 when closing off the rent account?

A	DEBIT Rent account	RWF9,200,000	
	CREDIT	Profit or loss	RWF9,200,000
B	DEBIT Rent account	RWF10,200,000	
	CREDIT	Profit or loss	RWF10,200,000
C	DEBIT Cash account	RWF10,200,000	
	CREDIT	Rent account	RWF10,200,000
D	DEBIT Rent account	RWF9,900,000	
	CREDIT	Profit or loss	RWF9,900,000
E	None of the above		(2 marks)

39. John enters into the following transactions with a supplier, Marie, who is also a customer. Marie buys goods from John on credit terms. John agrees to make contra entries in Marie's individual ledger accounts.

Which of the following accounting records of John are affected by these transactions?

(i)	Sales day book	
(ii)	Sales ledger	
(iii)	Purchases day book	
(iv)	Purchases ledger	
A	(i) and (ii) only	
B	(ii) and (iv) only	
C	(i), (ii) and (iv) only	
D	(i), (ii), (iii) and (iv)	
E	None of the above	(2 marks)

40. On 1 September 2017, Cyriaque purchased an item of equipment for RWF880,000 which had a useful life of four years and no residual value. It is his policy to depreciate non-current assets at 25% per annum on the reducing balance basis.

When preparing Cyriaque's financial statements for the year to 31 October 2019, the accountant calculated the depreciation expense on the straight-line basis.

What will be the effect of correcting the depreciation expense on Cyriaque's profit for the year to 31 October 2019?

- | | |
|---|------------------------|
| A | Reduced by RWF55,000 |
| B | Increased by RWF55,000 |

- C Reduced by RWF165,000
- D Increased by RWF165,000
- E None of the above

(2 marks)

41. Faustin, a sole trader, has an annual turnover of RWF40 million.

Which of the following failures to abide by VAT regulations would make him liable to the highest fixed administrative fine?

- A Late declaration of VAT
- B Late payment of tax
- C Non-registration for VAT
- D Not using an electronic billing machine
- E None of the above

(2 marks)

42. Which of the following may be presented in the statement of financial position of a partnership?

- (i) Appropriation account
 - (ii) Current accounts
 - (iii) Drawings
 - (iv) Goodwill
- A (i) and (ii)
 - B (ii) and (iii)
 - C (iii) and (iv)
 - D (i) and (iv)
 - E None of the above

(2 marks)

43. Ronald, Solange and Thomas are in partnership sharing profits 3:2:1. Solange and Thomas are each entitled to a salary of RWF2 million each per annum. All partners are entitled to interest at 6% on their capital balances at the start of the year which were as follows:

	RWF'000
Ronald	4,000
Solange	2,500
Thomas	2,500

If the profit for appropriation for the year ended 31 October 2019 was RWF25 million, what was Solange's share?

- A RWF8,303,333
- B RWF8,333,333
- C RWF8,970,000
- D RWF9,000,000
- E None of the above

(2 marks)

44. Cissy and Dancille have been in a partnership for several years and share profits and losses equally. On 1 December 2019, they admitted Eustache into the partnership. Cissy and Dancille estimate that at this date, goodwill was worth RWF5,000,000. They have decided that goodwill will not be maintained in the partnership's accounts. The new profit sharing ratio between Cissy, Dancille and Eustache is 5:3:2.

What is the double entry to remove goodwill from the partner's capital accounts?

	<i>Clement</i>	<i>Dative</i>	<i>Evelyne</i>
	RWF'000	RWF'000	RWF'000
A	DEBIT 2,500	2,500	0

B	CREDIT	2,500	2,500	0
C	DEBIT 2,500	1,500	1,000	
D	CREDIT	2,500	1,500	1,000
E	None of the above			

(2 marks)

45. Which of the following ledger accounts should be closed when preparing the financial statements of a sole trader?

- (i) Cash at bank
- (ii) Drawings
- (iii) Purchases
- (iv) Revenue
- (v) Stock

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

(2 marks)

46. At 31 October 2019, Eugene costed his stock at RWF8,300,000. The following items were included in this total at cost:

- (i) 100 items which had cost RWF18,000 each. These items were all sold in November 2019 for RWF15,000 each, with selling expenses of RWF1,000,000.
- (ii) Five items which had been in stock since 2015, when they were purchased for RWF100,000 each, were sold in November 2019 for RWF150,000 each, net of selling expenses.

What amount should appear in the Eugene's statement of financial position as at 31 October 2019 for stock?

- A RWF7,000,000
- B RWF7,250,000
- C RWF8,000,000
- D RWF8,300,000
- E None of the above

(2 marks)

47. Which of the following describes the tax period for purposes of Value Added Tax?

- A A calendar month
- B A calendar quarter
- C A calendar year
- D A 12-month period ending 30 June
- E None of the above

(2 marks)

48. Which **two** of the following errors would cause the total of the debit column and the total of the credit column of a trial balance not to agree?

- (i) A transposition error was made when entering a purchase invoice into the purchases day book.
- (ii) A cheque paid to a supplier was debited to cash and correctly recognised in the payables control account.
- (iii) The disposal of an item of machinery was omitted from the accounting records.
- (iv) Depreciation on plant and machinery for the year was included in the trial balance as a credit balance.

- A (i) and (ii)

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

(2 marks)

49. Anne is a sole trader who does not keep full accounting records. The following details relate to her transactions with credit suppliers for the year ended 30 November 2019:

	RWF'000
Trade payables, 1 December 2018	8,000
Cash paid to suppliers	30,280
Discounts received	296
Contra between payables and receivables ledgers	200
Trade payables, 30 November 2019	8,400

What figure should appear for purchases in Anne's statement of profit or loss for the year ended 30 November 2019?

- A RWF30,776,000
- B RWF30,880,000
- C RWF30,976,000
- D RWF31,176,000
- E None of the above

(2 marks)

50. On 1 April 2017, Julienne bought a Foxy car for RWF2,350,000. Depreciation is charged at 30% per annum using the reducing balance method with a full year's charge in the year of purchase. No depreciation is charged in the year of disposal. Julienne's year end is 31 March.

On 1 April 2019, Julienne part-exchanged the Foxy car for a Vizgo car, which had a purchase price of RWF2,820,000. Julienne paid the seller RWF1,935,000 in final settlement for the Vizgo car.

What was Julienne's profit or loss on the disposal of the Foxy car?

- A RWF783,500 profit
- B RWF55,000 loss
- C RWF266,500 loss
- D RWF1,151,500 loss

End of question paper

- E None of the above

(2 marks)

Total (100 marks)
