



**T063**

**08:30 – 11:30 AM**

**Names:**

Index number

**TVET NATIONAL EXAMINATION, RTQF LEVEL 5, 2020-2021**

# QUESTIONS and ANSWERS BOOKLET

**OPTION //TRADE: CUSTOMS AND TAX OPERATIONS**

**SUBJECT: Financial Accounting**

ACADEMIC YEAR: 2020-2021

Read carefully the instructions on page (i) & (ii).

FOR EXAMINER'S USE ONLY

[illegible]



# **TVET NATIONAL EXAMINATION, RTQF LEVEL 5, 2020-2021**

## **INSTRUCTIONS TO CANDIDATES: PART I (Answer Booklet)**

1. A candidate should fill in the actual names and the index number on the cover of this questions and answer booklet on the provided place (Black Box).
2. It is illegal for a candidate to write any of his/her names, index number or a school name inside the answer booklet.
3. A candidate should check if all pages of the answer booklet are complete. No candidate should remove or tear any pages or part of it from the answer booklet.
4. A candidate should answer in the language in which the examination is set. (See page **(ii)**)
5. A candidate should sign on the sitting plan when submitting the answer booklet. He/she has also to check if the answer booklet is well sealed.
6. No extra paper is allowed in the examinations room. If a candidate is caught with it his/her results will be nullified.
7. No candidate is allowed to write answers not related to the subject being sat for, otherwise it will be considered as a cheating case.
8. Write your answers on the 12 lined pages (From page 1 of 12 to page 12 of 12).
9. Use the last non-lined pages as draft.
10. Results for any candidate who is caught in examination malpractices are nullified. The cheating can be recognized during examinations administration, marking exercise or even thereafter.

**TVET NATIONAL EXAMINATION, RTQF LEVEL 5, 2020-2021**

**OPTION/TRADE: CUSTOMS AND TAX OPERATION**

**SUBJECT: Financial Accounting**

**DURATION: 3 hours**

**INSTRUCTIONS TO CANDIDATES: PART II (Question Paper)**

The paper is composed of two (2) main Sections as follows:

**Section I: Attempt all the Twelve (12) questions** (60 marks)

**Section II: Attempt any Four (4) questions out of Six (6)** (40 marks)

**Allowed materials:**

-Ruler and square

-Calculator

**Note:**

***Every candidate is required to carefully comply with the provided assessment instructions.***

**Section I: Attempt all the Twelve (12) questions**

**(60 marks)**

- 01.** Explain why Accounting is attributed to be a business language. **(5 marks)**
- 02. a)** State at least two (2) importance of bank reconciliation. **(2 marks)**  
**b)** State any three (3) reasons of cash book and bank statement balances. **(3 marks)**
- 03.** Keza family purchased a house and made down payment of \$25,000, while financing the remaining balance with a \$ 175,000 bank loan. By using accounting equation, calculate the total value of Keza's assets. **(5 marks)**
- 04.** Differentiate going concern concept from accrual concept. **(5 marks)**
- 05.** You are required to record the following transactions into the purchases journal or purchases day book:  
August 1. Purchase goods on credit from Mukwende for 4,000,000Rwf invoice 0200  
August 2. Purchase goods on credit from Niyobyenda for 1,000,000 Rwf invoice 0402  
August 8. Bought goods on credit from Byankundiye for 5,000,000 Rwf invoice 0121  
August 10. Bought goods on credit from Mutegwaraba for 11,000,000 Rwf invoice 0076. **(5 marks)**
- 06.** A company sold goods to the following people on credit  
Sept 1. sold goods on credit from VAVA, for 4,000,000 invoice 101  
4. sold goods on credit from NANA for 1,000,000 invoice 202  
6. sold goods on credit from JOJO for 2,000,000 invoice 404  
7. sold goods on credit from SOSO for 5,000,000 invoice 305  
You are required to record the above transactions sales journal or sales day book. **(5 marks)**
- 07. a)** Elaborate any five (5) errors which cannot be detected by the trial balance. **(2 marks)**  
**b)** Distinguish bearer cheque from crossed cheque. **(3 marks)**

08. Differentiate the matching principle from the accrual concept. (5 marks)
09. Explain briefly Revenues and Expenses. (5 marks)
10. a) Describe business transactions. (1 mark)  
 b) Differentiate internal transactions from external transactions with two (2) examples for each category. (4 marks)
11. Draw the basic accounting equation and explain briefly its components. (5 marks)
12. Classify the following items as investment by owner (I), owner's drawings (D), revenues (R), or expenses (E). Then indicate whether each item increases or decreases owner's equity.
- |                     |                       |           |
|---------------------|-----------------------|-----------|
| (1) Rent Expense    | (3) Drawings          |           |
| (2) Service Revenue | (4) Salaries Expense. | (5 marks) |

**Section II: Attempt any Four (4) questions out of Six (6) (40 marks)**

13. The following is selected information related to AC TRADING COMPANY at December 31, 2018. AC TRADING COMPANY reports financial information monthly:

Office Equipment	\$10,000	Utilities Expense	\$ 4,000
Cash	8,000	Accounts Receivable	9,000
Service Revenue	3 6,000	Wages Expense	7,000
Rent Expense	11,000	Notes Payable	16,500
Accounts Payable	2,000	Drawings	5,000

- (a) Determine the total assets of AC TRADING COMPANY at December 31, 2018. (2 marks)
- (b) Determine the net income. (8 marks)

14. a) The following are information extracted from the books of MAKAWULA Co.Ltd the year ended 31 December, 2019.

✓ Salaries paid to employees	\$ 450,000
✓ Cash paid to vendors and suppliers	\$ 525,000
✓ Cash collected from customers	\$1,500,000
✓ Interest income and dividends received	\$ 175,000
✓ Income tax paid and interest paid	\$ 237,500

According to IAS 7 prepare the cash flow statement from operations (by using the direct method). **(3 marks)**

b) The following balances were extracted from the books of MAKUTA business on 31/07/2020:

Balance of Cash (debit as per cash book)  
5,000,000

Balance of Bank (credit as per cash book)  
3,300,000

The following transactions occurred during the month of July 2020:

- July 1 purchase goods on credit for 6,500,000Rwf
- July 2 sold goods on credit for 8,000,000Rwf
- July 4 Received a cheque of 5,000,000Rwf
- July 7 Paid creditors 1,500,000Rwf cash and 500,000Rwf by cheque.
- July 10 Rejected and returned goods worth 300,000Rwf
- July 12 A debtors rejected and returned goods worth 100,000Rwf
- July 14 Banked 1,500,000Rwf cash
- July 16 Paid rent cash 400,000Rwf and 800,000Rwf by cheque and electricity 250,000Rwf
- July 20 Withdrew 1,000,000Rwf from the bank and put it into the cash box for payment of cash expenses
- July 22 Paid 2,000,000Rwf by cheque in respect of retiring the loan
- July 25 Fearing the consequences of pandemic, he sold land inherited from his family for 10,000,000Rwf cash. he used 5,000,000Rwf for his marriage ceremonies and the rest of the money he put into his business
- July 27 Received cash of 100,000Rwf and cheque of 2,000,000Rwf from a debtor and banked both cash and the cheque
- July 29 used business cash of 300,000Rwf for social evening with his friends at club.

**Required**

Prepare cash book properly balanced on 30/07/2020.

**(7 marks)**

15. a) What is a meaning of monetary unit assumption? (5 marks)  
b) List down and explain any five (5) users of accounting information.

(5 marks)

16. IT TRADING COMPANY commenced business on 1st January, 2015 with a capital of \$100,000 in cash. On the same date it opened the bank account in Bank of Kigali and deposited \$20,000. During the month of January 2015 the following transactions took place:

Jan 1 Bought goods for cash 70,000

2 Sold goods to Steve Co. (Credit) 38,000

15 Sold goods for cash 9,000

21 Steve Co. paid by cheque 35,000

22 Stationery bill paid by cheque 2,000

22 Telephone bill by cash 500

31 Paid rent by cash 2,000

31 Paid salaries by cash 3,000

31 Withdrew cash personal use 5,000. **Required:**

Make journal entries for the transactions.

(10 marks)

17. KLMC ltd acquired an asset on January 1, 2015, at a cost of \$42,000, with an estimated useful life of 4 years and a salvage value of \$2,000. What is the annual depreciation for 2015, 2016, 2017 and 2018 based on the straight-line depreciation method?

(10 marks)

18. XY Co. ltd has a business that has been trading for some time. You are given the following information as at 31.12.2009

Buildings	11,000
Furniture & Fittings	11,000
Motor Vehicles	11,600
Stocks	17,000
Debtor	11,200
Cash a bank	3,000
Cash in hand	800
Creditors	5,000
Capital	61,600
Loan (long term)	10,000

You are required to prepare a Balance Sheet as at 31 December 2009.

(10 marks)



