

Adventist University of Central Africa  
Faculty of Business Administration  
Course Title: Principles of Accounting I  
First Semester (2023/2024)

Duration: 1h30

Student ID#:

Expected turn up:

Teacher: Mr. BYIRINGIRO Benjamin

Class time: Wednesday 2:30-5:00; 6-8:50PM

Exam Date:

**Instructions:**

**/30pts**

- 1) Attempt all questions and remember to submit both questionnaire and exam booklet
- 2) Only pens and calculators are allowed, and everyone must use his/her own calculator.
- 3) Write neatly and legibly. Do not write anything on this questionnaire

**SECTION 1**

**MULTIPLE CHOICES**

**10 marks**

**QUESTION 1 2marks**

Which type of business organization is owned by its stockholders?

- |                   |  |
|-------------------|--|
| a) Proprietorship | c) Corporation                             |
| b) Partnership    | d) All the above are owned by stockholders |

**QUESTION 2 2marks**

**Fossil** is famous for fashion wristwatches and leather goods. At the end of a recent year, Fossil's total assets added up to Frw381 million, and owners' equity was Frw264 million. How much did Fossil owe creditors?

- |   |                    |
|---|--------------------|
| a) Cannot determine from the data given | d) Frw117 million  |
| b) Frw381 million                       | e) no right answer |
| c) Frw264 million                       |                    |

**QUESTION 3 2marks**

Assume that **Fossil** sold watches for Frw50,000 to a department store on account. How would this transaction affect **Fossil's** accounting equation?

- |   |  |
|---|--|
| a) Increase both assets and owners' equity by Frw50,000 | c) Increase both liabilities and owners' equity by Frw50,000           |
| b) Increase both assets and liabilities by Frw50,000    | d) No effect on the accounting equation because the effects cancel out |

**QUESTION 4 2marks**

The right side of an account is used to record

- |  |                    |
|--|--------------------|
| a) Debits  | d) Increases       |
| b) Credits   | e) No right answer |
| c) Debit or credit, depending on the type of account |                    |

**QUESTION 5 2marks**

Suppose a **Target** store has cash of Frw50,000, receivables of Frw60,000, and furniture and fixtures totaling Frw200,000. The store owes Frw80,000 on account and has a Frw100,000 note payable. How much is the store's owner equity?

- |               |                    |
|---------------|--------------------|
| a) Frw20,000  | d) Frw130,000      |
| b) Frw310,000 | e) No right answer |
| c) Frw180,000 |                    |

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**SECTION 2**

**PROBLEMS**

**20 marks**

**QUESTION 6 10 MARKS**

The bookkeeper of Electronic Tax Service prepared the Statement of Financial Position of the company while the accountant was ill. The statement of financial position contains numerous errors. In particular, the bookkeeper knew that the Statement of Financial Position should balance, so he plugged in the owner's equity amount to achieve this balance. The owner's equity amount, however, is not correct. All other amounts are accurate, but some are out of place.

**Electronic Tax Service  
Balance Sheet  
Month Ended October 31, 2017**

Assets:		Liabilities:	
Cash	Frw 5,400	Notes receivable	Frw 3,000
Insurance expense	300	Interest expense	2,000
Land	31,500	Office supplies	800
Salary expense	3,300	Accounts receivable	2,600
Office furniture	6,700	Note payable	21,000
Accounts payable	3,000	Owner's Equity:	
Utilities expense	<u>2,100</u>	Owner's equity	<u>22,900</u>
Total assets	Frw 52,300	Total liabilities & Equity	Frw52,300

**Required**

1. Prepare the correct classified Statement of Financial Position, and date it correctly. Compute total assets, total liabilities, and owner's equity.
1. Identify the accounts that should *not* be presented on the balance sheet. State why you excluded them from the correct balance sheet you prepared. Where should these items be reported?

**QUESTION 7 10 MARKS**

Westview Landscaping completed the following transactions during March 2018, its first month of operations:

March 1, Ray Hawk invested Frw70,000,000 of cash to start the business.

March 2, Purchased supplies of Frw200,000 on account.

March 4, Paid Frw60,000,000 cash for a building to use for storage.

March 6, Performed service for customers and received cash, Frw3,000,000.

March 9, Paid Frw100,000 on accounts payable.

March 17, Performed service for customers on account, Frw1,600,000.

March 23, Received Frw1,200,000 cash from a customer on account.

March 31, Paid the following expenses: salary, Frw1,200,000; rent, Frw500,000.

**Required**

Record the preceding transactions in the general journal of Westview Landscaping. Key transactions by date and include an explanation for each entry, as illustrated in class. Use the following accounts 'codes: 211 Cash; 213 Accounts Receivable; 214 Supplies; 311 Building; 411 Accounts Payable; 511 Ray Hawk, Capital; 611 Service Revenue; 711 Salary Expense; 712 Rent Expense.

**Good Luck**

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