

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**

**QUESTION1      2marks**

Fossil paid expenses totaling Frw35,000. How does this transaction affect Fossil's accounting equation?

- |   |   |
|---|---|
| a) Increases assets and decreases liabilities | d) Decreases assets and increases liabilities |
| b) Increases both assets and owners' equity   | e) No right answer                            |
| c) Decreases both assets and owners' equity   |   |

**QUESTION 2      2marks**

Brett Wilkinson, Attorney, began the year with total assets of Frw120,000, liabilities of Frw70,000, and owner's equity of Frw50,000. During the year he earned revenue of Frw110,000 and paid expenses of Frw30,000. He also invested an additional Frw20,000 in the business and withdrew Frw60,000 for living expenses. How much is the law firm's equity at year-end?

- |               |                    |
|---------------|--------------------|
| a) Frw90,000  | d) Frw160,000      |
| b) Frw120,000 | e) No right answer |
| c) Frw130,000 |                    |

**QUESTION 3      2marks**

The income statement reports

- |   |  |
|---|--|
| a) Financial position on a specific date    | d) Results of operations for a specific period |
| b) Results of operations on a specific date | e) No right answer                             |
| c) Financial position for a specific period |  |

**QUESTION 4      2marks**

The left side of an account is used to record

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

**QUESTION 5      2marks**

Alex Briggs owns 1-800-Fly-Europe, a travel agency near the campus of Tidewater Community College. The business has cash of Frw5,000 and furniture that cost Frw12,000. Debts include accounts payable of Frw8,000 and a Frw6,000 note payable. How much equity does Briggs have in the business?

- |              |                    |
|--------------|--------------------|
| a) Frw17,000 | d) Frw9,000        |
| b) Frw3,000  | e) Frw11,000       |
| c) Frw14,000 | f) No right answer |

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**SECTION 2**

**PROBLEMS**

**20 marks**

**QUESTION 6** ..... **10 MARKS**

Collins Photographic Studio provides pictures for high-school yearbooks. The capital balance of L. Collins, owner of the company, was Frw50,000 at December 31, 2018. During 2019 he withdrew Frw16,000 for personal use. At December 31, 2019, the business's accounting records show these balances:

Item	Frw	Item	Frw
Accounts receivable	8,000,000	Rent expense	7,000,000
Note payable	12,000,000	Cash	16,000,000
L. Collins, Capital	?	Accounts payable	6,000,000
Salary expense	22,000,000	Advertising expense	4,000,000
Equipment	65,000,000	Service revenue	70,000,000

Prepare the following financial statements for Collins Photographic Studio:

- a) Income statement for the year ended December 31, 2019 4 marks
- b) Balance sheet at December 31, 2019 6 marks

**QUESTION 7** ..... **10 MARKS**

Art Levitt practices medicine under the business title Art Levitt, M.D. During June, his medical practice engaged in the following transactions:

- June 1 Levitt deposited Frw55,000 cash in the business bank account. The business gave Levitt owner's equity in the firm.
- June 5 Paid monthly rent on medical equipment, Frw700.
- June 9 Paid Frw22,000 cash to purchase land for an office site.
- June 10 Purchased supplies on account, Frw1,200.
- June 19 Borrowed Frw20,000 from the bank for business use. Levitt signed a note payable to the bank in the name of the business.
- June 22 Paid Frw1,000 on account.
- June 30 Revenues earned during the month included Frw6,000 cash and Frw5,000 on account.
- June 30 Paid employees' salaries (Frw2,400), office rent (Frw1,500), and utilities (Frw400).
- June 30 Withdrew Frw10,000 from the business for personal use.

Levitt's business uses the following accounts and codes: 2221 Cash; 2222 Accounts Receivable; 2223 Supplies; 3331 Land; 4441 Accounts Payable; 4442 Notes Payable; 5551 Art Levitt, Capital; (5551) Art Levitt, Withdrawals; 6661 Service Revenue; 7771 Salary Expense; 7772 Rent Expense; 7773 Utilities Expense.

**Required:** Journalize each transaction,

**Good Luck**

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