



ICPAR
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**CERTIFIED ACCOUNTING TECHNICIAN
STAGE 1 EXAMINATION**

S.1.1 RECORDING FINANCIAL TRANSACTIONS

DATE: TUESDAY, 26 JULY 2022

INSTRUCTIONS:

- 1. Time Allowed: 2 hours and 30 minutes**
- 2. This examination has one section only: Section A**
- 3. Section A has 50 compulsory multiple-choice questions, each question has two (2) marks**
- 4. The question paper should not be taken out of the examination room**

SECTION A

The following information is applied to question 1,2 and 3

Saturday Farm is a Chia seeds farm located at Eastern Province of Rwanda. On 1 January 2022, Saturday Farm registered under value added tax (VAT) scheme and applied 18% VAT on all qualifying transactions with suppliers and customers.

On 31 March 2022, Saturday Farm provided the following transactions from books:

- (i) Cash sales of FRW 57,080 on 3 January 2022
- (ii) Cash from disposal of machine worth FRW 120,000 recorded on 13 January 2022
- (iii) VAT exempt supplier paid FRW 72,000 on 15 January 2022
- (iv) FRW 320,000 was paid to their supplier of water pumps used in irrigating their fields
- (v) Cash sales of FRW 145,160 to a customer at the end of February 2022
- (vi) Payment from credit customer amounting to FRW 96,000 made on 31 March 2022
- (vii) Settlement of FRW 130,000 to farm agronomist registered under VAT for consultancy services.

Saturday Farm financial controller wants to complete a reconciliation of VAT control account as at 31 March 2022 to confirm the status of farm. Unless stated, all transactions attract VAT charge and the rate is 18%.

QUESTION ONE

From your assessment and knowledge on value added tax (VAT), **what is the VAT status of Saturday farm account as at the end of March 2022.**

- A Payable to the government
- B Receivable from the government
- C No obligation
- D None of the above

(2 Marks)

QUESTION TWO

What is the payable or receivable amount from the government if any?

- A FRW 81,000
- B FRW 75,283
- C FRW 5,717
- D FRW 5,177

(2 Marks)

QUESTION THREE

What is the correct entry for posting a cash purchase from a supplier, inclusive of VAT?

- A Dr payables, Dr VAT and Cr cash
- B Dr cash, Dr payables and Cr VAT
- C Dr purchases, Dr VAT and Cr cash
- D Dr purchases, Cr VAT and Cr cash

(2 Marks)

QUESTION FOUR

BFC Ltd hired a consultant for reviewing payables control account due to stakeholders who claims against company of not paying on time. During his work, he discovered a debit balance of FRW 174,235,000 under BFC Ltd vendor known as TTC Ltd.

What is the conceivable cause of this error made by an accountant?

- A BFC Ltd made double payments to TTC Ltd by error
- B BFC Ltd never made payment to TTC Ltd and agrees to settle a debt
- C BFC Ltd made correct entries in the books as supported by deliveries made to TTC Ltd.
- D BFC Ltd carries a debit balance because the amounts are overdue.

(2 Marks)

The following relates to question 5 and 6

Mukama established a shop in 2019 with FRW 15,000,000 as start- up capital and the below table shows transactions during the month of December 2019

	Purchases details		Sales details	
	Units	price	Units	selling price
Minimex maize flour sacs	120	20,000	80	32,000
Sugar sacks	54	12,000	24	15,000
Milk powder	72	50,000	18	52,000
Bulbs	45	60,000	16	64,000
Saucepans	35	50,000	-	62,000
Canned food (meat)	240	18,000	-	18,700

Additional information:

1. The opening and closing stock balance were FRW 3,500,000 and FRW 11,670,000 respectively
2. Other administrative expenses are FRW 1,750,000

QUESTION FIVE

What is the net profit or loss that Mukama registered in the month of December 2019?

- A FRW 4,181,000
- B FRW 4,000,181
- C FRW (4,118,000)
- D FRW (4,181,000)

(2 Marks)

QUESTION SIX

What was the balance carried forward for Mukama Shop as share capital?

- A FRW (10,882,000)
- B FRW 15,000,000
- C FRW 4,118,000
- D FRW 10,882,000

(2 Marks)

QUESTION SEVEN

A return of FRW 156,000 was returned before the month end. Which book of prime entry would record this transaction?

- A Petty cashbook
- B Purchases returns daybook
- C Sales returns daybook
- D None from above

(2 Marks)

QUESTION EIGHT

Which of the following statement reflects the correct concept of keeping purchase daybooks?

- A The purchase returns daybook is kept to record credit notes received in respect of goods which the business sends back to its suppliers.
- B The purchase returns daybook is kept to record debit notes received in respect of goods which the business sends back to its suppliers.
- C The purchase daybook is the record of all the invoices sent to customers.
- D The purchase daybook is the record of all the invoices received from business customers.

(2 Marks)

The following relates to question 9 and 10.

Munga Ltd maintain a petty cashbook of FRW 100,000 on monthly basis and re-imburement is based on the usage made during the period and below is the summary of expenses made during the month

Date	Description	FRW
07-Jan-22	Cleaning fees	3,500
14-Jan-22	Security fees	4,900
18-Jan-22	Sugar	12,750
21-Jan-22	Transport costs to market	6,000
22-Jan-22	Table mats	50,000
24-Jan-22	Electricity bill	18,000

QUESTION NINE

In light with petty cash management, **what is replenishment of petty cash based on the usage?**

- A Cash float
- B Imprest system
- C Contra-entry
- D Control account

(2 Marks)

QUESTION 10

How much petty cash should Munga Ltd replenish after the month end?

- A FRW 100,000
- B FRW 95,150
- C FRW 4,850
- D FRW 4,580

(2 Marks)

QUESTION 11

As a qualified CAT candidate, **what is a debit entry depicts when posted in a book from the following:**

- (i) There is a reduction in the value of the liability and share capital
- (ii) The value of the asset and expenditure has increased
- (iii) The company's income and expenditure has significantly augmented
- (iv) The value of the company's share capital and asset has increased.

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

(2 Marks)

QUESTION 12

A professional accountant creates value to the shareholders by increasing the firm's credibility and transparent. **Which of the following statement is true for capital expenditure?**

- A Capital expenditure results in the acquisition of current assets, or an improvement in their earning capacity.
- B Capital expenditure on current assets results in the appearance of non-current asset in the accounts of the business.
- C The total amount of capital expenditure is deducted from income in calculating the profit for an accounting period
- D Capital expenditure brings benefits to the business over more than one accounting period.

(2 Marks)

QUESTION 13

Which statement is true for accounting equation?

- A Each asset, liability, item of expense or income has a ledger account in which debits and credits are made.
- B Every financial transaction gives rise to two accounting entries, one a debit and the other a credit.
- C The total value of debit entries is always equal at any time to the total value of credit entries.
- D The summation of all non-current assets and current assets of the business will always equal to total assets of the business.

(2 Marks)

The following relates to question 14,15 and 16.

3M's to Success Limited is a trading business company which benefit from different offers from different suppliers. During the period ended in the year 2020 table below shows details of different suppliers on the market.

Name of the supplier	Details of the discount
Zed the Great Limited	5% in excess of FRW 100,000
	7% in excess of FRW 300,000
Boutique Murokore	10% for immediate payment
	5% for payment withing 15 days of purchase
	2% for payment within 30 days of purchase
Pozzo Company Limited	5% discount on every good purchased.

The following details shows the purchase made by 3M's to success Limited during the period:

- (i) Purchase of goods of FRW 700,000 in December 2020 from Zed the Great Limited
- (ii) The purchases made from Boutique Murokore of FRW 1,000,000; FRW 500,000 was paid in cash, FRW 300,000 paid after 15 days and the rest was paid after 30 days.
- (iii) Pozzo Company Limited sold to 3M's to success Limited items worth FRW 400,000 during the month of December 2020

QUESTION 14

How much did “3M’s to success Limited” receive during the month of December 2020?

- A FRW 530,000
- B FRW 127,000
- C FRW 350,000
- D FRW 712,000

(2 Marks)

QUESTION 15

How much trade discount did 3M’s to success Limited make from their purchases?

- A FRW 28,000
- B FRW 85,000
- C FRW 58,000
- D FRW 82,000

(2 Marks)

QUESTION 16

How much cash discount did 3M's to success Limited make from their purchases?

- A FRW 69,000
- B FRW 96,000
- C FRW 59,000
- D FRW 19,000

(2 Marks)

QUESTION 17

Which the correct contents that every journal should have from the following?

- A All journal entries should be authorized and contain the date of transaction, narrative of the accounts affected, the debit and credit columns.
- B At any point in time, a journal should be accompanied by a narrative explanation. This is required for audit and control, to indicate the purpose and authority of every transaction which is not first recorded in a book of prime entry.
- C Not all journals are made for routine transactions. There are some which may relate to important accounting adjustments and they should all be authorized.
- D The journal is one of the prime entry records from which ledgers are posted. All journal entries should be authorised and contain the date of transaction, the debit and credit columns.

(2 Marks)

QUESTION 18

From the following statements, what is the correct purpose of the journal as book of prime entry?

- A Journal keeps record of any movement between accounts and it must be approved by authorized personnel for audit and control purposes.
- B Journal entries might log, not in a single 'book' or journal, but on a separate slip of paper, called a journal voucher.
- C A journal entry is used to record any double entries made which do not arise from other books of prime entry.
- D A journal voucher is used to record the equivalent of one entry in the journal.

(2 Marks)

QUESTION 19

This is an account in the general ledger in which a record is kept of the total value of a number of similar but individual items. **What is it?**

- (i) Internal check account
- (ii) Account receivables ledger
- (iii) Accounts payable ledger
- (iv) Control accounts

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

(2 Marks)

QUESTION 20

In the year 2021, Ese St J.B Limited's accountant prepared the company's control ledger for receivables and total was FRW 1,250,000 more than the receivables individual account. Among the following, **what could cause the discrepancy between receivable control ledger and individual account?**

- A The receipts have been undercast by FRW 1,250,000
- B One receivables ledger account with a credit balance of FRW 1,250,000 has been treated as a debit balance
- C The sales day book has been undercast by FRW 1,250,000
- D Credit notes totaling FRW 1,250,000 have been omitted from the general ledger

(2 Marks)

QUESTION 21

It's paramount for the business to be sure that discrepancies are quickly and professionally dealt with. This can only be achieved when the control works effectively at a regular interval and the management ensures this is followed up for its effectiveness.

Amongst all the uses of the control account, **which one best matches the description provided above?**

- A Checking accuracy of entries made in the personal accounts
- B Assist in the location of errors
- C A balance can be extracted quickly for producing a trial balance or statement of financial position
- D Internal check where there is a separation of bookkeeping duties.

(2 Marks)

The following relates to question 22 and 23.

Three-way-match is a concept which is meant to make sure that the business makes payment of cash to suppliers due to them as the liability reflects in their own books. This is mainly done by carrying a thorough comparison between various documents and when such results are all the same, a payment is approved by the authorized business personnel.

Supplier Dx Ltd sent out the following statement to Company B2G Ltd claiming for the payment of their outstanding balance:

DX Limited			01-Sep-21		
Trade payables management department			Account reference: B2G 354		
Kigali, Rwanda					
Statement of account					
Date	Details		Debit	Credit	Balance
01/05/2021	Balance b/f				49,222
04/05/2021	Invoice No 34207		12,940		62,162
05/06/2021	Invoice No 34242		2,272		64,434
17/06/2021	Payment received			41,217	23,217
20/06/2021	Invoice No 34327		39,495		62,712
18/07/2021	Credit note No 00192			6,440	56,272
07/08/2021	Invoice no 34392		39,278		95,550
30/08/2021	Credit note No 00199			10,764	84,786

B2G Limited		01-Sep-21	
Account name: DX Limited			
Kigali, Rwanda			
Purchase ledger		Purchase ledger	
Date	Details		(Debit)/credit
01/05/2021	Invoice 33004		35,070
20/03/2021	Invoice 33060		6,147
06/04/2021	Invoice 34114		8,005
04/05/2021	Invoice No 34207		12,940
05/06/2021	Invoice No 34242		2,272
17/06/2021	Payment received	-	41,217
20/06/2021	Invoice No 34327		39,495
18/07/2021	Credit note No 00192	-	6,440
28/05/2021	Payment received	-	11,777
30/05/2021	Credit note No 00199	-	10,764

QUESTION 22

The above 2 statements differ in terms of the amounts to be paid. **Which items constitute the major source of the discrepancies in numbers above?**

- A Invoice No 33004 and Invoice No 33060
- B Payment received on 28 May 2021 and Invoice No 34114
- C Invoice No 33060 and payment received on 28 May 2021
- D Invoice No 34392 and Payment received on 28 May 2021.

(2 Marks)

QUESTION 23

Complete the below statement with one of the options available:

Payments to suppliers should be organized according to the.....of the business.

- A Invoices
- B Reconciled items
- C Statement of accounts
- D Periodic procedures

(2 Marks)

QUESTION 24

Complete the below statement by the appropriate terminology as given in the selections suggested

The..... will be a method for allocating an inimitable reference to each supplier so that even if two suppliers have the same name, these can be distinguished.

- A Supplier account number
- B Supplier account coding
- C Supplier account reconciliation
- D Supplier account posting

(2 Marks)

QUESTION 25

You are given the following information for Lambert of the month of January 2022.

- (i) There is a balance of FRW 1,200,000 in the bank. This is also reflected in the cash book as a debit balance brought forward.
- (ii) On 10 January 2022 Lambert purchased FRW 400,000 worth of glass from Josue Co. The terms of the sale included a clause that he would receive a 10% discount if he paid within 3 weeks.
- (iii) On 15 January 2022, Lambert purchased paper, card and frames worth FRW 2,000,000 from Moss. He would receive a discount of FRW 200,000 if settling by 31 January 2022
- (iv) Lambert takes advantage of the prompt payment discounts offered and pays both suppliers before the 31 January 2022.

How much Lambert is likely to pay to the suppliers?

- A FRW 1,800
- B FRW 2,000
- C FRW 2,450
- D FRW 2,400

(2 Marks)

QUESTION 26

The best practice for businesses to make payments is that it is usual to send out another document with the payment with additional documentation to inform the recipient as to what the payment is for and who it is from. This can be a remittance advice or a covering letter. **This should include which of the following answers?**

- A The name and address of the customer and supplier
- B The invoice number and invoice amount and amount to be paid.
- C The invoice date and date of payment
- D All of the above

(2 Marks)

QUESTION 27

If a cheque received from a customer and returned as unpaid, **what is the accounting entry for returned cheque in books of account?**

- A Debit your cash book and observe a debit on your bank statement
- B Credit your cash book and observe a credit on your bank statement
- C Identify a debit on your bank statement and make a credit entry in the cashbook
- D None of the above.

(2 Marks)

QUESTION 28

Bank reconciliation of DY for the month of 30 September 2021 shows a bank balance of FRW 15,000 in DY books and a bank statement received from bank on 30 September 2021 indicates the balance of FRW 7,000.

What is the cause of the variance under DY books?

- A On 30 September 2021 a receptionist of Company DY failed to deposit a cheque of FRW 8,000 to bank due to curfew hours and the cheque is among the uncredited cheques.
- B A cheque of FRW 8,000 received by Company DY district was returned unpaid and dishonored cheque was credited in cashbook for FRW 8,000.
- C A cheque of FRW 4,000 from a customer was submitted by Company DY to their bank but rejected due to incorrect signature. While preparing updated cash book, the amount was debited in cashbook
- D Included in the unrepresented cheque is a cheque of FRW 8,000 issued to a supplier, but this was paid by bank on 1 October 2021

(2 Marks)

QUESTION 29

Accountant of Double BS Ltd carried out bank reconciliation and find cash book balance is not updated and below was provided to him for adjusting cash book balance:

- (i) Cash book balance was FRW 3,900,000
- (ii) Cheques amounting to FRW 1,500,000 were deposited at the bank but had not been banked as at the close of the month.
- (iii) Cheques not presented to bank of FRW 1,800,000
- (iv) Double BS Ltd had set up a standing order for insurance and bank effected a payment of FRW 1,660,000.
- (v) Direct debits during the month of FRW 460,000
- (vi) Monthly bank charges not reflected in books of company worth FRW 17,458

What should be the adjusted cashbook balance based on the above transactions?

- A FRW 4,440,000
- B FRW 460,000
- C FRW 2,062,000
- D FRW 3,900,000

(2 Marks)

QUESTION 30

Which of the following portray the correct meaning of standing order?

- A An instruction to a bank by an account holder to make regular fixed payments to a particular person or organization.
- B An arrangement made with a bank that allows a third party to transfer money from a person's account on agreed dates, typically to pay bills.
- C This is a cheque which was written to someone or a company long time ago and the bank may refuse to pay when he presents it to the bank.
- D An order provided by the head of bank to reconcile the customer's accounts after closing the day.

(2 Marks)

QUESTION 31

Which of the following describes the purpose of an analyzed cashbook?

- A Analyzed cash book shows the money due to the business
- B Analyzed cash book shows money paid by the business to suppliers and other providers of finance
- C Analyzed cash books show how much money has been received and paid, and what each amount was for, by placing it in the correct column
- D Analyzed cash books show the profit or loss generated by the business in accounting period.

(2 Marks)

QUESTION 32

During the year 2000, “Société du Nouvel Limited (SNL)” carrying out their business activities in Rwanda wanted to perform an analysis of their cash movements with regards to receipts and payments. From the analysis, the cashbook balance did not tie to bank statement amount. The following transactions were retrieved from the records.

- (i) The bank statement shared with the bank indicated that their account was overdrawn by FRW 17,000,000
- (ii) The bank made a direct payment to an association that SNL is a member of FRW 1,200,000 and it was not recorded in the cashbook
- (iii) The uncredited cheques as at the close of the year amounted to FRW 3,900,000
- (iv) While the clerk was doing his cash book casting, the credit side of the bank column in the cashbook cast short FRW 1,000,000
- (v) A direct deposit was made at the bank regarding dividends earned on the investment in another company. FRW 2,300,000 was deposited.
- (vi) Cheques amounting to FRW 2,200,000 were issued by SNL, but they were not cashed.
- (vii) Check deposited as per Bank Statement not entered in Cash Book totaled FRW 3,400,000
- (viii) An error was made on the side of the cashbook that some bank transfer charges amounting to FRW 500,000 were recorded twice in the cashbook.

From the bank reconciliation you carried out, **how much is estimated to be the cashbook balance?**

- A FRW 8,400,000
- B FRW 16,800,000
- C FRW 31,900,000
- D FRW 19,300,000

(2 Marks)

QUESTION 33

Gerin Lads Limited has the following balances inclusive of Value Added Tax (VAT) extracted from return inwards day book for a month. Total return of FRW 36,000 comprised by VAT of FRW 6,000 and net amount of FRW 30,000. **Which is the correct posting from the following:**

- A Dr sales returns FRW 30,000, Dr VAT FRW 6,000, Cr receivables ledger control account FRW 36,000
- B Dr purchases returns FRW 30,000, Dr VAT FRW 6,000, Cr Payables ledger control account FRW 36,000
- C Dr sales returns FRW 36,000, Cr VAT FRW 6,000, Cr receivables ledger control FRW 30,000
- D Dr purchases returns FRW 36,000, Cr VAT FRW 6,000, Cr payables ledger control account FRW 30,000

(2 Marks)

QUESTION 34

Melanie is a Value Added Tax (VAT) registered trader. Her purchase daybook shows purchases of FRW 2,000 net of VAT at the rate of 18%. **What entry will Melanie post at the close of day's trading?**

- A Dr purchases FRW 2,000
Cr payables FRW 2,000
- B Dr purchases FRW 2,360
Cr payables FRW 2,360
- C Dr payables FRW 2,360
Cr Purchases FRW 2,000
Cr VAT FRW 360
- D Dr purchases FRW 2,000
Dr VAT FRW 360
Cr Payables FRW 2,360

(2 Marks)

The following relates to question 35 and 36.

YZX Ltd presented to you the following trial balance and requested your advice on the correction of errors

	Dr	Cr
	FRW'000'	FRW'000'
Wages	33,910	
Discounts received		1,860
Cash at bank	3,280	
Vehicles	12,420	
Sales		186,070
Purchases	105,040	
suspense		330
Machinery	35,040	
Capital		60,000
Payables		1,530
Delivery expenses	1,210	
Administrative expenses	7,250	
Receivables	37,040	
Drawings	14,600	
	249,790	249,790

Below are the additional information relating to the errors that were made in the initial trial balance.

- (i) Administrative expenses of FRW 340,000 paid by cheque have been omitted from the accounts completely.
- (ii) Purchases of FRW 180,000 were entered on the wrong side of the account although the entry to the bank account was correctly made
- (iii) Sales returns of FRW 690,000 were credited to receivables and debited to both the sales account and the discounts received account.

QUESTION 35

What is the correct balance that the revised trial balance should balance at?

- A FRW 150,249,000
- B FRW 250,150,000
- C FRW 520,510,000
- D FRW 249,150,000

(2 Marks)

QUESTION 36

From the following statements, **what is the correct meaning of a trial balance?**

- A A list of ledger balances extracted from customer accounts
- B A list of ledger balances extracted from accounts which helps to ensure that the bookkeeping has been accurate
- C An accounting document which a business must prepare
- D A list of all transactions which have occurred in a period taken from ledger accounts

(2 Marks)

QUESTION 37

Which of the following items will appear as an item of the payable's ledger control account?

- A Irrecoverable debts written off
- B Returns inwards of the period
- C Trade discounts received in total in the period
- D Settlement discounts received in total in the period.

(2 Marks)

QUESTION 38

As part of many business controls, there is an exercise which is carried out to ensure that there is maximum accuracy in the transactions undertaken with suppliers and this communicates to them how much they owe the business. **Which of the following is such a document?**

- A Age analysis of receivables
- B Receivables control account
- C Statement of account
- D Sales analysis

(2 Marks)

QUESTION 39

Which of the following appears on the credit side of a purchase ledger control account?

- A Purchases and other expenses
- B Cash paid
- C Discounts received
- D Returns outwards to suppliers

(2 Marks)

QUESTION 40

Furaha Limited's accountant prepared a purchase ledger control account as part of their end of month controls and through the thorough review done, he noticed that Inyange Limited, one of their customers returned goods worth FRW 35,678,320 out of total sales which had been made to them worth FRW 179,345,098 and those returns were wrongly posted to the debit side of the sales returns accounts but correctly entered in the supplier's account.

What would the total of the trial balance show?

- A The credit side to be FRW 35,678,320 more than the debit side
- B The debit side to be FRW 35,678,320 more than the credit side
- C The credit side to be FRW 71,356,640 more than the debit side
- D The debit side to be FRW 71,356,640 more than the credit side

(2 Marks)

QUESTION 41

Murokore supermarket is a Value Added Tax (VAT) registered retail business in Busesamana Sector. During the year, they sold goods of FRW 1,200,000 on top of which a VAT charge of FRW 240,000 was computed and added. However, while making purchases, they also suffered a VAT charge of FRW 40,000 on purchases of FRW 200,000. If you were the accountant of Murokore Supermarket, estimate how much VAT that is due to or from the government?

- A Payable FRW 200,000
- B Recoverable FRW 200,000
- C Payable FRW 240,000
- D Payable FRW 280,000

(2 Marks)

QUESTION 42

A borrower makes a repayment amounting to FRW 10,000 plus outstanding interests of FRW 500 of a loan facility secured from banks. **Choose the correct posting of the above transactions from the following:**

- A Assets – FRW 10,000, capital – FRW 10,500
- B Assets + FRW 10,500, Liabilities + FRW 10,500
- C Assets – FRW 10,500, Liabilities – FRW 10,000, Expenses + FRW 500
- D Assets – FRW 10,500, Liabilities – FRW 10,500

(2 Marks)

QUESTION 43

Which of the following errors would be a possible reason for trial balance failing to agree?

- A Sales of FRW 500,000 entered correctly, but entered as FRW 1,500,000 in the receivable's ledger control account
- B A purchase of FRW 550, 000 on credit not being recorded
- C Cash wages being recorded as debit: Cash FRW 250,000, credit: wages FRW 250,000
- D An asset purchase FRW 750,000 being recorded as debit: machinery repairs FRW 750,000, credit: Cash FRW 750,000.

(2 Marks)

QUESTION 44

JJ manufacturing company hired a consultant to come and give a professional advice on what could have cause their trial balance not to balance. **What would such an error be?**

- A The monthly salaries of FRW 5,250,000 were correctly entered in the cash book but the other half of the double entry was not made.
- B The accountant made a transposition error in recording sales. Instead of entering FRW 37,453,000, they entered FRW 47,543,000 on both sides of the double entry.
- C A customer paid FRW 460,000 and this was wrongly credited to the loan account, however the other side of the double entry went to the correct account.
- D A cheque of FRW 67,800 written to a supplier was incorrectly undercast on both sides of the double entry.

(2 Marks)

QUESTION 45

What is the correct explanation of a control total?

- A A total which is used to ensure that no errors are present in data input to an accounting system
- B A total which is used to make sure the value of transactions processed agrees to a total previously calculated
- C An amount posted to a control account
- D The totals of a trial balance which should then agree to each other

(2 Marks)

The following relates to question 46 and 47.

The trial balance of Uzuri Limited did not balance and the accountant posts the difference to the suspense account, they then found the following errors which clear the suspense account when they are corrected.

- (i) The Land and buildings of the company had been understated by FRW 10,000
- (ii) A credit note for FRW 200 had been posted to sales returns but not to the receivables control account.

QUESTION 46

How much would be carried in the account of the suspense account?

- A FRW 19,800
- B FRW 18,900
- C FRW 8,600
- D FRW 9,800

(2 Marks)

QUESTION 47

Basis from the following, which journal entries would clear the balance?

- A Debit receivables control account FRW 200, debit land and buildings FRW 10,000 and credit suspense account FRW 9,800
- B Debit receivables account FRW 10,000, debit land and buildings FRW 200 and credit suspense account
- C Debit suspense account FRW 9,800, credit receivables control account FRW 200 and credit land and buildings FRW 10,000
- D Debit Land and buildings FRW 10,000, credit receivables control account FRW 200 and credit suspense account FRW 9,800

(2 Marks)

QUESTION 48

Mutesa Mutebi and Brothers carried out a thorough review of their receivables list and they discovered that they were still carrying a debtor who had gone out of business and they decide to clean up their books by writing it off. The invoice for that client was of FRW 2,891,800 including VAT at 18%. **What are the correct accounting entries for the above statement?**

- A Debit VAT account FRW 441,122, debit Irrecoverable debts FRW 2,450,678 and credit total receivables FRW 2,891,800.
- B Debit total receivables FRW 2,891,800, debit VAT account FRW 441,122 and credit irrecoverable debts FRW 2,450,678.
- C Debit irrecoverable debts FRW 2,891,800, debit VAT account 441,122 and credit total receivables FRW 2,450,678
- D Debit total receivables FRW 2,891,800, credit irrecoverable debts FRW 2,450,7678 and credit VAT account FRW 441,122.

(2 Marks)

QUESTION 49

Which of the following is a valid reason for a debt being written off as irrecoverable?

- A The customer has ceased trading
- B The customer disputes the quality of goods supplied
- C The customer has exceeded the account credit limit
- D The customer has ceased trading and no dividend is expected from a liquidation

(2 Marks)

QUESTION 50

Complete the following statements with suitable option:

A business may be able to claim relief from Value Added Tax (VAT) on irrecoverable debts if they are.....(a)..... or(b).....

- A (a) Recorded according to the local regulation or (b) valid for 90 days
- B (a) Authorized by the senior official in the organization or (b) supported by invoices
- C (a) At least six months old from the time of supply or (b) written off in the accounts of the business
- D (a) Dishonesty or (b) have gone bankrupt

(2 Marks)

End of question paper.