
CERTIFIED ACCOUNTING TECHNICIAN (CAT)
STAGE 1 EXAMINATION
S1.1 RECORDING FINANCIAL TRANSACTIONS
DATE: 4 June 2019

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. The accounting equation states that total of liabilities plus capital is always equal to total assets. Therefore, any transaction has a _____ effect.

A Balancing
B Nil
C Known
D Dual

(2 marks)

2. Which of the following are books of prime entry?

(i) Sales day book
(ii) Purchase invoice
(iii) Cash book
(iv) Journal

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

(2 marks)

3. What is the correct entry to show the reimbursement of petty cash expenditure in the petty cash book?

A	DR Cash	CR Petty cash
B	DR Petty cash	CR Cash
C	DR Cash	CR Bank account
D	DR Bank account	CR Cash

(2 marks)

4. Soline has the following transactions in the first week of July 2018:

(i) Receipt of cash from a customer, Louis, of RWF187,000
(ii) Statement of account received from supplier Camille, showing an amount owed of RWF66,000
(iii) Receipt of cash from a customer, John, of RWF250,000
(iv) Cheque paid to supplier, Matthieu, of RWF350,000
(v) Receipt of cash from a customer, Jacqueline, of RWF45,000

What is the total amount that should be shown in the cash book as receipts for the first week of July 2018?

A RWF548,000
B RWF482,000
C RWF198,000
D RWF132,000

(2 marks)

5. Which of the following correctly describes the term 'credit note'?

A It is issued by a supplier to a customer to demand payment in full for goods supplied.
B It is issued by a customer to a supplier to request a debit note.
C It is issued by a supplier to a customer to cancel all or part of a previously issued invoice.
D It is issued by a customer to a supplier to cancel an invoice received.
E None of the above

(2 marks)

6. The different kinds of information which require retention by an accounts department include which of the following?
- (i) Outgoing correspondence
 - (ii) Financial records
 - (iii) Incoming correspondence
 - (iv) Information about past operating trends
- A (ii) and (iv)
 B All of the above
 C (i) and (iii)
 D (ii) only
- (2 marks)**

7. Which **one** of the following is an error of principle?
- A An electricity bill debited to the gas account and credited to the bank account
 - B The purchase of a non-current asset for the amount of RWF50,565,000 debited to the asset account and credited to the payables account at an amount of RWF50,656,000
 - C The cost of replacing a damaged bumper on a car, debited to repair expense and credited to the payables account
 - D The purchase of a non-current asset debited to the purchases account and credited to the payables account
- (2 marks)**

8. An accountant is preparing the purchase ledger control account for Carole's Cards Ltd:

PURCHASE LEDGER CONTROL ACCOUNT			
	RWF		RWF
Cash paid	1,589,000	Opening credit balances	2,500,000
Discounts received	65,000	Purchases	375,000

On reviewing the purchase returns day book, he realises that an entry for returns outwards to suppliers of RWF100,000 is still to be made.

Assuming there are no other entries to be made and the account is now to be balanced off what is the closing balance on the purchase ledger control account?

- A RWF 1,121,000 DR
 - B RWF 1,121,000 CR
 - C RWF 1,321,000 CR
 - D RWF 1,321,000 DR
- (2 marks)**

9. Which of the following is **not** the purpose of a receivables control account?
- A Control accounts deter fraud.
 - B A receivables control account helps to detect errors in the trial balance.
 - C A receivables control account ensures that there are no errors in the personal ledger.
 - D A receivables control account provides a check on the accuracy of the personal ledger.
- (2 marks)**

10. César runs a hardware store. At the end of the day, he prepares to pay money into the bank. It is the business's policy to ignore differences of less than RWF5,000. César counts cash of RWF50,800. The cash register total is RWF57,125.

What should César do next?

- A Take the discrepancy out of the float
- B Investigate, as the discrepancy is large
- C Ignore, as the discrepancy is small
- D Enter the cash register total on the paying-in slip

(2 marks)

11. At 1 February 2018, the receivables ledger control account showed a balance of RWF456,000.

At the end of the month, the following totals are extracted from the books of prime entry for February:

	RWF
Sales day book (gross)	333,100
Returns outwards day book	30,450
Returns inwards day book	25,000
Receipts from trade receivables	418,000
Discounts allowed	5,000

It is also discovered that a supplier's balance of RWF10,500 has been offset against his balance of RWF77,750 in the receivables ledger. This transaction has not been accounted for.

What is the correct balance on the receivables ledger control account at 28 February 2018?

- A RWF300,600 CR
- B RWF330,600 DR
- C RWF305,600 DR
- D RWF295,150 DR

(2 marks)

12. You are an accounts assistant for Vedaste Vision, a company that sells computers.

The following transactions took place on 21 November 2018:

	RWF
(i) Cash sale of goods to Customer Kaneza	500
(ii) Credit sale of goods to Customer Gatera	250
(iii) Return of goods from Customer Manzi	40
(iv) Payment to credit supplier V Computers	1,000
(v) Purchase invoice from supplier V Computers	400
(vi) Purchase of tea and coffee with petty cash	15

Which of the above transactions would be recorded in the purchase day book?

- A (v) only
- B (iv) and (v)
- C (vi) only
- D (iv) and (vi)

(2 marks)

13. Agathe is starting a new business on 1 April 2019. She has put in cash of RWF6,000,000, negotiated a bank loan of RWF2,000,000 and bought a vehicle for RWF4,500,000.

Which of the following is the correct journal to enter the appropriate opening balances?

- A Dr Cash RWF6,000,000, Dr Non-current assets RWF4,500,000; Cr Bank loan RWF2,000,000, Cr Proprietor RWF8,500,000
- B Dr Capital RWF6,000,000, Dr Bank loan RWF2,000,000; Cr Non-current assets RWF4,500,000, Cr Cash RWF3,500,000
- C Dr Cash RWF8,000,000, Dr Purchases RWF4,500,000; Cr Proprietor RWF12,500,000
- D Dr Non-current assets RWF4,500,000, Dr Cash RWF3,500,000; Cr Capital RWF6,000,000, Cr Bank loan RWF2,000,000

(2 marks)

14. Which of the following statements about banking cash are **true**?

- (i) Cash can be posted to the bank.
- (ii) Cash should be banked by the same person.
- (iii) Cash should be taken to the bank every day at a different time.
- (iv) Cash should be taken to the bank on a frequent basis.

- A (iii) and (iv)
- B (i) and (ii)
- C (ii) and (iv)
- D All of the above

(2 marks)

15. David is the petty cashier at MK Solicitors Limited. The imprest float is topped up to RWF20,000 at the end of each month. On 30 June 2018 he counts notes and coins in the petty cash box of RWF5,436. He holds receipt vouchers of RWF826.

Assuming there are no discrepancies, what is the total of the payment vouchers for June 2018?

- A RWF24,610
- B RWF26,262
- C RWF19,174
- D RWF13,738
- E None of the above

(2 marks)

16. A high street bank may offer which of the following services?

- (i) Investments
- (ii) Loans
- (iii) Credit control
- (iv) Credit cards

- A (i) and (ii)
- B (i), (ii) and (iv)
- C (i), (ii) and (iii)
- D All of the above

(2 marks)

17. John had the following transactions:

- (i) Sale of goods for cash for RWF400,000
- (ii) Payment of wages in cash for RWF350,000

What are the correct ledger entries to record these transactions?

- A DR Cash and bank RWF350,000
 DR Sales RWF400,000
 CR Wages expense RWF350,000
 CR Cash and bank RWF400,000
- B DR Wages expense RWF350,000
 DR Cash and bank RWF400,000
 CR Cash and bank RWF350,000
 CR Sales RWF400,000
- C DR Cash and bank RWF350,000
 DR Cash and bank RWF400,000
 CR Wages expense RWF350,000
 CR Sales RWF400,000
- D DR Wages expense RWF350,000
 DR Sales RWF400,000
 CR Cash and bank RWF350,000
 CR Cash and bank RWF400,000 **(2 marks)**
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18. Agnes Automotives Ltd allocates a supplier code to each of its suppliers as shown below. The code is made up of the first three letters of the supplier's name followed by a number, which is allocated sequentially to the next supplier in that alphabetical group.

Supplier name	Supplier code
Bonnets PLC	BON01
Brakes Ltd	BRA02
Doors For You Ltd	DOO01
Engine Supplies Ltd	ENG01
Evelyne's Car Parts Ltd	EVE02

Based on the information above what code will be allocated to Bumpers To Go Ltd?

- A BTG03
 - B BUM03
 - C BUM01
 - D BTG01
- (2 marks)**
-

19. An extract from Laurence's petty cash book showing the payments side is shown below.

<i>Voucher number</i>	<i>Detail</i>	<i>Total RWF</i>	<i>Postage RWF</i>	<i>Stationery RWF</i>	<i>Entertainment RWF</i>	<i>VAT RWF</i>
125	Stamps	1,000	1,000			
126	Ink	2,000		1,667		333
127	Taxis	500			500	
Total		3,500	1,000	1,667	500	333

What is the correct entry to transfer the petty cash book data to the general ledger accounts?

- A Dr Bank account RWF3,500; Cr Postage expense RWF1,000, Cr Stationery expense RWF1,667, Cr Entertainment expense RWF500, Cr VAT control account RWF333
- B Dr Postage expense RWF1,000, Dr Stationery expense RWF1,667, Dr Entertainment expense RWF500, Dr VAT control account RWF333; Cr Bank account RWF3,500
- C Dr Cash account RWF3,500; Cr Postage expense RWF1,000, Cr Stationery expense RWF1,667, Cr Entertainment expense RWF500, Cr VAT control account RWF333
- D Dr Postage expense RWF1,000, Dr Stationery expense RWF1,667, Dr Entertainment expense RWF500, Dr VAT control account RWF333; Cr Cash account RWF3,500

(2 marks)

20. Catherine's cash book totals (including brought forwards) on 31 December 2018 are as follows:

Receipts side:

<i>Details / RWF'000</i>	<i>Discounts</i>	<i>Cash</i>	<i>Bank</i>	<i>VAT</i>	<i>Cash sales</i>	<i>Trade receivables</i>	<i>Sundry income</i>
Total	50	350	820	60	300	495	10

Payments side:

<i>Details / RWF'000</i>	<i>Discounts</i>	<i>Cash</i>	<i>Bank</i>	<i>VAT</i>	<i>Cash purchase</i>	<i>Trade payables</i>	<i>Sundry expenses</i>
Total	15	160	175	25	125	95	15

What is the total amount of cash that Catherine is holding on 31 December 2018?

- A RWF190,000
- B RWF(190,000)
- C RWF645,000
- D RWF835,000

(2 marks)

21. Mr Umwali's petty cash book totals are as follows:

Payments side:

<i>Details / RWF'000</i>	<i>Total</i>	<i>Travel</i>	<i>Postage</i>	<i>Entertainment</i>	<i>Office supplies</i>	<i>Sundry expenses</i>	<i>VAT</i>
Ink	20				16		4
Taxi fares	15	15					
Envelopes	10				8		2
Cleaning products	5				4		1

When Mr Umwali cross casts the total payments from petty cash, what amount should he arrive at?

- A RWF43,000
- B RWF100,000
- C RWF7,000
- D RWF50,000
- E None of the above

(2 marks)

22. The trial balance of Smelting Ltd did not agree and a suspense account was opened for the difference. Checking in the bookkeeping system revealed a number of errors:

- (i) RWF200,500 paid for motor vehicle repairs was treated correctly in the cash book but was credited to the motor vehicles asset account.
- (ii) RWF350,000 received from Beatrice, a customer, was credited in error to the account of Belle.
- (iii) RWF9,500,000 paid for rent was debited to the rent account as RWF5,900,000.
- (iv) Sales returns had been debited in error to the purchases returns account.
- (v) No entries have been made to record wages of RWF500,000.

Which of the errors above would require an entry to the suspense account as part of the process of correcting them?

- A (ii) and (iii)
- B (i) and (iii)
- C (ii) and (v)
- D (iii) and (iv)

(2 marks)

23. An accountant is preparing the sales ledger control account for Anne's Crafts Ltd:

SALES LEDGER CONTROL ACCOUNT		
	RWF	RWF
Balance b/d	425,000	
Sales	63,500	

On reviewing the cash book, the accountant realises that she has not yet included an entry for bank receipts of RWF195,035 from credit customers.

Assuming there are no other entries to be made and the account is now to be balanced off what is the closing balance on the sales ledger control account?

- A RWF293,465 DR
- B RWF293,465 CR
- C RWF683,535 DR
- D RWF683,535 CR

(2 marks)

24. Thierry's Tea Shop Ltd purchases a new van for RWF15 million so that it can sell products from its tea shop in different locations, helping the business to expand over the coming years.

How should the van be classified so that Thierry's profit is calculated correctly?

- A Capital income
- B Capital expenditure
- C Finance charge
- D Inventory

(2 marks)

25. Which of the following types of transaction is **not** generally entered into the bookkeeping system by the use of a journal?

- A Writing off an irrecoverable debt
- B Recording a PAYE liability
- C Recognition of cash received from a customer with an overdue account
- D Posting the opening balances for a new business

(2 marks)

26. Umalisa & Co Ltd restores its petty cash balance to RWF10,000 at the end of each month. During April, the total expenditure column in the petty cash book was calculated as being RWF5,500 and the total receipts column as nil.

Under the imprest system, how much should the petty cash float be restored by?

- A RWF5,500
- B RWF10,000
- C RWF4,500
- D RWF0
- E None of the above

(2 marks)

27. Mr Kayitare is the petty cashier at Hardware Co Limited. His colleague, Mrs Maniraho, purchased office supplies for RWF16,800 inclusive of VAT at 20%. P. Maniraho provided a VAT receipt.

What would be the correct figures to show in the credit side of the petty cash book when the voucher is entered?

- A Total payment RWF16,800, Office supplies RWF14,000, VAT RWF2,800
- B Total receipt RWF16,800, Office supplies RWF14,000, VAT RWF2,800
- C Total payment RWF16,800, Office supplies RWF16,800
- D Total payment RWF20,160, Office supplies RWF16,800, VAT RWF3,360

(2 marks)

28. Automated credit systems are used for processing which type of payment?

- (i) Standing order
 - (ii) Remittance advice
 - (iii) Cheque
 - (iv) Direct debit
- A (i) and (iv)
 - B (i) only
 - C (ii) and (iv)
 - D (i), (iii) and (iv)

(2 marks)

29. When would an accountant re-draft a trial balance?

- A When the financial statements have been issued
- B After an error has been identified and a suspense account cleared
- C After every transaction
- D Before a temporary suspense account is set up

(2 marks)

30. Two types of errors are common in bookkeeping. These are known as errors of **principle** and errors of **transposition**.

Which of the following correctly states whether or not these types of errors will be revealed by extracting a trial balance?

	<i>Errors of principle</i>	<i>Errors of transposition</i>	
A	Will not be revealed	Will be revealed	
B	Will not be revealed	Will not be revealed	
C	Will be revealed	Will be revealed	
D	Will be revealed	Will not be revealed	(2 marks)

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31. Kagame Hair Products Ltd is registered for VAT. The sales day book shows total sales of RWF795,000 net. VAT is applicable at a rate of 20%.

What is the correct entry to transfer the sales day book data to the general ledger accounts?

- A Dr Cash book RWF795,000; Cr Sales RWF795,000
B Dr Receivables RWF954,000; Cr Sales RWF954,000
C Dr Receivables RWF954,000; Cr Sales RWF795,000, Cr VAT RWF159,000
D Dr Sales RWF795,000, Dr VAT RWF159,000; Cr Receivables RWF954,000
- (2 marks)

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32. The following details have been extracted from the payroll records of Specialist Tour Guides Ltd for the month of October 2018:

	RWF'000
Gross wages	75,600
Employer's social security contributions	3,800
Employer's pension contributions	3,200

What is the correct figure to debit to the wages expense account?

- | | |
|--------------------|---------|
| | RWF'000 |
| A DR Wages expense | 78,800 |
| B DR Wages expense | 68,600 |
| C DR Wages expense | 82,600 |
| D DR Wages expense | 75,600 |
- (2 marks)

-
33. Which of the following statements about petty cash vouchers is **not** true?

- A The receipt for the expense incurred should be attached to the petty cash voucher.
B The voucher should be signed by the person receiving the cash.
C The voucher should state the sales invoice number.
D The voucher should be signed by the person authorising the payment. (2 marks)
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34. A suspense account was opened at Mineral Exports Ltd when a trial balance failed to agree. The following errors were later discovered:
- (i) A rates bill of RWF1,420,000 had been recorded in the rates account as RWF1,240,000.
 - (ii) A settlement discount of RWF50,000 given to a customer had been credited to discounts received.
 - (iii) Interest received of RWF70,000 had been entered in the bank account only.

The original balance on the suspense account was:

- A RWF160,000 CR
- B RWF210,000 CR
- C RWF160,000 DR
- D RWF210,000 DR
- E None of the above

(2 marks)

35. An accountant performed a purchase ledger control account reconciliation and found the following errors:

- (i) The purchase day book was understated by RWF646,000.
- (ii) A credit note for RWF183,000 was included twice in the purchase ledger.

Which of the following is the correct adjustment to ensure that the purchase ledger control account is accurately reconciled?

- A Cr Purchase ledger control account RWF646,000; Add RWF183,000 to the list of supplier balances
- B Cr Purchase ledger control account RWF646,000; Deduct RWF183,000 from the list of supplier balances
- C Dr Purchase ledger control account RWF646,000; Add RWF183,000 to the list of supplier balances
- D Dr Purchase ledger control account RWF646,000; Deduct RWF183,000 from the list of supplier balances

(2 marks)

36. An accountant has inserted all the relevant figures into the purchase ledger control account, but has not yet balanced off the account.

PURCHASE LEDGER CONTROL ACCOUNT			
	RWF		RWF
Cash at bank	500,250	Balance b/d	650,225
		Purchases	475,000

Assuming there are no other entries to be made, what is the closing balance on the purchase ledger control account?

- A RWF1,125,225 CR
- B RWF1,625,475 CR
- C RWF624,975 CR
- D RWF624,975 DR

(2 marks)

37. On 9 January 2019, Albert Mugabo received his monthly bank statement for December 2018. The statement showed the following:

LAKES BANK PLC				
A. Mugabo: Statement of Account				
<i>Date</i>	<i>Particulars</i>	<i>Withdrawals</i>	<i>Deposits</i>	<i>Balance</i>
2018		RWF'000	RWF'000	RWF'000
Dec 2	Balance			1,645
Dec 6	Bank credit*		212	1,857
Dec 8	Cheque 117866	174		1,683
Dec 11	Cheque 117867	17		1,666
Dec 12	Bank interest		185	1,851
Dec 15	Standing order	32		1,819
Dec 19	Cheque 117865	307		1,512
Dec 20	Bank credit*		118	1,630
Dec 21	Cheque 117868	95		1,535
Dec 22	Cheque 117870	161		1,374
Dec 24	Bank charges	18		1,356
Dec 27	Bank credit*		47	1,403
Dec 28	Cheque 117874	88		1,315
Dec 29	Direct debit	12		1,303
Dec 30	Bank credit*		279	1,582
Dec 31	Cheque 117871	25		1,557

*Representing amounts paid in by Albert Mugabo

Which of the items on the bank statement would be identified as a difference when Albert checks the individual items against his cash book?

- (i) Bank interest (Dec 12, RWF185,000)
- (ii) Standing order (Dec 15, RWF32,000)
- (iii) Bank charges (Dec 24, RWF18,000)
- (iv) Direct debit (Dec 29, RWF12,000)

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

(2 marks)

38. Benjamin sells some goods to Dominique for a gross price of RWF165,000, including VAT at 20%. Dominique settles in cash.

Which of the following are the correct entries into the columns in the receipts side of the cash book?

- A Cash RWF165,000; VAT RWF27,500; Cash sales RWF137,500
- B Cash RWF137,500; VAT RWF27,500; Cash sales RWF137,500
- C Cash RWF198,000; VAT RWF33,000; Cash sales RWF165,000
- D Cash RWF165,000; VAT RWF33,000; Cash sales RWF132,000

(2 marks)

39. In an accounting system, supplier account coding provides a method for allocating a _____ number to each supplier.

- A Sequential
- B Unique
- C Product
- D Service

(2 marks)

40. Lea has recorded the following transactions with Charles in her payables ledger:

Date	Invoice number	Amount due/RWF
1 May 2019	16498	163,000
31 May 2019	23465	100,000

Charles allows his customers a credit period of one calendar month to make payment. It is Lea's policy to take the full period of credit from each supplier.

What amount should appear on the remittance advice when Lea makes a payment on 1 June 2019?

- A RWF100,000
- B RWF163,000
- C RWF263,000
- D RWF0

(2 marks)

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41. Transactions may be entered into the sales day book using what information?

- (i) Sales invoices
- (ii) Orders which have been despatched
- (iii) Credit notes
- (iv) Goods received notes

- A (i) only
- B (ii) and (iv)
- C (i), (ii) and (iii)
- D (iii) and (iv)

(2 marks)

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42. Which of the following statements about journals is **incorrect**?

- A A journal can be used to correct an expense relating to rates which has been recorded in the rent account.
- B A journal always relates to a routine transaction so does not need to be authorised.
- C A journal is a book of prime entry.
- D A journal can be used to open the accounting records for a new business.

(2 marks)

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43. You are an accountant at Kalisa Ltd, a company that supplies agricultural equipment. The following transactions have taken place with Francis Farming Ltd, one of Kalisa Ltd's key credit customers, in the current month:

- 7.3.19 Cash received RWF100,000
- 21.3.19 Credit note number 54512: RWF10,000
- 15.3.19 Sales invoice number 46528: RWF450,000
- Balance brought forward from previous statement RWF80,000
- 1.3.19 Sales invoice number 46925: RWF130,000

What would the outstanding balance on Francis Farming Ltd's statement of account be at the end of the month?

- A RWF570,000
- B RWF650,000
- C RWF470,000
- D RWF750,000
- E None of the above

(2 marks)

44. Yolande is checking her business's cash book against the bank statement at the same date. Which of the following items could require her to make an entry in the cash book?

- (i) Bank charges
- (ii) A cheque from a customer which was dishonoured
- (iii) Unpresented cheque
- (iv) Deposits not credited
- (v) Credit transfer entered in bank statement
- (vi) Standing order entered in bank statement

- A (i), (ii), (v) and (vi)
- B (iii) and (iv) only
- C (i), (iii), (iv) and (vi)
- D (iii), (iv), (v) and (vi)

(2 marks)

45. Coffee Exports Ltd commenced trading on 1 April 2015. The following transactions with Roasting Drums Ltd have been recorded in the purchase ledger.

1 April 2015	Opening balance	RWF0
1 April 2015	(1) Invoice #316	RWF50,000
1 May 2015	(2) Invoice #460	RWF435,000
29 June 2015	(3) Payment	RWF385,000
30 June 2015	Closing balance	RWF100,000

On 30 June 2015, Coffee Exports Ltd receives the following statement from Roasting Drums Ltd:

Opening balance		RWF0
1 April 2015	(4) Invoice #316	RWF50,000
1 May 2015	(5) Invoice #460	RWF435,000
30 June 2015	(6) Invoice #932	RWF35,000
Closing balance		RWF520,000

Which transactions should be noted as reconciling items on the supplier statement reconciliation at 30 June 2015?

- A Invoice #932
- B Payment
- C Invoice #932 and payment
- D All of the transactions

(2 marks)

46. Gabriel's Gifts Ltd offers its customers a 5% cash discount for immediate payment or a 2.5% discount for all items paid for within 30 days of purchase. Souvenirs Ltd buys goods worth RWF500,000 from Gabriel's Gifts Ltd and settles the purchase invoice two weeks later. Calculate the settlement discount received by Souvenirs Ltd.

- A RWF0
- B RWF12,500
- C RWF25,000
- D RWF37,500
- E None of the above

(2 marks)

47. In which book of prime entry will a business record a credit note in respect of faulty goods that they have sent back to the supplier?

- A The purchase day book
- B The sales returns day book
- C The cash book
- D The purchase returns day book

(2 marks)

48. Laetitia runs a furniture store. She buys 50 chairs on credit from Frederic, but, after they have been delivered, she discovers that some of them are faulty. What document would Laetitia ask Frederic to issue?

- A Sales invoice
- B Debit note
- C Credit note
- D Expense claim

(2 marks)

49. Which of the following reasons explain why it is important to reconcile the sales ledger control account?

- (i) The sum of balances extracted from the memorandum ledger may not be added up properly.
- (ii) A transposition error may occur in posting an individual's balance from the book of prime entry to the memorandum ledger.
- (iii) It identifies errors and guards against fraud.
- (iv) A transaction may be recorded in the control account and in the memorandum ledger.

- A (iv) only
- B (i), (ii) and (iii)
- C (iii) and (iv)
- D (i) and (ii)

(2 marks)

50. Which one of the following is **not** the purpose of a control account?

- A It provides a check on the arithmetical accuracy of entries made in the personal accounts.
- B It provides a memorandum of individual personal accounts.
- C It acts as an internal check where there is separation of bookkeeping duties.
- D It assists in the location of errors in the trial balance.
- E None of the above

(2 marks)

Total (100 marks)
