# CERTIFIED ACCOUNTING TECHNICIAN

# STAGE 1 EXAMINATION

# S.1.1 RECORDING FINANCIAL TRANSACTIONS

# DATE: TUESDAY, 29 NOVEMBER 2022

# MARKING GUIDE AND MODEL ANSWERS

**Marking guide**

| Questions | Answers Grid | Questions | Answers Grid |
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| 1 | D | 26 | B |
| 2 | A | 27 | A |
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| 9 | C | 34 | B |
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| 11 | C | 36 | D |
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**Marks**

2 Marks for each correct answer     2

**Total Marks for this section**     **100**

**Model answers**

## QUESTION ONE

Correct answer is **D** because the only steps of recording petty cash expense are vouchers in the batch are taken one at time, in date order/voucher number order and Petty cashier must the analyse the payment

## QUESTION TWO

Correct is A

B is not correct because description of what being sold is missing

C is not correct because set of information does not include name of the seller's bank

D is not correct because set of information does not include name of the purchaser's bank

## QUESTION TREE

Correct answer is D because all other options A, B and C is the reasons for the customer to issue credit note. Payment using digital can be reason of issuing credit

## QUESTION FOUR

Correct answers is B: the only purpose of remittance advice is to provide explanation to the supplier which invoice and Credit note that relates to the payment,

A Goods returned note are the one informing supplier that the stipulated goods has been return,

C Quotation is the one advising supplier on which list of goods need to be supplied,

## QUESTION FIVE

Correct answer is B: closing balance of cashbook is equal to opening balance plus money received minus money paid out, so FRW 100,000+FRW 50,000+FRW 3,000-FRW 10,000-FRW 5,000=FRW 138,000.

A is not correct as it is only summation of opening balance and monay received without subtracting money paid out,

C is not correct because it considered goods sold on credit as cash in

D is not correct because it omits half of money received in favor of goods sold on credit

## QUESTION SIX

Correct answer is B because sales on credit increase receivable as well as sales with corresponding tax

A and D is not correct because sales are not posted in debit side

C is not correct because trade payable does not correspond to sale; it is only concerned when it is credit purchased

## QUESTION SEVEN

Correct answer is B because Capital income s income that comes from capital, which is to say, comes from wealth itself, rather than any specific production or direct work (e.g: Dividend) while are funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment (e.g: Purchase of assets)

A is not correct because plant is not capital income, it is capital expenditure

C is not correct FRW 90,000,000 isn't capital income

D is not correct because A is correct and it state that none of the answers a is correct

## QUESTION EIGHT

Correct answer is C because purchase of non-current asset only affect that assets account and bank or cash depending which means of payment used

A is not correct because purchase only increase when goods purchased are in line of business not non-current assets.

B is not correct because it is inverse entry

D is not correct as it includes wrong mean of payment

## QUESTION NINE

Considering the nature of business, correct is C because all other suggested answer are revenue income,

## QUESTION 10

Correct answer is D bad debt decrease receivables

A is not correct because bad debt does not increase receivables or sales

B is not correct because it considers wrong amount

C is not correct because bad debt does not decrease cash at bank

## QUESTION 11

Correct answer is C because salary expense includes both salary paid and employers contribution (FRW 80,000,000+FRW 12,000,000) FRW 92,000,000

A is not correct **because salary expense includes Income tax and employee's pension, yet it should not**

**B PAYE is obtained from gross salary, so recording PAYE and gross amount separately would result into double counting**

## QUESTION 12

Correct answer is C because statutory deductions include PAYE and social security contribution both employee and employer

A is not correct because it is summation of basic salary and PAYE

B is not correct because it is summation of basic salary and social security contribution

D is not correct because it is summation of social security contribution and internal charge

## QUESTION 13

Correct answer is A as this is summation of all assets (Motor vehicle and Cash at bank) FRW 5,000,000 + FRW 2,000,000 = FRW 7,000,000

B is not correct because its summation of all assets, liability and capital (FRW 5,000,000 + FRW 2,000,000 + FRW 4000,000 + FRW 3,000,00=FRW 14,000,000

C is it correct because it is summation of Capital, Motor vehicle and loan which is FRW 4,000,000 + FRW 5,000,000 + FRW 3,000,000=FRW 12,000,000

D is not correct because it is summation of assets and liability which is FRW 5,000,000 + FRW 2,000,000 + FRW 3,000,000 = FRW 10,000,00

## QUESTION 14

Correct answer is D because all other option are the reasons why sales tax might not be matching 18% of total sales made within quarter,

A is not correct because export made was in part of goods subjected to VAT

B is not correct because goods sold was zero rated product

C is not correct because goods sold was exempted from VAT purpose

## QUESTION 15

Correct answer is B computed as follow

| Sales ledger control Amount FRW "000" | | | |
|---|---|---|---|
| **Debit** | | **Credit** | |
| **Description** | **Amount** | **Description** | **Amount** |
| Opening Bal | 5,000 | Return in wards | 5,000 |
| Credit sales | 10,000 | Payment from customer | 1,000 |

| | | Bal C/d | | 9,000 |
|---|---|---|---|---|
| | **15,000** | | | **15,000** |

A is not correct because Interest received was included in credit side of sales ledger control account

C is not correct because it ignored payment return from customers of FRW 5,000,000

D it is not correct because the returns from customers was debited instead of credit

## QUESTION 16

Correct answer is B

A is not correct because it is only one role described in there also (ii) and (iii) are correct role

C is not correct because aging does determine the performance of human resource staff

D is not correct because all are role of debtors aging except fourth one

## QUESTION 17

Correct answer is C computed as (120*450) *118% = FRW 63,720

A is not correct because it excludes return in ward (150*450) *118% = FRW 79,650

B is not correct it does not considered VAT (120*450) = FRW 54,000

D is not correct because it does not take into consideration of both tax and return (150*450) which is FRW 67,500

## QUESTION 18

Correct answer is D computed as (FRW 8,000,000*0.05) which is FRW 400,000

A is not correct because it does take into consideration of first FRW 50,000 excluded from discount (FRW 8,000,000*0.05) + ((FRW 600,000*0.1) *2) which is FRW 520,000

B is not correct because it made mistake on the rate of discount (considered one is to tale 10% for cash discount and 5% for trade discount) instead of 5% cash discount and 10% trade discount ((8,000,000*0.1) + (550,000*0.05) FRW 855,000)

C is not correct because it made two mistakes, one is to tale 10% for cash discount and 5% for trade discount other one is to omit first FRW 50,000 for trade discount. ((8000,000*0.1) + (600,000*0.05) FRW 860,000)

## QUESTION 19

Correct is D because statement of account is document that reflects all transactions that took place between you and a particular customer for a given period

A is not correct because credit note is document used when goods are returned,

B is not correct because remittance advice explains which invoice correspond to the payment made

C is not correct because pay in slip is document used when customer need to deposit cash or cheque in the bank

## QUESTION 20

Correct answer is C sufficient amount in the account cannot cause cheque to be denied by the bank, all other options have sufficient reason for cheque to be rejected by bank

## QUESTION 21

Correct answer is B because dishonored cheque should be added to closing balance and bank charge deducted from balance (FRW 1500, 000+FRW 200,000-FRW 50,000) which is FRW 1,650,000

A is not correct because it deducted dishonored cheque and added bank charge (FRW 1,500,000+FRW 50,000-FRW 200,000) which is FRW 1,350,000

C is not correct because bank charge was added instead of being deducted (FRW 1,500,000+FRW 200,000+FRW 50,000) which is FRW 1,750,000

D is not correct because dishonored cheque was deducted instead of being added to cancel previous record (FRW 1,500,000-FRW 200,000-FRW 50,000) which is FRW 1,250,000

## QUESTION 22

Correct answer is C because Payable control account contain only purchase on credit (5*500,000) FRW 2,500,000

A is not correct because it included both return ((5*500,000) +FRW 250,000) = FRW 2,750,000

B is not correct because it also includes cash purchase ((5*500,000) +(6*200,000) = FRW 3,700,000

D is not correct because it added both cash purchase and return to credit purchase ((5*500,000) +(6*200,000) +FRW 250,000) = FRW 3,950,000

## QUESTION 23

Correct answer is D because all steps provided are steps followed when reconciling suppliers statement,

## QUESTION 24

Correct answer is C computed as follow:

|  | FRW"000" |
|---|---|
| Closing balance | 8,970 |
| Less Bank charges | 550 |
| Less Electricity | 300 |
| Add Cash from Debtors | 800 |
| Add interest received | 70 |
|  | **8,990** |

A is not correct because it adds bank charges and electricity to the cash at bank yet it should be removed

B is not correct because it omits interest received in computation

D is not correct because bank charge was added instead of being deducted.

## QUESTION 25

Correct answer is B because since FRW 2,000,000 is subject to discount, Rugira's trading will receive FRW 1,900,000 so, Receivable account will be debited with net amount which is FRW 3,000,000 and sales be credited with total amount which is FRW 5,000,000 and discount be debited 5% of paid amount (FRW 2,000,000*0.05) which is FRW 100,000,

A and D is not correct because receivable cannot be debited with all amount yet there FRW 2,000,000 paid within stipulated days,

C is not correct because discount was not taken into consideration

## QUESTION 26

Correct answer is B because when company sold goods, sales account is credited with amount exclusive of tax

A is not correct because sales figure is overstated by VAT amount

C and D are not correct because since transaction has made on cash there is no need of receivables,

## QUESTION 27

Correct answer is A because net cash received is closing balance deducting opening balances (FRW 240,000,000+FRW 150,000,000-FRW 80,000,000) which is FRW 175,000,000

B is not correct because it is summation of opening and closing balances

C and D is not because has error of transposition for both closing balances

## QUESTION 28

Correct answer is D

A is not correct because when cash are paid to trade payable. This reduce the amount expected from suppliers, and does not affect purchase account

B is not correct because amount paid to creditors are debited in payable control

C is not correct because amount paid does not affect books of prime entry

## QUESTION 29

Correct is C because bank charges are an expense

A is not correct because cash sales affect cash account does not bank account

B is not correct payment from debtors are credited to receivable account not sales account

D is not correct because if electricity cost is incurred, it should be recognized

## QUESTION 30

Correct answer is C because when petty cash is used to pay expenses, expense account increased by amount excluding VAT, VAT increase with VAT charged and finally petty cash reduced with total cash including tax.

A is not correct because VAT should be credit when there is VAT on sales

B is not correct because expense was considered as VAT exclusive

D is not correct because Cash is credited with less amount and expense account was overstated

## QUESTION 31

Correct answer is D

An imprest system for petty cash helps with management of small cash expenditures and reduces the risk of fraud. The amount paid in to replenish petty cash at the beginning of each period should be the amount of petty cash spending in the previous period, which is the total of expenditures shown by petty cash vouchers for the previous period. The amount of petty cash at

any time is the maximum petty cash balance minus the value of the petty cash vouchers for the period.

## QUESTION 32

Correct answer is C computed as follow (FRW 250,225+FRW 325010-FRW 100,750) which will be FRW 474,485

A is not correct because in this case Trade payable will not have debit side balance

B is not correct because it considered only opening balance and credit purchase without deducting cash payment and shows the balance as DR instead as CR  (FRW 250,225+FRW 325,010) = FRW 575,235.

D is not correct because this option omitted cash paid to creditors.

## QUESTION 33

Correct answer is B computed as follows (FRW 540,000+FRW 125,625+FRW 30,000-625,500) which is **FRW 70,125**

A is not correct because it is total credit balance of trade receivables which was obtained by adding closing balance with bad debt and cash received from debtors (FRW 540,000+FRW 125,625+FRW 30,000) which is FRW 695,625

C is not correct because it omits bad debt which was obtain by computing opening balance as if there was no bad debt (FRW 540,000+FRW 125,625-FRW 625,500) which is FRW 40,125

D is not correct because it considers bad debt as item increasing trade receivable (in debit) which was computed as (FRW 625,500+FRW 30,000-FRW 540,000-FRW 125,625) which FRW 10,125.

## QUESTION 34

Correct answer is B computed as follow

| Sales Ledger Control Account FRW "000" | | | | | |
|---|---|---|---|---|---|
| Description | Ref | Amount | Description | Ref | Amount |
| Opening balance | b/f | 7,120 | Return in ward | SRDB | 2,050 |
| Credit sales | SDB | 52,500 | Cash received | CB | 52,400 |
| Dishonored cheque | Jnl | 1,000 | Bad debt | Jnl | 300 |
| | | | Closing Balance | c/d | 5,870 |
| | | **60,620** | | | **60,620** |

A is not correct because it considered closing balance per question as total debit side of Sales Ledger Control account

C is not correct because returned goods was debited instead of being credited

| Sales Ledger Control Account FRW "000" | | | | | |
|---|---|---|---|---|---|
| Description | Ref | Amount | Description | Ref | Amount |
| Opening balance | b/f | 7,120 | Cash received | CB | 52,400 |
| Sales | SDB | 52,500 | Bad debt | Jnl | 300 |
| Dishonored cheque | Jnl | 1,000 | Closing Balance | c/d | 9,970 |
| Return in ward | SRDB | 2,050 | | | |
| | | 62,670 | | | 62,670 |

D is not correct because it keeps dishonored cheque in credit yet it should be in debit balance refer to below,

| Sales Ledger Control Account | | | | | |
|---|---|---|---|---|---|
| Description | Ref | Amount FRW 000 | Description | Ref | Amount FWR 000 |
| Opening balance | b/f | 7,120 | Cash received | CB | 52,400 |
| Sales | SDB | 52,500 | Bad debt | Jnl | 300 |
| | | | Return in ward | SRDB | 2,050 |
| | | | Dishonored cheque | Jnl | 1,000 |
| | | | Closing Balance | c/d | 3,870 |
| | | 59,620 | | | 59,620 |

## QUESTION 35

Correct answer is C Discount should be recorded in debit side of purchase ledger control account and credit purchase in credit side of trade payable control account,

A and D are not correct because both credit purchase and discount received should be recorded in trade receivable as trade receivable deal with credit customer transaction not supplier's transaction,

B is not correct answer because trade payable if liability by nature and should be increased by debit it or reduced by credit so credit purchase should increase Trade payable not reducing it.

## QUESTION 36

Correct answer is D because settlement discount received are given to goods purchased on credit and it should be posted to reduce amount due from clients

A is not correct because bad debt are entered in receivable control account

B is not correct because return in wards also recorded in trade receivable control account

C is not correct because trade discount deducted from sales invoice.

## QUESTION 37

Correct answer is A refer to below,

| VAT Account FRW "000" | | | |
|---|---|---|---|
| **Description** | **Amount** | **Description** | **Amount** |
| VAT on Purchase (50,00*0.18) | 900 | VAT on Sales (10,000*0.18) | 1,800 |
| VAT on Electricity (20,00*0.18) | 360 | | |
| Owed to Authority | 540 | | |
| | **1,800** | | **1,800** |

B is not correct because it computes VAT as inclusive yet question stated that figures are exclusive of VAT

C is not correct because VAT on electricity was considered as output VAT

D is not correct because it has considered VAT as inclusive and electricity as output VAT

## QUESTION 38

Correct answers is A and all other contain non-Authorization of expense to be paid which is not reason of control account and balance extract to be not matching.

A, B and C includes Lack of authorization for expenses paid which is not reason of control account and balance extract to disagree

## QUESTION 39

Correct answer is B computed as follow

| | FRW"000" |
|---|---|
| Balance before adjustment | 58,500 |
| Less error of transposition 32,000-23,000 | 9,000 |
| Less return in ward | 14,000 |
| | **35,500** |

A is not correct because return in ward have considered as item increasing receivable control account, yet it should not

| | FRW"000" |
|---|---|
| Balance before adjustment | 58,500 |
| Less error of transposition 32,000-23,000 | 9,000 |
| Add return in ward | 14,000 |
| | **63,500** |

C is not correct because FRW 32,000 have consisted as net amount in error of transposition, below is how answer computed

|  | FRW"000" |
|---|---|
| Balance before adjustment | 58,500 |
| Less error of transposition | 32,000 |
| Less return in ward | 14,000 |
|  | **12,500** |

D is not correct because FRW 23,000 have considered as net amount to be adjusted to balance as error of transposition,

|  | FRW"000" |
|---|---|
| Balance before adjustment | 58,500 |
| Less error of transposition | 23,000 |
| Less return in ward | 14,000 |
|  | **21,500** |

## QUESTION 40

Correct is C because narration explanation is required

B is not correct because some journal entries are routine and others can relate to important accounting

A is not correct because the journal is one of the primary entry records from which ledger are posted,

D is not correct because journal entries can be made for other reason, eg; transfer from one account to another.

## QUESTION 41

Correct answer is C, because loan insurance are not provided by the bank,

A, B and D are services provided by the bank,

## QUESTION 42

Correct answer is D (Examine the face of the cheque to ensure all details are correct) and other options are not correct as they are procedures of preparing a paying slip

## QUESTION 43

Correct answer is B because cheque passed between banks are settled through the clearing system

Options A, C and D are function of banking system however does not specifically define clearing system

## QUESTION 44

Correct answer is A because direct payment is way of authorize bank to pay the bills directly from your account without request other permission from customer

B is not correct because this is clearing system, which is mechanism for obtaining payment for cheque,

C is not correct because this pay in slip, which is form use to deposit cash and cheque into the bank account

D is not correct because this bank product called credit cards, which allow people to purchase items without cash,

## QUESTION 45

Correct answer is B, because by using electronic payment, there are over privacy and possibility of identity theft and hackers as well.

A and C are not correct because most of electronic charges are not significant per transaction (this is based on Rwanda banking market)

D is not correct because this procedure used by companies to verify the purchase forms

## QUESTION 46

Correct answer is A debit note is sent to a supplier with a return of goods. A debit note is in effect a request for a credit note.

B is not correct because remittance advice is a document, which provides a breakdown of the invoices included on a payment

C is not correct because purchase invoice is created after the buyer has presented the seller with a purchase order, and the order has been confirmed and fulfilled by the seller.

D is not correct because Credit note is a commercial document issued by a seller to a buyer

## QUESTION 47

Correct answer is C because when supplier need to paid, they need to issue invoice for payment

A is not correct because Debit note is issued to request Credit note

B is not correct because it explains which invoice paid

D is not correct because Goods received note is internal document issued when goods are received.

**QUESTION 48**

Correct answer is B computer as follow,

| Description | VAT Amount FRW "000" |
|---|---|
| | Amount |
| VAT on Purchase (8,000,000*18/118) | 1,220,339 |
| VAT on Rent (4,000,000*0.18) | 720,000 |
| | **1,940,339** |

A is not correct because purchase of goods was considered as if it is exclusive VAT and rent inclusive, below is computation

| Description | VAT Amount FRW "000" |
|---|---|
| | Amount |
| VAT on Purchase (8,000,000*0.18) | 1,440,000 |
| VAT on Rent (4,000,000*18/118) | 610,169 |
| | **2,050,169** |

C is not correct because VAT on purchase was considered to be exclusive

| Description | VAT Amount FRW "000" |
|---|---|
| | Amount |
| VAT on Purchase (8,000,000*0.18) | 1,440,000 |
| VAT on Rent (4,000,000*18/100) | 720,000 |
| | **2,160,000** |

D is not correct because both VAT on rent and purchase was considered as inclusive,

| Description | VAT Amount FRW "000" |
|---|---|
| | Amount |
| VAT on Purchase (8,000,000*18/118) | 1,220,339 |
| VAT on Rent (4,000,000*18/118) | 610,169 |
| | **1,830,508** |

**QUESTION 49**

Correct answer is D because only payment of postage and stamps and payment of window cleaner are small expense to be paid using petty cash

Other option like (A, B and C) is not correct because it includes huge expense which cannot be paid by petty cash like hire purchase

**QUESTION 50**

Correct is A because VAT paid will be balance in VAT and VAT account have to be debited and credit bank,

B is not correct because it considered as if there is not input VAT like purchase tax

C is wrong entry because bank was debited instead of being credited while VAT was credited instead of being debited

D is incorrect because input VAT was considered as the one paid instead of netting off output against input VAT, 1,440+720 = 1,860

## END OF MARKING GUIDE AND MODEL ANSWERS