



ICPAR
Unlimited possibilities

CERTIFIED ACCOUNTING TECHNICIAN

STAGE 1 EXAMINATIONS

S.1.1 RECORDING FINANCIAL TRANSACTIONS

DATE: TUESDAY, 29 NOVEMBER 2022

INSTRUCTIONS:

- 1. Time Allowed: 2 hours and 30 minutes**
- 2. This examination has one section only: Section A**
- 3. This exam 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**

QUESTION ONE

BMS Ltd is a company producing maracuja juice. And their policy is to pay 30% of expenses using petty cash to reduce time spend by an accountant looking for signatures from management.

Which of the following is not in the process of recording petty cash expense?

- A Vouchers in the batch are taken one at time, in date order or voucher number order.
- B Petty cashier must analyze the payment
- C Both A and B
- D None of the above

(2 Marks)

QUESTION TWO

Agatangaro is a soft drink enterprise located in Rusizi district, most of their customers are small bar and restaurant from Republic democratic of Congo (RDC). One of its Customer bought 50 Crate of Agatangaro product and the enterprise policy is to issue invoice to its customer within 10 days from the date of sales.

Which of the following comprise complete set of information that must appear on invoice?

- A Name and address of the seller, name and address of the purchaser, invoice number, date of the transaction, description of good sold, quantity and unit price of good sold, and total amount of the invoice
- B Name and address of the seller, name and address of the purchaser, invoice number, date of the transaction, quantity and unit price of goods sold, and total amount of the invoice
- C Name and address of the seller, name and address of the purchaser, invoice number, date of the transaction, quantity and unit price of goods sold, name of the seller's bank and total amount of the invoice
- D Name and address of the seller, name and address of the purchaser, invoice number, date of the transaction, quantity and unit price good sold, name of the purchaser's bank and total amount of the invoice

(2 Marks)

QUESTION TREE

On 01 May 2021, Inteko Ltd purchased toilet paper on credit from well-known company called Indatwa Cleaning Company (ICC) for FRW 5,000,000. After two weeks ICC issued an invoice of FRW 6,000,000 to Indatwa Co Ltd, relating to toilet paper supplied on 01 May 2021. Immediately after receiving invoice, Inteco Co Ltd issued credit note to ICC claiming that the invoice was overstated.

Which of the following is not a reason for customer to issue credit note to its supplier?

- A When goods supplied has inferior quality relatively to the those ordered
- B When goods supplied was not on the quotation
- C When invoice issued was not correct
- D When payment is not going to be made using digital payment

(2 Marks)

QUESTION FOUR

RNB Ltd is a major customer of Intwali partner Ltd. In May 2021, Intwali partner Ltd supplied 15 batches of goods to RNB Ltd and each batch was accompanied its own invoice. Two days late, Intwali partner Ltd issued Credit note for 5 batches out of 15 batch supplied. RNB Ltd's accountant want to pay some of the batches. However, they were wondering on how Intwali Partners Ltd would identify batches paid.

Which one of the following is main purpose of remittance advice note?

- A To inform supply that some goods were returned
- B To explain to supply which invoice and Credit note that relates to the payment
- C To advise supply which list of products need to be supplied
- D None of the above

(2 Marks)

QUESTION FIVE

Melinda own grocery near Rwamagana city center and they are registered for VAT. She started their business in January 2021 with FRW 100,000 in cash. Later on, she sold goods on cash for FRW 50,000, paid electricity for FRW 5,000, refunded customer FRW 10,000 that overpaid money, she sold goods on Credit for FRW 6,000 and she received a half of money for the goods sold on Credit.

What should be balance in Melinda's cashbook at the end of January 2021?

- A FRW 153,000
- B FRW 138,000
- C FRW 141,000
- D FRW 135,000

(2 Marks)

QUESTION SIX

Skotele Co ltd is the biggest yoghurt manufacturing company in East Africa. On 31 March 2019, they sold 4 cartons of yoghurt for FRW 5,900,000 on Credit (including VAT of FRW 900,000).

Which of the following is correct entries to record the above transaction?

- A Dr. sales FRW 5,000,000, DR VAT FRW 900,000, Cr Trade Receivable FRW 5,900,000
- B Dr. Trade Receivable FRW 5,900,000, Cr VAT FRW 900,000, Cr. Sales FRW 5,000,00
- C Dr. Trade Payable FRW 5,900,000, Dr VAT FRW 900,000, Cr. Sales FRW 5,000,000
- D Dr. Sales FRW 5,900,000, Cr Trade Receivable FRW 5,000,000, Dr. VAT FRW 900,000

(2 Marks)

QUESTION SEVEN

Below information relates to question seven (7) and eight (8)

Maraba Trading Ltd is company dealing with coffee and tea export from East Africa to Europe.

In May 2015, they received dividend of FRW 80,000 from their shares purchased in Naftal Communication Company, again they purchased plant for FRW 90,000,000, which will be used in coffee and tea production to increase quality need by their market. All transaction was done using bank account in MSB bank Plc)

Which of the following statement shows capital revenue and capital expenditure of Maraba Trading Ltd for the above transactions?

- A. FRW 80,000 is Capital Expenditure and FRW 90,000,000 Capital Income
- B. FRW 90,000,000 is Capital Expenditure and FRW 80,000 is Capital income
- C. Both FRW 90,000,000 and FRW 80,000 are revenue capital revenue
- D. None of the above

(2 Marks)

QUESTION EIGHT

Which of the following is correct entry of the plant purchased by Maraba Trading Ltd?

- A. Dr Purchase FRW 90,000,000 and Cr Bank FRW 90,000,000
- B. Dr Bank FRW 90,000,000 and Cr Plant FRW 90,000,000
- C. Dr Plant FRW 90,000,000 and Cr Bank FRW 90,000,000
- D. Dr Plant FRW 90,000,000 and Cr Cash FRW 90,000,000

(2 Marks)

QUESTION NINE

Top Machinery Ltd is the biggest big trucks manufacturing company in the region. In January 2022, their managing director needed to know if staff are in compliant with company's policy and standard. In their assessment, they found that accounting books were not prepared as per accounting standard and principle. They proposed to hire consultant to re-prepare books of accounts. However, before hiring consultant, managing director requested explanation on the difference between revenue income and revenue expenditure.

Which of the following is not revenue income? (taking into consideration natured of business)

- A. Sales of 4 caterpillar to NPA construction company for FRW 50,000,000
- B. Sales of trucks' spare parts for FRW 6,000,000
- C. Sales of land which was not being used for FRW 60,000,000
- D. All the above

(2 Marks)

QUESTION 10

Milton have shop which operate in Kimicanga modern market. During the year 2020, they carried out the following transactions; sold fruit on credit for FRW 6,900,000, purchased vegetables on credit for FRW 8,900,000 and received payment of FRW 360,000.

One of their customers that owed Milton FRW 160,000 was sentenced for 5 years imprisonment and their business closed off. Milton decided to write off that client as probability of getting money was below 2%.

Which one of the following is correct entry for recording bad debt?

- A Dr Receivable FRW 160,000 and Cr Sales FRW 160,000
- B Dr Bad debt FRW 6900,000 and Cr Receivable FRW 6,900,000
- C Dr Bad debt FRW 160,000 and Cr Bank FRW 160,000
- D Dr Bad debt FRW 160,000 and Cr Receivable FRW 160,000

(2 Marks)

QUESTION 11

Malembo Import and export Ltd pays their employees on 25th each month. During July 2021 human resource prepared payroll with the following information, gross salary FRW 80, 000, 000, employees' pension contribution FRW 5,000,000, PAYE Tax FRW 30,000,000 and employer's pension contribution FRW 12,000,000.no payment has made so far.

What should be correct entry to record the above transaction?

- A Dr. Salary expense FRW 127,000,000 and Cr. Salary control account FRW 127,000,000
- B Dr. Salary expense FRW 97,000,000 Dr. PAYE Tax FRW 30,000,000 and Cr. Salary control account 127,000,000
- C Salary Expense FRW 92,000,000. and Cr. Salary Control account FRW 92,000,000
- D None of the above

(2 Marks)

QUESTION 12

S&R Partners Ltd hired consultant to assist them in payroll management. The following was available information about the cost incurred in the month of August 2015. Basic salary FRW 75,000,000, PAYE FRW 25,000,000 PAYE, employee's social security contribution FRW 800,000, employer's social security Contribution FRW 1,500,000 and internal fund charge FRW 100,000.

What amount should be transferred to statutory deductions?

- A FRW 100,000,000
- B FRW 77,300,000
- C FRW 27,300,000
- D FRW 2,400,000

(2 Marks)

QUESTION 13

Karimunda is business-oriented person and they want to invest in manufacturing of porish flour for babies. They started business with the following balances: capital FRW 4,000,000, bank loan FRW 3,000,000, Motor vehicle costing FRW 5,000,000, cash at bank FRW 2,000,000

Which one of the following is total Debit of trial balances of Karimunda business?

- A. FRW 7,000,000
- B. FRW 14,000,000
- C. FRW 12,000,000
- D. FRW 10,000,000

(2 Marks)

QUESTION 14

Lap industries Ltd is registered for VAT in Rwanda. Managing director of Lap industries Ltd asked four staff in the finance department on why the sales tax (output VAT) for the last quarter does not equal 18% of sales (18% is the rate of VAT tax in Rwanda).

Which one of the following four replies was not correct?

- A. Company made some export that were not subject to VAT
- B. Company made some sales of Zero-rated products
- C. Company made some sales of exempt products
- D. Company sold some products to businesses not registered for VAT

(2 Marks)

QUESTION 15

Kamaru Ltd is trading company that sell goods on credit terms. Their sales ledger control account balance as at 31 December 2021 was not ascertained. During the year, they made the following transactions. Opening balance of FRW 5,000,000 as at 01 January 2021, interest received from BNR bond of FRW 3,000,000, Credit sales made during the year FRW 10,000,000, cash received from customer who took Goods on Credit FRW 1,000,000, Return from customers FRW 5,000,000

Which one of the following is correct balance of sales ledger as at 31 December 2021?

- A. FRW 12,000,000
- B. FRW 9,000,000
- C. FRW 14,000,000
- D. FRW 19,000,000

(2 Marks)

QUESTION 16

Kijyana Trading Company (KTC) Ltd is the biggest supplier of cement and they are the sole authorized dealer of Kanguloo cement Ltd. Their revenue are 90% on Credit, recently their receivable increased and they need to hire external consultant to do receivable analysis including aging analysis.

KTC Ltd requested consultant to provide at least 4 role of debtors aging analysis in their bids.

Below are receivable aging analysis's role submitted by one of the bidder

- i) Help Company to know which customer to chase up
- ii) Help company to know how often debts are being collected
- iii) Help to determine health of company's customers,
- iv) Help company to know if their human resource staff are performing well

Which one of the following is/are correct about the role of Debtors aging?

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

(2 Marks)

QUESTION 17

Ecogec Ltd is a company based in milk processing industry. Ecogec Ltd has more than 50% of the milk processing market share. In September 2021, they supplied 150 litters of milk for FRW 450 each (excluding VAT of 18%) on Credit to Amani Restaurant. It is company's policy to provide invoice within 7 days after supplying. However, Aman Restaurant sent debit note informing Ecogec Ltd that last 30 litters supplied had poor quality and based on contract they should replace these items. Ecogec Ltd prepared revised invoice honoring received debit note. The items sold are taxable goods for VAT

Which one of the following in the correct amount to appear in the revised invoice?

- A FRW 79,650
- B FRW 15,930
- C FRW 63,720
- D FRW 67,500

(2 Marks)

QUESTION 18

Musanze Grain Milling (MGM) Ltd has been experiencing rapid growth in the market due to their best-selling strategies. In 2021, they initiated selling strategy to offer cash discount of 5% to any customer who will pay within 15 days and trading discount of 10% to any customer who will buy goods of more than FRW 50,000 (excluding first FRW 50,000). One of their customers who owes MGM Ltd FRW 8,000,000 cleared all debt within stipulated days and two customers bought goods worth FRW 600,000 payment received after 17 days.

How much recorded in the discount allowed as result of the above transaction?

- A FRW 520,000
- B FRW 855,000
- C FRW 860,000
- D FRW 400,000

(2 Marks)

QUESTION 19

One of the best practices for the organization to manage receivables is always sending frequent reminder to their customers telling them how much they owe company so that customers can plan accordingly to pay.

Which document company can use to inform customer amount of money owes them?

- A Credit note
- B Remittance advises
- C Pay in slip
- D Statement of account

(2 Marks)

QUESTION 20

Muhanga Engineering Co (MEC) want to pay their consultant that hired to revise human resource policy. MEC's CFO said that it is good and safe to use Cheque instead of using electronic payment, which can be problem due to network issues. Some of the consultant denied receiving cheque due to the reason that severally companies use cheque as way of payment without money in the account.

Which of the following is not the reason for the bank to reject cheque?

- i) Amount in words are different to the amount in figure
- ii) Cheque is not signed
- iii) Sufficient amount in the account
- iv) When cheque is damaged (all details affected)

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

(2 Marks)

QUESTION 21

On 30 June 2015, Nkuranga Transport Co. (NTC) had closing balance at bank of FRW 1,500,000, which did not agree with bank statement. While the accountant were reconciling the accounts with bank statement, she found out one cheque of FRW 200,000 signed to pay resigned employee but was not paid by the bank due to wrong signature. The accountant further noted unrecorded bank charge FRW 50,000.

What is the correct balance of the cash at bank in the books of NTC Ltd?

- A. FRW 1,350,000
- B. FRW 1,650,000
- C. FRW 1,750,000
- D. FRW 1,250,000

(2 Marks)

QUESTION 22

During the year 2021, Dynamic Jewelry Co (DJC) Ltd made the following transaction. Purchase of 5g of diamond on Credit for FRW 500,000 each and 6g of silver for FRW 200,000 each on cash. Half way the year, they paid a quarter of the amount due. Late, they returned poor quality diamond worth FRW 250,000 supplied in March 2021.

What is DJC Ltd's amount to be recorded in payable control account as purchase for the year 2021?

- A. FRW 2,750,000
- B. FRW 3,700,000
- C. FRW 2,500,000
- D. FRW 3,950,000

(2 Marks)

QUESTION 23

Suppliers should send statement of account to the customers showing all of the invoice issued, Credit note, payments received and discount given to be aware of the amount pending for payment

Which one of the following is/are not step of suppliers' statement reconciliation?

- i) Tick off the items which appear in both the statement and the payable ledger
- ii) Agree the opening balance on the supplier's statement
- iii) Allocate payment to invoices after allowing for any Credit notes
- iv) Identify difference

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

(2 Marks)

QUESTION 24

The following transactions related to the East End hotel (EEH) for the month of February 2021. Bank balance in the cashbook before adjusting any of the following items were FRW 8,970,000, bank charges FRW 550,000, electricity of FRW 300,000 paid using bank, amount deposited to bank by one of EEH debtors FRW 800,000, interest received from Deposit FRW 70,000.

What should be the balance on bank in cashbook of EEH?

- A. FRW 10,690,000
- B. FRW 8,920,000
- C. FRW 8,990,000
- D. FRW 10,090,000

(2 Marks)

QUESTION 25

Rugira's Trading Ltd keeps a receivables ledger control account as part of its accounting system. The following transactions took place in March 2021, invoices totaling FRW 5,000,000 was issued to Rugira's wholesaler in March.

These invoices offer the customer a 5% discount if they pay within 14 days. Of the amount due, Rugira's Trading Ltd received payment of invoices totaling FRW 2,000,000 before taking into account discount. The remaining amount was not yet paid

Which of the following entries correctly record these transactions?

- A. Dr. Receivable FRW 5,000,000, Cr. Sales 3,000,000 and Cr. Discount allowed FRW 2,000,000
- B. Dr. Receivable FRW 3,000,000, Dr. Cash FRW 1,900,000, Dr. Discount allowed FRW 100,000, Cr. Sales FRW 5,000,000
- C. Dr. Cash FRW 2,000,000, Dr. Receivable FRW 3,000,000 and Cr Sales FRW 5,000,000
- D. Dr. Receivable FRW 5,000,000 and Cr Sales FRW 5,000,000

(2 Marks)

QUESTION 26

Nyampinga Trading (NT) Ltd has been in trading for several years in Kayonza modern market. During the year 2021, they sold goods on cash for FRW 5,900,000 (including FRW 900,000 for VAT) to Agaciro Ltd. NT Ltd's accountant want to know how to record this transaction in books of accounts,

Which of the following entries correctly record the above transaction?

- A. Dr. Cash FRW 5,900,000, Cr. Sales FRW 5,900,000
- B. Dr Cash FRW 5,900,000, Cr VAT FRW 900,000 and Cr Sales FRW 5,000,000
- C. Dr Receivable FRW 5,900,000 and Sales FRW 5,900,000
- D. Dr Receivable FRW 5,900,000, Cr VAT FRW 900,000 and Cr Sales FRW 5,000,000

(2 Marks)

QUESTION 27

If company start financial period with cash and bank balance of FRW 80,000,000, and then closing cash in hand balance at reporting date was FRW 15,000,000 and while bank balance FRW was FRW 240,000,000 respectively.

What is the total net cash received during the year?

- A. FRW 175,000,000
- B. FRW 335,000,000
- C. FRW 211,000,000,
- D. FRW 355,000,000

(2 Marks)

QUESTION 28

The following is the cashbook of mahoko Tea factory for the month of March 2020,

Date	Description	Amount	Date	Description	Amount
		FRW			FRW
01-Mar	Bal B/f	75,000	08-Mar	Cash purchase	49,000
05-Mar	Cash sales	86,000	15-Mar	Cash paid to suppliers	50,000
08-Mar	Payment from Debtors	78,000	20-Mar	Electricity Paid	10,000
			31-Mar	Bank charges	1,500
				Bal C/f	128,500
		239,000			239,000

The effect of cash paid to suppliers on payable control account is to,

- A. Reduce the purchase made during the year
- B. Increase trade payable
- C. Reduce purchase daybook balance
- D. Reduce amount owed to supplier

(2 Marks)

QUESTION 29

Among the following statement, which one is correct?

- A. Cash sales should be debited into bank account as it is money received
- B. Payment from debtors should be credited to sales account as it is money received for Sales made
- C. Bank charges should be considered as an expense as it is money charged for the service provided by the bank
- D. Electricity should not be considered as an expense since we cannot predict the level of electricity we can use in year.

(2 Marks)

QUESTION 30

A petty cashier made a purchase of office supplies costing FRW 7,080 inclusive of VAT at 18%.

Which of the following entries is correct?

- A Dr. Expense FRW 6,000, Cr. VAT 1,080 and Cr Cash 7,080
- B Dr. Expense FRW 7,080, Dr. VAT 1,274 and Cr Cash 8,354
- C Dr. Expense FRW 6,000, Dr. VAT 1,080 and Cr Cash 7,080
- D Dr. Expense FRW 7,080, Cr. VAT 1,080 and Cr. Cash 6,000

(2 Marks)

QUESTION 31

Which one of the following statements about an imprest system of petty cash is correct?

- A An imprest system for petty cash controls small cash expenditures because a fixed amount is paid into petty cash at the beginning of each period.
- B The imprest system provides a control over petty cash spending because the amount of cash held in petty cash at any time must be equal to the value of the petty cash vouchers for the period.
- C An imprest system for petty cash can operate without the need for petty cash vouchers or receipts for spending.
- D An imprest system for petty cash helps entity for management of small cash expenditures and reduces the risk of fraud

(2 Marks)

QUESTION 32

An accountant recorded all the relevant information in the trade payables account. But had not yet balanced off the account. The following are recorded information; balance brought down FRW 250,225, amount paid to suppliers FRW 100,750 and Purchase on credit FRW 325, 010. Assuming there was no other transaction.

What is the closing balance in the trade payable control account?

- A FRW 474,485 DR
- B FRW 575,235 DR
- C FRW 474,485 CR
- D FRW 575,235 CR

(2 Marks)

QUESTION 33

Accountant recorded necessary information in trade receivable control account but omitted to record opening balance. The following are information recorded in this account; credit sales FRW 625,500, bad debt FRW 30,000, Cash payment from debtors FRW 125,675 and closing balance of FRW 540,000,

What was the balance brought forward of trade receivable?

- A. FRW 695,625 DR
- B. FRW 70,125 DR
- C. FRW 40,125 DR
- D. FRW 10,125 DR

(2 Marks)

QUESTION 34

Below is sales ledger control Account of umurerwa's business as at 31st October 2019. The sales ledger contains errors

Sales Ledger Control Account FRW "000"					
Description	Ref	Amount	Description	Ref	Amount
		FRW			FRW
Opening balance	b/f	7,120	Dishonored cheque	Jnl	1,000
Credit sales	SDB	52,500	Cash received from debtors	CB	52,400
Return in ward	SRDB	2,050	Bad debt	Jnl	300
			Closing Balance	c/d	7,970
		61,670			61,670

What should be correct closing balance after correct all errors?

- A. FRW 7,970 DR
- B. FRW 5,870 DR
- C. FRW 9,970 DR
- D. FRW 3,870 CR

(2 Marks)

QUESTION 35

Joseph is a whole seller of building materials. During the month of November 2021, they made the following transactions: they purchased goods worth FRW 980,000 on credit from kalimu's store and given cash discount of FRW 80,000.

What should be done in payables control account?

- A. Credit Purchase should be entered in debit side of Trade receivable control account and discount in Credit side of trade receivable control account
- B. Credit Purchase should be recorded in debit side of Trade payable control account and discount recorded in Credit side of trade payable control account
- C. Discount received should be recorded in debit side of purchase ledger control account and Credit purchase in Credit side of trade Payable control account
- D. Discount should be recorded in debit side of sales ledger control account and Credit purchase in Credit side of trade receivable control account

(2 Marks)

QUESTION 36

Which of the following items will appear in the payable control account?

- A. Irrecoverable debts written off
- B. Return in wards for the period
- C. Trade discounts received
- D. Settlement discounts received

(2 Marks)

QUESTION 37

Selene trading operate a business at kagitumba boarder. Their main business is to retail cassava flour and they are registered for VAT.

During the month of February 2020, they made the following transactions; purchased goods on credit FRW 5,000,000, sold goods on cash FRW 10,000,000, paid electricity of FRW 2,000,000. On 14 March 2020, they declared and paid VAT tax to revenue authority. All transactions are VAT exclusive and VAT rate is 18%

What was the amount paid to revenue authority as VAT?

- A. FRW 540,000
- B. FRW 457,627
- C. FRW 1,260,000
- D. FRW 1,067,797

(2 Marks)

QUESTION 38

Which of the following is/are reason why control account may not agree with the Trial balance?

- i) An incorrect amount posted to the control account because of miscast in total of books of primary entry
- ii) Transposing error can cause discrepancies,
- iii) Transaction recorded in control account but not in memorandum ledger
- iv) Lack of authorization for expenses paid

A (i), (ii) and (iii) only

B (i), (ii) and (iv) only

C (ii), (iii) and (iii) 4 only

D (i), (iii) and (iv) only

(2 Marks)

QUESTION 39

Mew ling's receivable control account balance of FRW 58,500 was not matching with balance extracted from individual ledger account. During reconciliation, accountant found that one of customer's invoice of FRW 23,000 was recorded as FRW 32,000 and again goods worth FRW 14,000 returned by customer were not recorded

What should be correct balance in Receivable control account?

A FRW 63,500

B FRW 35,500

C FRW 12,500

D FRW 21,500

(2 Marks)

QUESTION 40

Which of the following statement concerning journal entries is correct?

- A The journal is a ledger account in the accounting system of the a business
- B All journal entries are made for routine transactions and as such need not be authorized
- C All journal entries must have a narrative explanation
- D Journal entries are used exclusively for the correction of errors

(2 Marks)

QUESTION 41

Kambundi is Managing Director (MD) of LB Company Ltd and she is new in Rwanda. As new citizen, she doesn't know how to have bank account or to access other bank services in Rwanda,

Which of the following is not bank service in Rwanda?

- A Credit cards
- B Current account service
- C Loan insurance
- D Foreign exchange

(2 Marks)

QUESTION 42

Always there are control mechanism that banks' staff should follow when bank customer are going to pay using cheque to avoid any mistake,

Which of the following is one of step to follow when bank teller receive cheque for payment?

- A Count the cash as described above
- B Add up, on a separate piece of paper, how much cash you are banking
- C Compare the calculated total to the amount in the Cash register
- D Examine the face of the cheque to ensure all details are correct

(2 Marks)

QUESTION 43

Which of the following clearly describe the bank clearing system?

- A It arranges long term loans for the bank customers
- B It is the mechanism for obtaining payment for cheque
- C It moves cash between banks
- D It sets Credit levels for banks business customers

(2 Marks)

QUESTION 44

Which one of the following define direct payment?

- A Authorization from customer to bank to electronically collect pre authorized amount from his/her account to pay bills
- B Mechanism for obtaining payment for cheques
- C Form used to deposit cash and cheques into a bank account
- D Providing right which allow people to buy items without cash

(2 Marks)

QUESTION 45

Which one of the following is main concern for electronic payment?

- A Privacy and charged fee
- B Privacy and security
- C Security and charged fee
- D Address Verification System

(2 Marks)

QUESTION 46

Which of the following documents should accompany a return of goods to a supplier?

- A Debit note
- B Remittance advice
- C Purchase invoice
- D Credit note

(2 Marks)

QUESTION 47

Diaz Co (DC) Ltd sold goods to Pepeto Trading co Ltd. DC Ltd's customers pay in advance to help DC Ltd improve their liquidity

Which of the following is document DC Ltd may issue to request a payment?

- A Debit note
- B Statement of advice
- C An invoice
- D Goods received note

(2 Marks)

QUESTION 48

On 01 April 2021, Nelly Trading Ltd made the following transactions. Purchased goods worth FRW 8,000,000 inclusive of VAT, paid rent for FRW 4,000,000 VAT exclusive, VAT in Rwanda is 18%

What is correct amount of VAT owed to Authority?

- A FRW 2,050,169
- B FRW 1,940,339
- C FRW 2,160,000
- D FRW 1,830,508

(2 Marks)

QUESTION 49

Which of the following expenses would be likely to be paid through petty cash?

- i) Payment of hire purchase for van delivery
- ii) Payment of postage and stamps
- iii) payment of Income tax
- iv) Payment to window cleaner

A All of the above

B (i), (ii) and (iii)

C (ii) and (iv)

D (i) and (iv) only

(2 Marks)

QUESTION 50

Below is VAT account for Adams Trading Company Ltd as of 31 March 2021 before paying VAT and they paid VAT tax for the month of March 2021

VAT Amount FRW "000"			
Debit		Credit	
Description	Amount	Description	Amount
VAT on Purchase	1,440	VAT on sales	5,600,000
VAT on Rent	720		
Balance C/d	3,440		
	5,600		5,600,000

Which one of the following is the correct entries of VAT Paid?

- A Dr VAT FRW 3,440 and Cr bank FRW 3,440
- B Dr VAT FRW 5,600 and Cr bank FRW 5,600
- C Dr Bank FRW 3,440 and Cr VAT FRW 3,440
- D Dr. VAT 1,860 and Cr. bank FRW 1,860

(2 Marks)

End of question paper.

S1.1

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