



ICPAR
Unlimited possibilities

CERTIFIED ACCOUNTING TECHNICIAN

STAGE 1 EXAMINATIONS

S1.1: RECORDING FINANCIAL TRANSACTIONS

DATE: TUESDAY 26, NOVEMBER 2024

INSTRUCTIONS:

- 1. Time Allowed: 2 hours and 30 minutes**
- 2. This paper has 50 multiple-choice questions; each question has two (2) Marks**
- 3. All the 50 questions are to be attempted**
- 4. The question paper should not be taken out of the examination room**

QUESTION ONE

Which among the following definitions is not an appropriate definition of a business?

- A Business is a commercial or industrial concern which exists to deal in the manufacture, resale or supply of goods and services.
- B A business is an organization which uses economic resources to create goods or services which customers will buy.
- C A business invests money in resources in order to make even more money for its owners.
- D A business is an entity constituted in a particular legal form, usually involving limited liability for its members.

(2 Marks)

QUESTION TWO

The gross price of product X is FRW 708,000 and the net price of product Y is FRW 960,000.

What is the VAT charged on each product if the VAT rate is 18%?

- A Product X VAT: FRW 108,000; Product Y VAT: FRW 172,800
- B Product X VAT: FRW 108,000; Product Y VAT: FRW 168,000
- C Product X VAT: FRW 172,800; Product Y VAT: FRW 180,000
- D Product X VAT: FRW 132,000; Product Y VAT: FRW 108,000

(2 Marks)

QUESTION THREE

Which of the following documents is typically required to accompany payments in a business transaction?

- A Purchase Order
- B Invoice
- C Payment Voucher
- D All of the above

(2 Marks)

QUESTION FOUR

Which of the following statements are true about a good coding system for financial transactions?

- i) It enables a company to easily extract data for management analysis.
- ii) It provides a unique code for each item within the system.
- iii) It provides codes that are uniform in format.
- iv) It requires management authorization before creation of new codes.

- A (i), (ii), (iii) and (iv)
- B (iii) and (iv)

C (ii), (iii) and (iv)

D (i) and (ii) only

(2 Marks)

QUESTION FIVE

Which among the following statements is not true about an invoice?

A A transaction is settled immediately in cash, with the invoice created as evidence of expense/receipt of payment

B An invoice is sent from seller to buyer, and is paid on receipt of the goods using cheque or cash

C An invoice is issued by a customer to a supplier as a means of formally requesting a credit note.

D An invoice is sent after goods have been delivered, with request to pay within a certain time.

(2 Marks)

QUESTION SIX

Which of the following statements are true about a good coding system for financial transactions?

i) It enables a company to easily extract data for management analysis

ii) It provides a unique code for each item within the system

iii) It provides codes that are uniform in format

iv) It requires management authorization before creation of new codes

A (i) and (ii)

B (ii) and (iv)

C (ii), (iii) and (iv)

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

(2 Marks)

QUESTION SEVEN

Jennifer's cash book shows her to be FRW 2,650,000 overdrawn. A bank reconciliation, however, shows that a standing order payment for FRW 478,000 had been entered in the cash book twice, and that a dishonoured customer's cheque for FRW 360,000 had been debited in the cash book rather than credited. What is Jennifer's true overdraft position?

A FRW 2,532,000

B FRW 2,892,000

C FRW 2,720,000

D FRW 3,370,000

(2 Marks)

QUESTION EIGHT

Mr Pierre commenced trading as a wholesaler in electrical and electronics on 1 September 2022 with a capital of FRW 5,000,000 with which he opened a bank account for his business.

During September the following transactions took place.

September 1 Bought shop fittings and fixtures from Patient for FRW 3,000,000, paying by cheque

4 Purchased goods on credit from Jean FRW 750,000

6 Sold goods on credit to Daniel FRW 800,000

12 Purchased goods on credit from Robert FRW 400,000

14 Sold goods on credit to James FRW 680,000

17 Customers paid sales receipts paid into bank FRW 300,000

21 Received cheque from Daniel in settlement of his account

17 Purchased goods on credit from Habimana FRW 900,000

25 Sold goods on credit to Kasinza FRW 460,000

30 Sent cheque to Jean in settlement of his account

What is the total amount of sales to be posted to the ledger accounts from the sales journal?

A FRW 2,240,000

B FRW 1,940,000

C FRW 2,050,000

D FRW 300,000

(2 Marks)

QUESTION NINE

You the credit controller in Kigali plastics limited, the finance manager has requested for accounts that are due for payment. As a credit controller wishing to decide which debts need to be chased up, which among the following would you refer to?

A Age analysis of receivables

B Age analysis of payables

C Bank reconciliation

D Receivables control account

(2 Marks)

QUESTION 10

ABC Electronics sells various electronic products. In June 2024, they issued several invoices and a few credit notes. Below are the details:

1. Invoices Issued:

- Invoice Number 1001: FRW 500,000 (Paid)
- Invoice number 1002: FRW 300,000 (Paid)
- Invoice number 1003: FRW 450,000 (Unpaid)
- Invoice number 1004: FRW 700,000 (Paid)

2. Credit Notes Issued:

- Credit Note number C001: FRW 200,000 (Issued against Invoice number 1002)
- Credit Note number C002: FRW 150,000 (Issued against Invoice number 1004)

What is the total amount collected from paid invoices after issuing the credit notes?

- A FRW1,450,000
- B FRW1,500,000
- C FRW1,350,000
- D FRW 1,150,000

(2 Marks)

QUESTION 11

Emmanuel started a business on 1 October 2023. During the month of October, he made cash sales of FRW 8,383,000 and issued credit sales invoices for 13,361,000 of which FRW 11,265,000 had been paid.

What would be the balance of the sales account in the general ledger at the end of October?

- A FRW 10,479,000
- B FRW 33,009,000
- C FRW 6,287,000
- D FRW 21,744,000

(2 Marks)

QUESTION 12

Daniella sells the following goods for cash during February:

		Net price	Sales tax
10-Feb	To Maurice	504,896	88,945
19-Feb	To Jean	935,236	163,502
28-Feb	To Pierre	562,449	98,101

What are the correct entries in Daniella's general ledger?

- A Dr. Cash FRW 2,353,129, Cr. Sales FRW 2,002,581, Cr. FRW sales tax 350,548
- B Dr. Cash FRW 2,002,581, Cr. Sales FRW 2,002,581, Cr. sales tax FRW 350,548
- C Dr. Sales FRW 2,353,129, Cr. Cash FRW 2,002,581, Cr. Sales tax FRW 350,548
- D Dr. Cash FRW 2,353,129, Cr. Sales FRW 2,002,581, Cr. sales tax FRW 660,550

(2 Marks)

QUESTION 13

A trade receivable is?

- A A person to whom the business owes money in return for goods supplied
- B A person owing money to the business in return for goods supplied
- C A person to whom the business owes money which was lent to finance the trading operations of the business
- D A person who has purchased goods from the business

(2 Marks)

QUESTION 14

Which one of the following statements is false about employee salary deductions?

- A Income tax is deducted from the employee salary
- B Employers benefit contributions are deducted from the employee salary
- C Employees social security is deducted from the salary
- D Employee contributions to the pension scheme is deducted from the salary

(2 Marks)

QUESTION 15

Which of the among the following statements is true about Value added tax?

- A A tax levied on the sale of goods and services which is administered by the government
- B Tax on business profits
- C A tax levied on the sale of goods and services which is administered and collected by the government
- D A tax levied on salaries earned by employees

(2 Marks)

QUESTION 16

The following information was extracted from the books of Gilbert, a sole trader, at 31st December 2023:

	FRW
Sales	767,000
Purchases	268,000
Non-current assets	314,000
Payables	182,000
Receivables	323,000
Cash at bank	142,000
Capital	98,000

What is the total of the debit column of the trial balance?

- A FRW 1,145,000
- B FRW 1,229,000
- C FTRW 905,000
- D FRW 1,047,000

(2 Marks)

QUESTION 17

Which of the following statements best describes the imprest system of petty cash management?

- A It requires keeping a running total of all petty cash transactions without a fixed fund limit.
- B It involves establishing a maximum amount of cash, which is replenished periodically based on receipts and disbursements.
- C It allows unlimited cash withdrawals for petty cash expenses throughout the accounting period.
- D It eliminates the need for tracking petty cash transactions as all expenses are recorded directly in the general ledger.

(2 Marks)

QUESTION 18

Kigali plastics limited has the following balances extracted from its return's inwards day book for the month of April 2022. Total (inc VAT) FRW56,000, VAT FRW6,000, net FRW50,000.

Which is the correct posting?

- A DR purchase returns FRW50,000, DR VAT FRW6,000, CR payables ledger control FRW56,000
- B DR sales returns FRW50,000, DR VAT FRW6,000, CR receivables ledger control FRW56,000
- C DR sales returns FRW56,000, CR VAT FRW6,000, CR receivables ledger control FRW50,000

D DR purchase returns FRW56,000, CR VAT FRW6,000, CR payables ledger control FRW50,000

(2 Marks)

QUESTION 19

Which of the following are reasons for a bank returning or dishonouring a cheque?

- i) Words and figures differ
- ii) Cheque less than guaranteed amount
- iii) Cheque and guarantee card stolen
- iv) Cheque unsigned

A (i), (iii), (iv)

B (i), (ii), (iii), (iv)

C (i), (ii), (iv)

D (ii), (iii), (iv)

(2 Marks)

QUESTION 20

Which of the following should be classified as a non-current asset?

- A Furniture and fittings
- B Payables
- C Discounts allowed
- D Receivables

(2 Marks)

QUESTION 21

The payables ledger for Williams on at 31 December 2022 showed a balance of FRW4,105,000. This total does not agree with the closing balance on his trade payables control account. The following errors were found: A purchase invoice for FRW450,000 was entered on the wrong side of a supplier's account in the payable's ledger. A contra entry of FRW269,000 was entered in the control account but not in the receivables and payables ledgers

What should be the total of the balances on his payables ledger after correcting the errors?

- A FRW 25,200,000
- B FRW 756,000
- C FRW 20,579,000
- D FRW 1,800,000

(2 Marks)

QUESTION 22

A voucher must be prepared by the petty cashier whenever a payment is requested. Which among the following is not contained in the petty cash voucher?

- A The purpose for which the payment has been made
- B The name and signature of the person receiving the cash
- C The authorizing signature of the person who has authorized the payment
- D Name and signature of petty cashier

(2 Marks)

QUESTION 23

Daniella is a wholesale trader dealing with women wear .On 1 September 2021 Sheila's total trade receivables amounted to FRW 21 million and she had a provision for doubtful debts of FRW 421,000 million. On 31 August 2022 her trade receivables totalled FRW 27 million. This included FRW 1.8 million owed by a customer who had been declared bankrupt and was unlikely ever to pay. Sheila decided to provide for doubtful debts at a rate of 3%. Of the debtors after writing off the bad debts

What will be the provision for doubtful debts as at 31 August 2022.

- E FRW 25,200,000
- F FRW 756,000
- G FRW 20,579,000
- H FRW 1,800,000

(2 Marks)

QUESTION 24

Which of the following statements is true about a bank reconciliation statement?

- A One sent to customers of a bank itemizing the account balances, payments and receipts for an account in a month
- B A record showing the cash balance of a business
- C An analysis of payments and receipts for a business
- D A statement produced to agree the balance at bank with the cash book balance for a business

(2 Marks)

QUESTION 25

Kasinda is establishing a new business. Prior to making any sales, he has purchased motor vehicles for FRW 3,000,000 and furniture for FRW 7,000,000. Additionally, he has acquired stock valued at FRW 2,000,000, for which he owes FRW 800,000. He borrowed FRW 4,000,000 from Habimana. After completing these transactions and before commencing operations, Kasinda has FRW 300,000 in cash and FRW 600,000 in the bank.

Using the accounting equation calculate the capital account balance at the start of the business.

- A FRW 6,100,000
- B FRW 8,100,000
- C FRW10,000,000
- D FRW 7,500,000

(2 Marks)

QUESTION 26

Which among the statements is false about following followed when preparing money for banking.

- A Counting the cash
- B Add up, on a separate piece of paper, how much cash you are
- C Compare the calculated total to the total according to the cash register
- D Calculate any discrepancy between the cash counted and the cash register total. If it is large then it should be investigated, but if it is small then it may be ignored, depending on company policy

(2 Marks)

QUESTION 27

Jennifer a cashier at Musanze limited started 2,000,000 in the month of March 2022 (that is the cash float). In the following week, the following payments were made:

	FRW
1st March – bought stamps for	80,000
2nd March – paid bus fare for	120,000
2nd March – cleaning materials	240,000
3rd March – bought fuel	150,000
3rd March – cleaning wages	300,000
4th March – bought stamps	200,000
4th March – paid Pierre (creditor)	400,000
5th March – fuel costs	150,000

On the 5th of March the cashier requested for a refund of the cash spent and this amount was reimbursed back. What will be the petty cash book balance to be carried forward to the next period.

- A FRW 360,000
- B FRW 2,000,000
- C FRW 1,000,000
- D FRW 200,000

(2 Marks)

QUESTION 28

Which of the following statements is true about a purchase's day book?

- A The purchase day book is used to keep a list of all of the invoices received from suppliers of goods and services to the business.
- B The purchase day book lists the credit notes received when goods are returned to suppliers
- C The purchase day book is a list of all invoices sent out to credit customers each day.
- D When customers return goods for some reason, the returns are recorded in the purchase day book.

(2 Marks)

QUESTION 29

Which of the following statements is true with respect to a remittance advice note?

- A It is sent to a customer to advise them of the amount due
- B It is sent to the bank to instruct them to make a payment
- C It is sent to a supplier to advise them of the amount being paid
- D It is an internal document recording amounts received from customers

(2 Marks)

QUESTION 30

Which of the following are valid reasons for keeping a payables ledger control account?

- i) To obtain a figure for payables to be included in the statement of financial position
- ii) To assist in the location of errors
- iii) To check the accuracy of entries made in personal accounts

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

(2 Marks)

QUESTION 31

Which among the following is not an electronic method that Customers may choose to transfer money owed to another business?

- A BACS direct credit
- B CHAPS (Clearing House Automated Payment System)
- C Faster payments
- D Cheques

(2 Marks)

QUESTION 32

Which of the following correctly defines a 'bank statement'?

- A A statement produced to agree the balance at bank with the cash book balance for a business
- B One sent to customers of a bank itemizing the account balances, payments and receipts for an account in a month
- C A record showing the cash balance of a business
- D An analysis of payments and receipts for a business

(2 Marks)

QUESTION 33

Accounting systems rely on coding systems to classify, sort and analyses financial transactions.

Which of the following statements is false about coding?

- A sequential coding of invoices can ensure completeness and help eliminate errors such as missing invoices, or goods not invoiced
- B Coding saves time in copying out data because codes are shorter than longhand descriptions.
- C Codes are used because they can identify items more concisely and precisely than written descriptions and so help to classify items into groups for recording data.
- D Codes help eliminate frauds and errors while keying in financial data

(2 Marks)

QUESTION 34

The petty cash imprest of Nyabugogo enterprises is restored on the first day of every month. Cash is drawn from the bank to restore the petty cash imprest level to FRW95,000. The opening balance on 1 October 2021 was FRW32,000; on that date FRW63,000 was drawn from the bank and expenditure during the month was FRW26,000

What will be the balance carried forward to next period starting on 1 November?

- A FRW 69,000
- B FRW 95,000
- C FRW 26,000
- D FRW 63,000

(2 Marks)

QUESTION 35

The transactions listed below were extracted from the books of Daniella showing expenditures incurred for the last three years.

Purchase of an extra motor van.	FRW 5,000,000
Cost of rebuilding warehouse wall, which had fallen down.	FRW 1,100,000
Building extension to the warehouse.	FRW 40,000,000
Painting extension to warehouse when it is first built.	FRW 785,000
Repainting extension to warehouse three years later	FRW 800,000
Total	FRW 47,685,000

What is the total value of capital expenditure?

- A FRW 47,685,000
B FRW 46,885,000
C FRW 46,100,000
D FRW 800,000
- (2 Marks)

QUESTION 36

Which of the following payment methods typically offers the fastest processing time for transactions?

- A Bank Transfer
B Cheque
C Credit Card
D Direct Debit
- (2 Marks)

QUESTION 37

The cashbook balance of Jean had a debit balance of as at FRW 80,515 as at 30 October 2023. A bank statement on 30 October 2023 showed Jean to be in credit by FRW111,230. On investigation of the difference between the two sums, the following items were established. The cash book had been undercast by FRW19,000 on the debit side. Cheques paid in not yet credited by the bank amounted to FRW20,820. Cheques drawn not yet presented to the bank amounted to FRW 32,535.

What is the correct bank balance after reconciliation with the updated cashbook balance?

- A FRW 99,515
B FRW 111,230
C FRW 80,515
D FRW 132,050
- (2 Marks)

QUESTION 38

The balance on the payables ledger control account should be equal to which other figure in the accounting system?

- A The total of the balances on the individual suppliers' accounts
- B The total of the balances on the individual customers' accounts
- C The unreconciled balance on the receivable's ledger control account
- D The balance on the receivables ledger control account reconciled for items in transit

(2 Marks)

QUESTION 39

Which among the following statements is true about a petty cashbook?

- A The Petty cashbook is the accounting record which summarizes the financial affairs of a business
- B The petty cash book is the book of prime entry which keeps a cumulative record of the small amounts of cash received into and paid out of the cash float.
- C The petty cashbook is a book of prime entry used to keep a cumulative record of money received and money paid out by the business via its bank account
- D The Petty cashbook is kept to record credit notes received in respect of goods which the business sends back to its suppliers

(2 Marks)

QUESTION 40

Which of the following statements is correct about recording of business transactions

- A Sales invoices are recorded in the sales returns daybook and are summarized and posted to the receivable's ledger
- B Purchase invoices are recorded in the purchase daybook and are summarized and posted to the payable's ledger
- C Cash received is recorded in the cash book and posted to the journal
- D Adjustments to the financial statements are recorded in the cash book and summarized and posted to the general ledger

(2 Marks)

QUESTION 41

If a cheque is marked 'Account Payee Only, Not Negotiable' what does this mean?

- A The cheque should be paid only into the account of the named payee
- B The cheque should be paid only into the account of the named drawer
- C The paying bank can deposit the cheque in an account other than the payee
- D The receiving bank can deposit the cheque in an account other than the payee

(2 Marks)

QUESTION 42

Which among the following statement's is the correct definition of unpresented cheques?

- A Cheques issued by the firm for payment to the creditors or to other supplies but have not been presented to the firm's bank for payment.
- B These are cheques received from customers and other sources for which the firm has banked but the bank has not yet availed the funds by crediting the firm's account.
- C These are errors that will have an effect of increasing the balance at bank
- D They are attempts to explain the difference between the cash at bank balance

(2 Marks)

QUESTION 43

Koronji limited has been experiencing delays in processing payments to suppliers. The finance team conducted an age analysis of the company's payables to understand the situation better.

They categorized payables as follows:

1. 0-30 days overdue
2. 31-60 days overdue
3. 61-90 days overdue
4. Over 90 days overdue

After the analysis, they found a significant portion of payables was in the 61-90 days and over 90 days' categories.

What is the most likely implication of a high percentage of payables in the 61-90 days and over 90 days categories for Koronji limited?

- A The company is maintaining good cash flow management.
- B Suppliers may impose stricter credit terms or penalties. Koronji limited is experiencing rapid growth in sales.
- C The company is effectively utilizing early payment discounts.
- D None of the Above

(2 Marks)

QUESTION 44

A petty cash purchase is made costing FRW 9,000,000, inclusive of VAT at 18%. Which of the following entries is correct?

- A Debit Petty Cash FRW 9,000,000; Credit Expenses FRW 7,627,118; Credit VAT Payable FRW1,372,882
- B Debit Expenses FRW9,000,000; Credit Petty Cash FRW9,000,000
- C Debit Petty Cash FRW7,627,118; Credit VAT Payable FRW1,372,882; Credit Cash FRW 9,000,000
- D Debit Expenses FRW 7,627,118; Debit VAT Payable FRW 1,372,882; Credit Petty Cash FRW 9,000,000

(2 Marks)

QUESTION 45

Habimana started a business on 1 January 2023. During that month she made cash sales of FRW 6,400,000 and issued credit sales invoices for FRW10,200,000 of which 8,600,000 had been paid.

What would be the balance of the sales account in the general ledger at the end of January, 2023?

- A FRW 6,400,000
- B FRW 10,200,000
- C FRW 8,000,000
- D FRW 16,600,000

(2 Marks)

QUESTION 46

Which one of the following is not processed using an Automated credit system?

- A Standing order
- B Monthly Salaries
- C Petty cash payments
- D Direct debits

(2 Marks)

QUESTION 47

What is the purpose of the sales return's day book?

- A To record all sales transactions made during the month
- B To document returns of goods sold to customers, detailing reasons and quantities.
- C To track payments received from customers for sales.
- D To summarize inventory purchases made by the company.

(2 Marks)

QUESTION 48

XYZ Ltd has the following transactions in January:

- Total sales on credit: FRW 500,000
- Total cash received from customers: FRW 350,000
- Bad debts written off: FRW 20,000
- Opening balance of the Accounts Receivable Control Account: FRW 100,000

What will be the balance in the Accounts Receivable Control Account at the end of January?

- A FRW 230,000
- B FRW 250,000
- C FRW 320,000
- D FRW 500,000

(2 Marks)

QUESTION 49

Who among the following People and groups outside the organization are not entitled to information store by the organization?

- A Customers
- B Owners
- C Government
- D Competitors

(2 Marks)

QUESTION 50

Which of the following best describes the function of a receivable's ledger?

- A It records all cash transactions made by the business.
- B It tracks amounts owed by customers for credit sales.
- C It manages inventory levels and stock purchases.
- D It summarizes the company's profit and loss statements.

(2 Marks)

End of Question Paper

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