



CERTIFIED ACCOUNTING TECHNICIAN
STAGE 1 EXAMINATION
S1.1 RECORDING FINANCIAL TRANSACTIONS
DATE: TUESDAY, 24 AUGUST 2021

INSTRUCTIONS:

1. Time allowed: **2 hours and 30 minutes**
2. This examination has **one** section only: **Section A**
3. Section A has **50 compulsory** multiple-choice questions equal to 2 marks each.

- 1 The accountant of BM Ltd is preparing an invoice in favor of a client called Bazimani. The following information is available: On 25 March 2020, the receivable officer of BM Ltd issued an invoice of Frw 400,000 net amount of 18% VAT, payable within 30 Days.

On 06 April 2020 BM Ltd issued a credit note corresponding to the invoice as issued on 25 March 2020, the credit note had Frw 100,000 net of 18% VAT.

Which of the following amounts will appear on the cheque from Bazimani?

- A Frw 500,000
- B Frw 354,000
- C Frw 590,000
- D Frw 472,000

(2Marks)

- 2 On 01 January 2020, Mutako opened a super market to sell different products. She had Frw 8,000,000 to be injected in her business. On the next day, she bought the following materials:

Description	Quantity	Unity price	Total amount paid
		Frw	Frw
Milk powder	50 boxes	50,000	2,500,000
Juice	100 boxes	20,000	2,000,000
Water	80 boxes	12,000	960,000
Big fridge	1	600,000	600,000
Shelves	4	50,000	200,000
Total			6,260,000

During the year, she sold the following items on cash as follows:

Description	Quantity	Selling price	Total
		Frw	Frw
Juices	40 boxes	25,000	1,000,000
Water	75 boxes	18,000	1,350,000
Milk powder	48 boxes	60,000	2,880,000
Total			5,230,000

What should be the closing capital of Mutako as at 31 December 2020?

- A Frw 8,000,000
- B Frw 9,030,000
- C Frw 13,230,000
- D Frw 9,130,000

(2Marks)

- 3 The principle of recording source documents states that the transactions recorded in books of prime entry are periodically summarized and then posted.

Which among the following best describes where the posting takes place?

- A Sales day book, Sales returns day book, Purchase returns day book
- B Ledger accounts
- C Journal and Ledger accounts
- D Trial balance

(2Marks)

- 4 MBS ltd produce soft drinks. During the month of April 2020, MBS ltd made the following transactions: Credit sales of Frw 500,000 to Rango ltd, Cash sales of Frw 100,000 to Bamako ltd co, Juice purchased by DVS co. from MBS Ltd on credit at Frw 150,000, Goods worth Frw 200,000 were returned by Rango ltd.

What should be the balance in MBS ltd's sales day book in the month of April 2020?

- A Frw 750,000
- B Frw 650,000
- C Frw 550,000
- D Frw 450,000

(2Marks)

- 5 Which of the following entries will be made to record credit purchases of Frw 236,000 inclusive of recoverable VAT of 18% made to a VAT registered company?

- A Dr: Purchase Frw 236,000, Cr: Trade accounts payable Frw 236,000
- B Dr: purchase Frw 236,000, Dr: VAT Frw 42,480, Cr: Trade account payable Frw 278,480
- C Dr: Purchase Frw 236,000, Credit: VAT payable Frw 36,000, Credit: Trade payable Frw 200,000
- D Dr: Purchase Frw 200,000, Dr: VAT account Frw 36,000, Credit: Trade account payable Frw 236,000

(2Marks)

- 6 Which of the following statements is correct?

- A Purchases in the trial balance include recoverable VAT
- B Cash and credit purchases are recorded in the purchases day book and are summarized and posted to the payable's ledger account
- C The total amount invoiced are posted to the credit side of a receivables ledger control account
- D A cash discount is an optional reduction in the amount of money payable by a customer. It is also called "Settlement discount" or "prompt payment discount."

(2Marks)

- 7 Bamugire is a wholesaler of different products. He has 2 main suppliers and they have agreed on the following terms:

- i. Ndangira ltd offers 4% trade discount;
- ii. KMC ltd wishes to maintain a good relationship with Bamugire and they agreed that Bamugire is entitled to a trade discount of 10% if he purchased goods from KMC ltd. In addition, KMC Ltd offers 5% cash discount for immediate payment and cash discount of 2½% for payment within 20 days.

On 1 May 2020, Bamugire purchased goods from his suppliers as follow:

Supplier	Value of goods before discount	Payment date
	Frw	
Ndangira ltd	500,000	20 July 2020
KMC Ltd	800,000	40% were paid on 01 May 2020 and remaining balance were fully paid on 15 May 2020

The settlement discount received by Bamugire in May 2020 was:

- A Frw 100,000
- B Frw 125,200
- C Frw 25,200
- D Frw 105,200

(2 Marks)

8 The fundamental rule of accounting which states that assets must always equal to capital and liabilities is:

- A Double entry
- B Trial balance
- C Balance sheet
- D Accounting equation

(2 Marks)

9 When the debit entry is made, the entity is either:

- i. Increasing the value of assets
- ii. Reducing the value of liability
- iii. Increasing the value of income
- iv. Increasing the value of capital
- v. Reducing the value of capital
- vi. Increasing the value of expense

Which among the following options best describes what happens when a debit entry is made?

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

(2Marks)

10 The double entry principle requires that every financial transaction should have:

- A T-account
- B Debit and Credit
- C Debit and Reversal
- D Debit, credit and balance

(2Marks)

11 What would be the effect if capital expenditure is treated as revenue expenditure?

- A Increased value of the assets of the company
- B Understated business profit and increased value of the assets
- C Understated value of the assets and increased capital expenditure
- D Increased value of expenses and understated business profit

(2Marks)

12 Kigali Mountain Ltd (KM ltd) is a business which sells different electronic materials. Its financial year ends 31st December.

On 20 November 2018 KM ltd bought 50 Laptops at **Frw 250,000** each. On 1st December 2018, KM ltd hired two new staff and bought two more laptops worth **Frw 500,000** to be used by the new staff for administrative purposes. By 31st December 2018 KM ltd had sold **30** laptops among the **50** bought on 20th November 2018, the selling price was **Frw 400,000** each. There was no other transaction that took place during the year ended 31 December 2018.

How much of cost of sales should KM Ltd include in Profit and loss account for the year ended 31st December 2018 in respect of the above transaction?

- A Frw 12,500,000
- B Frw 8,000,000
- C Frw 7,500,000
- D Frw 13,000,000

(2Marks)

13 If the credit balances and debit balances in total are not matching, it is an indicator that the basic principle of _____ has not been correctly applied.

- A Recording transactions
- B Balancing the ledgers
- C Double entry
- D Correcting errors

(2Marks)

14 The company started its operations in January 2019 and the following transactions were obtained from the company records for the month of January:

01 January 2019, Cash balance of Frw 4,000,000 as startup capital

01 January 2019, purchased goods worth Frw 944,000 on credit, the purchase was inclusive of 18% VAT

Which among the following journal entries correctly records the above transactions?

- A Dr: Cash Frw 4,000,000, Cr: Capital Frw 4,000,000
Dr: Purchase Frw 944,000, Cr Account payable Frw 944,000
 - B Dr: cash Frw 4,000,000,
Dr: Purchase Frw 944,000,
Cr: Capital 4,944,000
 - C Dr: Cash Frw 4,000,000, Cr: Capital Frw 4,000,000
Dr: Purchase Frw 944,000, Cr: VAT account Frw 144,000, Cr: Trade payable 800,000
-

D Dr: Cash Frw 4,000,000
Cr: Capital Frw 4,000,000

Dr: Purchase Frw 800,000
Dr: VAT account Frw 144,000
Cr: Trade payable Frw 944,000

(2Marks)

15 SEMIGABO Company has one branch in the Northern Province which distributes the company's products to regional retailers. As at 01 January 2020, the receivable balance of this branch was Frw 4,000,000 and during the month of January 2020, the branch made the following sales:

- ✓ 04/01/2020: Sold goods on credit to Mupenzi at Frw 1,500,000
- ✓ 05/06/2020: Sold goods on cash to DVB co for Frw 3,500,000
- ✓ 08/01/2020: Sold goods worth Frw 5,000,000 to MURENZI, the 50% was immediately paid while the balance was to be settled within 2 months
- ✓ 15/01/2020: Sold goods on credit to Nyayo ltd at Frw 400,000, however, the receivable ledger a/c was debited as Frw 4,000,000
- ✓ 30/01/2020: SEMIGABO co returned goods worth Frw 1,000,000 to one of its suppliers and it was refunded the same amount.

Which of the following is the correct receivable balance to be transferred to the trial balance as at 31 January 2020?

- A Frw 8,400,000
- B Frw 14,500,000
- C Frw 10,500,000
- D Frw 13,400,000

(2Marks)

16 On 15 February 2020, Kamoso purchased materials worth **Frw 1,200,000** from BMK supply ltd on credit, Kamoso would receive a discount of **2%** if the amount is to be paid within two months and he is committed to take the advantage of the offered discount.

What are the journal entries required to record the above transaction in the books of account of Kamoso?

- A Dr: Purchases Frw 1,200,000, Cr: Trade payables Frw 1,176,000, Cr: Discount received Frw 24,000
- B Dr: Purchases Frw 1,176,000, Dr: Discount received 24,000, Cr: Trade payables Frw 1,200,000
- C Dr: Purchases Frw 1,200,000, Cr: Trade payable Frw 1,200,000
- D Dr: Purchases Frw 1,200,000, Cr; Discount allowed Frw 24,000, Cr: Trade payables Frw 1,176,000

(2Marks)

- 17 BAMUGIRE buys goods from BWUMA on 30-days credit terms. BWUMA offers a 10% cash discount on any payment received within 15 days.

At the beginning of March 2020, BAMUGIRE had a balance of **Frw 200,000** in BWUMA's payable ledger account.

On 4 March 2020, BAMUGIRE bought **Frw 600,000** of goods from BWUMA. On 10 March 2020, BAMUGIRE paid BWUMA a cheque for **Frw 396,000** in respect of goods bought on 04 March 2020.

What is the balance of BWUMA's account in BAMUGIRE's payable ledger as at 31 March 2020?

- A Frw 364,400
- B Frw 404,000
- C Frw 360,000
- D Frw 344,000

(2Marks)

- 18 Which of the following statements is correct?

- A When an accountant posts a debit or credit to the correct side of the ledger, but to a wrong account, he/she has made an error of principle
- B Error of commission is where the transaction is posted to the wrong class of account
- C Cash received from a debtor worth Frw 9,800 is credited to the customer's account as Frw 8,900, this is a transposition error
- D When a transaction is posted correctly following double entry, but with different amounts, this could not affect the list of account balance

(2Marks)

- 19 The following error occurred while the accountant was recording the discount received.

The discount received of **Frw 500,000** was debited in the discount received account and credited in the creditors' account

Which journal entry will be passed to correct the above error?

- A Dr: Creditor's account Frw 1,000,000, Cr: Discount received a/c Frw 1,000,000
- B Dr: Creditor's account Frw 500,000, Cr: Discount received a/c Frw 1,000,000
- C Dr: Discount allowed Frw 500,000, Cr: Discount received Frw 1,000,000
- D Dr: Discount allowed Frw 500,000, Dr: Creditor's a/c 500,000, Cr: Discount received a/c Frw 1,000,000

(2Marks)

- 20 Which of the following errors would possibly need a suspense account to correct it?

- A A purchase of Frw 5,000,000 on credit not being recorded
 - B A Sale of Frw 1,000,000 entered correctly, but entered as Frw 1,500,000 in the receivable's ledger control account
 - C Cash wages of Frw 300,000 being recorded as debit: cash Frw 300,000, credit: wages Frw 300,000
 - D An asset purchase of Frw 2,000,000 being recorded as debit: machinery repairs Frw 2,000,000, credit: cash Frw 2,000,000
-

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

- (i) Words and figures are the same
- (ii) Cheque amount is less than the guaranteed amount
- (iii) Cheque and guarantee card stolen
- (iv) Cheque unsigned

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

(2Marks)

22 The National Bank of Rwanda (BNR) encourages businesses and citizens taking part in economic activities to adopt a cashless system. **Why is it that most cash payments are made for small payments?**

- A The company wishes to process payment without delay
- B The company wishes to get supporting document for cash paid
- C Cash can get lost in the post
- D The customers do not trust other means of payment

(2Marks)

23 NYIRAMWIZA signed a contract with an insurance company to save and contribute towards the education of her young baby boy. NYIRAMWIZA pays a premium on a monthly basis and she is seeking some advice on the best payment method she can use:

Which among the following is the best method of payment that NYIRAMWIZA would use to pay for her premiums?

- A Payment by cheque
- B Payment by cash
- C Direct debit
- D Standing order

(2Marks)

24 Which among the following transactions could be most usefully made by a direct debit?

- A The monthly communication fees
- B Purchase of office sundries
- C Monthly employee salaries
- D Regular bank charges

(2Marks)

25 Mr. Young man has a business of selling popcorn at downtown bus park. At the beginning of February 2020, Mr. Young man had Frw 50,000 in cash and Frw 400,000 in his bank account. In February 2020, Mr. Young man made the following transactions:

- 02/02/2020 he bought corn materials for Frw 22,000 and paid in cash
 - 03/02/2020 he bought one box of salt at Frw 10,000 and paid using mobile banking transfer
 - 04/02/2020 he bought other materials of Frw 15,000 from a shop and paid in by cash
 - 03/02/2020 he sold popcorn to different passengers and he received Frw 20,000 in
-

cash

05 to 15 February 2020, he sold popcorn for Frw 28,000 and payment was made in cash

On 20/02/2020 he sold popcorn to a birthday party and the chief of party paid him Frw 25,000 via MTN mobile money.

On 28/02/2020 he bought corn materials for Frw 20,000 and paid the amount using mobile banking

What will be the cash in hand opening balance of Mr Young man as of 01 March 2020?

- A Frw 86,000
- B Frw 390,000
- C Frw 61,000
- D Frw 76,000

(2Marks)

26 Which among the following transactions can be paid for using petty cash?

- i. Regular salary of cleaners
- ii. Purchase of pens and hand note books for staff
- iii. Payment of VAT
- iv. Wages for casual labors
- v. Rain coat for petty cashier

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

(2Marks)

27 A petty cashier made a purchase of small items costing Frw 10,620, inclusive of VAT at 18%. Which of the following entries is correct?

- A Dr: Expense Frw 9,000, Cr: VAT Frw 1,620, Cr: cash at bank Frw 10,620
- B Dr: Expense Frw 9,000, Dr: VAT Frw1,620, Cr: Cash Frw 10,620
- C Dr: Cash Frw 10,620, , Cr: VAT Frw 1,620, Cr: Expense Frw 9,000
- D Dr: Expense Frw 10,620, Dr VAT Frw 1,912, Cr: Cash Frw 12,532

(2Marks)

28 The cashier of M&M ltd restores the petty cash imprest level to Frw 20,000, the request is done on the first day of each month. The opening balance on 1 December 2020 was Frw 4,200; on that date Frw 15,800 was drawn from the bank and the expenses during the month were Frw 16,000. How much should be drawn from the bank to restore the imprest level on 1 January 2021?

- A Frw 15,800
- B Frw 4,200
- C Frw 20,000
- D Frw 16,000

(2Marks)

29 The accountant of Dream hotel requested a bank statement for the month of August 2020 from his bank. After receiving the bank statement, he noted that the bank balance in his

cashbook is different from the amount shown on his bank statement. He believes that something could have happened that caused that difference.

Which among the following options could have led to that discrepancy?

- A He paid Frw 200,000 to his supplier and the amount was credited in both cash book and supplier's ledger account
- B Prior to his appointment, Dream hotel ordered the bank to deduct Frw 300,000 on a monthly basis in respect of electricity prepayment to avoid a power cut. The accountant was not aware of this order until he received a bank statement
- C During the month of August, one of their debtors called Mr. Bigwi paid Frw 400,000 and the amount was credited in the ledger account of Mr. Bigori
- D Dream hotel paid one of its suppliers by cheque, this was recorded by the accountant and was banked by the payee and processed by the bank in August

(2Marks)

- 30 The bank reconciliation of Mr Bakame as at 31 March 2020 has unreconciled balance of **Frw 5,010**.

Which of the following transactions serves the reason for this unreconciled balance?

- A Bank charges of Frw 2,505 were posted to the wrong side of the cash book
- B Overdraft interest of **Frw 5,010** in the bank statement and has been posted to the cashbook
- C Cheques issued amounting to Frw 5,010 have appeared on the bank statement
- D An intercompany bank transfer in favor of Mr Bakame for 5,010 was made directly to the bank and was recorded in the cash book

(2Marks)

31 DMY is a wholesale of soft drinks. His bank statement as 31 January 2021 has an overdrawn balance of Frw 400,000. The cash book shows a balance in hand of Frw 60,000, interest charged was Frw 25,000 and had been debited in the cash book. There were no unrepresented cheques. **How much was the total of uncredited receipts cheques?**

- A Frw 390,000
- B Frw 410,000
- C Frw 435,000
- D Frw 375,000

(2Marks)

32 DMS Ltd is a client of Matrix vehicle supply ltd which supplies vehicles of different categories. On 15 February 2019, DMS ltd bought two motor vehicles from Matrix Vehicle supply ltd at **Frw 49,560,000** each, with 18% VAT inclusive on credit terms of 3 months. The sale transaction was correctly recorded by Matrix VS Ltd. After one month of signing the delivery note, DMS Ltd noted that the engine of one of the motor vehicles was not correctly assembled and the related motor vehicle was returned to Matrix Vehicle supply Ltd.

Which entry will be made by Matrix Vehicle supply ltd to record the vehicle returned?

- A Dr: Returns in account 99,120,000, Credit: Receivable account Frw 99,120,000
- B Dr: Returns in account 49,560,000, Credit: Receivable account Frw 49,560,000
- C Dr: Return in account Frw 49,560,000; Debit: VAT Frw 8,920,800; Credit: Receivable account Frw 58,480,000
- D Debit: VAT Frw 7,560,000; Debit: Return in account Frw 42,000,000; Credit: Receivable account Frw 49,560,000

(2Marks)

33 In May 2020, Mr. Bugwe made a credit Purchase for Frw 200,000 and a cash sale of Frw 20,000. **In which book of prime entry will the transaction be recorded?**

- A The cash book and sales day book
- B The Purchases Day book and cashbook
- C The petty cash book and sales day book
- D The purchases day book and sales day book

(2Marks)

34 The sales day book of Mr Kabagwize as at 31 May 2020 had a total of Frw 100,000

Which one of the following is the correct posting of totals from the sales day book?

- A Dr: Sales account Frw 100,000, Cr: Receivables ledger control account Frw 100,000
- B Dr: Sales account Frw 100,000, Cr: Cash book Frw 100,000
- C Dr: Receivable's ledger control account Frw 100,000, Cr: Sales account Frw 100,000
- D Dr: Cash book Frw 100,000, Cr: Sales account Frw 100,000

(2Marks)

- 35 Mr. Trend sells fashion products in Kigali, his credit period is 2 months. Due to Covid-19, he is estimating that some of the customers will not comply with the credit terms and some may not pay. He is proposing to make an allowance for bad debts of 2%.

How would the provision for bad debts appear in the financial statements of Mr Trend?

- A An expense in the statement of financial position
- B A deduction from sales revenue
- C A provision in the statement of financial position as liability
- D An expense in the statement of profit or loss

(2Marks)

- 36 After ending 2020, Mr Mbazi noted that the business sector continues to suffer as a result of the new Covid-19 variant. He decided to adjust the provision for irrecoverable debts from 2% to 5%. **What would be the correct double entry to record the scenario?**

- | | |
|--|------------------------------|
| A Dr Trade receivables | Cr Irrecoverable debts |
| B Dr Irrecoverable debts (Expense account) | Cr Allowance for receivables |
| C Dr Sales account | Cr Irrecoverable debts |
| D Dr Irrecoverable debts (Expense account) | Cr Sales account |

(2Marks)

- 37 MR co wishes to maintain payables aging analysis. **Which of the following is the advantage of the ageing payables analysis?**

- i. It provides information about debt collection efficiency to the management
- ii. It identifies when payments are due to be made to suppliers
- iii. It identifies the purchases made by the company
- iv. It identifies how long the debt has been outstanding
- v. It enables the company to analyze how are they respecting credit terms

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

(2Marks)

- 38 Below are the transactions carried out by your company and you are supposed to enter these transactions into books of prime entry

Date	Description	Amount/Frw
01/1/2021	Credit purchase from MSN Ltd	300,000
02/01/2021	Cash sales to Tourist hotel	400,000
03/01/2021	Cash purchase from food point ltd	800,000
06/02/2021	Returns to MSN Ltd	100,000
24/01/2021	Purchase from Food point ltd on credit	500,000
30/01/2021	Credit sales to Downtown restaurant	200,000

How much will be taken from purchase day book to payable general ledger?

- A Frw 2,200,000
- B Frw 1,500,000
- C Frw 1,600,000
- D Frw 800,000

(2Marks)

39 For the purposes of coding, invoices received from suppliers will have their own unique reference number based on the supplier's accounting system.

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

- i. It enables a company to easily extract financial statements.
- 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) only
- B (ii) and (iv) only
- C (ii), (iii) and (iv) only
- D (i), (ii), (iii) and (iv)

(2Marks)

40 The following is the payable control account of Zxing company

Dr	Trade payable control account		Cr
	Frw		Frw
Bank payment to MR(Supplier)	400,000	Bal b/d	300,000
Cash payment to Bahizi (Supplier)	100,000	Purchase (MR)	800,000
		Returns	50,000
		Purchase (Bahizi)	120,000
		Discount received	<u>200,000</u>
Bal c/d	<u>970,000</u>		
	1,470,000		1,470,000

Which of the above transactions were wrongly posted?

- A Cash payment and purchase
- B Purchase and bank payment
- C Returns, cash payment and opening balance
- D Discount received and returns

(2Marks)

41 In Mayange's payables ledger, Bugesera has a credit balance. **What would have caused this?**

- A Bugesera has bought goods from Mayange
- B Mayange has bought goods from Bugesera
- C Bugesera has overpaid Mayange for goods received and balance was refunded
- D Bugesera has sent a refund to Mayange

(2Marks)

42 Doxxo co has provided you the following information in respect of management of debtors. The transactions relate to receivables ledger control account for December 2020. The Balance c/f as at 31 December 2020 was Frw 29,600,000, credit sales were Frw 42,000,000, receipts from customers were Frw 18,000,000, irrecoverable debts written off were Frw 1,200,000, discount allowed was Frw 400,000

What was the balance at 01 December 2020?

- A Frw 8,400,000
- B Frw 8,600,000
- C Frw 7,200,000
- D Frw 7,600,000

(2Marks)

43 Mr Bagirihirwe hired an accountant to prepare books of accounts. The accountant is preparing a receivable control account to ensure that the balance on the control account agrees with the sum of the individual receivables. The accountant noticed that there was a bad debt written off in the current period.

How would the written off amounts be posted in the books of accounts?

- | | |
|----------------------------------|---|
| A Dr; Receivable ledger account | Cr: Bad debt a/c |
| B Dr: Provision for bad debt a/c | Cr: Receivable control account |
| C Dr: Bad debt (Expense) a/c | Cr: Receivable control account |
| D Dr: Bad debt (Expense) a/c | Cr: Receivable person account of the customer |

(2Marks)

44 **What is the balance in payables control account as at 31 December 2020, if the following transactions were carried out in the month ending December 2020?**

The Balance b/f at 1 December 2020 was Frw 5,000,000, Credit purchases were Frw 17,000,000, cash purchase were Frw 3,400,000, payment to suppliers was Frw 10,000,000, discount received was Frw 400,000, purchase returns were Frw 1,400,000. Both Cash purchases and credit purchases were understated by 15%.

- A Frw 10,200,000
- B Frw 13,600,000
- C Frw 17,200,000
- D Frw 13,200,000

(2Marks)

45 Among the following costs, **which one shall be added to gross wages when calculating the total payroll cost?**

- A Pay as you earn
- B Employer's Contribution to maternity leave
- C Employees' contribution to maternity leave
- D Contribution to community-based health insurance scheme (Mutelle de sante)

(2Marks)

46 J&J partners has hired a financial controller and the following were the costs incurred in respect of his salary for the first month of January 2020.

- 1) Basic salary Frw 1,492,190
- 2) Housing allowance Frw 654,952
- 3) Gross salary Frw 2,147,142
- 4) Pay as you earn Frw 628,143
- 5) Employee Pension contribution Frw 64,414
- 6) Employer Pension contribution Frw 107,357
- 7) Employee medical insurance Frw 111,914
- 8) Employer Medical insurance Frw 111,914
- 9) Employee Maternity contribution Frw 6,441
- 10) Employer maternity contribution Frw 6,441

What is the cost to be charged to wages and salaries in respect of this employee as at 31 January 2020?

- A Frw 4,519,997
- B Frw 2,958,055
- C Frw 2,372,854
- D Frw 3,183,767

(2Marks)

47 **Which of the following statement is correct?**

- A Revenue expenditure treated as an expense is incorrect and will understate the profit for that period
- B Revenue, capital expenditure, other income are the elements of profit and loss account
- C Account receivables, loan balance, opening stock and non-current assets are elements of balance sheet
- D It is necessary to keep business assets and liabilities separate from the personal assets and liabilities of the proprietor

(2Marks)

48 B&B Ltd has purchased goods from SM ltd and subsequently they noted that the selling price was incorrectly computed, a debit note is required to proceed with the next step.

Which of the following correctly describes the term 'debit note'?

- A A document used by the supplier to cancel part or all of a previously issued invoice
- B A document used by a supplier to reduce the selling price
- C It is issued by a supplier to a customer to demand payment in full for goods supplied
- D It is issued by a customer to a supplier to request a credit note

(2Marks)

- 49 The receivable balance of Best Resort Hotel is increasing at an unexpected rate. **Which of the following will effectively help Best Resort Hotel to reduce overdue balances in receivables ledger accounts?**
- A A penalty for late payment
 - B Improved debt collection methods
 - C An increase in the bank overdraft facility
 - D Credit customers paying invoices more slowly

(2Marks)

- 50 Basaninyange purchased goods from New Brand (NB) ltd and made an immediate payment of Frw 400,000. He is not aware of the document that could be given to him and he is seeking advice from you. **Which among the following documents would be given to Basaninyange for goods he paid for?**
- A Invoice
 - B Purchase order
 - C Receipt
 - D Statement

(2Marks)

End of question paper