
CERTIFIED ACCOUNTING TECHNICIAN
STAGE 1 EXAMINATION
S1.1 RECORDING FINANCIAL TRANSACTIONS
PILOT PAPER

ANSWERS

Answer Grid

1. E	26. A
2. D	27. E
3. B	28. B
4. C	29. C
5. A	30. A
6. B	31. A
7. D	32. C
8. D	33. D
9. C	34. D
10. B	35. D
11. D	36. D
12. B	37. D
13. D	38. C
14. C	39. A
15. B	40. A
16. B	41. D
17. D	42. C
18. A	43. B
19. C	44. C
20. A	45. B
21. C	46. B
22. E	47. A
23. D	48. B
24. B	49. A
25. C	50. A

Detailed answers to questions**Marking scheme**

	Marks
(a) 2 marks for each correct answer	<u>2</u>
Total marks for this section	<u><u>100</u></u>

1. E Refunds to customers involve a movement of cash and are therefore recorded in the cash book as the book of prime entry.
(LO 1/1/1.1)
2. D $(\text{RWF}800,000 - \text{RWF}250,000) \times 92\% = \text{RWF}506,000 + \text{RWF}250,000$
Option A represents the purchase invoice price where an 8% discount applies to the full price rather than the amount in excess of RWF250,000.
Option B represents the purchase invoice price before any discount is deducted.
Option C represents the purchase invoice price where an 8% discount is applied to a value of RWF250,000 rather than amounts in excess of that value.
(LO 2/4/4.2)
3. B The money comes straight into Kalisa Enterprises partnership's bank account because the payment is automated. It is recorded in the bank column on the debit side of the cash book and the discount is entered into the discounts column as a memorandum.
(LO 3/1/1.2)
4. C A remittance advice is sent to a supplier with a payment. It states the amount being paid and the invoices to which the payment relates.
(LO 1/1/1.2)
5. A RWF(3,370,000)
Option B has mistaken the closing overdraft balance for a positive balance.
Option C has correctly updated an incorrectly positive opening balance.
Option D has assumed that the bank statement items do not need to be updated in the cash book.
(LO 3/2/2.2)
6. B DEBIT Cash RWF400,000; DEBIT Bank RWF740,000; CREDIT VAT control account RWF120,000; CREDIT Sales RWF600,000; CREDIT Trade receivables RWF420,000
Option A incorrectly ignores that there will be a cash account as well as a separate bank account.
Option C reverses the double entry.
Option D incorrectly ignores that there will be a cash account as well as a separate bank account and reverses the double entry.

(LO 4/1/1.2)

7. D Kevin may accept the request for reimbursement because the employee is providing documentary evidence in the form of the bus ticket and the email from his line manager proving that the journey was work related. The employee would not have been able to obtain a more formal receipt from the bus operator so this is acceptable. Kevin does not need to obtain approval from his supervisor because he has authority to reimburse payments up to a limit of RWF25,000 and the bus fare to be reimbursed is below this limit.

(LO 1/1/1.3)

8.D

RECEIVABLES CONTROL ACCOUNT

	RWF		RWF
Sales	750,000	Cash received	425,000
Unpaid cheque	1,500	Returns	3,500
		Bad debts	2,000
		Balance brought down	321,000
	<u>751,500</u>		<u>751,500</u>

Balance brought down RWF321,000

Option A incorrectly treats the unpaid cheque as a credit.

Option B incorrectly treats the bad debts as a debit.

Option C incorrectly treats the cash received as outstanding.

(LO 4/2/2.1)

9. C

PURCHASE LEDGER CONTROL ACCOUNT

	RWF		RWF
Cash paid	600,250	Balance b/d	720,225
Discounts received	50,000	Purchases	648,000
Balance c/d	717,975		
	<u>1,368,225</u>		<u>1,368,225</u>
		Balance b/d	717,975

The figure for discounts received needs to be debited to the purchase ledger control account, then balancing off gives a credit balance of RWF717,975.

(LO 5/1/1.3)

10. B The sales day book is used to record invoices to customers for credit sales only.

The cash sale is not a credit sale. It is recorded in the cash book, which records all bank and cash transactions.

Items (iii) and (iv) relate to purchases not sales.

(LO 1/1/1.4)

11. D

(LO 7/1/1.2)

12. B Option A incorrectly treats the bank charge as a positive (debit) to the cash book balance.
 Option C incorrectly ignores the 2% discount taken on the trade payables.
 Option D incorrectly adds 2% to the trade payables amount paid.

(LO 3/2/2.3)

13. D Correct coding is very important. Items posted to the wrong code in the receivables ledger would be debited to the wrong customer's account. Items posted to the wrong account in the payables ledger could lead to payment being sent to the wrong supplier. This will not improve relationships with customers and suppliers. Incorrect coding in the general ledger will create errors in the accounts.

(LO 1/2/2.1)

14.C

	RWF	
Output sales tax $\text{RWF}690,312.50 \times \frac{17.5}{117.5}$	102,812.50	CREDIT
Input sales tax $\text{RWF}720,000 \times \frac{17.5}{100}$	<u>126,000.00</u>	<u>DEBIT</u>
Balance on sales tax control account	<u>23,187.50</u>	<u>DEBIT</u>

Options A and D incorrectly calculate the sales tax on purchases as though the invoice amount given is gross. Option A also shows signage reversed.

Option B incorrectly reverses the signage.

(LO 5/1/1.5)

15. B As this is a direct debit, it will directly affect the bank account balance, rather than cash. Therefore, options A and D are incorrect. These options also incorrectly calculate the VAT by applying 20% to the RWF660,000 when taken as 100% not 120%. Option C incorrectly analyses the expenditure as a trade payable.

(LO 3/1/1.3)

16. B The accounting equation may be expanded as Assets = (Capital introduced + Retained profits) + Liabilities.

The expanded equation shows that for as long as a business retains the profits it has made and does not pay anything out to its owners, the retained profits are accounted for as an addition to the proprietor's capital.

(LO 1/3/3.1)

17. D Verbal instruction would not be adequate.

(LO 7/1/1.4)

18. A The partnership will not have records of future transactions available until the transaction has taken place. All the other types of information are relevant.

(LO 7/2/2.2)

19. C Remember the receivables ledger control account is another name for the total receivables account in the general ledger and that the receivables ledger is a memorandum account and is not part of the double entry system.
(LO 1/3/3.3)

20. A Option B is the net receipt amount.
Option C incorrectly calculates VAT using RWF5,600 as the gross cost.
Option D represents the gross cost, calculated correctly.
(LO 8/1/1.2)

21. C

SALES TAX CONTROL ACCOUNT			
	RWF		RWF
Balance b/d	450,000		
Purchase day book	2,570,000	Sales day book	3,494,000
Cash	557,000	Balance c/d	83,000
	<u>3,577,000</u>		<u>3,577,000</u>
Balance b/d	83,000		

Option A incorrectly assumes the opening position is a credit balance.
Option B reverses the signage.
Option D incorrectly posts the cash payment as a credit.

(LO 5/2/2.3)

- 22.E

Option A is revenue, not expenditure. The other options are examples of capital expenditure.

(LO 1/3/3.6)

23. D It will appear on the credit, or payments, side analysed to stationery.
(LO 8/2/2.1)

24. B

	RWF
Notes and coins in petty cash box	63,400
Add: payment vouchers	39,400
Less: receipt vouchers	<u>(2,800)</u>
Equals: imprest amount	<u>100,000</u>

Option A is the amount in the petty cash box.
Option C would be valid only if the imprest amount were RWF63,400.
Option D is the amount if receipt vouchers are added rather than deducted.

(LO 8/3/3.2)

25. C The receipt of the money into petty cash must be recorded in the petty cash book as a debit.
(LO 8/3/3.4)

26. A Debit entries increase expenses.
Credit entries increase liabilities.
Credit entries decrease assets.
(LO 6/1/1.2)

27. E None of the above. A trade discount is a reduction in the cost of goods owing to the nature of the trading transaction.
Options A and D describe cash and settlement discounts.
Option B describes a rebate.
Option C describes an allowance.
(LO 1/4/4.1)
28. B Option A incorrectly reverses the double entry.
Option C posts only the correct amount, without removing the incorrect entry.
Option D reverses the error but does not replace it with the corrected posting.
(LO 6/2/2.1)
29. C Option A: The sales day book records sales invoices issued to customers.
Option B: A journal keeps a record of unusual movements between accounts.
Option D: The sales returns day book records credit notes issued to customers.
(LO 2/5/5.2)
30. A The other options all include double entries where debits and credits are equal, whether accurate or not, and therefore the trial balance will still balance.
(LO 6/2/2.3)
31. A The date, the accounts to be debited and credited, a narrative to explain the transaction
The term 'customer' would appear in the sales day book and 'supplier' would appear in the purchase day book, two other books of prime entry, rather than on a journal. The terms 'balances b/d and c/d' would appear in a ledger account.
(LO 1/5/5.2)
32. C The balance on the suspense account will be equal to the error, being the amount payable to the supplier that should have been recorded as a trade payable.
(LO 6/2/2.4)
- 33.D(i) and (iv)
Option (ii) is incorrect because an age analysis **will** provide a general guide as to whether the debts of a business are being collected quickly enough.
Option (iii) is incorrect because trade payables rather than trade receivables would be settled.
(LO 1/6/6.4)
34. D Option A incorrectly includes invoice 2366 which is queried and appears to be a duplicate invoice.
Option B incorrectly includes invoice 2366 which is queried and incorrectly excludes invoice 2981 which is due.

Option C incorrectly excludes invoice 2365, which appears valid and should be paid, as well as invoice 2366 which is queried and appears to be a duplicate invoice.

(LO 2/6/6.2)

35. D A sales invoice

Option A is issued when deliveries are received.

Option B is issued to place the order for the bikes.

Option C acknowledges payment.

(LO 2/1/1.1)

36. D When information contained within files is no longer needed on a daily basis, it is not automatically thrown away. It is generally dealt with in one of the following ways:

(a) Microfilmed or microfiched for long-term storage

(b) Retained in its original form and stored elsewhere (this is generally known as archiving) for a certain period of time

(c) Securely destroyed

(LO 7/2/2.1)

37. D

	RWF
Total payments	18,410
Less receipts	<u>(6,800)</u>
Equals: cash needed	<u>11,610</u>

Option A represents the imprest amount and does not take account of any notes or coins in the petty cash box.

Option B ignores that there have been cash receipts into petty cash.

Option C is the remaining amount of cash rather than the amount needed to restore the imprest total.

(LO 8/3/3.3)

38. C

Option A incorrectly takes the figure for entertainment only.

Option B excludes the VAT amount.

Option D incorrectly adds together the total payment and the analysis columns.

(LO 8/2/2.3)

39. A RWF12,500

Option B is the sales invoice price after the correct trade discount has been deducted.

Option C is the trade discount calculated on RWF50,000 rather than the sales value that exceeds this amount.

Option D is the sales invoice price after the incorrect trade discount (as calculated in C) has been deducted.

(LO 2/1/1.2)

40. A

<i>Suspense account</i>	RWF'000	
Opening balance	(37,500)	CREDIT
Transposition of cash received (credit receivables ledger control account)	<u>27,000</u> <u>(10,500)</u>	DEBIT CREDIT

Option B incorrectly reverses the signage.

Option C incorrectly posts the transposition error as a credit to the suspense account, rather than a debit.

Option D incorrectly treats the opening suspense account balance as a debit.
(LO 6/3/3.2)

41. D

<i>Suspense account</i>	RWF'000	
Opening balance	(250,000)	CREDIT
Insurance invoice debit ×2 (credit bank account)	<u>250,000</u> <u>—</u>	DEBIT

A two debits error has occurred with RWF125,000 debited to both the insurance account and the bank account without a corresponding credit entry.

To correct the imbalance of RWF250,000, the bank account must be credited with RWF125,000 to reverse the original incorrect debit of RWF125,000 and then credited with a further RWF125,000 to correctly include this amount on the credit side of the account.

(LO 6/3/3.3)

42. C Irrecoverable debt expense RWF150,000; total receivables account RWF150,000

(LO 6/4/4.1)

43. B The total amount of RWF156,000 (94,000 + 62,000) is removed from receivables by a credit entry. The VAT of RWF26,000 (RWF156,000 × 20/120) can be reclaimed so is debited to VAT control. The balance of RWF130,000 is the irrecoverable debt expense which is a debit.

(LO 6/4/4.2)

44. C All of the other options would lead to a higher balance in the supplier's records.

(LO 2/6/6.1)

45. B As the sale is on credit it will be coded as a receivable when entered into the sales day book.

(LO 2/2/2.1)

46. B The correct calculation is RWF670,000 – RWF965,000. Olivier's bank balance is negative. He is overdrawn. **(LO 3/1/1.4)**
47. A Remittance advice note
- Option B: A supplier statement is sent each month from the supplier to the customer, listing all the transactions between them during that month.
- Option C: The sales invoice is what is being settled rather than supporting documentation detailing which invoices are being settled.
- Option D: Goods received notes record receipts of goods ordered, not receipts of cash payments. **(LO 2/3/3.1)**
48. B The omitted balance is an asset account and thus a debit. So in the trial balance the total of credit balances will exceed the total of debit balances by RWF2,000,000. **(LO 4/2/2.2)**

49. A

PAYABLES LEDGER CONTROL ACCOUNT			
	RWF		RWF
Returns outwards	309,600	Balance b/d	1,388,500
Payments to payables	1,950,000	Credit purchases	2,194,350
Discount received	27,900		
Contra	24,200		
Balance c/d	<u>1,271,150</u>		
	<u>3,582,850</u>		<u>3,582,850</u>
		Balance b/d	<u>1,271,150</u>

Option B incorrectly reverses the signage.

Option C incorrectly reduces the closing payables balance by the returns inwards as well as the returns outwards.

Option D incorrectly reduces the closing payables balance by the returns inwards instead of the returns outwards.

(LO 5/2/2.2)

50. A The accuracy of the supplier invoice would be checked to the purchase order and the goods received note.

(LO 2/4/4.1)