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**CERTIFIED ACCOUNTING TECHNICIAN (CAT)**  
**STAGE 1 EXAMINATION**  
**S1.1 RECORDING FINANCIAL TRANSACTIONS**  
**PILOT PAPER**

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**Instructions**

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

## Section A

1. Coffee Machines Ltd gives a refund to a credit customer for faulty goods. In which book of prime entry will the refund be recorded?
  - A Journal
  - B Sales day book
  - C Petty cash book
  - D Purchases day book
  - E None of the above

**(2 marks)**

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2. David Maniraguha offers Agnes Umulisa a trade discount of 8% on the value of orders in excess of FRW250,000. When David places an order to the value of FRW800,000 what is the amount of the purchase invoice Agnes will receive net of the discount?
  - A FRW736,000
  - B FRW800,000
  - C FRW780,000
  - D FRW756,000

**(2 marks)**

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3. Kalisa Enterprises partnership receives an automated payment from Musoni Group Ltd, a credit customer, into the bank account for FRW250,000. Musoni Group Ltd has taken advantage of a settlement discount of FRW500.  
Which of the following are the correct entries into the columns in the receipts side of the cash book?
  - A Discounts FRW500; Cash FRW250,000
  - B Discounts FRW500; Bank FRW250,000
  - C Discounts FRW500; Bank FRW249,500
  - D Discounts FRW500; Cash FRW249,500

**(2 marks)**

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4. When the Thomas Travel Association sends a payment to its stationery supplier, which of the following documents should accompany the payment?
  - A Purchase invoice
  - B Sales invoice
  - C Remittance advice
  - D Credit note
  - E None of the above

**(2 marks)**

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5. The following information relates to the Gasana Co-operative's bank reconciliation:
  - (i) The bank balance in the cash book before taking the items below into account was FRW1,970,000 overdrawn.
  - (ii) Bank charges of FRW550,000 appear on the bank statement.
  - (iii) The bank has credited the account with interest of FRW200,000.
  - (iv) A standing order of FRW1,000,000 has been processed by the bank.
  - (v) A direct debit of FRW50,000 has been processed by the bank.

What is the balance on Gasana's cash book after it is updated for the items above?

- A FRW(3,370,000) overdrawn  
 B FRW3,370,000  
 C FRW570,000  
 D FRW(1,970,000) overdrawn

**(2 marks)**

6. The receipts side of Josine Ishema's cash book, which is a book of prime entry only, has been balanced off and is shown below.

<i>Details</i>	<i>Cash</i>	<i>Bank</i>	<i>VAT</i>	<i>Cash sales</i>	<i>Trade receivables</i>
	FRW'000	FRW'000	FRW'000	FRW'000	FRW'000
Total	400	740	120	600	420

What is the correct entry to transfer the cash book totals to the general ledger accounts?

- A DEBIT Cash FRW1,140,000; CREDIT VAT control account FRW120,000; CREDIT Sales FRW600,000; CREDIT Trade receivables FRW420,000  
 B DEBIT Cash FRW400,000; DEBIT Bank FRW740,000; CREDIT VAT control account FRW120,000; CREDIT Sales FRW600,000; CREDIT Trade receivables FRW420,000  
 C DEBIT VAT control account FRW120,000; DEBIT Sales FRW600,000; DEBIT Trade receivables FRW420,000; CREDIT Cash FRW400,000; CREDIT Bank FRW740,000  
 D DEBIT VAT control account FRW120,000; DEBIT Sales FRW600,000; DEBIT Trade receivables FRW420,000; CREDIT Cash FRW1,140,000

**(2 marks)**

7. Kevin Kaneza is the petty cash officer for Kigali Airlines. He has authority to reimburse payments up to a limit of FRW25,000. One of the employees has travelled to another site by bus at a cost of FRW12,000 and would like Kevin to reimburse the cash. The employee has a bus ticket and an email from his manager asking him to make the trip. Should Kevin make the reimbursement?

- A No. The employee does not have a receipt.  
 B No. The employee did not ask Kevin before he made the trip.  
 C No. Kevin should ask his supervisor for authorisation.

- D Yes. The employee has documentary evidence for the journey and Kevin is authorised to approve payments up to FRW25,000.

**(2 marks)**

8. Brigitte Nyiramutangwa had a nil balance on her receivables control account at the start of the period. The entries in Brigitte's receivables control account are:

	FRW
Sales	750,000
Cash received	425,000
Returns	3,500
Bad debts	2,000
Returned unpaid cheque	1,500

What is the new balance brought down on the receivables control account?

- A FRW318,000  
 B FRW325,000  
 C FRW1,171,000  
 D FRW321,000 (2 marks)

9. An accountant is preparing the purchase ledger control account for Robert's Records Ltd:

PURCHASE LEDGER CONTROL ACCOUNT			
	FRW		FRW
Cash at bank	600,250	Balance b/d	720,225
		Purchases	648,000

On reviewing the cash book, she realises that an entry for discounts received of FRW50,000 is still to be made.

Assuming there are no other entries to be made and the account is now to be balanced off what is the closing balance on the purchase ledger control account?

- A FRW817,975 DEBIT  
 B FRW817,975 CREDIT  
 C FRW717,975 CREDIT  
 D FRW717,975 DEBIT (2 marks)

10. You are an accounts assistant for Vedaste Vision, a co-operative that sells computers.

The following transactions took place on 21 November 20X5:

	FRW'000
(i) Cash sale of goods to Customer Kaneza	500
(ii) Credit sale of goods to Customer Gatera	250
(iii) Payment to supplier V Computers	1,000
(iv) Purchase invoice from supplier V Computers	400

Which of the above transactions would be recorded in the sales day book?

- A (i) only  
 B (ii) only  
 C (iv) only  
 D (i) and (iii)  
 E None of the above (2 marks)

11. Which of the following statements about the banking clearing system are **true**?

- (i) Clearing is the mechanism for obtaining payment for cheques.  
 (ii) Banks' operational balances are cleared through accounts which the banks maintain at the national bank.  
 (iii) Clearing allows debts arising between banks to be settled.  
 (iv) The banking clearing system is used for paying in slips.  
 A All of the above  
 B (i) and (iii) only  
 C (ii) and (iv)

- D (i), (ii) and (iii)  
E None of the above

**(2 marks)**

12. International Shoes Store partnership has an opening cash book balance of FRW5,000,000 on 1 January 20X1. During the month, the company received FRW26,000,000 from trade receivables, cash sales were FRW2,500,000 and trade payables of FRW12,000,000 less 2% cash discounts were settled. A comparison with the bank statement showed bank charges of FRW125,000 had not been recorded in the cash book.

What is the adjusted cash book balance on 31 January 20X1?

- A FRW21,865,000  
B FRW21,615,000  
C FRW21,375,000  
D FRW21,135,000

**(2 marks)**

13. The assistant accountant at Kivu Stores Co-operative has posted a sales invoice to the wrong code in the receivables ledger. This coding mistake could result in which of the following issues?

- (i) The posting would be debited to the wrong customer account.  
(ii) Payment to settle the sales invoice may be demanded from the wrong customer.  
(iii) Making mistakes about the amounts customers owe Kivu Stores Co-operative may damage its relationship with its customers.  
(iv) It may take Kivu Stores Co-operative longer to collect the cash payment that it is due from the correct customer.

- A (i) only  
B (i) and (ii) only  
C (i), (ii) and (iii) only  
D All of the above  
E None of the above

**(2 marks)**

14. There is nil opening balance on the sales tax control account. Sales (including sales tax) amounted to FRW690,312.50, and purchases (excluding sales tax) amounted to FRW720,000.

What is the balance on the sales tax control account, assuming all items are subject to sales tax at 17.5%?

- A FRW4,421.50 CREDIT  
B FRW23,187.50 CREDIT  
C FRW23,187.50 DEBIT  
D FRW4,421.50 DEBIT

**(2 marks)**

15. René Gatera makes a payment of FRW660,000 (including VAT at 20%) by direct debit for insurance.

Which of the following are the correct entries into the columns in the payments side of the cash book?

- A Cash FRW660,000; VAT FRW132,000; Trade payables FRW528,000  
 B Bank FRW660,000; VAT FRW110,000; Sundry expenses FRW550,000  
 C Bank FRW660,000; VAT FRW110,000; Trade payables FRW550,000  
 D Cash FRW660,000; VAT FRW132,000; Sundry expenses FRW528,000(2 marks)

16. The accounting equation may be expanded into which of the following?

- A Assets = (Capital introduced + Retained profits) – Liabilities  
 B Assets = (Capital introduced + Retained profits) + Liabilities  
 C Assets = (Capital introduced – Retained profits) + Liabilities  
 D Assets = (Capital introduced – Retained profits) – Liabilities (2 marks)

17. Which of the following is an example of information required by a bank to ensure a payment is valid?

- (i) Verbal instruction from the managing director  
 (ii) Direct debit mandate  
 (iii) Written instructions signed by an authorised signatory  
 (iv) Standing order mandate

- A (i) and (iii) only  
 B (ii) and (iv) only  
 C All of the above  
 D (ii), (iii) and (iv) only  
 E None of the above (2 marks)

18. A partnership has a formal document retention policy. What types of information will be included?

- (i) Records of past transactions  
 (ii) Records of current transactions  
 (iii) Records of future transactions  
 (iv) Employment contracts

- A (i), (ii) and (iv)  
 B (i), (ii) and (iii)  
 C (i) only  
 D (ii) only  
 E None of the above (2 marks)

19. How is the total of the sales day book posted to the general ledger?

	<i>Debit</i>	<i>Credit</i>
A	Total receivables account	Receivables control
B	Total receivables account	Receivables ledger
C	Total receivables account	Sales
D	Sales	Total receivables account

(2 marks)

20. Nadine Uwase is the petty cashier at Mining Co Ltd. Liliane Umuhire, an employee, has purchased lightbulbs for FRW5,600 exclusive of VAT at 20%. Liliane has a VAT receipt.

What would the correct VAT figure to show on the petty cash voucher?

- A FRW1,120
- B FRW5,600
- C FRW933
- D FRW6,720

**(2 marks)**

21. Esither Mukamutara is preparing the sales tax control account at 31 December 20X6:

SALES TAX CONTROL ACCOUNT			
	FRW		FRW
Purchase day book	2,570,000	Sales day book	3,494,000

On reviewing the cash book, she realises that an entry for payment of sales tax made to the authorities of FRW557,000 has not been included.

Assuming the account had an opening balance of FRW450,000 debit and the account is now to be balanced off, what is the closing balance on the sales tax control account?

- A FRW817,000 CREDIT
- B FRW83,000 CREDIT
- C FRW83,000 DEBIT
- D FRW1,031,000 CREDIT

**(2 marks)**

22. Which of the following statements about revenue expenditure is correct?

Revenue expenditure includes:

- A Sale of goods to a credit customer
- B A dividend payment to shareholders
- C Expenditure on the improvement of non-current assets
- D Expenditure on raw materials used to build a non-current asset
- E None of the above

**(2 marks)**

23. Olivier Nshizirungu is the petty cashier at Popular Property partnership. He has a petty cash voucher for FRW15,850 for the purchase of printer ink. The petty cash book includes analysis columns for travel, postage, stationery and sundry items. Where in the petty cash book will the purchase appear?

- A Total credits column FRW15,850; Analysis of payments column: postage FRW15,850
- B Total debits column FRW15,850; Analysis of payments column: stationery FRW15,850
- C Total debits column FRW15,850; Analysis of payments column: postage FRW15,850

D Total credits column FRW15,850; Analysis of payments column: stationery FRW15,850

**(2 marks)**

24. Christella Kayitesi is the petty cashier at RW Accountants partnership. The imprest float is topped up at the end of each month. On 31 May she counts notes and coins in the petty cash box of FRW63,400. She holds payment vouchers of FRW39,400 and receipt vouchers of FRW2,800. Assuming there are no discrepancies, what is the imprest amount?

- A FRW63,400
- B FRW100,000
- C Zero
- D FRW105,600

**(2 marks)**

25. Where will the correct entry in respect of a petty cash imprest amount top up appear in the petty cash book?

- A A credit on the receipts side
- B A credit on the payments side
- C A debit on the receipts side
- D A debit on the payments side

**(2 marks)**

26. In double entry bookkeeping, which of the following statements is correct?

- A Debit entries decrease income and increase assets.
- B Debit entries decrease expenses and increase assets.
- C Credit entries decrease expenses and increase assets.
- D Credit entries decrease liabilities and increase income.

**(2 marks)**

27. Which of the following correctly describes a trade discount?

- A A reduction in the amount of money payable by a customer if they pay early
- B A reduction in the amount of money demanded from a customer because the customer has ordered over a certain number of units of an item during a specified time period
- C A number of units of a particular item supplied free of charge because the customer has ordered over a certain number of units of the item
- D A reduction in the amount of money payable by a customer if they pay in cash rather than on credit
- E None of the above

**(2 marks)**

28. The bookkeeper at Isabelle's IT Equipment Co-operative has made a mistake preparing the accounting records for October 20X8. She has recorded a purchase invoice for FRW2,690,500 of telephone expenses incorrectly as FRW2,960,500.

What is the journal to correct this error?

- A DEBIT Telephone expense FRW270,000; CREDIT Trade payables FRW270,000



- B DEBIT Trade payables FRW270,000; CREDIT Telephone expense FRW270,000
- C DEBIT Telephone expense FRW2,690,500; CREDIT Trade payables FRW2,690,500
- D DEBIT Trade payables FRW2,960,500; CREDIT Telephone expense FRW2,960,500

**(2 marks)**

29. Credit notes received are recorded in which book of prime entry?

- A Sales day book
- B Journal book
- C Purchase returns day book
- D Sales returns day book
- E None of the above

**(2 marks)**

30. Which of the following errors would cause a trial balance not to balance?

- (i) An error in the addition in the cash book
- (ii) Excluding a transaction completely
- (iii) Cost of purchasing a motor vehicle debited to motor expenses account (the cash entry was correctly made)
- (iv) Goods taken by the proprietor of a business recorded by debiting purchases and crediting drawings account
- A (i) only
- B All of the above
- C (iii) and (iv) only
- D (i) and (ii) only
- E None of the above

**(2 marks)**

31. The content of a journal will include:

- A The date, the accounts to be debited and credited, a narrative to explain the transaction
- B The date, the balance b/d and the balance c/d, a narrative to explain the transaction
- C The date, the supplier, the accounts to be debited and credited
- D The date, the customer, the accounts to be debited and credited
- E None of the above

**(2 marks)**

32. A trial balance has been prepared by the accountant at the Tin Mine association but costs for electricity supply of FRW1,120,400 have been posted as a single entry to purchases as he did not know which credit supplier provided the supply. The trial balance was re-drafted including a suspense account whilst the error was investigated.

What was the balance on the suspense account in the re-drafted trial balance?

- A FRW1,120,400 DEBIT
- B Nil

- C FRW1,120,400 CREDIT  
 D FRW2,240,800 DEBIT (2 marks)

33. Which **two** of the following statements about the age analysis of receivables are true?
- (i) An age analysis of trade receivables is useful to a credit controller to decide on which debts to chase up.
  - (ii) An age analysis will not provide a general guide as to whether the debts of a business are being collected quickly enough.
  - (iii) An age analysis of trade receivables is useful to a credit controller to decide on which debts to settle.
  - (iv) An age analysis of debts provides a guide in a single summarised schedule as to whether the debts of a business are being collected quickly enough.
- A (i) and (ii)  
 B (iii) and (iv)  
 C (i) and (iii)  
 D (i) and (iv) (2 marks)

34. Ronald Kalisa has recorded the following transactions with his supplier, Philomene Mukanyarwaya, in his payables ledger:

<i>Date</i>	<i>Invoice number</i>	<i>Amount due/FRW</i>	<i>Status</i>
5 August 20X2	1498	63,000	
12 August 20X2	2365	51,000	
12 August 20X2	2366	51,000	Queried
31 August 20X2	2981	75,000	

Philomene allows her customers credit until the first day of the month following the calendar month in which the purchase was invoiced. It is Ronald's policy to take the full period of credit from each supplier.

Calculate the amount payable when Ronald performs a payment run on 1 September 20X2.

- A FRW240,000  
 B FRW165,000  
 C FRW138,000  
 D FRW189,000 (2 marks)
- 
35. Olivier Bikes Ltd delivers ten racing bikes to a credit customer. Which document will Olivier Bikes Ltd's accounts department issue when it receives a copy of the delivery note?
- A Goods received note
  - B Sales order
  - C Receipt
  - D Sales invoice
  - E None of the above (2 marks)

36. Which of the following statements about the importance of a formal document retention policy is **not** true?
- A Outside agencies may require information for surveys.
  - B Tax legislation may stipulate minimum retention periods.
  - C Public bodies may be required by statute to keep certain records permanently.
  - D When information is not needed on a daily basis, it is generally automatically thrown away.

(2 marks)

37. Dancille Mukangwije is the petty cashier at SB Recycling Ltd. The imprest amount is maintained at FRW25,000 and is topped up at the end of each month. For the month of July 20X7, there are petty cash payment vouchers totalling FRW18,410 and petty cash receipt vouchers amounting to FRW6,800. Dancille should prepare a petty cash reimbursement request for what amount?

- A FRW25,000
- B FRW18,410
- C FRW13,390
- D FRW11,610

(2 marks)

38. Eustache Manzi's petty cash book entries are as follows:

Payments side:

Details	Total	Travel	Postage	Entertainment	Office supplies
	FRW'000	FRW'000	FRW'000	FRW'000	FRW'000
Plugs	10				8
Bus fares	5	5			
Food	100			100	

What is the total amount of payments that Eustache has made from petty cash?

- A FRW100,000
- B FRW113,000
- C FRW115,000
- D FRW230,000

(2 marks)

39. You are an accounts assistant at Cuppa Crafts Co-operative, a business that sells cups and teapots. The following is an extract from a sales invoice raised by the bookkeeper to a customer, Volcanoes Café. You may ignore sales tax.

Invoice number: 16651

Date: 30 November 20X8

Description	Quantity	Unit price	Net price
		FRW	FRW
Coffee cups	150	2,000	
		Amount due	300,000

Cuppa Crafts offers a trade discount of 5% on invoice amounts above FRW50,000. How much is the trade discount Volcanoes Café is entitled to on this sales invoice?

- A FRW12,500
- B FRW287,500
- C FRW2,500
- D FRW297,500

(2 marks)

40. The trial balance of Bernard Stores Ltd failed to agree, the totals being:

	FRW	FRW
DEBIT	632,200,000	
CREDIT		594,700,000

A suspense account was opened for the amount of the difference and the following error was found and corrected:

- A cheque for FRW74,000,000 received from a customer was correctly entered in the cash book but was posted to the control account as FRW47,000,000.

What will be the remaining balance on the suspense account be after the correction of this error?

- A FRW10,500,000 CREDIT
- B FRW10,500,000 DEBIT
- C FRW64,500,000 CREDIT
- D FRW64,500,000 DEBIT

(2 marks)

41. Vedaste Mugabe's trial balance does not agree. The totals of the debits amount to FRW8,650,000 and the credit balances total FRW8,400,000. Vedaste has posted the difference to a suspense account and investigated. An invoice for insurance costs of FRW125,000 was debited to the insurance account and also debited to the bank account.

Assuming this is the only error, what is the correct journal entry to clear the balance on the suspense account?

- A DEBIT Bank account FRW125,000; CREDIT Suspense account FRW125,000
- B DEBIT Suspense account FRW125,000; CREDIT Bank account FRW125,000
- C DEBIT Bank account FRW250,000; CREDIT Suspense account FRW250,000
- D DEBIT Suspense account FRW250,000; CREDIT Bank account FRW250,000

(2 marks)

42. You have been notified that one of your customers, Félicité's Fruits co-operative, has been declared bankrupt. An allowance had not previously been made for this debt. The customer's outstanding balance is FRW150,000. What is the correct double entry to record this adjustment? You may ignore sales tax.

	<i>Debit</i>	<i>Credit</i>
A	Irrecoverable debt expense FRW150,000	Bank account FRW150,000
B	Total receivables account FRW150,000	Irrecoverable debt expense FRW150,000
C	Irrecoverable debt expense FRW150,000	Total receivables account FRW150,000
D	Bank account FRW150,000	Total receivables account FRW150,000

**(2 marks)**

43. Etienne Niyonsenga has discovered that a customer is no longer trading and is unable to pay its debts. The customer has two invoices outstanding in Etienne's trade receivables ledger, for FRW94,000 and FRW62,000 respectively, both including sales tax at 20%. Etienne is able to claim relief from VAT in respect of unpaid invoices.

What is the correct journal entry to write off this debt?

	<i>Debit</i>	<i>Credit</i>
A	Total receivables account FRW156,000	Irrecoverable debt expense FRW130,000 Sales tax account FRW26,000
B	Irrecoverable debt expense FRW130,000 Sales tax account FRW26,000	Total receivables account FRW156,000
C	Total receivables account FRW156,000	Irrecoverable debt expense FRW94,000 Sales tax account FRW62,000
D	Irrecoverable debt expense FRW94,000	Total receivables account FRW94,000

**(2 marks)**

44. A supplier sends you a statement showing a balance outstanding of FRW24,350,000. Your own accounting records show a balance due of FRW24,500,000.

The reason for this difference could be that:

- A You have returned goods worth FRW150,000 which the supplier has not yet accounted for.
  - B The supplier sent an invoice for FRW150,000 which you have not yet received.
  - C The supplier has allowed you a FRW150,000 cash discount which you had omitted to enter in your ledgers.
  - D You have paid the supplier FRW150,000 which he has not yet accounted for.
- (2 marks)**

45. Solange Mukandanga is a florist. She uses the following coding system for her financial transactions:

1st number	2nd number
100 Sales	300 Cash
200 Purchases	400 Receivables
	500 Payables

Solange sells flower arrangements worth FRW400,000 to Leoncie Mukabaranga on credit for her wedding in one month's time. Which of the following would be the code recorded in Solange's accounting system?

- A 100300
- B 100400
- C 100500
- D 200400

**(2 marks)**

46. Olivier Nshizirungu's cash book totals (including brought forwards) on 30 June 20X1 are as follows:

Receipts side:

Details/ FRW'000	<i>Discounts</i>	<i>Cash</i>	<i>Bank</i>	<i>VAT</i>	<i>Cash sales</i>	<i>Trade receivables</i>	<i>Sundry income</i>
Total	25	500	670	20	100	75	65

Payments side:

Details/ FRW'000	<i>Discount s</i>	<i>Cash</i>	<i>Bank</i>	<i>VA T</i>	<i>Cash purchase s</i>	<i>Trade payable s</i>	<i>Sundry expense s</i>
Total	10	125	965	40	200	55	25

What is Olivier's bank balance at 30 June 20X1?

- A FRW295,000
- B FRW(295,000)
- C FRW375,000
- D FRW80,000

**(2 marks)**

47. When a business receives payment for goods from a customer, which document should the receipt be checked against?

- A Remittance advice note
- B Supplier statement of account
- C Sales invoice
- D Goods received note
- E None of the above

**(2 marks)**

48. When preparing a trial balance, the accountant omits the balance of FRW2,000,000 on the sales ledger control account.

Which of the following statements are correct?

- A This error means that the total of debit balances will exceed the total of credit balances by FRW2,000,000.

- B This error means that the total of credit balances will exceed the total of debit balances by FRW2,000,000.
- C The trial balance will balance correctly.
- D This error means that the total of credit balances will exceed the total of debit balances by FRW4,000,000. (2 marks)

49. At 1 January 20X6, the payables ledger control account showed a balance of FRW1,388,500.

At the end of the month, the following totals are extracted from the books of prime entry for January:

	FRW
Purchases day book (gross)	2,194,350
Returns outwards day book	309,600
Returns inwards day book	152,500
Payments to payables, after deducting FRW27,900 cash discount	1,950,000

It is also discovered that a customer's balance of FRW24,200 has been offset against their balance of FRW43,500 in the payables ledger.

What is the corrected balance on the payables ledger control account?

- A FRW1,271,150 CREDIT
- B FRW1,271,150 DEBIT
- C FRW1,118,650 DEBIT
- D FRW1,428,250 DEBIT (2 marks)

50. Rwanda Fashion Clothing Ltd receives a purchase invoice from a jewellery supplier for its accessories collection. Which of the following documents would give evidence of its accuracy?

- (i) Purchase order
- (ii) Credit note
- (iii) Goods received note
- (iv) Sales order

- A (i) and (iii)
- B (i) and (ii)
- C (iii) and (iv)
- D (ii) and (iii)
- E None of the above (2 marks)

**Total (100 marks)**

**End of question paper**