
CERTIFIED ACCOUNTING TECHNICIAN
STAGE 1 EXAMINATION
S1.1 RECORDING FINANCIAL TRANSACTIONS
TUESDAY: 01 DECEMBER 2020

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. Which of the following would be recorded in the sales returns day book?

A Credit notes sent
B Trade discounts
C Credit notes received
D Purchase invoices
E None of the above

(2 marks)

2. Which of the following statement(s) correctly describe(s) what happens when a credit is made in the cash book of a business?

(i) The business' bank balance decreases.
(ii) The business's overdraft decreases.
(iii) The business's bank balance increases.
(iv) The business's overdraft increases.

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

(2 marks)

3. Solange and Evelyne are in partnership selling toys. The partnership has the following coding system for its financial transactions:

<i>1st number</i>	<i>2nd number</i>
10 Sales	30 Cash
20 Purchases	40 Receivables
	50 Payables

On 1 July 2019, the partnership received toys to the value of RWF21,500,000 from a regular supplier, Ruzidana Ltd, whose credit terms are 30 days. However, the toys were faulty, and the partnership wishes to return them. Ruzidana Ltd has agreed informally to take the toys back and has issued a credit note for the full amount.

Which of the following is the correct code for this transaction?

A 2050
B 1040
C 1030
D 2040
E None of the above

(2 marks)

4. At 31 December 2019, Umulisa Manufacturing Ltd's receivables were RWF51,908,000 and the balance on the allowance for receivables was RWF1,965,240. An invoice for RWF2,400,000 needed to be written off as irrecoverable and an allowance of 3% of receivables was agreed.

What is the journal entry required for this adjustment?

A	DEBIT	Doubtful debt adjustment	RWF480,000
	CREDIT	Allowance for receivables	RWF480,000

B	DEBIT	Allowance for receivables	RWF49,508,000	
	CREDIT	Doubtful debt adjustment		RWF49,508,000
C	DEBIT	Allowance for receivables	RWF480,000	
	CREDIT	Doubtful debt adjustment		RWF480,000
D	DEBIT	Doubtful debt adjustment		RWF49,508,000
	CREDIT	Allowance for receivables		RWF49,508,000
E	None of the above			(2 marks)

5. Rugira wishes to purchase a laptop which is necessary for business use. The laptop costs RWF2,560,400. He presents Raissa, his line manager, with a cheque requisition form. Raissa is permitted to authorise payments of up to RWF2,500,000.

What should Raissa do?

- A Deny the request for the laptop.
 - B Refer Rugira to her own line manager, who is permitted to authorise payments up to RWF10,000,000.
 - C Authorise the payment because the excess of RWF60,400 is not material.
 - D Pay the excess of RWF60,400 herself and reclaim it on expenses.
 - E None of the above
- (2 marks)**
-

6. Iradukunda, a sole trader, sends a cheque to a supplier. The cheque is accompanied by a document showing the invoices that the payment relates to.

What is this document called?

- A A paying in slip
 - B A debit note
 - C A remittance advice
 - D A receipt
 - E None of the above
- (2 marks)**
-

7. Nadine has calculated her net profit as RWF66,300,000. She later discovers that capital receipts of RWF19,500,000 had been treated as revenue receipts, and capital expenditure of RWF9,100,000 had been treated as revenue expenditure.

What is Nadine's net profit after correcting this error?

- A RWF55,900,000
 - B RWF76,700,000
 - C RWF46,800,000
 - D RWF94,900,000
 - E None of the above
- (2 marks)**
-

8. Shyaka and Callixte are in partnership. At 31 December 2019, the following information is available:

	RWF'000
Payables at 1 January 2019	65,000
Payables at 31 December 2019	58,500
Total payments to suppliers during 2019 (including cash	

purchases of 552,500
RWF32,500,000)

What is the total of credit purchases during 2019?

- A RWF513,500,000
- B RWF526,500,000
- C RWF546,000,000
- D RWF559,000,000
- E None of the above

(2 marks)

9. Gael, a sole trader, discovered that his trial balance at 31 December 2019 did not balance. The credits exceeded the debits by RWF2,249,000. He opened a suspense account to correct the errors. Control accounts are maintained for receivables and payables.

Gael discovered the following:

- 1 Purchases of RWF3,380,000 from the purchases day book have only been recorded in the payables ledger control account.
- 2 Profit on sale of non-current assets of RWF4,355,000 had been recorded in the sundry income account as RWF4,535,000.
- 3 The sales day book was undercast by RWF2,600,000.

Gael is aware that there are other potential errors, which mean that the suspense account will not be fully cleared at this stage.

What is the remaining balance on Gael's suspense account after these errors have been corrected?

- A RWF5,809,000 Credit
- B RWF3,911,000 Credit
- C RWF1,311,000 Credit
- D RWF1,311,000 Debit
- E None of the above

(2 marks)

10. Which of the following is entered into the cash book?

- (i) Payment by cheque
 - (ii) Bank interest received
 - (iii) Supplier's invoice
 - (iv) Refund received
- A (i) and (ii) only
 - B (iii) and (iv) only
 - C (i), (ii), (iii) and (iv)
 - D (i), (ii) and (iv) only
 - E None of the above

(2 marks)

11. Twizeyimana Ltd has the following transactions:

- 1 Receipt of RWF2,600,000 from Claude for a cash sale
- 2 Receipt of RWF1,625,000 from Nshizirungu Ltd in respect of an invoice for goods sold on credit last month

What is the correct double entry to record these transactions?

- | | | | |
|---|-------------------------|--------------|--------------|
| A | DEBIT Cash | RWF4,225,000 | |
| | CREDIT Sales | | RWF4,225,000 |
| B | DEBIT Sales | RWF4,225,000 | |
| | CREDIT Cash | | RWF4,225,000 |
| C | DEBIT Sales | RWF2,600,000 | |
| | DEBIT Trade receivables | RWF1,625,000 | |
| | CREDIT Cash | | RWF4,225,000 |
| D | DEBIT Cash | RWF2,600,000 | |
| | CREDIT Sales | | RWF2,600,000 |
| E | None of the above | | |
- (2 marks)**

12. Annualite, the bookkeeper of Valentine Ltd, is carrying out the company's payroll accounting. She has already posted the journal entry for the gross wages expense of RWF58 million to the wages expense and wages control accounts.

What is the journal entry for the net salaries of RWF44 million?

- | | | RWF'000 | RWF'000 |
|---|----------------------|---------|---------|
| A | DEBIT Wages expense | 44,000 | |
| | CREDIT Wages control | | 44,000 |
| B | DEBIT Wages control | 44,000 | |
| | CREDIT Bank | | 44,000 |
| C | DEBIT Bank | 44,000 | |
| | CREDIT Wages control | | 44,000 |
| D | DEBIT Wages control | 44,000 | |
| | CREDIT Wages expense | | 44,000 |
| E | None of the above | | |
- (2 marks)**

13. Which of the following is a valid reason for retaining business documents?

- (i) Legislation may be in place that requires documents relating to the legal establishment the organisation will have to be kept permanently.
 - (ii) Legislation may require certain contracts to be kept for a number of years.
 - (iii) Disposal of documents can be expensive.
 - (iv) Information about past trends can be helpful in planning and decision making.
- A (i) and (ii) only
 B (ii) and (iv) only
 C (i), (ii), (iii) and (iv)
 D (i), (ii) and (iv) only
 E None of the above
- (2 marks)**

14. Which of the following statements is correct?

- A The total of the balances in the purchase ledger is posted to the purchase ledger control account.

- B Cash receipts from customers are entered in the sales day book.
 - C The total of the balances in the sales ledger is posted to the sales ledger control account.
 - D The total of the purchases day book is posted to the sales ledger control account.
 - E None of the above **(2 marks)**
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15. The receipts side of Iradukunda's analysed cash book has a trade receivables column showing a total of RWF56,895,000 for the month of June.

What does this figure represent?

- A The amount owed by Iradukunda's credit customers as at 30 June
 - B The amount received from Iradukunda's credit customers during June
 - C The total invoiced to Iradukunda's customers during June
 - D The total of returns inwards for the month of June
 - E None of the above **(2 marks)**
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16. Kalisa purchased a new delivery van, and paid for this by direct credit. At the same time a bank loan was raised to provide some of the funds needed for the purchase.

What entry correctly records the purchase of the delivery van?

- A DEBIT Property, plant and equipment
CREDIT Bank
 - B DEBIT Property, plant and equipment
CREDIT Bank loan
 - C DEBIT Bank
CREDIT Property, plant and equipment
 - D DEBIT Bank loan
CREDIT Property, plant and equipment
 - E None of the above **(2 marks)**
-

17. The personal account of Gatete in the purchase ledger of Ngarambe Ltd has a debit balance of RWF89,400,000.

Which of the following is a reasonable explanation for this?

- A Gatete has supplied goods to Ngarambe Ltd, and Ngarambe Ltd has correctly recorded this transaction.
 - B Ngarambe Ltd has received and posted an invoice from Gatete for of RWF89,400,000.
 - C Ngarambe Ltd's balance of RWF89,400,000 owing to Gatete is overdue.
 - D Ngarambe Ltd has paid Gatete RWF89,400,000 twice by mistake.
 - E None of the above **(2 marks)**
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18. When Fidele's trial balance was extracted, a suspense account was opened as the total of the debit column was RWF2,600,000 greater than the total of the credit column. Fidele then found that a cash payment of RWF1,300,000 for motor expenses was correctly entered in

the cash account, but was entered on the wrong side of the motor expenses account. Fidele is aware that this is not the only error needing to be corrected.

When the error is corrected, what is the balance on the suspense account?

- A RWF1,300,000
 - B RWF5,200,000
 - C RWF3,900,000
 - D Nil
 - E None of the above
- (2 marks)**
-

19. The balance of Chanise's sales ledger control account on 1 September is RWF33,514,000. The total of the balances in the sales ledger is RWF33,930,000.

Which of the following reasons might explain the difference?

- (i) Discounts allowed were entered on the debit side of the sales ledger control account.
 - (ii) Goods sold were entered twice in a customer's account in the sales ledger.
 - (iii) Goods returned were entered on the debit side of the sales ledger control account.
 - (iv) A cheque received was omitted from the customer's account in the sales ledger.
- A (ii) only
 - B (ii) and (iv)
 - C (i) and (iii)
 - D (i), (ii), (iii) and (iv)
 - E None of the above
- (2 marks)**
-

20. An invoice for RWF568,000 from a supplier has been recorded in the purchases day book as RWF586,000. When the purchase ledger reconciliation is performed, adjustments will be required to:

- A The purchases day book and the purchase ledger control account
 - B Both the purchase ledger control account and the list of purchase ledger balances
 - C The list of purchase ledger balances only
 - D The purchase ledger control account only
 - E None of the above
- (2 marks)**
-

21. Which of the following correctly calculates the difference between closing capital and opening capital?

- A Profit – Capital introduced + Drawings
 - B Profit – Capital introduced – Drawings
 - C Profit + Capital introduced – Drawings
 - D Profit + Capital introduced + Drawings
 - E None of the above
- (2 marks)**
-

22. Mutsinzi and Umuhoza, a partnership, has received a statement of account from one of its suppliers, showing an outstanding balance due to them of RWF8,775,000. Comparing the statement with its ledger, Mutsinzi and Umuhoza discover the following:

- The ledger account shows a credit balance of RWF1,690,000.

- Cash in transit of RWF5,395,000 has not been received by the supplier.
- The supplier has not yet allowed for goods returned at the end of the period of RWF1,755,000.
- The supplier has disallowed a settlement discount of RWF520,000 due to late payment of an invoice.

After taking account of these items, what is the unreconciled difference between the supplier's statement and the partnership's ledger?

- A RWF65,000
- B RWF(1,170,000)
- C RWF585,000
- D RWF(1,040,000)
- E None of the above

(2 marks)

23. On 25 January 2019, Niyonsenga Ltd makes a sale on credit and sends out an invoice for RWF760,000. The goods originally cost RWF600,000. Its credit terms are 30 days, and as at 31 January, the amount has not been paid.

Which of the following statements correctly shows the effect upon the accounting equation of the business?

- A Assets increase, liabilities decrease
- B Capital increases, assets decrease
- C Capital increases, assets increase.
- D Assets decrease, liabilities increase.
- E None of the above

(2 marks)

24. Aurore, a sole trader, is comparing her business's cash book balance with the balance on the bank statement as at 30 June 2019. The cash book shows a balance at the bank of RWF16,185,000. Comparison with the bank statement at the same date reveals the following differences:

	RWF'00
	0
Unpresented cheques	5,460
Bank charges not in cash book	325
Receipts not yet credited by the bank	3,055
Dishonoured cheque not in cash book	910

What is the adjusted bank balance per the cash book at 30 June 2019?

- A RWF14,950,000
- B RWF12,545,000
- C RWF16,770,000
- D RWF9,490,000
- E None of the above

(2 marks)

25. Which of the following payment methods would be most appropriate for purchasing a last-minute package holiday over the internet.

- A Cash
 - B Cheque
 - C Credit card
 - D Debit card
 - E None of the above
- (2 marks)**

26. In the context of a cheque, what does the term 'drawee' refer to?

- A The person receiving the cheque and paying into their bank account
 - B The person who wrote the cheque
 - C The bank into which the cheque is paid
 - D The bank that has issued the cheque
 - E None of the above
- (2 marks)**

27. Doeia, a sole trader, has extracted the balances below from her ledger accounts.

	RWF'000
Wages	19,200
Rent	11,760
Capital	14,400
Purchases	33,600
Sales	40,560
Other expenses	12,480
Bank overdraft	22,080

When she prepares her trial balance, what will the total of the debit column be?

- A RWF84,000,000
 - B RWF65,280,000
 - C RWF99,120,000
 - D RWF77,040,000
 - E None of the above
- (2 marks)**

28. The director of Mugabo Ltd, a VAT-registered company, pays out of petty cash for his car door mirror to be fixed. The cost is RWF70,800 including VAT at 18%. What is the double entry for this transaction?

- A DEBIT Petty cash RWF70,800
CREDIT VAT RWF10,800
CREDIT Motor expenses RWF60,000
 - B DEBIT Motor expenses RWF58,056
DEBIT VAT RWF12,744
CREDIT Petty cash RWF70,800
 - C DEBIT Motor expenses RWF70,800
CREDIT Petty cash RWF70,800
 - D DEBIT Motor expenses RWF60,000
DEBIT VAT RWF10,800
CREDIT Petty cash RWF70,800
 - E None of the above
- (2 marks)**

29. Which of the following would be achieved by using the journal?

- (i) Correcting errors
- (ii) Recording the opening balances for a new business
- (iii) Entering invoice details into the sales day book
- (iv) Record any double entries made which do not arise from the other books of prime entry

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

(2 marks)

30. Which of the following errors is least likely to be disclosed by an imbalance in the trial balance?

- A A transposition error
- B An error of omission
- C An error of commission
- D An error of principle
- E None of the above

(2 marks)

31. Which of the following statements about a trial balance is true?

- A All businesses are required by law to prepare a trial balance.
- B Purchases returns will appear in the debit column of a trial balance.
- C A bank overdraft will appear on the debit side of the trial balance.
- D A trial balance is extracted from the personal accounts in the sales and purchase ledgers.
- E None of the above

(2 marks)

32. Which of the following payment methods would be appropriate for a company paying wages and salaries?

- A Cash
- B Cheque
- C CHAPS
- D Standing order
- E None of the above

(2 marks)

33. Rana earns a basic annual salary of RWF15,000,000. In addition, she earns a commission of 5% on all sales up to the value of RWF4,000,000, and 7% on all sales over RWF4,000,000. During the year ended 31 December 2019, Rana made sales of RWF5,000,000.

What is Rana's gross salary?

- A RWF15,270,000
- B RWF15,250,000
- C RWF15,350,000
- D RWF15,200,000
- E None of the above

(2 marks)

34. Which of the following provide control over petty cash?

- (i) Sequential numbering of petty cash vouchers
- (ii) The requirement for authorisation of the petty cash voucher before payment is made
- (iii) Restricting payments from petty cash to senior employees
- (iv) Regular checks on the float and petty cash reconciliations

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

(2 marks)

35. Nazou starts a confectionery business on 1 April 2019. She puts in RWF400,000 of her own money and takes out a bank loan of RWF360,000.

What are the journal entries to record the opening of the business?

- | | RWF | RWF |
|---|-------------------------|---------|
| A | DEBIT Capital 400,000 | |
| | DEBIT Bank loan 360,000 | |
| | CREDIT Cash | 760,000 |
| B | DEBIT Cash 400,000 | |
| | DEBIT Bank loan 360,000 | |
| | CREDIT Capital | 760,000 |
| C | DEBIT Bank loan 360,000 | |
| | CREDIT Capital | 360,000 |
| D | DEBIT Cash 760,000 | |
| | CREDIT Capital | 400,000 |
| | CREDIT Bank loan | 360,000 |

- E None of the above

(2 marks)

36. Which of the following is a business most likely to pay by direct debit?

- A Rent of premises
- B Fine relating to pollution
- C Electricity bill
- D Purchase of goods for resale
- E None of the above

(2 marks)

37. The balance of Gianna's purchase ledger control account as at 30 June 2019 is RWF92,053,000. The total of the personal accounts in the purchase ledger is RWF106,684,500. Purchases during the year were RWF101,185,500, purchase returns were RWF 14,631,500 and discounts received were RWF7,507,500.

What may have caused the difference?

- A Discounts received may have been entered in the purchases ledger twice.
- B Discounts received may have been entered in the control account twice.
- C Goods returned may have been entered in the purchases ledger twice.
- D Goods returned may have been entered in the control account twice.

E None of the above

(2 marks)

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38. The accounts of Vedaste, a sole trader, show a capital balance of RWF465,900,000. His assets are RWF873,562,500. What are his liabilities?

A RWF465,900,000
B RWF407,662,500
C RWF873,562,500
D RWF1,339,462,500
E None of the above

(2 marks)

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39. Mukabasinga and Mucyo are in partnership selling manufacturing cookware for the restaurant business. The partnership receives a telephone call from a regular customer complaining that some goods were faulty and they agree at once that the goods can be returned.

What document should be issued and where should the document be posted.

	<i>Document</i>	<i>Posted to</i>
A	Sales invoice	Sales day book
B	Credit note	Purchases returns day book
C	Debit note	Purchases returns day book
D	Credit note	Sales returns day book

E None of the above

(2 marks)

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40. Clement, a sole trader, is registered for VAT, which is charged at 18%. On 1 June 2019, he purchases some goods for RWF740,000, excluding VAT and is offered a discount of 5% if he pays within ten days.

By 30 June, he has still not paid. What amount will he pay, including VAT?

A RWF703,000
B RWF740,000
C RWF873,200
D RWF866,540
E None of the above

(2 marks)

41. Mukakigeli Ltd operates an imprest system for petty cash. The petty cash book must be topped up to RWF450,000 at the end of every week. On reconciling the petty cash at the end of the week, Esither, the petty cashier finds the following:

	RWF
Notes and coins in the petty cash box	171,400
Payment vouchers	290,400
Receipt vouchers	(15,400)
Unexplained difference	3,600
Imprest amount	450,000

Which of the following would explain this discrepancy.

- (i) A payment voucher for RWF47,300 had been incorrectly entered as RWF43,700.
- (ii) A receipt voucher for RWF3,600 has been omitted.
- (iii) RWF3,600 has been stolen from the till.
- (iv) The imprest amount has been calculated incorrectly.

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

(2 marks)

42. Which of the following is **not** an aid to good credit control?

- A Setting a credit limit for customers
- B Use of an aged receivables list
- C Systematic chasing up of late payers
- D Delaying payment of the business's own suppliers
- E None of the above

(2 marks)

43. A business will often send monthly statements to its credit customers. What is the purpose of such statements?

- (i) To show the balance outstanding at the month end
- (ii) To ensure the customer doesn't exceed their credit limit
- (iii) To itemising new invoices sent out and payments received during the month
- (iv) To match payments received against individual invoices

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

(2 marks)

44. Which of the following statements regarding the purchase ledger control account is incorrect?

- A The total balances in the purchases ledger should reconcile with the balances in the purchase ledger control account.

- B The purchase ledger control account deals with credit purchases only, not cash purchases.
 - C The purchases ledger control account enables a business to identify how much is owed by credit customers in total.
 - D A debit balance in the purchases ledger indicates a reduction in the total amount owed to credit suppliers.
 - E None of the above
- (2 marks)**

45. Josine receives an invoice for RWF850,000 from her supplier Kayitare Ltd. The invoice informs her that if she pays within 10 days, she will only need to pay RWF807,500.

What term best describes this arrangement?

- A This is a trade discount, and whether to take advantage of it will be a financing decision for Josine.
 - B This is a settlement discount given because Josine is a regular customer.
 - C This is a settlement discount and whether to take advantage of it will be a financing decision for Josine.
 - D This is a trade discount given because Josine is a regular customer.
 - E None of the above
- (2 marks)**

46. Which of the following statements about the sales ledger control account is correct?

- A A sales ledger control account is a list of personal account balances.
 - B A sales ledger control account must include all sales.
 - C A sales ledger control account shows discounts received.
 - D A sales ledger control account shows items returned to suppliers.
 - E None of the above
- (2 marks)**

47. Yannick, a VAT-registered sole trader, owes RWF34,583,000 to the tax authorities at 1 September 2019. Which of the following statements regarding transactions during September is correct?

- (i) VAT recorded in the purchases day book will reduce his liability.
 - (ii) VAT recorded in the cash book from cash sales will increase his liability.
 - (iii) VAT recorded in the purchases returns day book will increase his liability.
 - (iv) VAT recorded in the sales returns day book will reduce his liability.
- A (i) only
 - B (i) and (iii)
 - C (i), (ii) and (iv)
 - D (i), (ii), (iii) and (iv)
 - E None of the above
- (2 marks)**

48. Which of the following would be on the debit side of a purchase ledger control account?

- (i) Cash paid
- (ii) Contras with the sales ledger control account
- (iii) Purchases
- (iv) Purchases returns

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

(2 marks)

49. What is the purpose of the wages control account?

- A To show the total cost to the business of employing someone
- B To ensure that the double entry is made correctly
- C To record the amount of income tax and social security contributions owed to the tax authorities
- D To record the amount of pension that must be paid over to the pension scheme
- E None of the above

(2 marks)

50. Shamarima is a VAT-registered sole trader. In September 2019, she makes a credit sale and invoices the customer for RWF354,000 including VAT. All of Shamarima's sales are subject to VAT at 18%. The following month, the customer pays by debit card.

How is the payment posted to the general ledger?

- | | | | |
|---|-------------------------------------|------------|------------|
| A | DEBIT Sales | RWF300,000 | |
| | DEBIT VAT | RWF54,000 | |
| | CREDIT Cash | | RWF354,000 |
| B | DEBIT Cash | RWF354,000 | |
| | CREDIT Sales ledger control account | | RWF354,000 |
| C | DEBIT Cash | RWF354,000 | |
| | CREDIT Sales | | RWF300,000 |
| | CREDIT VAT | | RWF54,000 |
| D | DEBIT Cash | RWF354,000 | |
| | CREDIT Sales ledger control account | | RWF300,000 |
| | CREDIT VAT | | RWF54,000 |
| E | None of the above | | (2 marks) |

Total (100 marks)
