



CERTIFIED ACCOUNTING TECHNICIAN

STAGE 1 EXAMINATION

S.1.1 RECORDING FINANCIAL TRANSACTIONS

DATE: TUESDAY, 30 NOVEMBER 2021

MODEL ANSWERS AND MARKING GUIDE

SECTION A

Marking guide

No of question	Correct answer
1	A
2	C
3	D
4	B
5	A
6	A
7	C
8	D
9	A
10	D
11	A
12	B
13	A
14	B
15	B
16	B
17	D
18	D
19	C
20	D
21	D
22	C
23	A
24	C
25	D

No of question	Correct answer
26	D
27	A
28	B
29	A
30	B
31	A
32	C
33	D
34	C
35	A
36	B
37	B
38	A
39	C
40	D
41	C
42	A
43	D
44	C
45	A
46	C
47	B
48	D
49	C
50	B

Question

Question one to 50

Mark allocation

2 marks for each correct answer

Total marks

2

Total marks

100

Detailed Answers

Q	A	Reasons and workings
1	A	<p>Adjusted balance as per cash book; $-200,000 - 60,000 + 4,000,000$ 3,740,000 Add: Unpresented cheque 1,500,000 5,240,000 Less: Undeposited cheques -800,000 Balance at bank 4,440,000</p>

- B. overdrawn payment made using online system is considered as uncredited deposit yet it should increase cashbook balance
C. Opening cash book balance is used as positive balance yet it is overdrawn
D. Unpresented cheques is deducted from cashbook balance instead of deducting them and uncredited cheques is added instead of adding them

- 2 C Correct answer is C; Remittance shall accompany payment to inform of the amount being paid

- A. is not correct because it shows the value of sales and the sales was on credit
B. would be the correct answer if the question was to show the amount to be paid in January 2021
C. is not correct because it shows the amount to be paid in March 2021 not February 2021

	November	December	January	February	March
			B	C	D
Sales	100,000	110,000	121,000	133,100	146,410
60%		60,000	66,000	72,600	79,860
40%			40,000	44,000	48,400
Amount to be paid		60,000	106,000	116,600	128,260

- 3 D

	FRW
Opening balance	40,000
	FRW
Imprest amount	60,000
Petty cash available balance	100,000
Expense	75,000
Balance as at 01 Feb 2020	100,000-75,000 25,000

Q	A	Reasons and workings
		Requested amount as at 01 Feb 2020 75,000

- A You have considered opening balance as at 01 February 2020 as expense for the preceding month
- B You have considered imprest amount to replenish petty cash level as expense for the period
- C You have computed the difference between the closing balance as at 31 January 2020 FRW 75,000 and opening balance of FRW 40,000 as at 01 January 2020
- 4 B B, only credit sales should be recorded in sales day book
- A Disposed assets are recorded in general ledger not in the sales ledger
- C Cash sales are recorded in cashbook not in the sales ledger
- D Disposed assets are recorded in general ledger, Credit purchase are recorded in purchase day book and cash sales are recorded in cashbook

	A	B	C	D
	FRW	FRW	FRW	FRW
May 2021	200,000	200,000	200,000	200,000
	150,000	15,000	15,000	150,000
	15,000		50,000	(300,000)
				15,000
				50,000
Total	365,000	215,000	265,000	115,000

5 A

	FRW
Profit for the year before adjustment	5,000,000
Less Adjustments on purchase	(1,200,000)
Add over stated rent	360,000
Add understated closing stock	50,000
Revised profit for the year	4,210,000

- B you have deducted understated closing stock instead of adding them
- C you have adjusted purchase by Dr. purchase of FRW 600,000 instead of FRW 1,200,000
- D you have deducted overstated rent expense instead of adding them

6 A

Q	A	Reasons and workings
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- B Purchase return day book record goods returned, while cash book is used to record cash paid and received
- C Sales day book capture only goods sold on credit
- D Journal is used to record adjustments made
- 7 C A Invoice is a demand for payment, it can't show value of goods sold
- B If payment is done immediately upon receipt of goods, the best document to use is receipt not credit note
- D A credit note is issued by a supplier/seller to a buyer to cancel part/all of amount due
- 8 D
- A. debit note is a request for a credit note, it should not be deducted while processing payment
- B. VAT on debit note has no impact on payment as the initial subject matter i.e debit note is not even considered while processing payment
- C. Amount on credit note which is deducted while preparing payment must be inclusive of VAT
- | | Wrong option 1 | Wrong option 2 | Wrong option 3 | Correct answer |
|----------------------------|------------------|------------------|-------------------|------------------|
| | A | B | C | D |
| | FRW | FRW | FRW | FRW |
| | 1,770,000 | 1,770,000 | 1,770,000 | 1,770,000 |
| | (354,000) | (354*100/118) | (236,000*100/118) | (236,000) |
| Amount to appear on cheque | 1,416,000 | 1,470,000 | 1,570,000 | 1,534,000 |
- 9 A A insurance premiums could be paid using standing order
- B Monthly telephone charge and internet cost should be paid using direct debit and Monthly salaries must be paid using check or direct cash transfer
- C Covid-19 test for two employees could be paid using cash as it is small amount
- D Suppliers should be paid using cheque
- 10 D
- A is not correct – Purchase daybook is only affected in case of sale on credit
- B is not correct - Sales ledger is not a book of prime entry

Q	A	Reasons and workings
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C is not correct – Cash sales cannot be recorded in the sales daybook so the answer is incomplete

11 A

The cash in hand as at 31 October 2020 was (FRW 400,000) as shown below

12 B

	Wrong option A	Correct answer B	Wrong option C	Wrong option D
	FRW	FRW	FRW	FRW
	1,000,000	1,000,000	1,000,000	1,000,000
	2,000,000	1,600,000	-	1,600,000
	3,800,000	3,800,000	3,800,000	4,000,000
	(600,000)	(600,000)	(600,000)	(600,000)
	(450,000)	(450,000)	(450,000)	(500,000)
Balance at bank	5,750,000	5,350,000	3,750,000	5,500,000

A cash sales banked was 80% not 100% of it

C 80% of cash sales was immediately banked; this was not considered

D Discount should be deducted to get the amount banked/cashed

13 A A, '20' represent Property, plant and Equipment while 111' represent land

B 211 represent building not land

C '12' represent purchase not asset

D '500' represent payable

14 B Refer to working one (1)

In separate suggested solutions, indicate the workings straight after the answer

It can even be simple:

The correct balance can be calculated as follows:

$100,000 + 2,000,000 - 45,000 - 300,000 = \text{FRW } 1,715,000.$

Provide also explanation and workings for the wrong answers

15 B Refer to working two (2)

In separate suggested solutions, indicate the workings straight after the answer

Provide also explanation and workings for the wrong answers

16 B Answer C, the total payment made by Sindohoka Ltd is FRW 29,000,000 yet the amount owed to Ntabarinjye was FRW 22,000,000 i.e 20,000,000 (Opening balance) + 3,000,000 (credit sales) – 1,000,000 (Returns).

A Goods supplied by Sindohoka should not appear in receivable ledger account but it should appear on the payable ledger account

B Cash sales should not appear in the receivable ledger account

Q	A	Reasons and workings
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D The correct balance to describe amount owed by Sidohoka Ltd to Ntabarinjye is debit balance not credit balance

17 D For more details, refer to Working 3

A this answer considered only cash purchases, yet credit purchase must be computed to arrive at total purchases

B Payable balance as at year end should be presented in the balance sheet not profit and loss account

C FRW 500 for discount received +FRW 150 for ROW+ FRW 450 for payment made + FRW 60 for carriage in wards + FRW 200 for bal c/d minus FRW 800 of Bal b/d, the carriage in ward should not be considered while determining credit purchase

18 D A There is an effect resulting from recording sales return in the wrong side

B The debtors was not understated as it was debited by FRW 500,000

C the receivable balance increase in debit side

19 C

A Revenue reported in the statement of Profit and loss account must be net of VAT

B sales returns deducted from sales made must be net of VAT

D Bad debt must not be included in revenue for the year

Working

	FRW	FRW	FRW	FRW
	A	B	C	D
Credit sales	354,000	300,000	300,000	300,000
Add cash sales	600,000	600,000	600,000	600,000
Less sales returns	(236,000)	(236,000)	(200,000)	(200,000)
Add bad debt recovered				(400,000)
Annual Sales revenue	718,000	664,000	700,000	300,000

20 D D Answer is D, because the VAT is irrecoverable, therefore the total amount should be capitalized

A VAT refund is assets and must be presented in the statement of financial position

B VAT on sales should be credited in VAT account

C Motor vehicle repair is an expense, therefore, it must not be debited in asset account

21 D A Muzo Ltd is a supplier of Mahoro trading Co not a buyer

B Sales are recorded in sales account not in purchase account

C the discount was received from Muzo Ltd, therefore, it is not discount allowed

Q	A	Reasons and workings
22	C	

	FRW
Price	400,000
Discount	40,000
	360,000
VAT	64,800
Total amount to appear on invoice	424,800

A Purchase must not include Trade discount and VAT must be computed after taking into account trading discount

B VAT was computed as if the purchase figure was inclusive of VAT yet it was exclusive

C Correct answer

D No double entry required for trade discount

- 23 A B Sales and purchase reported in the P/L must be net of VAT
C Sales are inclusive of VAT; $590 + 118 - 70.8 = 637.2$
D Sales figure is incorrect; $(\text{FRW } 590,000 + 118,000) \times 10 / 118 - 70,800 = 529,200$.
Sales return must be net of VAT

Purchases	
	FRW
List price	140,000
Less trade discount	(28,000)
Purchase	112,000
VAT	20,160
Total	132,160

Revenue	FRW
Credit sales	590,000
Cash sales	118,000
	708,000
VAT	108,000
Gross sales	600,000
Returns $70,800 \times 100 / 118$	(60,000)
Net revenue as per P/L	540,000

- 24 C Answer C,

Balance in the receivable control account must agree with the total of individual account balance

A Personal customers account include details of transactions which have already been summarized in day books and posted to ledger accounts. Therefore, these do not form part of the double entry. The double entry is done between Receivable control account and sales account

- | Q | A | Reasons and workings |
|----|---|---|
| | B | Personal account act as a control tool to monitor the account of each customer, the statement is correct |
| | D | Ageing analysis shows how many days' invoice has been outstanding, the statement is correct |
| 25 | D | A and B would affect both personal receivable ledger and receivable control account |
| | C | Credit note of FRW 100,000 posted twice in customers account, would only make a difference of FRW 100,000 |
| 26 | D | D. Goods Received Note. This is a record of goods received from suppliers, and the record is shown as a proof that ordered products had been received |
| | A | Invoice is issued by the seller to demand for a payment from a buyer |
| | B | Sales order is written by a buyer to indicate the lists of goods they wish to buy |
| | C | Goods packing list is a document accompanying a shipment showing the goods packed and sent by a supplier |
| 27 | A | <p>D The suppliers was paid</p> <p>B FRW 540,000 relate to purchase made taking into account discount, but the related payment was done</p> <p>C Input VAT was computed based on FRW 600,000, resulting into wrong VAT payable i.e $\text{FRW } 270,000 - 600,000 \times 18\% = 162,000$</p> |

Workings

	FRW
Purchase	600,000
Settlement discount	(60,000)
Amount paid after discount	540,000
Input VAT	97,200

	FRW
Credit sales	944,000
Cash sales	826,000
Total sales inclusive of VAT	1,770,000
VAT	270,000
Sales without VAT	1,500,000

Liability arise due to unpaid VAT

	FRW
Output VAT	270,000
Input VAT	(97,200)
VAT payable	172,800

- 28 B
- A Payable ledger control account shows the total amount owed to all suppliers

Q	A	Reasons and workings
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C Individual supplier balance do not appear in trial balance

D Credit purchase would show the total purchases made on credit as per purchase day book

29 A Workings

Opening balance are not reconciled due to payment not captured in statement of account. Opening balance in payable ledger account is Date	Description	FRW
27/10/2020	Invoice No-341	150,000
28/10/2020	Invoice-342	250,000
29/10/2020	Payment through bank	(120,000)
Opening balance as at 01/11/2020		280,000
Opening balance as per statement of account		400,000
Difference		120,000
Difference resulted from payment made on 29 October 2020 not capture in statement of account		

B There is no system error

C All invoices in payable ledger account appeared on the statement of account

D There is no invoice reported twice

30 B

A a cheque of FRW 30,000 was after a discount of FRW 10,000. Deducting it again would understate bank balance

B Correct

C Bank opening balance was omitted

D This include opening balance for cash in hand

	A	B	C	D
	FRW	FRW	FRW	FRW
Opening balance	250,000	250,000		350,000
Payment from Peter	20,000	30,000	30,000	30,000
Payment from Mukire	150,000	150,000	150,000	150,000
Cash float	(60,000)	(60,000)	(60,000)	(60,000)

Q	A	Reasons and workings			
		Balance as at 31 December 2020	360,000	370,000	150,000
				470,000	

31 A

A	<p>a rejected cheque of FRW 2,000 is a dishonored cheque.</p> <p>This amount was debited in cashbook instead of passing a credit entry. To correct this error, the cashbook must be credited with FRW 4,000. Therefore, the bank balance as per reconciliation report will be FRW 3,500 i.e FRW 7,500-4,000</p>
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B this would not affect our reconciliation report because there was no error to credit dishonored cheque in cash book

C Cheque paid on 1/04/2021 was included among unpresented cheque, this is correct

D Cheque of FRW 4,000 not deposited by receptionist to bank was included among uncredited cheques as at 31 March 2021, this has no effect

32 C **Working**

	FRW
Purchase from Kabaya	200,000
Credit purchase from Salom	150,000
Purchase from Manzi	450,000
Returns to Kabaya	(80,000)
	720,000

A Goods returned to bolingo was included yet the initial purchase was made using cash, this should not affect purchase day book instead Gigabyte must claim refund from Bolingo

B Credit purchase of motor vehicle was included yet it should not be included because it is the acquisition of non-current asset.

C Correct answer

D Good received note issued to Manzi is not included, yet it represents goods supplied by Manzi on credit terms of 3 months

33 D

A VAT was included in purchase a/c, which is not correct

B VAT was wrongly computed, VAT was computed as if purchase is exclusive of VAT

C VAT was posted in wrong side

34 C **Answer C**, the amount represent overpayment to Muringa-suppliers, the amount must be refunded

Q	A	Reasons and workings
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- A amount owed to suppliers must appear in credit side of trial balance
 B Over supply must be returned if not, there must be a liability for that supply
 D Credit purchase is a liability and must appear in credit side of Trial balance

35 A

Balance as per bank	(4,500)
Less Unpresented cheque	(11,000)
Add Uncredited cheque	16,500
Balance as per cash book	1,000

Bank reconciliation

	FRW	FRW
Balance as per cash book	1000	
Add: Un presented cheque	11,000	
		12,000
Less Uncredited cheque		(16,500)
Balance as at bank		(4,500)

- B FRW 4,500 represent balance as per bank statement not cash book balance
 C Unpresented cheque was added instead of being deducted while computing cash book balance
 D Balance as per bank statement was used as if there was positive balance yet it was overdraft i.e $4,500 - 11,000 + 16,500$

36 B

- A you have committed a transposition error
 C you have debited motor vehicle account again!!!!
 D you have credited bank account twice

37 B

- A a standing order was not recorded
 C a standing order is added to cash balance instead of being deducted
 D the cash balance is considered as overdrawn balance

38 A

- B unpaid salaries is included in debit side instead of credit side
 C capital and unpaid wages taken to trial balance on debit side
 D prepaid electricity cost is taken to trial balance in credit side yet it must appear in debit side

39 C

	FRW
Motor vehicle	150,000
Trade receivable	60,000
Closing Inventory	200,000
Machinery at cost	90,000
Cash in hand	120,000
Total assets	620,000

Q	A	Reasons and workings
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- A The bank balance was included in assets yet it is bank overdraft
- B You have included Motor vehicle repair cost in assets yet it is revenue expenditure and the bank balance was included in assets yet it is bank overdraft
- D You have deducted bad debt from trade receivable yet it should not, the receivable transferred to trial balance was after taking into account bad debt

40 D

	FRW
Returns in ward	100,000
Customers payment	350,000
Bad debts	15,000
Bal c/d	500,000
Bal b/d	(400,000)
Dishonored cheques	(85,000)
Credit sales	600,000

- A you have computed credit sales without recording discount allowed in correct side and carriage in ward is credited in sales ledger control account yet it should not
- B you have considered customer's payment as credit sales
- C you correctly posted discount allowed but carriage in ward is still appearing in credit side of Sales ledger control account

41 C

More details Refer to working 4

- A you have considered closing balance as a credit, yet it should be in debit to show amount carried forward to next month as owed to suppliers
- B you have considered discount allowed instead of discount received
- C Correct
- D you have posted discount allowed in credit side of payable ledger control account instead of ignoring it as it relates to sales transactions

42 A

The payable ledger account is maintained to know the balance that a business owes to each supplier.

Q	A	Reasons and workings
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The balance taken to payable ledger control account is obtained from purchase day book not from payable ledger.

- B Debit balance in the payable ledger account are unusual, they may represent overpayment made to a supplier
- C Other payable does not form part of payable ledger account
- D The balance of total suppliers accounts should agree with the balance in the suppliers control account if not there must be an error

43 D

More details refer to working 5

- A you have ignored VAT on goods returned to suppliers
- B you have posted opening VAT refund in the credit side instead of debit
- C you have posted VAT on returned purchase in the debit side instead of being in credit side

44 C

	FRW
Opening capital	16,000,000
+/-profit/loss for the year (balancing figure)	(4,000,000)
Less drawings	(3,000,000)
Closing capital	9,000,000

- A you have computed the difference between opening and closing capital without taking into account drawings
- B you have deducted Liability from capital
- C Correct answer
- D you have deducted total expense from Closing capital

- 45 A Correct answer is A – Working 6
 B is not correct - It ignores Bad debt recovered
 C is not correct – It doesn't include bad debt in the calculations
 D is not correct because A is the correct answer

46 C

Q	A	Reasons and workings
	A	You have debited sales account instead of correcting wrong entry made in receivable control account
	B	Suspense account is credited with FRW 500,000 instead of FRW 1,000,000
	D	You have debited Receivable control account with FRW 500,000 instead of FRW 1,000,000
47	B	Answer is B, because the payment made by customer should be accompanied by a remittance advice <ul style="list-style-type: none"> A Document informing of the amount due is a statement of account C Document requesting bank to process payment is Payment order D Document used to record amount received from customers is cashbook
48	D	<ul style="list-style-type: none"> ii Is not correct because <p>Purchase returns could be shown as bracketed figure in purchase day book i.e negation make it incorrect statement</p> iii Is not correct because; <p>Cash sales are not included in sales day book, instead these are shown in cash book</p> v Is not correct because; <p>The transactions recorded in books of prime entry are summarized and posted to double entry ledger accounts not to trial balance</p>
49	C	<p>FRW 24,000 for Loan receivable + FRW 2,400 for interest+ FRW 600,000*8/12 for Prepaid electricity +FRW 50,000 for unpaid investment income</p> <ul style="list-style-type: none"> A FRW 400,000 relate to prepaid electricity cost and it is current asset not liability B 2,400 for interest should be included in current asset and FRW 400,000 is asset D FRW 600,000 is not wholly prepaid but part of it which for eight months it is
50	B	<p>Answer B The cash book must be debited with FRW 3,300,000 to cancel credit entry of FRW 3,000,000 and remain with debit balance of FRW 300,000</p>

Q	A	Reasons and workings
	A	Debit of FRW 3,000,000 would cancel only the credit entry made by error
	C	Debit of FRW 300,000 would result into understatement of cash balance due to initial error made while crediting cashbook by FRW 3,000,000
	D	Debit of FRW 270,000 would result into understatement of cash balance due to initial error made while crediting cashbook by FRW 3,000,000

Note:

Q	A	Reasons and workings
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Q: Stands for **Question**

A: Stands for **Answer**

Additional workings on specific questions

Question 14

Answer B

Receivables account

Narrative	FRW	Narrative	FRW
Opening balance	100,000	Cash received from debtors	300,000
Credit sales	2,000,000	Returns inward	40,000
		Discount allowed	45,000
		Bal c/d	1,715,000
	2,100,000		2,100,000

A	cash sales should not be considered
C	Discount received should not be included in debit side of receivable ledger account
D	Discount allowed must appear in credit side of receivable ledger account not in debit side

More details below

	Openin g balance	Credit sales	Cash receive d from debtors	RIW	Discoun t allowed	Discoun t received	Cash sales	Balance
	FRW	FRW	FRW	FRW	FRW	FRW	FRW	FRW
A	100,000	2,000,000	(300,000)	(40,000)	(45,000)		70,000	1,785,000
B	100,000	2,000,000	(300,000)	(40,000)	(45,000)			1,715,000 Correct answer
C	100,000	2,000,000	(300,000)	(40,000)	(45,000)	205,000		1,920,000
D	100,000	2,000,000	(300,000)	(40,000)	45,000			1,805,000

Working 2: Question 15

Answer **B**

Note: VAT should not form part of expenditure under P/L

Electricity a/c

Narrative	FRW	Narrative	FRW
Prepaid bal b/d	800,000	Profit and loss (balance)	4,750,000
Bank	3,000,000		
Accrued c/f	950,000		
	4,750,000		4,750,000

	A	B	C	D
Amount paid for electricity during the year excluding VAT	3,000,000	3,000,000	3,000,000	3,000,000
Prepaid cost bal b/d	800,000	800,000	(800,000)	800,000
Unpaid amount as at 31 Dec 2020	950,000	950,000	950,000	(950,000)
VAT	200,000			
Expense under P/L	4,950,000	4,750,000	3,150,000	2,850,000

Working three (3), Question 17**Answer is D****Supplier ledger control account**

Description	FRW	Description	FRW
	000		000
Discount received	500	Bal b/d	800
Returns outward	150	Credit purchase	500
Payment to suppliers	450	(Balance)	
Bal c/d	200		
	<hr/> 1,300		<hr/> 1,300

Purchases to be recorded in P/L

Credit purchase	500
Cash purchase	350
Total purchase	850

Working four (4), Question 41**Answer C,****Payable control account**

Description	FRW	Description	FRW
		Bal b/d	390,000
		Credit purchases	250,000
Payment	400,000		
Discount received	90,000		
Returns outward	50,000		
Bal c/d	100,000		
	<hr/> 640,000		<hr/> 640,000

Working five (5), Question 43**Answer, D**

VAT a/c			
Description	FRW	Description	FRW
Bal b/d	10,000	Output VAT (sales daybook)	200,000
Input VAT (Purchase daybook)	80,000	Output VAT (cash sales)	110,000
Bal c/d	240,000	VAT on returned purchase	20,000
	<hr/>		<hr/>
	330,000		330,000

Working six (6); Question 45

Credit sales is FRW 890,000 as shown below

Receivable control account			
	FRW		FRW
Bal b/d	150,000	Returns in ward	500,000
Credit sales (Balancing figure)	890,000	Bad debt	150,000
Bad debt recovered	80,000	Receipt from debtors	120,000
	<hr/>	Bal c/f	350,000
Total	1,120,000	Total	1,120,000

Sales order is written by a customer to a supplier to indicate the goods they wish to buy

Working seven (6); Question 11

Date	Description	Cash	Bank	Discount allowed	Date	Description	Cash	Bank	Discount received
					1 Nov 20	Bal b/d	400,000 (balancing figure)		
1 Nov 20	Bal b/d		1,000,000		1 Nov 20	Withdraw by cashier		600,000	
	Bank withdraw made by cashier	600,000			1 Nov 2020	Cash taken to bank	1,600,000		
	Sales to Mugunda	2,000,000			7 Nov 20	Payment to Zamburi		450,000	50,000
	Bank deposit		1,600,000						
30 Nov 20	Payment from Hamza		3,800,000	200,000					
30 Nov 20						Bal c/d	600,000	5,350,000	

End of model answers and marking guide