
CERTIFIED ACCOUNTING TECHNICIAN
STAGE 1 EXAMINATIONS
S1.1 RECORDING FINANCIAL TRANSACTIONS
DATE: TUESDAY, 27 APRIL 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 2Marks each.

SECTION A

- 1** Kalisa is an employee of Rwandex limited and he is managing petty cash of the company. He was given Frw 1,000,000 as an imprest amount for the month of December 2020. During the month, he received the voucher worth Frw 750,000 and the Finance Director requested him a monthly petty cash report for the month then ended. Which of the following statements explains the imprest system used by Kalisa during the management of cash float for Rwandex limited?

- A A system in which there is a maximum amount of money in petty cash and at regular intervals or when cash runs low, the total amount of payment spent for the period is used to reimburse or top up the imprest.
- B A system used by cashier to request the amount of money from his finance Director
- C A system used by finance director to control the amount of money spent during the period.
- D A system used by petty cashier for topping up the amount of money to the employee who requested the money.

(2Marks)

- 2** Tam-Tam has a petty cash imprest of Frw 7,500 and this is to be increased to Frw 8,000. At the end of the month the cash in hand was Frw 570 and the receipts and vouchers totaled Frw 6,730. How much cash is withdrawn from the bank to restore and increase the imprest?

- A Frw 7,430
- B Frw 7500
- C Frw 6,930
- D Frw 8000

(2Marks)

- 3** Which of the following items would likely be paid out of petty cash?

- | | |
|---|------------|
| (i) Payment to window cleaner | Frw 1,000 |
| (ii) Hire purchase payment for a delivery van | Frw 12,300 |
| (iii) A payment for postage stamps | Frw 110 |
| (iv) A payment to a supplier for goods bought on credit | Frw 6,500 |

- A All of the above
- B (i), (ii) and (iv)
- C (i) only
- D (i) and (iii)

(2Marks)

4 Which of the following items would be revealed when a bank reconciliation is performed?
(Identify all the items)

- (i) Unpresented cheques
- (ii) Missing cheques
- (iii) Standing orders
- (iv) Direct debits
- (v) Interest and charges

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

(2Marks)

5 XYZ has a bank statement showing an overdrawn balance of Frw 300,000. The cash book shows a bank balance of Frw 25,000, interests charged were Frw 30,000 and had not been recorded in the cash book. There were no unpresented cheques. How much was the total of undeposited cheques?

- A Frw 245,000
- B Frw 325,000
- C Frw 295,000
- D Frw 355,000

(2Marks)

6 Pazul is reconciling his cash book to the bank statement, his bank balance as per the cash book is Frw 2,357,000 and the balance on his bank statement is Frw 25,000 overdrawn. He finds the following differences: bank charges of Frw 23,000 and direct debits totaling Frw 100,000 have not been posted to the cash book; there are unpresented cheques of Frw 324,000, he deposited to the bank a batch of cheques two days ago totaling Frw 2,503,000 and these have not yet been credited to his account; a cheque he deposited to the bank last week for Frw 80,000 has been dishonoured.

What will the reconciled balance be?

- A Frw 2,154,000
- B Frw 2,204,000
- C Frw 2,357,000
- D Frw 2,277,000

(2Marks)

7 The following details have been extracted from the payroll records for the month of May

- Gross wages Frw 25,500
- Employer's social security contribution Frw 1,800
- Employer's pension contribution Frw 1200

What is the correct Journal for posting these details to the ledger accounts?

- A DR staff costs Frw 28500, CR Wages control Frw 28500
- B DR staff costs Frw 27300, CR wages control Frw 27300
- C Dr staff costs Frw 26700, CR Wages control Frw 26700
- D DR staff costs Frw 25500, CR wages control Frw 25500

(2Marks)

- 8** Eric gross annual salary is Frw 240,000. In March he paid Frw 3,480 income tax and Frw 2,170 employees' social security. Frw 170 was deducted towards his season ticket loan and employer's social security was Frw 2,470.

How much does Eric take home in March?

- A Frw 14,010
- B Frw 10700
- C Frw 14,180
- D Frw 16,650

(2Marks)

- 9** Rwsa has been appointed recently in the national bank as a credit controller and he approached you as a CAT candidate to advise him on where he can refer wishing to decide which debts need to be followed up. Which of the following should he refer to?

- A Ageing analysis of payables
- B Ageing Analysis of Receivables
- C Bank Reconciliation
- D Receivables control account

(2Marks)

- 10** The following entries appeared in the receivables ledger control account for the month of May. Balance b/f on 1 May Frw 7,500,000, sales Frw 20,000,000, receipts from customers Frw 8,000,000, irrecoverable debts written off Frw 900,000. What was the receivables ledger control account balance as at 30 May?

- A Frw 18,600,000
- B Frw 19,500,000
- C Frw 20,400,000
- D Frw 3,500,000

(2Marks)

11 The following entries appeared in the payables ledger control account for September. Balance b/f on 1 Sept was Frw 1,700,000, purchases were Frw 18,000,000, amount paid to suppliers Frw 10,000,000, discount received Frw 1,200,000, and purchase returns equivalent to Frw 3,000,000. What was the balance at 30 September?

- A Frw 5,500,000
- B Frw 2,100,000
- C Frw 11,500,000
- D Frw 7,900,000

(2Marks)

12 A business receives an accountant's bill for Frw 25,000. Which of the following statement correctly shows the effect on the accounting equation of the business, assuming the bill is unpaid?

- A Assets decrease, liabilities increase
- B Capital decreases, liabilities increase
- C Capital increases, liabilities decrease
- D Assets decrease, capital decreases

(2Marks)

13 Which of the following statements concerning credit entries is correct?

- A Credit entry record decreases in capital or liabilities
- B Credit entries record increases in assets
- C Credit entries record increases in profits
- D Credit entries record increases in expenses

(2Marks)

14 Which of the following entries correctly records the repayment of a loan of Frw 10,000 and an outstanding interest of Frw 500?

- A Assets decrease by Frw 10,500, Capital decreases by Frw 10500
- B Assets increase by Frw 10,500, Liabilities increase by Frw 10500
- C Assets decrease by Frw 10,500, Liabilities decrease by Frw 10000, Expenses increase by Frw 500
- D Assets decreases by Frw 10,500, Liabilities decrease by Frw 10500

(2Marks)

15 Which of the following are services that banks may offer?

- (i) Investments
- (ii) Paying accounts payable on behalf of a business
- (iii) Share dealing
- (iv) Posting entries to the general ledger

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

(2Marks)

16 A Customer wants to pay for items bought over the internet from a supplier who trades items using only the internet platform, which payment method is the most appropriate?

- A Credit cards
- B Debit card
- C A cheque
- D Cash

(2Marks)

17 What is a bank clearing system?

- A It is the mechanism for obtaining payment for cheques
- B It moves cash between banks
- C It sets credit levels for banks' business customers
- D It arranges long term loans for banks customers

(2Marks)

18 What is the primary function of a sales invoice which a customer has received from a supplier?

- A It is a receipt for money paid
- B It is a demand for immediate payment by the supplier
- C It is a record of goods purchased by the customer
- D It is a demand for payment within an agreed time from the supplier

(2Marks)

19 Which of the following correctly describes the function of a credit note issued by a supplier to a customer?

- A A demand for payment
- B An agreed allowance which can be deducted from the next invoice payment
- C A loan available to the customer
- D A document used by the supplier to cancel part or all of a previously issued invoice

(2Marks)

20 Kavamahanga starts a business with Frw 50,000 cash, buys inventory for Frw 10,000 with cash and pays business expenses of Frw 1,000. He buys inventory on credit worth Frw 5,000. Following these transactions, what is the capital of Kavamahanga's business?

- A Frw 39,000
- B Frw 49,000
- C Frw 50,000
- D Frw 54,000

(2Marks)

21 Accountant of X Large Ltd makes the following entries in the books of account.

DR Office premises Frw 500,000

CR Payables Frw 500,000

These entries record which of the following business transactions?

- A The business has taken out a bank loan to renovate the head office
- B The business has paid an outstanding invoice for repairs to office premises
- C The business has purchased a non-current asset on credit
- D The business has purchased a non-current asset for cash

(2Marks)

22 Which of the following statements is/are correct?

- A Sales invoices are recorded in the sales returns daybook and are summarized and posted to the receivable ledger
- B Purchase invoices are recorded in the purchase daybook and are summarized and posted to the payables ledger
- C Cash received is recorded in the cash book and posted to the journal
- D Adjustments to the financial statements are recorded in the cash book and summarized and posted to the general ledger.

(2Marks)

23 In the receivables Ledger of Ujengo Ltd, the account of Ujuzi Ltd has a credit balance of Frw 10,000,000. Which of the following is a possible explanation for this?

- A Ujuzi has been sent an invoice for Frw 10,000,000
- B Ujuzi Ltd has supplied goods to Ujengo Ltd and these have been correctly recorded by Ujengo Ltd
- C Ujuzi Ltd has paid Ujengo Ltd Frw 10,000,000 twice in error
- D Ujuzi has an overdue balance of Frw 10,000,000 owing to Ujengo Ltd

(2Marks)

24 Which of the following errors would be a possible reason for a trial balance failing to agree?

- A Sales Frw 500,000 entered correctly, but entered as Frw 1,500,000 in the Receivables ledger control Account
- B A purchase of Frw 550,000 on credit not being recorded
- C Cash wages being recorded as debit: cash Frw 250,000, credit Wages Frw 250,000
- D An asset purchase of Frw 750,000 being recorded as debit Machinery repairs Frw 750,000, Credit cash Frw 750,000.

(2Marks)

25 Which of the following is an example of an error of commission (assuming a control account is not kept)?

- A a receipt of Frw 25,000 from J. Gee entered in G. Jayy's account as a credit and debited to cash.
- B a purchase of cleaning materials recorded as DR cash Frw 50,000, CR Cleaning materials Frw 50,000
- C An invoice for Frw 13,000 is lost and not recorded at all
- D An invoice for Frw 25,000 sales is posted as Frw 20,500.

(2Marks)

26 Which of the following are reasons for a bank returning or dishonoring a Cheque?

- (i) Words and figures differ
- (ii) A cheque has less than guaranteed amount
- (iii) A cheque and guarantee card are stolen
- (iv) A cheque is not signed

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

(2Marks)

27 Which transactions could be most likely made by direct debit?

- A The monthly mobile phone bill
- B Purchase of office sundries
- C Monthly employee salaries
- D Refunds to customers

(2Marks)

28 Which of the following are books of prime entry?

- (i) Sales day book
- (ii) Cash book
- (iii) Journal
- (iv) Purchase ledger

- A (i),(ii) and (iii) only
- B (i),(ii) and (iv) Only
- C (iii) and (iv) only
- D All of them.

(2Marks)

29 A business has the following transactions in the first week of May 2020.

- (i) Receipt of cash from a customer, Jambo of Frw 150,000
- (ii) Cheque paid to Tumba of Frw 200,000
- (iii) Receipt of cash from a customer, Lily G of Frw 90,000
- (iv) Statement of account received from supplier ZUBI showing an amount owed of Frw 88,000
- (v) Receipt of cash from a customer Zeddy of Frw 78,000

What is the total amount that should be shown as cash receipts for the first week of May 2020?

- A Frw 30,000
- B Frw 118,000
- C Frw 318,000
- D Frw 606,000

(2Marks)

30 Why is a personal account for a supplier kept?

- A To facilitate payments to receivables
- B To ensure the accounts are paid in full
- C To check whether the amount due agrees to a statement received from the supplier, prior to payment
- D To ensure all trade discounts are taken.

(2Marks)

31 If a purchase return of Frw 48,000 has been wrongly posted to the debit of the sales returns account, but has been correctly entered in the suppliers account, the total of the trial balance would show:

- A The credit side to be Frw 48,000 more than the debit side
- B The debit side to be Frw 48,000 more than the credit side
- C The credit side to be Frw 96,000 more than the debit side
- D The debit side to be Frw 96,000 more than the credit side.

(2Marks)

32 Jiji runs her own business and is registered for VAT. This week her purchases were Frw 2,360,000 inclusive of VAT and her sales were Frw 1,600,000 exclusive of VAT. Tax rate of VAT is 18%.

At the end of the week, what will the VAT account in her ledger show?

- A Frw 360,000 Receivable
- B Frw 288,000 payable
- C Frw 72,000 receivable
- D Frw 72,000 payable

(2Marks)

33 Juliette's gross annual salary is Frw 4,890,000. In March she paid Frw 86,400 tax and Frw 37,500 employee's social security contribution. Her employer's social security contribution is Frw 40,200.

How much does Juliette take home in March?

- A Frw 367,300
- B Frw 283,600
- C Frw 280,900
- D Frw 243,400

(2Marks)

34 A business has the following year end payroll information

Gross salaries and wages	Frw 951,160,000
Income Tax deducted	Frw 203,540,000
Employer's pension contributions	Frw 89,280,000
Employees' pension contributions	Frw 76,780,000

What is the total payroll cost to the business for the year?

- A Frw 1,320,760,000
- B Frw 1,117,220,000
- C Frw 1,040,440,000
- D Frw 824,400,000

(2Marks)

- 35** Gaga Ltd was reconciling his payable ledger control account as at 31 March and discovered that the total of his purchases day book for March was overstated by Frw 50,000. What is the effect of correcting this error in Gaga ltd.'s reconciliation?

	Control Account	List of supplier's balances
A	CR Frw 50,000	No effect
B	DR Frw 50,000	No effect
C	CR Frw 50,000	increased
D	DR Frw 50,000	Decreased

(2Marks)

- 36** Which of the following are valid reasons for keeping a payables ledger control account?
- (i) To obtain a figure for payables to be included in the statement of financial position
 - (ii) To assist in the detection of errors
 - (iii) To check the accuracy of entries made in personal accounts

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

(2Marks)

- 37** Turnkey 's payables ledger showed that Frw 2,300,000 was owed to suppliers at the start of the week. During the week Turnkey made purchases of Frw 3,900,000 and he paid Frw 900,000 of this in cash. He also paid suppliers Frw 1,000,000 by Cheque. What is the closing balance on his payables ledger?

- A Frw 4,000,000
- B Frw 4,300,000
- C Frw 5,200,000
- D Frw 6,100,000

(2Marks)

- 38** Patrick buys Goods on credit from Nakuta but finds that some of them are faulty. What documents would Patrick return to Nakuta with the faulty goods?

- A Expense claim
- B Debit note
- C Sales invoice
- D Purchase invoice

(2Marks)

39 Which of the following would be on the debit side of the payable's ledger control account?

- (i) Cash paid
- (ii) Purchase returns
- (iii) Discounts received
- (iv) Purchases

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

(2Marks)

40 Kabanda is a VAT registered trader. On 1 October he purchased carpets for his new showroom at the price of Frw 20,000. He was given a trade discount of 10% and the VAT rate is 18%.

What sum will Kabanda be invoiced, inclusive of VAT?

- A Frw 18,000
- B Frw 20,000
- C Frw 21,240
- D Frw 23,600

(2Marks)

41 Which document will the warehouse issue when deliveries are received?

- A A receipt
- B A purchase order
- C A goods received note
- D A remittance advice

(2Marks)

42 Which of the following would be classified as capital expenditure?

- A Purchase of machinery
- B Maintenance costs
- C wages of machine operators
- D Insurance cover for machinery

(2Marks)

43 Which of the following statements is correct?

- A Capital expenditure is always equal to revenue expenditure
- B Any maintenance costs exceeding Frw 1,000,000 should be capitalized
- C Revenue expenditure is reported in the statement of profit or loss
- D Acquisition of an equipment is a revenue expenditure

(2Marks)

44 Which of the following statements explains the term memorandum account?

- A An account used for the correction of errors
- B An account used to record transactions between the business and its proprietors
- C An account used to record information, which does not form part of the double entry
- D An account used to summarise transactions before they are posted to the ledgers

(2Marks)

45 Which of the following appears in a statement of financial position?

- A Sales
- B Gross profit
- C Capital
- D Net profit

(2Marks)

46 Which payment is most likely to be made by standing order?

- A Parking penalty
- B Bank charges
- C Credit card bill
- D Mortgage payment

(2Marks)

47 What is the document that a business sends to customers to summarise transactions at the end of an accounting period?

- A Remittance advice
- B Statement of Account
- C Credit note
- D Invoice

(2Marks)

48 Which of the following is an example of external document?

- A Supplier Statement of account
- B Staff time sheet
- C Supplier details master file
- D Inventory list.

(2Marks)

49 A sole trader has received an invoice from a supplier. In which book of prime entry will this be entered?

- A The cash book
- B The purchase day book
- C The journal
- D The sales day book.

(2Marks)

50 Cash receipts recorded in the cash book may include money received from which of the following?

- (i) Disposal proceeds received from the sale of non-current assets
- (ii) Bank interest
- (iii) A tax Refund
- (iv) A Purchase on credit

- A (i),(ii) and (iii) only
- B (i),(ii) and (iv) only
- C (iii) and (iv) only
- D All of them

(2Marks)

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