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**CERTIFIED ACCOUNTING TECHNICIAN  
STAGE 1 EXAMINATION  
S1.1 RECORDING FINANCIAL TRANSACTIONS  
DATE: TUESDAY 25, FEBRUARY 2025  
MODEL ANSWERS AND MARKING GUIDE**

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## SECTION A

### Marking Guide

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

**Marks**

Marks for each correct answer

2

**Total Marks for this section**

**100**

### MODEL ANSWERS

#### QUESTION ONE

**The correct answer is C**

A & D are assets and have a debit balance, B are expenses, having a debit balance.

## QUESTION TWO

The correct answer is D

VAT Account			
FRW		FRW	
Purchases - 690,000	131,100	Sales - 950,000	151,681
Balance C/fwd	20,581		
	<u>151,681</u>		<u>151,681</u>

## QUESTION THREE

The correct answer is A

The only proof of authenticity for a petty cash expenditure is evidence of receipts and other information received as evidence of expenditure.

## QUESTION FOUR

The correct answer is D. Once a profit is not distributed to the business owner, it increases his capital. The following calculations justifies why A, Band C are incorrect.

The accounting equation is given by the following formula:

**Assets= (Capital introduced + Retained profits) +Liabilities**

**Assets=Capital +liabilities**

FRW 45,000,000= (FRW 5,000,000 +Retained Profits) +FRW 10,000,000

Retained Profits=FRW 30,000,000

A FRW 60,000,000 is incorrect

B FRW 50,000,000 is incorrect

C FRW 15,000,000 is incorrect

## QUESTION FIVE

The correct answer is D, the capital expenditure relates to the acquisition or improvement it does not include repairs and maintenance which is a revenue expenditure.

A is incorrect because It includes repairs and maintenance

B is incorrect because it contradicts the above definition

C is incorrect because it contradicts the above definition

## QUESTION SIX

**The correct answer is C**

A supervisor: If it's an hourly pay job, the supervisor will be aware of the hours worked but not the calculation eventually, tax authorities. - only know the amount of tax and not the breakdown of its calculation per each employee and a pay slip does not bare the details of calculation.

## QUESTION SEVEN

**The correct answer is C**, Receivables irrecoverable figure has to be written off the receivable control account and create an expense to the profit and loss account.

- A. is incorrect because it affects revenue account
- B. is incorrect because our transaction doesn't involve bank account
- D. is incorrect because our transaction does not affect discount received

## QUESTION EIGHT

**The correct answer is C** because control accounts are set up for statement of financial position items not for statement of profit or loss items such as sales as appear in (iii).

## QUESTION NINE

**The correct answer is D**; Credit balances cause a disagreement once they are treated as debit in the list of balances. A, B and C form part of the reasons of disagreement.

- A Incorrect addition of payments and invoices from the books of original entry
- B Credit notes entered as invoices and invoices entered as credit notes
- C Invoices posted to the wrong side in the control account

## QUESTION 10

**The correct answer is D**, an aged debtor analysis for monitoring debtors helps us to get:

- (i) An understanding of how quickly your customers are paying you on average
- (ii) An ability to compare the speed of customer payments relative to industry benchmarks
- (iii) An ability to track the effectiveness in detail of changing debtor management practices
- (iv) An analysis of the proportion of your debtors who are unlikely to ever pay you

## QUESTION 11

The correct answer is B

	FRW	A	B	C	D
Subscriptions to the industry regulators due	15,000		15,000	15,000	
Inventory at 1 May	67,490				67,490
Salaries of staff not paid in April	18,000		18,000	18,000	
Trade payables	22,800		22,800	22,800	
Bank overdraft	7,500		7,500	7,500	
Loan due for repayment in 2 years time	50,000		50,000		50,000
Trade receivables	39,200				39,200
			<b>113,300</b>	<b>63,300</b>	<b>50,000</b>
		wrong answer - included amount due for more than a year - loan	Right answer - The trade payables are due to be paid within 12 months, the overdraft is repayable on demand	Wrong answer - this is a long term liability	wrong answer - those are current liabilities

## QUESTION 12

The correct answer is B

Cash sales and sales tax are both recorded in the cash book, with tax under the memorandum column. Sales and purchases day books record sales and purchases made on credit whereas the journal is for correction of errors.

## QUESTION 13

The correct answer is C, Statements of account are sent to customers at the end of each month to tell them how much they owe the organization, with details of the transactions involved. At any time in the month, it will be possible to obtain for internal use a printout of the same details as are included in a statement of account. This may be needed from time to time to check details of transactions.

The answer in A,B and C contradict the real purpose of customer statement

## QUESTION 14

The correct answer is D, for (i) and (iv), they are useful for bank reconciliation.

**Supplier statement reconciliations steps:**

**Step 1:** Tick off the items which appear in both the statement and the payables ledger

**Step 2:** Agree the opening balance on the supplier's statement

**Step 3:** Allocate payments to invoices after allowing for any credit notes

**Step 4:** Identify differences

## QUESTION 15

**The correct answer is D**

- A Faulty goods statement. – that does not exist
- B Debit note. – this is issued by a customer or buyer for goods returned, as a means of requesting for a credit note
- C Goods received note. – this is issued by a supplier on deliver, for a company to acknowledge receipt of goods supplied

## QUESTION 16

**The correct answer is D**

- A It has bought FRW 900,000 worth of goods from suppliers in June. - wrong answer – A payable balance rolls over month on month. Any supplier balances not yet settled will be reflected on the payable ledger control, not necessarily for June only.
- B It has paid FRW900,000 to its suppliers. – wrong answer - Payable balance is reduced by any payment made but not the balance on account.
- C It is owed FRW900,000 worth of goods supplied to its customers by June. – wrong answer – What a company is owed represents a receivable balance and not a payable balance.
- D It owes FRW900,000 to its suppliers of goods supplied as of June – Right answer - The payables ledger control account records transactions and amounts in total with the suppliers to the business. The balance on the control account is the total amount owed by the business to all its suppliers.

## QUESTION 17

**The correct answer is B**

Authorization requires evidence and a correctly authorized form requiring a cheque to be sent to the supplier. A receipt would not be seen until after payment has been made and a remittance advice is not drawn up until after the cheque is ready to be sent. At the stage the cheque is drawn, the amount in the bank would not be a major consideration. This would or should have been arranged by senior managers or account owner.

## QUESTION 18

**The correct answer is C.** A, B and D are contradicted by the below calculation:

Details	Cashbook (FRW 000)	Bank statement(FRW000)
Closing Balance	70,080.00	(13,900.00)
Bank charges	(1,000.00)	
Direct debits	(6,500.00)	
Dishonoured cheques	(4,600.00)	
Unpresented cheques		(11,080.00)
Outstanding lodgements		82,960.00
	<b>57,980.00</b>	<b>57,980.00</b>

## QUESTION 19

The correct answer is **D**. Our transactions will be recorded as follows:

Dr Cash FRW164,315    Cr Sales FRW139,250    Cr VAT FRW25,065

Our table below justifies why A, B, and C are not correct.

Date	Customer name	Net price	VAT
03/09/2022	MBANDA	67,600	12,168
	NIYONKURU	50,050	9,009
	RWAMUCYO	21,600	3,888
<b>Total</b>		<b>FRW139,250</b>	<b>FRW25,065</b>

## QUESTION 20

The correct answer is **B**.

FRW 1,300,000 will be debited twice to purchases, giving rise to a credit balance in the suspense account

A is incorrect because the receivables ledger is not part of the general ledger, so this will have no effect.

C is incorrect because this will not create any imbalance.

D is incorrect because this transposes the debit and credit entries, but the trial balance will still balance.

## QUESTION 21

The correct answer is **C**

C The purchase daybook records purchase received from suppliers for items purchased on credit and not on cash basis. The correct posting is to debit purchases and credit payables. Here, the credit is to the suppliers' accounts in the payable's ledger. Answer A has the debit and credit the wrong way round. Answers B and D are incorrect because the Cash book is not affected by the receipt of purchase invoices.

## QUESTION 22

The correct answer is **A**

### Receivables ledger control account as at 31st August

Bal b/fwd	32,750	Receipts	122,500
Credit sales	125,000	Contra	550
		Refunds	1,300
		<b>Bal. C/fwd</b>	<b>33,400</b>
	<b>157,750</b>		<b>157,750</b>

B - both contra and refunds debited and not credited. These reduce receivable balances.

C - refunds debited and not credited. These reduce receivable balances.

D - contra debited and not credited. These reduce receivable balances.

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### QUESTION 23

**The correct answer is C.** Unpresented cheques posted to suppliers totaling FRW 1,400,000 would be the cause. **A** and **B** would have the opposite effect and **D** would have no effect.

### QUESTION 24

**The correct answer is B**

FRW (457,000 + 594,000 – 564,000) The cash sales of RWF100,000 are excluded from the receivables ledger as only transactions relating to credit sales are recorded in the receivables ledger. The above response rejects **A**, **C** and **D**.

A=457,000+100,000 C=457,000-100,000 D=564,000+100,000

### QUESTION 25

**The correct answer is C,** The table below rejects answers in A, B and D.

Details	Amount	Comment
VAT on Purchases (4,360,000*18/118)	665,085	Receivable
VAT on Sales (1,800,000*18%)	324,000	Payable
	341,085	Receivable

A=1,800,000\*18% B=(4,360,000\*18/118) D=4,360,000\*18%

### QUESTION 26

**The correct answer is D,** the balance on the payables ledger control account should be equal to the total of the balances on the individual suppliers' accounts.

**A, B, C** are incorrect because they concern customers control account

### QUESTION 27

**The correct answer is D**

The adjustments to ensure that the balances reconcile at the correct amount are to: Dr Purchase ledger control account FRW 720,000; this removes the overstatement of FRW 720,000 in the purchase day book. This error affects the purchases ledger control account only, therefore the adjustment is not included in the supplier balances Subtract FRW 38,000 from the list of supplier balances; the credit note had been omitted from the supplier balances only, therefore it needs to be deducted. This adjustment does not affect the purchases ledger control account.

The answer in A, B and C are incorrect because they have a different effect on other accounts not affected by the error.

### QUESTION 28

The correct answer is **D**, the answer in A, B and C are not supported by the below computations.

**PAYABLES CONTROL ACCOUNT**

	<b>FRW'000''</b>		<b>FRW''000''</b>
Adjustment. Credit note	130	Balance b/f	5,925
Balance c/f	5,795		
	5,925		
Payables ledger	<b>FRW''000''</b>		
Balance	6,348		
Receivables ledger offset	(750)		
Omitted account	197		
	5,795		

**QUESTION 29**

The correct answer is **B**,

If the input tax is not recoverable, the cost of purchases must include the tax, because it is the business itself which must bear the cost of the tax. **A** is incorrect because it recognizes VAT refundable, **C** is a complete reversal while **D** does not obey the double entry principle.

**QUESTION 30**

The correct answer is **C**; the VAT account's credit balance indicates that you owe a VAT to the tax Authority while a debit balance shows that you have a refundable VAT to claim. **A** and **B** do not portray the correct closing balance while **D** is the reverse of **C**.

**QUESTION 31**

The correct answer is **D**

**A** is incorrect because the expense of FRW 100,000 must be debited to an insurance expense account, not a non-current asset.

**B** is incorrect because payments are credited to cash (reduction of the asset of cash). Increases in assets are debited to asset accounts, expenses are debited to expense accounts.

**C** is incorrect because this reverses the transaction, although the books will balance – the entry is fundamentally flawed.

**QUESTION 32**

The correct answer is **D**.

Assets and liabilities have been increased and the bank has been reduced by the amount of the payment.

**A** is incorrect because the initial entry recording the purchase has reduced assets and payables. The payment of FRW 2,000,000 has been recorded as if it were a receipt.

**B** is incorrect because the initial entry recording the purchase has reduced assets and payables. The payment of FRW 2,000,000 has been correctly recorded.

**C** is incorrect because the initial purchase has been correctly recorded, but the payment has been treated as if it were a receipt.

### QUESTION 33

**The correct answer is B**, FRW 2,600,000 will be debited twice to purchases, giving rise to a credit balance in the suspense account.

**A** is incorrect because the receivables ledger is not part of the general ledger, so this will have no effect.

**C** is incorrect because this will not create any imbalance.

**D** is incorrect because this transposes the debit and credit entries, but the trial balance will still balance.

### QUESTION 34

The correct answer is **D**.

**A**, **B** and **C** do not agree with the below calculation.

$$\text{FRW } (3,105,000 + 700,000 - 169,000) = 3,636,000$$

### QUESTION 35

**The correct answer is D**

**A** Invoice – An invoice is a document issued by a seller to the buyer that indicates the quantities and costs of the products or services provided by the seller.

**B** Sales ledger – Lists both cash and credit supplies/ sales.

**C** Purchases daybook lists invoices of goods or items supplied to the company on credit

### QUESTION 36

**The correct answer is A**. Once a trial balance is drawn up which does not balance (total debits do not equal total credits) or once the bookkeeper of a business knows where to post the credit side of a transaction, but does not know where to post the debit (or vice versa) these situations motivate the creation of a suspense account. **C**, **D** do not require a suspense account since it is easy to identify the accounts to effectuate the double entry.

### QUESTION 37

**The correct answer is B**

**A** Dr. Sales FRW 7m, Cr. Receivables FRW 3.5m, Cr. Cash FRW 3.5m – a sale is a credit entry.

**B** Dr. Purchases FRW 7m, Cr. Payables FRW 3.5m, Cr. Cash FRW 3.5m – If you have purchased – right answer.

**C** Dr. Receivables FRW 3.5m, Dr. Cash FRW 3.5m, Cr. Sales FRW 7m – entry for the seller (Rwigema)



### QUESTION 43

**The correct answer is C**, the mortgage payment is a fixed amount each month and where the amount being paid changes due to movement in the mortgage rate, Christa issues revised instructions to the bank. Therefore, the standing order payment method is being used here.

A, B and D are incorrect because in a payment with cash or cheque no need to inform the bank.

### QUESTION 44

**The correct answer is C**; Invoices are issued by the supplier to request payment from the customer. A, B and D are incorrect because of the following reasons:

A Is issued by the buyer to request a credit note.

B Is a summary of the buyer's account.

D Is an internal document issued when goods are received

### QUESTION 45

**The correct answer is B**, the petty cashier will not usually sign the payment voucher and must not authorize the payment. A, C and D are incorrect because of the following reasons:

A. The purpose and details must be clear and should be supported by a receipt for the expenditure where possible.

C.A signature is important to acknowledge receipt.

D. There may be different persons to authorize payment and the cashier should check the authorizing signature against a list of specimen signatures

### QUESTION 46

**The correct answer is A**

A Debit Receivables account, Cr. Sales account – (it's a credit transaction)

B Debit Cash account, Cr. Sales account - (it's a not a cash transaction)

C Debit Sales account, Cr. Cash account – (wrong entries, sales are credited)

D Debit Sales account, Cr. Receivables account - (wrong entries, sales are credited)

### QUESTION 47

**The correct answer is B**

Payable Leger account			
Payment	62,100	Bal b/fwd	97,400
		<b>Credit purchases (bal. figure)</b>	<b>69,700</b>
<b>Bal c/fwd</b>	<b>105,000</b>		
	<b>167,100</b>		<b>167,100</b>

A FRW 115,500 – cash purchases are added to the total purchases for the period.

B FRW 69,700 – Right answer

- C FRW 105,000 – This represents closing balance of payables
- D FRW 92,600 – cash payments are not deducted from the total payments.

#### **QUESTION 48**

**The correct answer is D.** The correct imprest amount in an imprest petty cash system is represented by: Notes and coins in the cash box + vouchers for payments, **A**, **B** and **C** are incorrect basing on this formula.

#### **QUESTION 49**

**The correct answer is A**

The drawer is the person signing the cheque. The drawee is the bank on which the cheque is drawn. The payee is the person to whom the cheque is made out. The payer is not a term used legally with cheques.

#### **QUESTION 50**

**The correct answer is D.** Opening balance plus cash less expenditure: RWF2,200  
+ 5,300 – 1,600 = 5,900. Therefore 7,500 – 5,900 = 1,600 being the amount required to top up the imprest level. A, B and C are incorrect referring to this answer.

### **End of Marking Guide and Model Answers**