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**CERTIFIED ACCOUNTING TECHNICIAN
STAGE 1 EXAMINATION**

S.1.1: RECORDING FINANCIAL TRANSACTIONS

DATE: TUESDAY 28, MAY 2024

INSTRUCTIONS:

- 1. Time Allowed: 2 hours and 30 minutes**
- 2. This paper has 50 multiple-choice questions; each question has two (2) marks**
- 3. All the 50 questions are to be attempted**
- 4. The question paper should not be taken out of the examination room**

SECTION A

QUESTION ONE

In the concept of accounting for payroll, a payroll is accounted for using.

- A** Single entry bookkeeping rules
- B** Double entry bookkeeping rules
- C** Depending on the transaction - Both double entry and single-entry bookkeeping rules
- D** Neither Single entry nor double entry bookkeeping rules

(2 Marks)

QUESTION TWO

The purpose of an aged receivables analysis is to?

- A** Identify the bad debts of an entity
- B** Assess credit limits of receivables
- C** Enable the company monitor the period the receivables have been outstanding
- D** Match receivables balances with payments made.

(2 Marks)

QUESTION THREE

Mr. Omar is conducting internship at KL Ltd in finance department since December 2022. On 1st October 2023 at 11:30 am, Mr. Omar received a document from their client (Rugali Ltd) showing the following: full name and address of the Payer (Rugali Ltd) and payee (KL Ltd), The invoice number and invoice amount and amount to be paid, The invoice date and date of payment. Mr. Boss (supervisor of Mr. Omar) who was in a meeting wanted a brief note of the name of document received but Omar was not able to identify the proper name of the document.

As a CAT candidate, which one of the following names should be briefed to Mr. Boss?

- A** Remittance advice
- B** Cheque
- C** Bank Reconciliation statement
- D** Purchase order

(2 Marks)

QUESTION FOUR

Kabaka is a store keeper of Bagore company located in Rwamagana district. Kabaka is in charge of buying needed materials in the company. He bought materials totaling FRW 10,000 and sold them for FRW 12,500. **This will increase owners' equity by:**

- A FRW 10,000
- B FRW 12,500
- C FRW 2,500
- D None of the above

(2 Marks)

The following information is relevant for questions FIVE and SIX

Niyonzima a prominent businessman in Kigali city recently obtained a bank loan to clear taxes on a huge Calvin Klein branded clothes purchase which were all resold since he offered a 5% discount on all sales above FRW 500,000 and a further 2% for payments below 30 days from the sale. He uses a diary to record all his transactions since incorporation.

Gasana a whole seller from Byumba, that purchased clothes worth FRW 4,500,000 two weeks ago on credit from Niyonzima has returned clothes worth FRW 850,000 claiming, his clientele who are mostly campusers have rejected them claiming they are old fashion, but Niyonzima traders, says he does not remember selling to him. Gasana is in at the reception shouting on top of his voice saying “am not leaving without a credit note and knowing my balance.”

QUESTION FIVE

While doing research on the internet, Niyonzima has come across a statement that “Documentation is an important aspect of business and therefore business transactions can be evidenced by either internal or external documentation,” to which he is confused. **Help him understand which of the following lists contains internal documentations only?**

- A Invoice, goods received note, delivery note, credit note.
- B Quotation, acknowledgement, letter of inquiry, letter of acceptance.
- C Goods received note, invoice, employee claims, time sheets, purchase order.
- D Police letter, national Identity card, audit report, driver's license.

(2 Marks)

QUESTION SIX

In light of the above, if the entire transaction to Gasana is authentic, **how much is his balance in Niyonzima's books after acceptance of the items returned?**

- A FRW 3,425,000
- B FRW 5,575,000
- C FRW 4,189,500
- D FRW 5,125,500

(2 Marks)

QUESTION SEVEN

On Thursday 30th August 2018, a new law n° 66/2018 of 30/08/2018 regulating Labour in Rwanda was published in the Official Gazette repealing the law N° 13/2009 of 27/05/2009. The main changes of the new Labour Law include provisions on employment relations based on employment contract between an employee and an employer in the private sector, provisions governing contractual staff in the Public Sector.

Which one of the following is not deducted from employee salaries?

- A Income tax
- B Employers benefit contributions
- C Employees social security
- D Employee contributions to the pension scheme

(2 Marks)

QUESTION EIGHT

HJK Ltd is a local company registered in 2024 in selling manufactured agricultural products. Since its beginning, the company did not have any financial records. Cash Book is the one in which all the cash receipts and cash payments, including the funds deposited in the bank and funds withdrawn from the bank, are recorded according to the date of the transaction.

The following is the list of transactions to be considered while preparing cash book but the accountant doesn't know which one to be in cashbook or not.

Dates	Description	Amount (FRW)
1-Mar-23	Cash in hand	32,500
8-Mar-23	Cash paid to Rohan	8,000
12-Mar-23	Goods Purchased	3,000
15-Mar-23	Cash received from Baho	2,000
18-Mar-23	Cash Sales	4,000
22-Mar-23	Paid wages	4,000
25-Mar-23	Salary paid	3,000
28-Mar-23	Cash paid to John	3,500
28-Mar-23	Credit sales	2,000
31-Mar-23	Rent paid	2,500
28-Mar-23	Cleaners fee in cash	1,000
28-Mar-23	Bank charges	500
31-Mar-23	Interest charged by bank	200
31-Mar-23	Depreciation	700
	Total	66,900

On 1st April 2024, which of the following should be the total list amount of cash book items?

- A FRW 66,900
- B FRW 63,700
- C FRW 59,700
- D FRW 64,200

(2 Marks)

QUESTION NINE

Advise which of these will not be considered in cash book contra entry?

- A Cash is withdrawn from the bank for personal use
- B Cash deposited to bank
- C Cash is withdrawn from the bank
- D All of the above

(2 Marks)

QUESTION 10

Which of these errors noticed in Uzuri Boutique records would be an error of principle?

- A Plant and machinery purchased was credited to an assets account
- B Plant and machinery purchased was debited to the purchases account
- C Plant and machinery purchased was debited to the equipment account
- D Plant and machinery purchased was debited to the correct account but with the wrong amount

(2 Marks)

QUESTION 11

Kwizera received a Discount of FRW40,000 from Madilu Supermarket but this transaction was erroneously debited to purchase returns.

How this error will affect the trial balance?

- A Debits will be FRW 80,000 more than credits
- B Credits will be FRW 80,000 more than debits
- C Debits will be FRW40,000 more than credits
- D The trial balance will not be affected

(2 Marks)

The following information is relevant for questions 12 – 13.

Kinyogote Ltd is a company registered in Rwanda since 2000 and has many employees in Kigali where it is based. Kinyogote works professionally with its stakeholders to receive discounts in their operations. The Managing director encouraged all employees to collaborate with stakeholders to keep more discounts as it has been done in last years.

On 9th September 2023, Kinyogote Ltd purchased materials worth FRW 1,200,000 from Tuza ltd on credit, Kinyogote Ltd would receive a discount of 2% if the amount is to be paid within two months and is committed to take the advantage of the offered discount.

QUESTION 12

What are the journal entries required to record the above transaction in the books of account of Kinyogote Ltd?

- A. Dr: Purchases FRW 1,200,000, Cr: Trade payables FRW 1,176,000, Cr: Discount received FRW 24,000**
- B. Dr: Purchases FRW 1,176,000, Dr: Discount received 24,000, Cr: Trade payables FRW 1,200,000**
- C. Dr: Purchases FRW 1,200,000, Cr: Trade payable FRW 1,200,000**
- D. Dr: Purchases FRW 1,200,000, Cr; Discount allowed FRW 24,000, Cr: Trade payables FRW 1,176,000**

(2 Marks)

QUESTION 13

Generally, which of the following should be the rationale behind issuance of discount?

- A Boost sales**
- B To comply with local tax regulations**
- C To evade tax**
- D All the three**

(2 Marks)

QUESTION 14

Which of the following could create a debit balance on an account in the payables ledger of Kazinikazi Boutique?

- A An underpayment to a supplier**
- B A duplicate payment of a supplier's account**
- C Trade discount received**
- D An overcharge on a supplier's invoice**

(2 Marks)

QUESTION 15

Kwizera is an accountant of PTC Hotel Ltd, during the month of September 2023 he posted wrongly a purchase return of FRW 80,000 to the debit of the sales returns account, but has been correctly entered in the supplier's account.

What will the total of the trial balance show as a result of the above error?

- A The credit side to be FRW 80,000 more than the debit side
- B The debit side to be FRW 80,000 more than the credit side
- C The credit side to be FRW 160,000 more than the debit side
- D The debit side to be FRW 160,000 more than the credit side

(2 Marks)

QUESTION 16

Umurerwa operates a restaurant business at Gisimenti, the year-end balance on Umurerwa's payables control account stands at FRW 9,500,000.

What does this mean to this business woman?

- A Suppliers owe Umurerwa FRW 9,500,000
- B Umurerwa owes FRW 9,500,000 to suppliers
- C Umurerwa made cash purchases of FRW 9,500,000
- D Umurerwa has supplied FRW 9,500,000 worth of goods on credit

(2 Marks)

QUESTION 17

Amani business has a debit balance on its bank statement of FRW45,280,000 and a debit balance on its bank account in the general ledger of FRW 32,640,000, While performing a bank reconciliation, the accountant noticed critical items behind this imbalance.

Which of the following would explain the difference?

- A Unpresented cheques of FRW 77,920,000
- B Outstanding lodgments of FRW 77,920,000
- C Unpresented cheques of FRW 12,640,000
- D Outstanding lodgments of FRW 12,640,000

(2 Marks)

QUESTION 18

The term statement of financial position refers to a financial statement that reports a company's assets, liabilities, and shareholder equity at a specific point in time.

Which of the following items is a current liability?

- A Bank overdraft
- B Prepaid salaries
- C Depreciation
- D Receivables

(2 Marks)

QUESTION 19

Advise which of these will not be considered in cash book contra entry?

- A Cash is withdrawn from the bank for personal use
- B Cash deposited to bank
- C Cash is withdrawn from the bank
- D All of the above

(2 Marks)

QUESTION 20

Byaruhanga Ltd sold A car at a price equivalent to its net book value. **What will happen on Byaruhanga Ltds' financial records?**

- A The total assets will increase
- B The total liabilities will increase
- C The total assets will decrease
- D There is no change in the total assets

(2 Marks)

QUESTION 21

Zim Winery purchases pineapple and banana from Ngoma district to be used as raw materials in their wine's factory located in Rwamagana district. on 1st July 2023 the company purchased and delivered on credit banana worth FRW 40,000,000 on invoice numbered INV003.

What is the appropriate book to record the above transaction?

- A Sales returns daybook
- B Purchases day book
- C Cash received daybook
- D The purchase returns day book

(2 Marks)

QUESTION 22

Following the announcement of Bank of Nyabugogo (BON) to sell a Collateral of KBT LTD made of a seven-floors building following their failure to repay the loaned amount, Gorilla Transport Ltd acquired that building at FRW 200,000,000,000 with a cheque of BON.

What is the proper record of the above transaction in the books of Gorilla Transport Ltd?

- A Dr. Bank 200 Million, Cr. Buildings 200 Million
- B Dr. Bank 200 Million, Dr. Buildings 200 Million
- C Dr. Buildings 200 Million, Cr. Bank 200 Million
- D Dr. Bank 200 Million, Cr. KBT LTD 200 Million

(2 Marks)

QUESTION 23

Which of the following statements is false?

- A Wages paid on installation of machinery should be credited to Cash Account
- B A sale of computer that has been used in the business should be debited to Cash Account
- C Repairs of a machinery, purchased second hand, should be debited to machinery Account
- D Withdrawal of goods by the proprietor of the business should be credited to Capital Account

(2 Marks)

QUESTION 24

The government of Rwanda through official gazette n° 11 bis of 16/03/2015 launched a law n° 02/2015 of 25/02/2015 modifying and complementing law n° 37/2012 of 09/11/2012 related to value added tax.

Which of the following correctly explains VAT?

- A A tax on business profits
- B A tax levied on the sale of goods and services which is administered and collected by the government
- C A tax levied on the sale of goods and services which is administered by the government
- D A tax levied on salaries earned by employees

(2 Marks)

QUESTION 25

Which of the following is a valid reason for a debt being written off as irrecoverable in the books of Uzuri Brewery?

- A** The customer has ceased trading
- B** The customer disputes the quality of goods supplied
- C** The customer has exceeded the account credit limit
- D** The customer has ceased trading and no dividend is expected from a liquidation

(2 Marks)

QUESTION 26

The accountant of Comeca (R) Ltd realized that the time of recording a furniture repair invoice of 2,000,000 FRW from Gorilla Furnitures Ltd, the invoice was posted twice.

What is the correct entry to correct the error?

- A** Dr payables and Cr. Repair and maintenance
- B** Dr cash, Repayable and Cr. Repair and maintenance
- C** Dr purchases, Dr VAT and Cr. cash
- D** Dr. Repair and maintenance and Cr. Payables

(2 Marks)

QUESTION 27

The company has a year end of 30 June 2023. Which of the following describes a liability in its books?

- A** Inventory bought last month on credit
- B** Trade receivables of FRW 2,000,000.
- C** Drawing.
- D** A bank overdraft taken on 1st December 2022.

(2 Marks)

QUESTION 28

On preparing a day's banking, you have sorted and counted the notes and coins as below.

What amount will be included on your paying in slip for banking (figures to be rounded to FRW tens)?

Description
Fifty FRW 5,000 notes
Sixty FRW 2,000 notes
Ninety FRW 1,000 notes
Seventy-two FRW 500 notes
Nine bags of (30's) - 100franc coins
Three bags of (10's) - 50franc coins

Two bags of (50's) - 20franc coins
Other silver coins worth FRW 22,800

- A FRW 519,890
- B FRW 549
- C FRW 549,300
- D FRW 523,300

(2 Marks)

QUESTION 29

A customer wants to pay for items bought over the internet from a supplier used infrequently by the business. Which payment method is most appropriate?

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

(2 Marks)

QUESTION 30

A petty cash fund is a small amount of company cash, often kept on hand (e.g., in a locked drawer or box), to pay for minor or incidental expenses, such as office supplies or employee reimbursements. A petty cash fund will undergo periodic reconciliations, with transactions also recorded on the financial statements. In larger corporations, each department might have its own petty cash fund.

If the Petty Cash fund is not reimbursed just prior to year-end and an appropriate adjusting entry is not made, then

- A The petty cash account is to be returned to the company's cashier
- B Expenses are overstated and Cash is understated
- C Cash is overstated and expenses are understated
- D Cash is overstated and expenses are overstated

(2 Marks)

QUESTION 31

Which of the following is not a purpose of having control accounts in a business?

- A Identify errors in the receivables and payable ledgers.
- B Checking the accuracy of entries in the personal accounts.
- C They help avoid preparation of receivables and payables accounts.
- D Provide an internal check on total of receivables and payables ledgers at any time.

(2 Marks)

QUESTION 32

Triple Column Cash Book is having three columns on each side- debit and credit side. One is used to record cash transactions, the second is used to record bank transactions and the third is used to record discounts received and paid.

The periodical total of discount column on receipts side of a Triple Column Cash Book is recorded to the:

- A** Credit side of Discount Account
- B** Credit side of provision for Discount Account
- C** Debit side of Discount Account
- D** Credit side of Debtor’s Account

(2 Marks)

QUESTION 33

Mr. Aime is an accountant of Lok Ltd since 1st October 2023, on his first day at work he found that company owner took goods from store for personal use. The accountant is looking for advice on how to record withdrawal of goods from stock by the owner of the business for personal use.

Withdrawal of goods from stock by the owner of the business for personal use should be recorded by debiting

- A** Drawings Account and crediting Cash Account
- B** Drawings Account and crediting Purchases Account
- C** Purchases Account and crediting Drawings Account
- D** Purchases Account and crediting Capital Account

(2 Marks)

QUESTION 34

A trainee accountant drew up the following receivables ledger control account:

Receivables Ledger Contro Account			
	FRW		FRW
balance b/fwd	200,000	Credit sales	185,000
Sales returns	245,000	Bad debts	8,000
Discount Allowed	12,500	Contras against payables	3,500
Receipts from credit customers	13,600	Balance C/fwd	274,600
	471,100		471,100

What should its closing balance be after the correction of the errors in preparing the accounts?

- A FRW 274,600
- B FRW 102,400
- C FRW 105,900
- D FRW 200,000

(2 Marks)

QUESTION 35

The following are the year end balances in Pierre's ledgers:

Equipment	37,600
Capital	97,500
Sales	73,000
Purchases	46,000
Overdraft	18,000
Inventory	16,200
Receivables	49,100
Cash at bank	9,600
Expenses	30,000

What is the total of the debit side of the trial balance?

- A FRW 377,000
- B FRW 97,500
- C FRW 188,500
- D FRW 211,800

(2 Marks)

QUESTION 36

An accounting code is a numbering system for the chart of accounts. The chart of accounts is an organized list of all business accounts that stores financial transactions. A uniform accounting code made up of letters and/or numbers facilitates data organization and aids accounting error inquiries. Which of the following statements are true about a good coding system for financial transactions?

- (i) It enables a company to easily extract data for management analysis.
- (ii) It provides a unique code for each item within the system.
- (iii) It provides codes that are uniform in format.
- (iv) It requires management authorization before creation of new codes.

- A (i) and (ii)
- B (iii) and (iv)

- C** (ii), (iii) and (iv)
D (i), (ii), (iii) and (iv)

(2 Marks)

QUESTION 37

Bwiza Shop sells food and drinks to hotels, restaurants and supermarkets, on 5th May 2023 the shop sent an invoice of FRW 1,200,000 to Amani Supermarket in respect of wines purchased.

Which book of prime entry in which the above transaction can be recorded?

- A** Sales daybook
B Cashbooks
C Purchases day book
D Journal vouchers

(2 Marks)

QUESTION 38

Which of the following items would be likely to be paid out of petty cash?

- (i)** Payment to window cleaner FRW1,000
(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 of FRW 6,500

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

(2 Marks)

QUESTION 39

Double-entry bookkeeping is a method of recording transactions where for every business transaction, an entry is recorded in at least two accounts as a debit or credit. In a double-entry system, the amounts recorded as debits must be equal to the amounts recorded as credits. **Which of the following statements concerning a debit entry is correct?**

- A** Records of a decrease in assets
B Records of a business expense
C Records of a sale
D Records of an increase in the liabilities of a business

(2 Marks)

QUESTION 40

Which of the following could create a debit balance on an account in the payable's ledger?

- A An underpayment to a supplier
- B A duplicate payment of a supplier's account
- C Trade discount received
- D An overcharge on a supplier's invoice

(2 Marks)

QUESTION 41

A bank reconciliation statement has been prepared by Uwera stationers Ltd by a recently employed accountant from grade 6. Assuming the bank statement balance of FRW 3,110 to be correct, what should its cash book balance be?

	FRW
Bank overdraft	3,110
Add: Receipts not credited	15,200
	18,310
Less: Outstanding cheques	9,800
Add: Bank error	3,300
Overdraft per cash book	31,410

- A FRW 25,190 cash in bank
- B FRW 5,590 overdrawn balance
- C FRW 31,410 cash in bank
- D FRW 5,590 cash in bank

(2 Marks)

QUESTION 42

Nyinawumuntu was employed by Wembley Sports Bar as a cashier. Among the critical tasks she performs included the preparation of petty cash vouchers for minor payments. An imprest of FRW100,000 is operated for petty cash, with a limit of FRW 25,000 applying to individual petty cash payments. The imprest float is made up at the end of each week. The office procedures manual states that you may authorise payments of up to FRW 20,000, provided they are supported by receipts. Requests for larger sums and for payments which are not supported by receipts must be referred to the Administration Manager.

On Tuesday 15 September 2023, you receive the following requests for reimbursement.

- (i) The new office clerk presents bus tickets for amounts totaling FRW36,000 to support a request for payment for their first week's travel to work.
- (ii) Ten new printer cartridges have been received costing FRW55,000 each. An invoice has been sent with the goods and a receipt will be issued on payment.
- (iii) The office caretaker asks for FRW 5,000 to pay as a gratuity to the refuse collectors, as has been customary in previous years.
- (iv) A clerk says that the administration manager asked him to purchase coffee, tea and sugar for the office kitchen. The receipt shows a total cost of FRW 25,400.

For which of these items would you be able to provide authorization?

- A (i) and (ii)
- B (ii) and (iii)
- C (iii) and (iv)
- D None

(2 Marks)

QUESTION 43

Which of the following is the source document for recording petty cash transactions?

- A An invoice
- B A till receipt
- C A petty cash receipt
- D A petty cash voucher

(2 Marks)

QUESTION 44

Kasim Ltd is a trading company in Kigali and on the following dates goods were sold on cash to different people:

	Net Price FRW	VAT FRW
10 th October 2023 To Olivier	3,800	684
20 th October 2023 To Kwizera	7,150	1,287

Transactions took place on October 2023. What are the correct entries in Kasim Ltd's general ledger?

- | | | | |
|---|---------------------|---------------------|---------------------|
| A | Dr Sales FRW 10,950 | Dr VAT FRW 1,971 | Cr Cash FRW 12,921 |
| B | Dr Cash FRW 10,950 | Dr VAT FRW 1,971 | Cr Sales FRW 12,921 |
| C | Dr Sales FRW 12,921 | Cr VAT FRW 1,971 | Cr Cash FRW 10,950 |
| D | Dr Cash FRW 12,921 | Cr Sales FRW 10,950 | Cr VAT FRW 1,971 |

(2 Marks)

QUESTION 45

Mukamana is young accounting student who is looking for support on accounting process.

Kindly support her to choose the correct statements among the following?

- A Sales invoices are recorded in the sales returns daybook and are summarized and posted to the receivable's ledger
- B Purchase invoices are recorded in the purchase daybook and are summarized and posted to the payable's 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

(2 Marks)

QUESTION 46

The differences between the bank's records (bank reconciliation statement) and the business' records (cashbook) can ideally be summarized into?

- A Bank errors, cashbook errors and timing differences.
- B Omissions, dishonored cheques and cut off transactions.
- C Unpresented cheques, uncredited cheques, bank charges, direct debits, direct credits & dishonored cheques.
- D Errors, omissions and timing differences.

(2 Marks)

QUESTION 47

Which one of the following is correct in recording and summarizing transactions?

- A. Sales Daybook records credit notes and get summarized to the receivable ledger
- B. Purchase daybook records purchase invoices and get summarized to the general ledger
- C. Journal records adjustments and get summarized and posted to the general ledger
- D. Petty cash book records adjustments and get summarized and posted to the general ledger

(2 Marks)

QUESTION 48

Mukiza deals in hardware supply, At the end of the month there is a difference of FRW 109,254 on the trial balance of Mukiza’s business which is debited to suspense. The following discrepancies are discovered: a sundry receipt of FRW 45,864 has been posted to income but not to the cash account; a sales invoice for FRW 18,200 has been posted to the receivables control account as a credit note.

What is the remaining balance on the suspense account after adjusting for these errors?

- A FRW 118,718
- B FRW 81,582
- C FRW 26,990
- D FRW 45190

2 Marks

QUESTION 49

Mutoto Ltd is a local company dealing with electronic transfers. The company has 28 employees and the following details have been extracted from the payroll records for the month of March 2024:

Description	FRW ‘000’
Gross wages	25,500
Employer's social security contribution	1,800
Employer's pension contribution	1,200

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

- | | FRW ‘000’ | FRW ‘000’ |
|---------------------|-----------|-----------|
| A. DR Staff costs | 28,500 | |
| CR Wages control | | 28,500 |
| B. DR Staff costs | 27,300 | |
| CR Wages control | | 27,300 |
| C. DR Staff costs | 26,700 | |
| CR Wages control | | 26,700 |
| D. D DR Staff costs | 25,500 | |
| CR Wages control | | 25,500 |

(2 Marks)

QUESTION 50

Which of the following should not be treated as revenue expenditure?

- A Interest on loans and debentures**
- B Annual fire insurance premiums on Plant and Equipment**
- C Sales tax paid in connection with the purchase of office equipment**
- D Small expenditures on long- lived assets, such as FRW 200 for a paper weight**

(2 Marks)

End of question paper.

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