



CERTIFIED ACCOUNTING TECHNICIAN
STAGE 1 EXAMINATIONS
S.1.1: RECORDING FINANCIAL TRANSACTIONS
DATE: TUESDAY 26, AUGUST 2025

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, each question has **two (2) marks.**
4. The question paper should not be taken out of the examination room.

SECTION A

QUESTION ONE

What is the purpose of a petty cash voucher?

- A To record transactions involving large amounts of cash
- B To keep track of expenses in a small business or organization
- C To monitor the income generated from sales.
- D To maintain a record of invoices and credit notes

(2 Marks)

QUESTION TWO

Which of the following steps is involved in entering transactions in both Sales and Sales Returns Daybooks?

- A Recording of purchase details
- B Including customer information
- C Issuing payment receipts
- D Tracking supplier invoices

(2 Marks)

QUESTION THREE

Which of the following best describes the purpose of the Purchase Day Book?

- A To record all sales transactions of a company
- B To record all purchase transactions of a company
- C To record all bank transactions of a company
- D To record all investments of a company

(2 Marks)

QUESTION FOUR

Which of the following steps is NOT involved in entering transactions in the cashbook?

- A Recording of the date of the transaction
- B Posting entries to the general ledger
- C Balancing the cash book at regular intervals
- D Ignoring bank transactions

(2 Marks)

QUESTION FIVE

Which of the following is a step involved in entering transactions in a petty cash book?

- A Receiving customer payments
- B Recording transactions without analyzing expenditures
- C Reconciling petty cash with bank statements
- D Posting transactions directly to financial statements

(2 Marks)

QUESTION SIX

Which of the following best describes the rules for recording financial transactions using the double entry bookkeeping system?

- A Assets are increased with debit entries, and liabilities are increased with debit entries.
- B Assets are increased with credit entries, and liabilities are increased with credit entries.
- C Assets are increased with credit entries, and liabilities are increased with debit entries.
- D Assets are increased with debit entries, and liabilities are increased with credit entries.

(2 Marks)

QUESTION SEVEN

If a company records a transaction where it receives FRW 5,000 in cash for services rendered, what would be the debit and credit?

- A Debit Services Received (revenue), Credit Cash (asset)
- B Debit Cash (asset), Credit Services Rendered (expense)
- C Debit Services Rendered (expense), Credit Cash (asset)
- D Debit Cash (asset), Credit Services Received (revenue)

(2 Marks)

QUESTION EIGHT

Which of the following is NOT a step in processing financial transactions in the double entry bookkeeping system?

- A Identify the transaction type
- B Record the transaction in the book of prime entry
- C Analyze the transaction
- D Prepare financial statements

(2 Marks)

QUESTION NINE

What is the primary benefit of offering a bulk discount to customers?

- A To encourage customers to purchase more products
- B To reduce the seller's inventory
- C To increase the seller's storage space
- D To lower the buyer's shipping costs

(2 Marks)

QUESTION 10

What is the main difference between a settlement and a trade?

- A A settlement is a mutual agreement to resolve a dispute, while a trade involves the exchange of goods or services.
- B A settlement is a financial transaction, while a trade is a pricing strategy.
- C A settlement is a type of trade, while a trade is a type of settlement.
- D Both settlements and trades involve the exchange of goods or services.

(2 Marks)

QUESTION 11

What is the VAT charged on a product with a list price of FRW 100,000 and a 18% VAT, after a 3% settlement discount for early payment?

- A FRW 21,000
- B FRW 17460
- C FRW 18,000
- D FRW 14,796

(2 Marks)

QUESTION 12

What is the main factor to consider when determining the relationship between settlement discount and VAT?

- A The gross price of the goods or services
- B The specific rules and regulations of the jurisdiction
- C The timing of the settlement discount application
- D The type of goods or services being purchased.

(2 Marks)

QUESTION 13

Why is it important to reconcile the sales and purchase ledger control accounts regularly?

- A To detect errors in financial statements
- B To maintain good relationships with vendors
- C To manage cash flow effectively
- D All the above

(2 Marks)

QUESTION 14

When recording the reimbursement of petty cash expenditure in the petty cash book, which of the following best describes the debits and credits involved in the transaction?

- A Debit "Employee's Expenses," Credit "Petty Cash"
- B Debit "Petty Cash," Credit "Employee's Reimbursement"
- C Debit "Petty Cash," Credit "Employee's Expenses"
- D Debit "Employee's Reimbursement," Credit "Petty Cash"

(2 Marks)

QUESTION 15

What is the VAT on a product with a price of RWF100,000 VAT exclusive and a VAT rate of 18%?

- A RWF 18,000
- B RWF 15,254
- C RWF 84,746
- D RWF 82,000

(2 Marks)

QUESTION 16

A company receives an invoice for RWF 1,000,000 and is offered a 3% settlement discount if they pay within 10 days. What is the amount they would save if they paid the invoice early?

- A RWF 30,000
- B RWF 60,000
- C RWF 90,000
- D RWF 120,000

(2 Marks)

QUESTION 17

How is a settlement discount calculated?

- A By adding the settlement discount percentage to the price
- B By multiplying the original price by the settlement discount percentage
- C By subtracting the settlement discount percentage from the price
- D By dividing the price by the settlement discount percentage

(2 Marks)

QUESTION 18

Which of the following best describes a “contra entry” in accounting?

- A An entry that is recorded twice in different accounts.
- B An entry that reverses a previously recorded transaction
- C An entry that adjusts for accrued expenses.
- D An entry that corrects an error in a previous entry

(2 Marks)

QUESTION 19

In the context of accounting, which of the following is NOT a primary financial document?

- A Invoice
- B Purchase Order
- C Balance Sheet
- D Delivery Note

(2 Marks)

QUESTION 20

In the context of accounting, which of the following best describes the process of calculating payments due to suppliers from relevant documentation?

- A Preparing a financial statement based on historical transactions.
- B Reconciling bank statements with general ledger accounts
- C Calculating outstanding balances and creating a payment schedule based on invoices and purchase orders.
- D Preparing a budget for future financial planning

(2 Marks)

QUESTION 21

When entering settlement discounts to customer accounts, which of the following step is NOT required?

- A Identify the discount amount and the customer account.
- B Adjust the accounts receivable balance in the general ledger.
- C Create a journal entry to record the transaction.
- D Update the customer record with the new balance and discount amount.

(2 Marks)

QUESTION 22

When should a request for replenishment of petty cash be made under the imprest system?

- A Whenever convenient
- B Only a month-end
- C When the petty cash fund runs low
- D Never

(2 Marks)

QUESTION 23

In a cashbook, what is the purpose of cross-casting and total casting techniques?

- A To calculate the net cash flow
- B To ensure the accuracy of financial statements
- C To determine the opening balance of the cashbook
- D To compare the balances of different accounts

(2 Marks)

QUESTION 24

What is the accurate formula for determining the total of a cashbook account from the options provided?

- A $\text{Total} = \text{Debits} + \text{Credits}$
- B $\text{Total} = \text{Debits} - \text{Credits}$
- C $\text{Total} = \text{Credits} - \text{Debits}$
- D $\text{Total} = 2 * (\text{Debits} + \text{Credits})$

(2 Marks)

QUESTION 25

What is the most important step in updating the cashbook from the bank statement, direct debit, and standing order schedules?

- A Gathering the necessary information
- B Reconcile the cashbook.
- C Entering transactions into the cashbook
- D Updating the cashbook periodically

(2 Marks)

QUESTION 26

Which of the following is a benefit of using an accrual accounting system?

- A It simplifies the preparation of financial statements.
- B It provides a better understanding of a company's cash flow.
- C It improves the accuracy of financial reporting.
- D It reduces the need for financial statement audits.

(2 Marks)

QUESTION 27

Prepare a bank reconciliation statement and show balance as per bank statement as per balance sheet at the end of 31 March 20X3?

Draw up a bank reconciliation statement, after writing the cashbook up to date, ascertaining the balance on the bank statement, from the following as on 31 March 20X3:

| | RWF |
|--|------------|
| Cash at bank as per bank column of the cashbook (Dr) | 38,960 |
| Bankings made but not yet entered on bank statement | 6,060 |
| Bank charges on bank statement but not yet in cashbook | 280 |
| Un presented cheques C Clarke | 1170 |
| Standing order to ABC Ltd entered on bank statement, but not in cash book | 550 |
| Credit transfer from A Wood entered on bank statement, but not yet in cashbook | 1,890 |

- A RWF 35,130
- B RWF 40,020
- C RWF 38,960
- D None of above

(2 Marks)

QUESTION 28

What is Bank Statement Ending Balance of bank reconciliation Statement for XYZ Company Statement Period: January 1, 2022 – January 31, 2022?

Beginning Balance: RWF 100,000 Outstanding Checks: RWF 2,000 Outstanding Deposits: RWF 1,500 Floating Checks: RWF 500 Deposits in Transit: RWF 3,000.

- A RWF 106,500
- B RWF 105,500
- C RWF 104,000
- D RWF 107,000

(2 Marks)

QUESTION 29

Which of the following is NOT a step in preparing a bank reconciliation statement?

- A Preparing the bank reconciliation statement
- B Identifying outstanding checks and deposits
- C Calculating the adjusted balance
- D Adjusting for floating checks and deposits in transit

(2 Marks)

QUESTION 30

Identify the correct method for calculating the cost of goods sold (COGS) for a particular business?

- A Cost of goods sold (COGS) can be calculated by adding the beginning inventory balance to the cost of purchases and then subtracting the ending inventory balance.
- B COGS can be calculated by adding the cost of purchases to the ending inventory balance and then subtracting the beginning inventory balance.
- C COGS can be calculated by adding the cost of purchases to the ending inventory balance and then dividing the result by the number of units sold.
- D COGS can be calculated by subtracting the cost of purchases from the beginning inventory balance and then adding the ending inventory balance.

(2 Marks)

QUESTION 31

When using the double-entry system, which of the following is true?

- A Total debits must equal total credits.
- B Total debits must exceed total credits.
- C Total debits must be less than total credits.
- D Total debits and credits are unrelated.

(2 Marks)

QUESTION 32

What is the correct way to classify a transaction in the ledger?

- A Debit transactions are classified as assets or expenses, while credit transactions are classified as equity, liabilities or revenues.
- B Debit transactions are classified as expenses, equity or liabilities, while credit transactions are classified as revenues or assets.
- C Debit transactions are classified as equity, liabilities or revenues, while credit transactions are classified as assets or expenses.
- D Debit transactions are classified as revenues or asset, while credit transactions are classified as expenses, equity or liabilities.

(2 Marks)

QUESTION 33

How can an imbalance in the ledger be corrected?

- A By making adjusting entries in the cashbook
- B By making adjusting entries in the journal and then posting them to the ledger accounts
- C By making adjusting entries in the ledger and then posting them to the cashbook
- D By making adjusting entries in the income statement and then posting them to the balance sheet

(2 Marks)

QUESTION 34

Which of the following is a correct step in transferring data from the cashbook to the sales ledger?

- A Posting total sales to the purchase's ledger
- B Posting total sales to the sales ledger
- C Posting total purchases to the sales ledger
- D Posting total purchases to the purchase's ledger

(2 Marks)

QUESTION 35

Which of the following is a step in the process of preparing financial statements?

- A Prepare a journal entry for each transaction.
- B Reconcile the ledger accounts.
- C Post the journal entry to the ledger accounts.
- D Prepare a trial balance.

(2 Marks)

QUESTION 36

Which of the following is NOT a step in preparing a sales ledger control account?

- A Reconcile the sales ledger control account with the general ledger.
- B Transfer sales journal entries to the sales ledger.
- C Record all sales transactions in the sales journal.
- D Close the sales ledger control account.

(2 Marks)

QUESTION 37

What is the first step in preparing a sales ledger control account?

- A Identify the sales ledger control account in the general ledger.
- B Record all sales transactions in the sales journal.
- C Transfer sales journal entries to the sales ledger
- D Prepare the trial balance.

(2 Marks)

QUESTION 38

From the following prepare a sales ledger and purchases ledger control accounts for the business of Inkweto on 30 November 2009.

| | RWF |
|-----------------------------|---------|
| Opening debtors | 44,000 |
| Opening creditors | 24,900 |
| Sales | 143,766 |
| Purchases | 87982 |
| Sales returns | 2,890 |
| Purchase returns | 742 |
| Cheques in | 140,809 |
| Cheques out | 80,234 |
| Bad debts | 2,890 |
| Contras | 874 |
| Discounts received | 540 |
| Discounts allowed | 1,734 |
| Customers cheque dishonored | 500 |

Required:

The sales ledger and purchases ledger control accounts for the month of November 2009 and show the respective debit and credit closing balances on 30 November 2009?

- A The sales ledger RWF 39,069 and purchases ledger control accounts are RWF 30,492
- B The sales ledger RWF 143,766 and purchases ledger control accounts are RWF 87,982
- C The sales ledger RWF 188,266 and purchases ledger control accounts are RWF 112,882
- D None of above

(2 Marks)

QUESTION 39

How should tax payments be recorded in a tax control account?

- A As a separate line item for each payment
- B As a single line item for all payments
- C As a separate line item for each tax type
- D As a single line item for all tax types

(2 Marks)

QUESTION 40

What is the main benefit of preparing a reconciliation report after reconciling the purchase ledger control account and the list of creditors?

- A To provide evidence of the reconciliation process
- B To monitor the company's cash flow
- C To ensure the accounts are accurate and up to date.
- D To determine the company's profitability.

(2 Marks)

QUESTION 41

How can discrepancies between the purchase ledger control account and the list of creditors be resolved?

- A By writing off bad debts
- B By adjusting the account
- C By contacting creditors to verify outstanding balances
- D All the above

(2 Marks)

QUESTION 42

Which of the following is not a characteristic of valid cash transactions?

- A Immediate transfer of funds
- B Requires a bank account.
- C Physical form of currency
- D Widely accepted as a medium of exchange

(2 Marks)

QUESTION 43

What is the correct way to reverse an incorrect transaction in the general ledger?

- A By creating a new journal entry with the opposite debit and credit amounts
- B By directly modifying the original journal entry
- C By creating a new journal entry with the same debit and credit amounts
- D By deleting the original journal entry and starting from scratch

(2 Marks)

QUESTION 44

A company has the following transactions: a Sales revenue of RWF10,000, Cost of goods sold of RWF 6,000, Salary expense of RWF 2,000, Depreciation expense of RWF 1,000 and furniture transport of RWF 1,000.

What is the company's gross profit?

- A RWF 4,000
- B RWF 2,000
- C RWF 1,000
- D RWF 0

(2 Marks)

QUESTION 45

In which of the following scenarios would a company need to correct errors not disclosed by the trial balance?

- A When there are discrepancies in the cash account only.
- B When there are errors in the balance sheet but not in the income statement.
- C When there are errors in both the balance sheet and income statement, but the trial balance is still balanced.
- D When there are errors in the income statement only, and the balance sheet is unaffected.

(2 Marks)

QUESTION 46

When recording a purchase of inventory on credit, which of the following journal entries is correct?

- A Debit Inventory, Credit Cash
- B Debit Accounts Payable, Credit Inventory
- C Debit Accounts Receivable, Credit Sales
- D Debit Purchases, Credit Accounts Payable

(2 Marks)

QUESTION 47

What is the effect of recording depreciation expense?

- A Decreases assets and decreases equity.
- B Decreases assets and increases liabilities.
- C Decreases assets and decreases liabilities.
- D Decreases assets and decreases expenses.

(2 Marks)

QUESTION 48

When using LIFO (Last-In-First-Out) method for inventory valuation, which of the following statements is true?

- A Higher ending inventory value during inflationary periods.
- B Lower cost of goods sold during inflationary periods.
- C Matches current costs with current revenues.
- D Lower taxable income during inflationary periods

(2 Marks)

QUESTION 49

The company has current assets of RWF 150,000, total assets of RWF 400,000 and current liabilities of RWF 100,000. If it pays off a current liability using cash from its current assets, **how does this transaction affect its current ratio?**

- A Decreases
- B Increases
- C Remains unchanged
- D Cannot be determined without additional information.

(2 Marks)

QUESTION 50

If there are benefit contributions deducted from employee salaries, which account is debited in the journal entry?

- A Benefit Contribution Expense
- B Cash or Bank Account
- C Employee Benefit Liability
- D Benefit Contribution Account

(2 Marks)

End of question paper

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