Republic of Rwanda
City of Kigali

GASABO DISTRICT COMPREHENSIVE ASSESSMENT
FOR 2ND TERM, ACADEMIC YEAR 2022-2023.
TRADES:ACCOUNTING

RTQF LEVEL: 4 ACCOUNTING

SUBJECT: PROCESSING TRANSACTION INTO BOOKS OF PRIME -ENTRY

DURATION: 3HR.   On ....../....,2023

   INSTRUCTION TO CANDIDATES:

- ✓ This question paper consits of **THREE SECTION** sections **A and B**
- ✓ Answer all questions in section A **(55marks).**
- ✓ Answer only **Three** questions in section B (**30matks).**
- ✓ In section C only one questions**(15)**
- ✓ Use only blue or black pen for answering.
- ✓ **Calculator** instruments are allowed where it is necessary.

Note: Results for any candidate who is caught in examination malpractices are nullified.

SECTION A: ATTEMPT ALL QUESTIONS   **/55 MARKS**

01. Explain different types of business transaction and give **1** example for each type (**5Marks)**

02. Identify any two (2) types of accounts in which transactions are recorded and give one (1) example for each.   **(5Marks)**

03. Illustrate the formula of Accounting Equation.   **(5Marks)**

04. Business XY buys computer whose value of $900

It pays $400 by cash and balance promises to pay later

You are required to journalize the above transaction   **(5Marks)**

05. Answer by **True** or **False:**   **(5Marks)**

For the Rule of debit and Credit, when you place an amount on the normal balance side of an account, you are decreasing the Account.

06. After defining the term discount, Outline any three (3) types of discount **(5marks)**

07. The market price of a ceiling fan is 12500Rwf and the shopkeeper

Allows a discount of 6% on it. Find the Selling price of the fan.   **(5marks)**

08. How do you understand coding system?   **(5marks)**

09. State any two methods of coding system   **(5Marks)**

10. What are 3 advantages of using coding system?   **(5Marks)**

11. Outline any five (5) examples of books of prime entry   **(5marks)**

SECTION B: ATTEMPT THREE (3) QUESTIONS   /30 MARKS

12. Describe the importance of a trial balance   **(10marks)**

13. Explain business document.   **(10Marks)**

14. List any five (5) types of business documents   **(10Marks)**

15. List any two (2) reasons why businesses use financial documents? **(10Marks)**

16. Identify and explain three parties intervene on the cheque /10**Marks**

SECTION C. ATTEMPT ONE QUESTIONS   /15 MARKS

17. Explain Endorsement of cheque and Identify the reasons of dishonoring a cheque (**15Marks**)

18. Identify ten (5) and explain advantages and disadvantages of cheque/(**15Marks**)

19. State and explain 3 documents used between the customers and suppliers (**15Marks**)

END OF ASSESSMENT!

MARKING GUIDES OF PROCESSING TRANSACTION INTO BOOKS OF PRIME-ENTRY

SECTION A: ATTEMPT ALL QUESTIONS /55MARKS

Question1.A business transaction is an economic event with a third part that is recorded in an organization's accounting system. such a transaction must be measurable in money. What are 3 examples of business transaction? **5Marks**

Answer:

Three (3) examples of business transaction are:

-Selling goods to a customer on credit /**2mark**

-Paying wages to employees /**1Mark**

-Obtaining a loan from a lender /**2Mark**

etc

LU1(Identify and analyze business transaction and discounts the plot) ,LO1(analyse transaction that affects the business ,Curriculum L4,Page 323 ,Year 2017

Question 2. Explain different types of business transaction and give **1** example for each type (**5Marks)**

Answer:

Business transaction may be classified as two types which are:

-Internal transaction

-External transaction

-Internal transaction is a transaction that is not directly related to an outsider or an external part **1Mark**

Example: Recording depreciation of a fixed asset **1Mark**

-External transaction is a transaction in which an outsider or external part is involved **1Mark**

Example: payment of cash to a creditor **2Mark**

Reference: LU1(Identify and analyze business transaction and discounts the plot), LO1.1(analyse transaction that affects the business), Curriculum L4,Page 323 ,Year 2017

Question 3. Identify any **two (2)** types of accounts in which transactions are recorded and give one (1) example for each (**5Marks)**

Answer:

-Personal account **1Mark**

e.g: Kalisa debtor A/C ,Amina creditor A/C **1Mark**

-Real accounts **2Mark**

e.g: Patent ,motor vehicle **1Mark**

 etc

Question 4. Demonstrate accounting term used to describe each of the followings:

(4Marks)

a. a transaction without immediate cash settlement.

b. commodities in which business deals with.

c. excess of expenses over incomes.

d. thing of value owned by business to earn future profit.

Reference: LU1(Identify and analyze business transaction and discounts the plot) ,LO1.1(analyse transaction that affects the business) ,Curriculum L4,Page 323 ,Year 2017

Answer:

a. Exchange of benefit for value.   **Transaction**   **1mark**

b. A transaction without immediate cash settlement. **Credit**   **1Mark**

c. Commodities in which business deals with. **Goods or products**   **1Mark**

d. Excess of expenses over incomes.   **Loss**   **1mark**

Reference:LU1((Identify and analyze business transaction and discounts the plot), LO1.2(Identify types of Accounts in which transaction is recorded), Curriculum L4,Page 324,Year 2017

Question 5. Illustrate the formula of Accounting Equation.   **(3Marks)**

Answer:

The Accounting Equation elements are:

A   =   L   +   O.E

 Assets   =   Liabilities   Owner's Equity

 (1Mark)   **(1Mark)**   **(1Mark)**

Reference: LU1((Identify and analyze business transaction and discounts the plot), LO1.2(Identify types of Accounts in which transaction is recorded), Curriculum L4, Page 325,Year 2017

Question 6. Business XY buys computer whose value of $900

It pays $400 by cash and balance promises to pay later

You are required to journalize the above transaction**(3Marks)**

Answer: Dr: computer $900   **1Mark**

                      Cr: cash $400   **1Mark**

                      Cr: creditor $500   **1Mark**

Reference: LU1((Identify and analyze business transaction and discounts the plot),LO1.2(Identify types of Accounts in which transaction is recorded),Curriculum L4,Page 325,Year 2017

Question 6. Answer by **True** or **False**   (**2Marks**)

A) For the Rule of debit and Credit, when you place an amount on the normal balance side of an account, you are decreasing the Account.

Answer:

A)For the Rule of debit and Credit, when you place an amount on the normal balance side you are decreasing the Account. **False**   (**2Marks**)

Reference: LU1(Identify and analyze business transaction and discounts the plot),LO1.3(Apply Rule of Debit and credit) Curriculum L4,Page 326,Year 2017

Revenue/Income	Credit side	Debit side	Credit side **1mark**
Equity/Capital	Credit side	Debit side	Credit side **1mark**

Reference: LU1((Identify and analyze business transaction and discounts the plot),LO1.3(Apply Rule of Debit and credit) Curriculum L4,Page 326,Year 2017

Question 7. After defining the term discount, Outline any three (3) types of discount **(4marks)**

Answer:

A discount in accounting is a reduction in the price of product or service **1Mark**

Any three types of discount are:

-cash discount   **1Mark**

-Trade discount   **1Mark**

-Quantity discount   **1Mark**

Reference: LU1((Identify and analyze business transaction and discounts the plot), LO1.3(Apply Rule of Debit and credit) Curriculum L4,Page 328,Year 2017

Question 8. The market price of a ceiling fan is 12500Rwf and the shopkeeper

allows a discount of 6% on it. Find the Selling price of the fan. **(2marks)**

Answer:

Given: (r) Discount rate 6%

(P)Original price :12500Rwf

Unknown:(S) Selling price:?

Formula   S=P-rP   **1mark**

S=12500-(6%*12500)=11750Rwf   **1mark**

Reference: LU1((Identify and analyze business transaction and discounts the plot), LO1.3(Apply Rule of Debit and credit) Curriculum L4,Page 328,Year 2017

Question 9. How do you understand coding system? **(2marks)**

Answer:

Coding system is a system of signals used to represent letters or numbers transmitting message requiring brievity or secrecy   **2marks**

Reference: LU1((Identify and analyze business transaction and discounts the plot), LO1.3(Describe transactions coding system) Curriculum L4, Page 329,Year 2017

Question 10. Determine any two (2) methods of coding system   **(2Marks)**

Answer:

Two methods of coding system are:

-Alphabetical coding system   **1Mark**

-Numerical coding system   **1Mark**

-Chronological coding system

-Geographical coding system

SECTION B: ATTEMPT THREE (3) QUESTIONS   /30 MARKS

Q12.Describe the importance of a trial balance   **(10marks**

The trial balance is one among the books of account which help to detect clerical errors appeared in the other books of accounts especially arithmetical errors

Q13. Explain business document.   **(10Marks)**

A business document is a document that an entity or company uses to communicate, to transact business and analyze its productivity.

Q14.List any five (5) types of business documents   (**10Marks**

-Business letters for outside communication

-Business reports for conveying information

-Transactional documents to conduct business to client

-Financial document to manage the business

Q15. List any two (2) reasons why businesses use financial documents? (**10Marks**

Businesses use financial documents for the following reasons:

-To stay within its budget

-To prepare budget proposals

-To analyze productivity

-To provide proof of an organization's dealings

Q16. Identify and explain three parties intervene in a cheque /10**Marks**

Drawer: Is a person who gives order to pay from his own account or someone who draws the cheque

The drawee: is the financial institution to whom the cheque is drawn or it is the bank

The payee: is a person who will receive the money from the account or a person to whom the sum stated in the cheque is payable

SECTION C. ATTEMPT ONE QUESTIONS   /15 MARKS

Q17. Explain Endorsement of cheque and Identify the reasons of dishonoring a cheque

Endorsement of cheque:is special written done by a beneficiary of a cheque at the back of the document in goal to benefit a new beneficiary of cheque.

Reasons of dishonoring a cheque:

-Insufficient funds on an account

-When the amount in words differs from the amount in figures

-When a cheque is damaged and can not be read because some parts are missing

-When acheques is not properly dated

When a signature on cheque differs from the signature in a bank (specimen)

-When a cheque has been stopped by an account holder

Q18. Identify ten (5) and explain advantages and disadvantages of cheque/(**15Marks**)

Advantages of the cheque:

-The cheque is modern new instrument of payment

-The cheque avoids keeping a huge sum of money in cash

-It facilitates the payment by compensation

-The cheque avoids manipulating fund in cash (hands)

-The cheque provides an evidence of payment

The disadvantages of a cheque

-The bearer's signature can be imitated on a stole's cheque

-The fund can be insufficient in the bank account

-Any mistake on cheque can cause no payment of cheque

-Cheque is not suitable for paying small amount of money

(15Marks)

Question 19. State and explain 3 documents used between the customers and suppliers
Answer: 1. A purchase requisition It is an authorization for a purchasing department to procure goods or services.

It is originated and approved by the department requiring the goods or services.

Typically, it contains a description and quantity of the goods or services to be purchased, a required delivery date, account number and the amount of money that the purchasing department is authorized to spend for the goods or services 1mark

2. A purchase order (PO) Is a commercial document issued by a buyer to a seller, indicating types, quantities, and agreed prices for products or services the seller will provide to the buyer. 1mark (PROCESS TRANSACTIONS INTO THE BOOKS OF PRIME ENTRY) Page 18 of 22 – Marking Guides

3. A Delivery note This is a document showing the list of goods, without showing their prices which is sent to the buyer. It is used for checking the goods. When the goods are delivered to the buyer, he is supposed to retain one copy and return the other copy to the seller, duly signed by him. It proves that the goods have been delivered. 1mark

4. An Invoice or bill is a commercial document issued by a seller to the buyer, indicating the products, quantities, and agreed prices for products or services the seller has provided the buyer. An invoice indicates that the buyer must pay the seller, according to the payment terms. **Reference:LU3(Process of recording transactions in the books of prime entry), LO3.3(Process receipts and payments), Curriculum L4, page 340, year 2017**

END OF MARKING GUIDE