



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING

DEPARTMENT OF ECONOMICS AND BUSINESS SCIENCES

EXAMINATION PAPER

COURSE CODE : CAC109
COURSE TITLE : ACCOUNTING FOR BUSINESS
SPECIAL REQUIREMENTS :
DURATION : 3 Hours
LEVEL : 1.1
DATE :

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. Answer any **FOUR (4)** questions.
3. Begin each question on a new page.
4. The number of marks for each question or part question is shown in brackets []

Question One

- i. State the objectives of general purpose financial statements as encapsulated in the Conceptual framework of Financial Accounting and Reporting [3 Marks]
 - ii. State the two categories under which the qualitative characteristics of financial information in [2 Marks]
 - iii. For each of the two categories mentioned in ii above, state and explain two characteristics that fall under each category [4 Marks]
- [Total 9 marks]

Question Two

The following are the transactions for the month of January 2018 for Soja enterprises, a small finishing retailer.

Jan 1 started in business with \$10,500 cash.

2 Put \$9,000 of the cash into a bank account.

3 Bought goods for cash \$550.

4 Bought goods on credit from: T Dry \$800; F Hood \$930; M Smith \$160; G Low \$510.

5 Bought stationery on credit from Buttons Ltd \$89.

6 Sold goods on credit to: R Tong \$170; L Fish \$240; M Singh \$326; A Tom \$204.

8 Paid rent by cheque \$220.

10 Bought fixtures on credit from Chiefs Ltd \$610.

11 Paid salaries in cash \$790.

14 Returned goods to: F Hood \$30; M Smith \$42.

15 Bought van by cheque \$6,500.

16 Received loan from B Barclay by cheque \$2,000.

18 Goods returned to us by: R Tong \$5; M Singh \$20.

21 Cash sales \$145.

24 Sold goods on credit to: L Fish \$130; A Tom \$410; R Pleat \$158.

26 We paid the following by cheque: F Hood \$900; M Smith \$118.

29 Received cheques from: R Pleat \$158; L Fish \$370.

30 Received a further loan from B Barclay by cash \$500.

30 Received \$614 cash from A Tom.

Required

- i. Record the transactions in the book of accounts of Soja for the month of January 2018 [16 Marks]
 - ii. Draw up the Trial Balance for the month of January 2018 [8 Marks]
- [Total 24marks]

Question Three

Enter the following transactions in the books of Chaitezvi and prepare a Trial Balance at 31 May 2019, together with a calculation of profit for the year month and a statement of financial position as at 31 May.

May 1 Started the business with \$1500 in the bank and \$500.

2 Purchased goods to the value of \$1750 from C Dunn, agreeing credit terms of 60 days

3 Bought fixtures and fittings for the bakery for \$150, paying by cheque

6. bought goods on credit from E Farnham for \$115

10 Paid rent of \$300 paying cash

12 Bought stationery cash book and invoices for \$75 paying by cash

14 Sold good on credit valued at \$125 to G harlem

20 Bought an Old van for deliveries for \$2 000 on credit from L Jumpstart

30 Paid wages of \$450 net for the month by Cheque

31. Summarised cash sales for the month and found them to be \$2500. Took a cheque for \$500 as own wages for the month. Banked \$2000 out of cash sales over the month

31 closing inventory was \$500

[30 marks]

[Total 30 marks]

Question Four

J Wright, a sole trader, extracted the following trial balance from his books at the close of business on 31 March 2019:

	Dr	Cr
	\$	\$
Purchases and sales	61,420	127,245
Stock 1 April 2018	7,940	
Capital 1 April 2018		25,200
Bank overdraft		2,490
Cash	140	

Discounts	2,480	62
Returns inwards	3,486	
Returns outwards		1,356
Carriage outwards	3,210	
Rent and insurance	8,870	
Provision for doubtful debts	630	
Fixtures and fittings	1,900	
Van	5,600	
Debtors and creditors	12,418	11,400
Drawings	21,400	
Wages and salaries	39,200	
General Office expenses	319	
	168,383	168,383

Notes:

- Stock 31 March 2019 \$6,805.
- Wages and salaries accrued at 31 March 2019 \$3,500; Office expenses owing \$16.
- Rent prepaid 31 March 2019 \$600.
- Increase the provision for doubtful debts by \$110 to \$740.
- Provide for depreciation as follows: Fixtures and fittings \$190; Van \$1,400.

Required:

Prepare the Statement of profit or loss account for the year ended 31 March 2019 together with a Statement of Financial Position as at that date. **[17 marks]**

[Total 17marks]

Question Five

The following is the trial balance of Veronica Matsika, a store owner,

Trial Balance as at 31 December 2017

	<i>Dr</i>	<i>Cr</i>
	\$	\$
Sales		400,000
Purchases	350,000	
Sales returns	5,000	
Purchases returns		6,200
Opening stock at 1 January 2017	100,000	
Provision for doubtful debts		800
Wages and salaries	30,000	
Rates		6,000

Telephone	1,000	
Shop fittings at cost	40,000	
Van at cost	30,000	
Debtors and creditors	9,800	7,000
Bad debts	200	
Capital		179,000
Bank balance	3,000	
Drawings	<u>18,000</u>	
	<u>593,000</u>	<u>593,000</u>

- i. Closing stock at 31 December 2017 \$120,000.
- ii. Accrued wages \$5,000.
- iii. Rates prepaid \$500.
- iv. The provision for doubtful debts to be increased to 10 per cent of debtors.
- v. Telephone account outstanding \$220.
- vi. Depreciate shop fittings at 10 per cent per annum; and van at 20 per cent per annum, on cost.

Required

Prepare a Statement of Profit or Loss and Other comprehensive income for the year ended 31 December 2017 and a Statement of Financial Position as at that date. [20 marks]

[Total 20 marks]

END OF EXAMINATION QUESTION PAPER