



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING

DEPARTMENT OF ACCOUNTING AND FINANCE

EXAMINATION PAPER

COURSE CODE : CAC112  
COURSE TITLE : FINANCIAL ACCOUNTING 1A  
DURATION : 3 Hours  
LEVEL : 2.1  
DATE :

01 DEC 2022

**INSTRUCTIONS TO CANDIDATES:**

1. No cell phones are allowed in the examination venue.
2. Answer **all** questions in **Section A and Section B**.
3. Begin each question on a new page for Section B only.
4. The number of marks for each question or part question is shown in brackets [ ]

**SECTION A: ANSWER ALL QUESTIONS (Each question carries 2marks)**

**Choose the most appropriate answer.**

**1. Which of the following best describes the meaning of 'Purchases'?**

- A. Items bought
- B. Goods bought on credit
- C. Goods bought for resale
- D. Goods paid for

**2. Which of the following should not be called 'Sales'?**

- A. Office fixtures sold
- B. Goods sold on credit
- C. Goods sold for cash
- D. Sale of item previously included in 'Purchases'

**3. To find the value of closing inventory at the end of a period we**

- A. Do this by stocktaking
- B. Look in the inventory account
- C. Deduct opening inventory from cost of goods sold
- D. Deduct cost of goods sold from sales.

**4. The credit entry for net profit is on the credit side of**

- A. The trading account
- B. The profit and loss account
- C. The drawings account
- D. The capital account.

**5. Which of these best describes a statement of financial position?**

- A. An account proving the books balance
- B. A record of closing entries
- C. A listing of balances
- D. A statement of assets, liabilities and equity

**6. The Sales Day Book is best described as**

- A. Part of the double entry system
- B. Containing customers' accounts
- C. Containing real accounts
- D. A list of credit sales.

**7. Which of the following are personal accounts?**

- (i) Buildings
  - (ii) Wages
  - (iii) Debtors
  - (iv) Creditors
- A. (i) and (iv) only
  - B. (ii) and (iii) only
  - C. (iii) and (iv) only

D. (ii) and (iv) only.

8. On 1 July 2021 Makado received an invoice of \$32,000 less 10% trade discount and 2% cash discount if paid within 10 days. The amount paid by Makado on 8 July 2021 was:

- A. \$28,160
- B. \$28,224
- C. \$28,800
- D. \$31,360

9. The following financial data was given on 31 December 2021:

Sales	\$40,000
Returns inwards	\$1,500
Carriage on sales	\$10,000

Turnover amounted to:

- A. \$28,500
- B. \$31,500
- C. \$38,500
- D. \$30,000

10. A trader received a 10 year loan worth \$10,000 from the bank. The effect of this transaction is to:

- A. Increase current liabilities
- B. Increase non-current liabilities
- C. Reduce current liabilities
- D. Reduce non-current liabilities

[Total 20marks]

**SECTION B: ANSWER ALL QUESTIONS. (Begin each question on a new page.)**

**Question 1**

The following financial data were taken from the books of Pindi Wine Wholesaler for the month of March 2021:

2021

- Mar 1 Balances brought forward: Cash \$62,000; Bank \$714,200.
- 2 The following paid their accounts by cheque, in each case deducting 5 per cent cash discounts: G Kuonda \$26,000; P Hove \$32,000; T Mukuru \$42,000 (all amounts are pre-discount).
- 4 Paid rent by cheque \$43,000.
- 6 F Mutema lent us \$500,000 paying by cheque.
- 8 We paid the following accounts by cheque in each case deducting a 2½ per cent cash discount: R Ngwetu \$72,000; G Guru \$96,000; L Vhura \$160,000 (all amounts are pre-discount).
- 10 Paid motor expenses in cash \$8,100.
- 12 J Mbadzi pays his account of \$9,000, by cheque \$8,800, deducting \$200 cash discount.
- 15 Paid wages in cash \$58,000.
- 18 The following paid their accounts by cheque, in each case deducting 5 per cent cash discount: A Pikho \$54,000; Mutsara & Son \$70,000; T Onai \$52,000 (all amounts are pre-discount).
- 21 Cash withdrawn from the bank \$40,000 for business use.
- 24 Cash Drawings \$20,000.
- 25 Paid W Petai his account of \$16,000, by cash \$15,500, having deducted \$500 cash discount.
- 29 Bought fixtures paying by cheque \$72,000.
- 31 Received commission by cheque \$12,000.

**Required:**

Prepare a three-column cashbook and the relevant discounts accounts in the general ledger

**[Total 30 marks]**

## Question 2

The following trial balance was extracted from the books of Chaxonda Boutique for the 31 March 2022:

Trial balance as at 31 March 2022

	Dr	Cr
	\$	\$
Purchases and sales	614,200	1,272,450
Stock 1 April 2021	79,400	
Capital 1 April 2021		252,000
Bank overdraft		24,900
Cash	1,400	
Discounts	24,800	620
Returns inwards	34,860	
Returns outwards		13,560
Carriage outwards	32,100	
Rent and insurance	88,700	
Allowance for doubtful debts		6,300
Fixtures and fittings	19,000	
Van	56,000	
Receivables and payables	124,180	114,000
Drawings	214,000	
Wages and salaries	392,000	
General office expenses	3,190	
	<b>1,683,830</b>	<b>1,683,830</b>

The following additional information was also provided:

- Inventory 31 March 2022 \$68,050
- Wages and salaries accrued at 31 March 2022 \$35,000
- Office expenses owing \$160
- Rent prepaid 31 March 2022 \$6,000
- Increase the allowance for doubtful debts by \$1,100
- Depreciation for motor van and fixtures for the year were \$14,000 and \$1,900 respectively.

### Required:

Prepare the Income statement and the statement of financial position of Chaxonda for the year ended 31 March 2020.

[25marks]

### Question 3

The trial balance extracted from Tirivangana Tirivaviri Ltd at 31 December 2021 was as follows:

	Dr	Cr
	\$	\$
Share capital		2,000,000
Profit and loss account 31 December 2020		275,000
Freehold premises at cost	2,710,000	
Accumulated depreciation on freehold premises at 31 Dec 2020		540,000
Machinery at cost	840,000	
Accumulated depreciation on machinery account as at 31 Dec 2020		210,000
Purchases	5,637,000	
Sales		9,253,000
General expenses	146,000	
Wages and salaries	1,794,000	
Business rates	61,000	
Electricity	48,000	
Bad debts	14,000	
Allowance for doubtful debts 31 December 2020		12,000
Receivables	742,000	
Payables		683,000
Inventory 31 December 2020	819,000	
Bank balance	162,000	
	<b>12,973,000</b>	<b>12,973,000</b>

**You are given the following additional information:**

- (i) The authorised and issued share capital is divided into 4,000,000 ordinary shares of 50c each.
- (ii) Inventory in trade at 31 December 2021, \$943,000.
- (iii) Wages and salaries due at 31 December 2021 amounted to \$18,000.
- (iv) Business rates paid in advance at 31 December 2021 amounted to \$7,000.
- (v) A dividend of \$200,000 is proposed for 2021.
- (vi) The provision for doubtful debts is to be increased to \$15,000.
- (vii) A depreciation charge is to be made on freehold premises of \$250,000 and machinery at the rate of 20 per cent per annum on cost.

**Required is to prepare:**

- a) Income statement for the year ended 31 December 2021 [12]
- b) Statement of changes in equity for the year ended 31 December 2021 [3]
- c) A statement of financial position as at 31 December 2021. [10]

[Total 25marks]

**THE END**

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