



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS

DEPARTMENT OF ACCOUNTING, FINANCE AND HUMAN CAPITAL MANAGEMENT

EXAMINATION PAPER

COURSE CODE : CAC 112
COURSE TITLE : FINANCIAL ACCOUNTING 1A
SPECIAL REQUIREMENTS : NONE
DURATION : 3 HOURS
LEVEL : 1:1
DATE : 11 OCT. 2023

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. Use of silent, non-programmable calculators is allowed.
3. Answer **ALL** questions in both Section A and Section B.
4. Begin each question on a new page in Section B.
5. The number of marks for each question or part question is shown in brackets []

SECTION A

Each question carries 2 marks

Answer all questions (20 marks)

1) Capital expenditure refers to -----

- A. money used to acquire non-current asset
- B. money used or spent on inventory
- C. annual charges on depreciation
- D. All costs of starting a business.

(2 marks)

2) Which of the following is not an example of revenue expenditure -----

- A. cost of installing a new machine
- B. repainting a classroom block
- C. purchasing a new engine for the school bus
- D. repairing the air conditioning system.

(2 marks)

3. The most appropriate meaning of control account is-----

- A an account which summarizes transactions passing through the accounts it controls
- B an account that controls all transactions in a given year
- C an account that summarizes cash transactions in the Cash book
- D an account that summarizes the owners' investment.

(2 marks)

4. The account of credit customers are kept in the -----

- A. general ledger
- B. purchase ledger
- C. cash book
- D. sales ledger.

(2 marks)

5. A cheque may be Dishonoured for the following reasons except -----

- A. not having sufficient funds in the account
- B. cheque being classified as stale
- C. signature matching the one in the bank system

D. the amount in figure differs from the amount in words. (2 marks)

6. An accrued electricity in the statement of financial position is-----

- A. a current asset
- B. a non-current asset
- C. capital
- D. current Liabilities.

(2 marks)

7. The following are entered in the sales ledger control account except

- A. credit sales and cash refunded to customers
- B. bad debts and cash sales
- C. Discount allowed and returns outwards
- D. provision for bad debts and cash sales.

(2 marks)

8. The account of credit suppliers are kept in the-----

- A. general ledger
- B. purchases ledger
- C. cash book
- D. sales ledger.

(2 marks)

9. We correct errors through the Journal so that we-----

- A. save the bookkeepers time
- B. do not clutter the ledger
- C. create work for the unemployed
- D. provide a good record explaining the double entry records.

(2 marks)

10. In the statement of financial position current assets are arranged in the order of-----

- A. permanence
- B. value
- C alphabet
- D. liquidity

(2 marks)

SECTION B.

Answer all questions in this section (80 marks)

QUESTION 2

An inexperienced bookkeeper extracted a Trial balance on 31 December 2018 which failed to agree by \$210, a shortage on the credit side of the Trial balance .A suspense account was opened for the difference.

In January 2019, the following errors made in 2018 were found:

- i) Sales day book had been undercast by \$200.
- ii) Sales of \$610 to T Moyo had been debited in error to T Mussas account.
- iii) Rent account had been undercast by \$90.
- iv) Discount allowed account had been overcast by\$100.
- v) The sale of a computer at net book value had been credited in error to the Sales account \$230.

Required

- a) Show the journal entries necessary to correct the errors. **(10 marks)**
- b) Draw up the Suspense account after the errors described have been corrected. **(10 marks)**

QUESTION 3

The following information was obtained from the books of Mhaka for the month of August 2010

Debtors balances	5 800 DR
Creditors balances	200 CR
Creditors balances	2 600
Credit sales	41 000
Cash sales	15 000
Credit purchases	25 000
Returns outwards.	200
Returns inwards.	100
Cash and cheques from all customers	52 000
Cheques paid to creditors.	17 000

Credit customers cheque Dishonoured	2 500
Discount allowed.	300
Discount received	450
Interest charged by suppliers.	230
Sales ledger balances transferred to purchases ledger	2 300
Cash refund to credit customers.	1 200
Bad debts written off.	900
Debit balances in the purchases ledger.	40
Credit balances in sales ledger.	70

Required

- Prepare the Debtors total account for the month of August 2010 **(9marks)**
- Prepare the Creditors total account for the same month **(9 marks)**
- State any two advantages of preparing the total accounts. **(2 marks)**

QUESTION 4

Mussa provides you with the following transactions for his first month of operation in 2019

October 1. Started business with \$20 000 in the bank

3 withdrew \$640 from the bank for business use

5 Bought furniture \$4 500 on credit from Muchadei furnitures

6 Bought goods \$3 400 cash

9 Received a loan \$7 000 from Microfinance

12 Sold goods \$2 300 cash

15 paid wages by cheque \$3 000

21 Bought goods \$2 500 on credit from Metropeech

26 Paid Muchadei furnitures by cheque \$2 000

Required

- Post the transactions to relevant ledger accounts
- Balance off the ledger accounts. **(20 marks)**

QUESTION 5

Moyo's trial balance is given below

Trial balance as at 31 December 2015

Account.	\$.	\$
Capital.		30 000
Furniture.	10 000	
Inventory.	1 500	
Buildings.	14 000	
Inventory on 1 Jan 2015.	1 000	
Sales.		18 000
Purchases	14 000	
Returns outwards		1 100
Returns inwards.	700	
Discounts	250	140
Stationery.	170	
Rent.	370	
Wages and salaries.	5 800	
Insurance.	1 500	
Accounts payable		4 450
Accounts receivable.	3 000	
Drawings.	1 400	
	<u>53 690.</u>	<u>53 690</u>

Additional information;

Closing inventory is valued at \$800

You are required to prepare;

- Income statement for the year ended 31 December 2015. (10 marks)
- Statement of financial position as at 31 December 2015. (10 marks)

END OF EXAMINATION QUESTION PAPER

20/35 (am)