



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 : 12 JUN 2024

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.
5. The number of marks for each question or part question is shown in brackets []

Section A. [20 marks]

Answer all questions in this section.

Each question carries (2 marks)

- 1) Which accounting concept is being applied when goods taken by an owner for own use are treated as drawings?
A. Business entity B. Materiality C. Realisation D. Substance over form.
- 2) If assets are \$65 000 and liabilities are \$25 000, what is the net worth of the business?
A. \$30 000 C. \$50 000
B. \$40 000 D. \$90 000

- 3) A firm pays its trade payables by cheque. What is the effect on assets and liabilities?

Effect upon assets

- A. Reduces bank
B. Increases bank
C. Reduces bank
D. Reduces bank

Effect upon liabilities

- Reduces trade payables
Increases trade payables
Increases trade payables
Reduces debtors

- 4) At the start of the year, a business had the opening trade payables of \$13 000. At the end of the year, it owed \$15 000 to trade payables.

During the year it paid \$190 000, after taking a cash discount of \$10 000.

What was the amount of the credit purchases for the year?

- A. \$188 000
B. \$192 000
C. \$198 000
D. \$202 000

- 5) When preparing a bank reconciliation statement, the following information is available;

	\$
Bank balance shown by the cash book	20 000 debit
Unpresented cheques	2 500
Uncleared banking	1 400
Standing order shown on the bank statement (not in a cash book)	300

What is the balance on the bank statement?

- A. \$18 600
 - B. \$19 200
 - C. \$20 800
 - D. \$21 400
- 6) Which item appears in the statement of changes in equity?
- A. Issue of a debenture
 - B. Profit on revaluation
 - C. Proposed dividends
 - D. Repayment of long-term loan.
- 7) Which non-current asset is likely to be depreciated using the revaluation method?
- A. Loose tools
 - B. Motor vehicles
 - C. Office equipment
 - D. Plant and machinery
- 8) Which item is classified as revenue expenditure?
- A. Installation costs of machinery.
 - B. Legal fees on the purchase of premises.
 - C. Number plates on a new motor vehicle.
 - D. Redecorating office premises
- 9) Which qualitative characteristic implies that financial information should have predictive and confirmative value for users in making and evaluating economic decisions?
- A. Faithful representation
 - B. Verifiability
 - C. Understandability
 - D. Relevance
- 10) The closing balance in the purchases ledger control account is \$163 762. The purchases journal has been undercast by \$1 000. What is the correct closing balance on the purchases ledger control account?
- A. \$162 762
 - B. \$163 762
 - C. \$164 762
 - D. \$165 762

[TOTAL 20 MARKS

SECTION B (80 marks)

Answer all questions.

Question one

Identify the name of each of the following errors given below:

- a) A sale of goods worth \$500 to A. Manga was entered in L. Manga's account.
- b) The purchase of \$4 800 machinery on credit from Muri was completely omitted from the books.
- c) The purchase of a motor vehicle \$7 900 was entered in the motor expense account.
- d) A sale of \$221 to Mabu was entered in the books as \$212.
- e) A receipt from Zande of \$4 000 was credited to the cash account and debited to Zande account.

[5 marks]

Question two

The trial balance of Musa failed to agree with \$330, a deficit on the credit side of the trial balance. A suspense account was opened for the purpose. After further investigations, the following errors were identified:

1. The Sales Day Book was undercast by \$100.
2. Sales of \$250 to F Mau had been debited to E Mau's account.
3. Rent account was undercast by \$70.
4. Discount received account had been undercast by \$300.
5. The sale of a motor vehicle at book value had been credited to the sales account in error \$360.

Required:

- a) Show the journal entries to correct the errors. **[10marks]**
- b) Prepare the suspense account. **[6marks]**
- c) Unadjusted profit is \$7900 for the year ended 20X9, recalculate the profit for the year. **[7marks]**

Question 3

On January 1 20X9, Manga. M commenced business as a retailer with the capital at bank of \$500. During the month of January 20X9, the following transactions took place;

Jan 2. Bought goods on credit from: M. Murombo \$250; F. Gwena \$460

Jan 4. Bought goods paying by cheque \$140

Jan 5. Cash sales, paid direct to bank \$135.

Jan 7. Sold goods on credit to A. Ngorima \$46.

Jan 9. Goods returned to F. Gwena, valued at \$24.

Jan 12. Paid rent by cheque \$45 and wages by cheque \$30.

- Jan 16. Bought goods on credit from M. Murombo \$175
 Jan 20. Cash sales, paid direct into bank \$220.
 Jan 26. Sold goods on credit to L. Mafukidze \$120
 Jan 28. Paid wages by cheque \$32.
 Jan 29. Cash sales, paid into bank account \$270.
 Jan 30. L. Mafukidze returned goods valued at \$12
 M. Manga withdrew \$40 from the bank as personal drawings
 Jan 31. Paid M. Murombo \$300 on account; F. Gwena \$300 all the payments were by cheque.

Required:

Complete double entry in the ledger accounts and balance off the following;

- a. Bank account [7marks]
- b. Sales account [4marks]
- c. Manga's account [2marks]

Question Four

The balances given below are for the month of June 20X9.

Balances on 1 June 20X9:	\$
Debit – Purchases ledger	415
Debit – Sales ledger	13 500
Credit – Sales ledger	300
Credit – Purchases ledger	12 000
For the month ending 30 June 20X9.	
Total credit purchases	17 500
Total credit sales	20 000
Sales returns and allowances	360
Purchases returns and allowances	200
Cash received from trade debtors	7 500
Cheques received from trade debtors	15 000
Discounts received from creditors	120
Discounts allowed to trade debtors	16 400
Bad debts written off	50
Provision for doubtful debts	200
Bills of exchange accepted by trade debtors	4 300
Bills of exchange accepted by Mucheri.	6 600
Sales ledger credit balances transfer to purchases ledger	80
Cash purchase	3 300

Dishonored bills payable	130
Dishonored bill received	150
Credit balances in the sales ledger	195
Debit balance in the purchases ledger.	180

Required:

- Prepare the Receivables Control Account [8 marks]
- Prepare the Payables Control Account [7 marks]

Question 5

The following are books of accounts for a trader for the year ended 31 December 20X9.

Receipts			Cash Book (Bank Column)		Payments	
Date	Details	Amount	Date	Details	Amount	
Dec 1	Balance b/d	1 740	Dec 8	A. Paise	349	
7	T. Mara	88	15	R. Shilo	33	
22	J. Dure	73	28	G. Maro	115	
31	K. Zoha	249	31	Balance c/d	1 831	
31	M. Tonga	178				
		2 328			2 328	

Bank Statement

Date	Details/particulars	DR	CR	Balance
Dec 1	Balance b/d			1 740
7	Cheque		88	1 828
11	A. Paise	349		1 479
20	R. Shilo	33		1 446
22	Cheque		73	1 519
31	Credit transfer. J. Japi		54	1 573
31	Bank charges	22		1 551

Required:

- Prepare a supplementary/updated cash book. [6marks]
- Prepare the bank reconciliation statement on 31 December 20X9. [8marks]

Question 6

A machine costs \$100 000 per annum and is expected to be used over a period of 5 years. It is to be depreciated at a rate of 30% on the reducing balance method.

Required:

Show the annual depreciation and the net book value for each successive year. [10marks]

END OF EXAMINATION QUESTION PAPER

18/28 (pm)