

ZIMBABWE EZEKIEL GUTI UNIVERSITY



DEPARTMENT OF ACCOUNTING AND FINANCE

B. COM ACCOUNTING

COURSE: ACCOUNTING CONCEPTS AND PRINCIPLES

COURSE CODE: CAC103

DURATION: 3 HOURS

11 JUNE 2018

INSTRUCTIONS TO CANDIDATES

Answer all questions on a separate answer sheet provided

Show all workings

Calculators may be used

Question 1

T. Gumbere is a manufacturer. His trial balance at 31 December 2017 is as follows:

	DR	CR
	\$	\$
Delivery van expenses	1,760	
Lighting and heating: Factory	7,220	
Office	1,490	
Manufacturing wages	72,100	
General expenses: Factory	8,100	
Office	1,940	
Sales reps: commission	11,688	
Purchase of raw materials	57,210	
Rent: Factory	6,100	
Office	2,700	
Machinery (cost \$40,000)	28,600	
Office equipment (cost \$9,000)	8,200	
Office salaries	17,740	
Debtors	34,200	
Creditors		9,400
Bank	16,142	
Sales		194,800
Van (cost \$6,800)	6,200	
Stocks at 31 December 20X1:		
Raw materials	13,260	
Finished goods	41,300	
Drawings	24,200	
Capital		155,950
TOTAL	360,150	360,150

Prepare the manufacturing, trading and profit and loss accounts for the year ended 31 December 2012 and a statement of financial position as at that date. Give effect to the following adjustments:

- i) Stocks at 31 December 2017: raw materials \$14,510; finished goods \$44,490. There is no work in progress.
- ii) Depreciate machinery \$3,000; office equipment \$600; van \$1,200.

iii) Manufacturing wages due but unpaid at 31 December 2017 \$550; office rent prepaid \$140.

(25 marks)

Question 2

Enter the following in the three-column Cash Book of an office supply shop. Balance off the cash book at the end of the month and show the discount accounts in the general ledger.

2017

June 1 Balances brought forward: Cash \$420; Bank \$4,940.

== 2 The following paid us by cheque, in each case deducting a 5 per cent cash discount:

S Braga \$820; L Pine \$320; G Hodd \$440; M Rae \$1,040.

== 3 Cash sales paid direct into the bank \$740.

== 5 Paid rent by cash \$340.

== 6 We paid the following accounts by cheque, in each case deducting 2 1/2 per cent cash discount: M Peters \$360; G Graham \$960; F Bell \$400.

== 8 Withdrew cash from the bank for business use \$400.

== 10 Cash sales \$1,260.

== 12 B Age paid us their account of \$280 by cheque less \$4 cash discount.

== 14 Paid wages by cash \$540.

== 16 We paid the following accounts by cheque: R Todd \$310 less cash discount \$15; F Dury \$412 less cash discount \$12.

== 20 Bought fixtures by cheque \$4,320.

== 24 Bought a lorry paying by cheque \$14,300.

== 29 Received \$324 cheque from A Line.

== 30 Cash sales \$980.

== 30 Bought stationery paying by cash \$56.

(25marks)

Question 3

(a) Describe fully the qualitative characteristics of financial statements (15marks)

(b) To what extent do the following stakeholders find accounting information useful

(i) Customers (5marks)

(ii) Financial institutions (5marks)

Question 4

The following trial balance of The Bindura Golf Club was extracted from the books as on 31 December 2017:

	Dr	Cr
	\$	\$
Clubhouse	142,000	
Equipment	18,600	
Profits from raffles		6,508
Subscriptions received		183,400
Wages of bar staff	29,200	
Bar stocks 1 January 2017	9,400	
Bar purchases and sales	41,300	84,600
Greenkeepers' wages	21,500	
Golf professional's salary	37,000	
General expenses	910	
Cash at bank	3,924	
Accumulated fund at 1 January 2017	29,326	
	303,834	303,834

Notes:

- Bar purchases and sales were on a cash basis. Bar stocks at 31 December 2017 were valued at \$6,410.
- Subscriptions paid in advance by members at 31 December 2017 amounted to \$1,870.
- Provide for depreciation of equipment \$2,400.

You are required to:

- Draw up the bar trading account for the year ended 31 December 2017. **(5marks)**
- Draw up the income and expenditure account for the year ended 31 December 2017, and a Statement of financial affairs as at 31 December 2017. **(20marks)**

END OF PAPER