



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 : 29 JUL 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 of the following statements is **incorrect?**

(A) $\text{Assets} - \text{Capital} = \text{Liabilities}$

(B) $\text{Liabilities} + \text{Capital} = \text{Assets}$

(C) $\text{Liabilities} + \text{Assets} = \text{Capital}$

(D) $\text{Assets} - \text{Liabilities} = \text{Capital}$

(2 marks)

(2) Which of the following is **not an asset?**

(A) Buildings

(B) Cash balance

(C) Debtors

(D) Loan from K Harris

(2 marks)

(3) Given the following, what is the amount of Capital? Assets: Premises \$20,000; Stock

\$8,500; Cash \$100. Liabilities: Creditors \$3,000; Loan from A Adams \$4,000

(A) \$21,100

(B) \$21,600

(C) \$32,400

(D) \$21,400

(2 marks)

(4) Which of the following best describes a trial balance?

(A) Shows the financial position of a business

(B) It is a special account

(C) Shows all the entries in the books

(D) It is a list of balances on the books

(2 marks)

(5) Carriage inwards is charged to the trading account because

(A) It is an expense connected with buying goods

(B) It should not go in the balance sheet

(C) It is not part of motor expenses

(D) Carriage outwards goes in the profit and loss account.

(2 marks)

(6) Given figures showing: Sales \$8,200; Opening stock \$1,300; Closing stock \$900; Purchases \$6,400; Carriage inwards \$200, the cost of goods sold figure is

(A) \$6,800

(B) \$6,200

(C) \$7,000

(D) Another figure.

(2 marks)

(7) \$50 cash taken from the cash till and banked is entered

(A) Debit cash column \$50: Credit bank column \$50

(B) Debit bank column \$50: Credit cash column \$50

(C) Debit cash column \$50: Credit cash column \$50

(D) Debit bank column \$50: Credit bank column \$50.

(2 marks)

(8) A credit balance of \$200 on the cash columns of the cash book would mean

- (A) We have spent \$200 more than we have received
- (B) We have \$200 cash in hand
- (C) The bookkeeper has made a mistake
- (D) Someone has stolen \$200 cash.

(2 marks)

(9) Working Capital is a term meaning

- (A) The amount of capital invested by the proprietor
- (B) The excess of the current assets over the current liabilities
- (C) The capital less drawings
- (D) The total of Fixed Assets – Current Assets.

(2 marks)

(10) Where there is no partnership agreement then profits and losses

- (A) Must be shared in same proportion as capitals
- (B) Must be shared equally
- (C) Must be shared equally after adjusting for interest on capital
- (D) None of these

(2 marks)

[TOTAL 20 MARKS]

SECTION B (80 marks)

Answer all questions.

Question one

The following information pertains transactions for a second-hand bookshop for the month of November 2019:

- Nov 1 Balance brought forward from last month: Cash \$295; Bank \$4,240.
- Nov 2 Cash sales \$310.
- Nov 3 Took \$200 out of the cash till and paid it into the bank.
- Nov 4 F Bell paid us by cheque \$194.
- Nov 5 We paid for postage stamps in cash \$80.
- Nov 6 Bought office equipment by cheque \$310.
- Nov 7 We paid L Root by cheque \$94.
- Nov 9 Received business rates refund by cheque \$115.
- Nov 11 Withdrew \$150 from the bank for business use.
- Nov 12 Paid wages in cash \$400.
- Nov 13 Cash sales \$430.
- Nov 14 Paid motor expenses by cheque \$81.
- Nov 16 J Bull lent us \$1,500 in cash.
- Nov 20 K Brown paid us by cheque \$174.
- Nov 28 We paid general expenses in cash \$35.
- Nov 30 Paid insurance by cheque \$320.

Required:

Write up a two-column cash book for the book shop from the following details, and balance it off as at the end of the month. [20 marks] [Total 20 marks]

Question Two

Go through the following trial balance of G Still,

	Dr \$	Cr \$
Stock 1 October 2018	41,600	
Carriage outwards	2,100	
Carriage inwards	3,700	
Returns inwards	1,540	
Returns outwards		3,410
Purchases	188,430	
Sales		380,400
Salaries and wages	61,400	
Warehouse rent	3,700	
Insurance	1,356	
Motor expenses	1,910	

Office expenses	412	
Lighting and heating expenses	894	
General expenses	245	
Premises	92,000	
Motor vehicles	13,400	
Fixtures and fittings	1,900	
Debtors	42,560	
Creditors		31,600
Cash at bank	5,106	
Drawings	22,000	
Capital		68,843
	484,253	484,253

Stock at 30 September 2019 was \$44,780.

Required

- a. Prepare an income statement and other compressive income for the year ending 30 September 2019 (10marks)
- b. Prepare a statement of financial position as at 30 September 2019 (15marks)

[Total 25 marks]

Question Three

C Phillips, a sole trader specializing in material for Asian clothing, has the following purchases and sales for March 2019:

- Mar 1 Bought from Smith Stores: silk \$40, cotton \$80. All less 25 % trade discount.
- 8 Sold to Grantley: lycra goods \$28, woollen items \$44. No trade discount.
- 15 Sold to A Henry: silk \$36, lycra \$144, cotton goods \$120. All less 20% trade discount
- 23 Bought from C Kelly: cotton \$88, lycra \$52. All less 25% trade discount.
- 24 Sold to D Sangster: lycra goods \$42, cotton \$48. Less 10% trade discount.
- 31 Bought from J Hamilton: lycra goods \$270. Less 33 1/3 % trade discount.

Required:

- (a) Prepare the purchases and sales day books of C Phillips from the above. (5 marks)
- (b) Post the items to the personal accounts. (5 marks)
- (c) Post the totals of the day books to the sales and purchases accounts. (5 marks)

[Total 15 marks]

Question Four

Consider the following information for the month of April. The balance of the account is to be taken as the amount of creditors as on 30 April 2015

April 1 Purchases ledger balances	11,241
Totals for April:	
Purchases journal	6,100
Returns outwards journal	246
Cheques paid to suppliers	8,300
Discounts received from suppliers	749
April 30 Purchases ledger balances	?

Required

- a. To prepare a purchases ledger control account (10 marks)
- b. Analyse the following information:

	\$
Cash at bank as per bank column of the cash book	2,910
Unpresented cheques	730
Cheques received and paid into the bank, but not yet entered on the bank statement	560
Credit transfers entered as banked on the bank statement but not entered in the cash book	340
Cash at bank as per bank statement	4,540

Required:

- a. From the above draw up a bank reconciliation statement from details as on 31 December 2016 (10 marks)
- [Total 20 marks]**

END OF EXAMINATION QUESTION PAPER