



**ZIMBABWE EZEKIEL GUTI UNIVERSITY**

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**FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING**

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**DEPARTMENT OF ACCOUNTING AND FINANCE**

**EXAMINATION PAPER**

**COURSE CODE** : CAC103  
**COURSE TITLE** : ACCOUNTING PRINCIPLES AND CONCEPTS  
**SPECIAL REQUIREMENTS** : Non- programmable Calculator  
**DURATION** : ~~3 Hours~~  
**LEVEL** : 1.1  
**DATE** : 14 NOV 2019

**INSTRUCTIONS TO CANDIDATES:**

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

### Question One

T. Moffat is a manufacturer. His trial balance at 31 December 2018 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 2017:		
Raw materials	13,260	
Finished goods	41,300	
Drawings	24,200	
Capital		155,950
<b>TOTAL</b>	<b>360,150</b>	<b>360,150</b>

Prepare the manufacturing, statement of profit and loss and other comprehensive income for the year ended 31 December 2018 [18marks]

[b] Statement of financial position as at that date. [7marks]

Give effect to the following adjustments:

1 Stocks at 31 December 2018: raw materials \$14,510; finished goods \$44,490. There is no work in progress.

2 Depreciate machinery £3,000; office equipment \$600; van \$1,200.

3 Manufacturing wages due but unpaid at 31 December 2018 \$550; office rent prepaid \$140.

[Total Marks 25]

## Question 2

[a] 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 [18marks]

[b] Show the discount accounts in the general ledger. [7marks]

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 lorry paying by cheque \$14,300.

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

== 30 Cash sales \$980.

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

[Total Marks 25]

### 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)

[Total Marks 25]

### Question 4

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

	<i>Dr</i>	<i>Cr</i>
	\$	\$
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	
	<b>303,834</b>	<b>303,834</b>

#### Notes:

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

**You are required to:**

(a) Draw up the Bar, Statement of Profit or Loss and other comprehensive income for the year ended 31 December 2017. **(5marks)**

(b) 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)**

**[Total Marks 25]**

**END OF PAPER**