

ZIMBABWE EZEKIEL GUTI UNIVERSITY



FACULTY OF COMMERCE

B. Com Marketing

B. Com Business Administration and Management

COURSE: FINANCIAL ACCOUNTING 1B

COURSE CODE: CAC 105

DURATION: 3 HOURS

3 DECEMBER 2018

INSTRUCTIONS TO CANDIDATES

1. No cell phones are allowed in the examination venue.
2. Begin each question on a new page.
3. Answer **all** questions.

Question One

Chikuse keeps his books on the single-entry basis. On 30 April 2016, his assets and liabilities are as follows

	\$
Furniture and Fittings	16 500
Inventory	8 700
Trade Receivables	10 900
Bank(favourable)	2 200
Petty Cash	300
Trade Payables	9 400
Loan: ZB Bank	5 500

On 30 April 2017 the position appeared to be as follows

	\$
Furniture and Fittings	16 500
Inventory	9 600
Trade Receivables	11 200
Bank	3 000
Petty Cash	4 00
Trade Payables	8 600
Loan: ZB Bank	5 000

Additional Information

It was also ascertained that Chikuse withdraw \$2 500 from the entity during the year

Required

- Calculate the Capital as at 30 April 2016 **(10 Marks)**
- Calculate the Capital as at 20 April 2017 **(10 Marks)**
- Calculate the estimated profit or loss of Chikuse Traders for the year ended 30 April 2017 **(5 Marks)**

[TOTAL: 25 Marks]

Question Two

Kunaka keeps control accounts for his Purchases and Sales Ledgers. He extracted the following balances from her books of accounts for the month of July 2018:

1st July	Purchase Ledger balance	Dr \$186	
		Cr \$17,960	
	Sales Ledger balance	Dr \$28,240	
		Cr \$235	
31st July	Purchase on credit		\$49,216
	Cash purchases		\$4,820
	Sales on credit		\$63,140
	Cash sales		\$6,280
	Bad debts written off		\$190
	Returns outwards		\$1024
	Returns inwards		\$1,642
	Cash received from credit customers		\$67,930
	Discount received		\$1,045
	Dishonoured cheque recharged to credit customer		\$315
	Legal fees charged to customers		\$150
	Payments to suppliers		\$47,310
	Discount allowed		\$1,820
	Sales ledger debit balances transferred to purchases ledger per contra		\$450
	Purchase ledger debit balances at 31st July		\$212
	Sales ledger credit balance at 31st July		\$287
	Provision for bad and doubtful debts		\$320

Required:

- (a) Open the Purchases Ledger and Sales Ledger Control Accounts and post the entries for the month of July 2018, balancing at 31 July **(20 marks)**

Show how the Debtors and Creditors should appear in the Statement of financial Position as at 31 July 2018 **(5 marks)**

[TOTAL:25 Marks]

Question Three

When the trial balance of XYZ Ltd as at 30 September was prepared, a difference was found. A Suspense Account was created in order to achieve the balance:
Examination of the books showed the following:

- i) Discount allowed of \$76 had been credited to the Discount Received Account
- ii) A sale of \$151 to Mr. A had been posted correctly to the personal account but entered in the Sales Day Book as \$1.15
- iii) A cheque received from Mr. B entered correctly in the Cash Book as \$766 had been posted to the company's account as \$760
- iv) The purchase of new machinery for \$1,200 had been posted to the Stock Account. Depreciation is ignored for the year in which the machinery is purchased
- v) A sale of \$265 to Mr. C had not been posted to his account
- vi) A petty cash balance of \$100 was omitted from Trial Balance
- vii) Bank interest charges of \$720 were correctly entered in the Cash Boo but the other side of the double entry had been omitted.

Required:

- (a) Prepare Journal entries to correct the above errors, without narrations **(14 marks)**
- (b) Prepare a Suspense Account **(7 marks)**
- (c) What kind of errors may cause the trial balance not to balance **(4 marks)**

Question Four

The tables below shows the statement of profit and loss as well as the statement of Financial Position

Income Statement

(\$000)

	2015	2014
Net Sales	7,050	6,200
Net Income	340	410

Statement of financial Position

	2015	2014
Assets		
Current Assets	1,840	1,570
Property, plant and equipment (net)	2,590	2,420
Total Assets	4,430	3,990
Current Liabilities	1,150	1,190
Long term liabilities	810	440
Paid-in capital	1,500	1,500
Retained earnings	970	860

Required:

- i) Determine the following ratios for 2015 and 2014:
- a) profit margin on sales (5 Marks)
 - b) return on assets (ROA) (5 Marks)
 - c) Current Ratio (5 Marks)
 - d) Acid test Ratio (5 Marks)
- ii) Determine the amount of dividends paid to the shareholders during 2015 (5 Marks)
[25 marks]

******END OF PAPER******