



**ZIMBABWE EZEKIEL GUTI UNIVERSITY**

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**FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS**

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**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 FEB 2025

**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. The number of marks for each question or part question is shown in brackets  
[]
5. Begin each answer on a new page.
6. **DO NOT OPEN THIS PAPER UNTIL THE INVIGILATOR INSTRUCTS YOU.**

**SECTION A (20 Marks)**

**ANSWER ALL QUESTIONS (Each question carries 2 Marks)**

**SELECT THE MOST APROPRIATE ANSWER**

**QUESTION 1**

1.The descending order in which current assets should be shown in the balance sheet is

- A. Inventory, Accounts receivable, Bank, Cash
- B. Cash, Bank, Accounts receivable, Inventory
- C. Accounts receivable, Inventory, Bank, Cash
- D. Inventory, Accounts receivable, Cash, Bank

2.At the Balance sheet date, the balance on the Accumulated Provision for Depreciation Account is

- A. Transferred to Depreciation Account
- B. Transferred to Profit and Loss Account
- C. Simply deducted from the asset in the Balance Sheet
- D. Transferred to the Asset Account

3.A cash discount is best described as a reduction in the sum to be paid

- A If payment is made within previously agreed period
- B If payment is made by cash, not cheque
- C If payment is made either by cash or credit
- D If purchases are made for cash, not on credit

3.Depreciation is

- A The amount spent to buy a non-current asset
- B The salvage value of a non-current asset
- C The part of the cost of the non-current asset consumed during its period of use by the firm

D The amount of money spent replacing non-current assets.

4. Credit note issued by us will be entered in

A Sales Account

B Returns Inwards Account

C Returns Inwards Journal

D Returns Outwards Journal

5. If assets are \$65 000 and liabilities are \$25 000, what is the net worth of the business

A. \$30 000

B. \$40 000

C. \$50 000

D. \$90 000

6. Which concept is being applied when goods taken by owner for own use are treated as drawings

A. Business entity

B. Materiality

C. Realisation

D. Substance over form

7. 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

8. Gross profit is

A. Excess of sales over cost of goods sold

B. Sales less purchases

C. Cost of goods sold + Opening inventory

D. Net profit less expenses of the period

9. Which of the following best describes a Trial balance

A. It shows the financial position of a business

B. It is a special account

C. It shows all the entries in the books

D. It is a list of balances on the books

10. Which of the following is correct

A. Profit does not alter capital

B. Profit reduces capital

C. Capital can only come from profit

D. Profit increases capital

**SECTION B (80 Marks)**

**ANSWER ALL QUESTIONS**

**QUESTION 2**

The list of balances from the purchases ledger shows a total of \$20 210 and that from the sales ledger a total of \$38 374.

2023

	\$
Purchases ledger balances	19 420
Sales ledger balances	28 227
Totals for the year 2023	
Purchases journal	210 416
Sales journal	305 824
Returns outwards journal	1 452
Returns inwards journal	3 618
Cheques paid to suppliers	205 419
Petty cash paid to suppliers	62
Cheques and cash received from customers	287 317
Discount allowed	4 102
Discount received	1 721
Balances on the sales ledger off set against balances in the purchase's ledger	640

**Required**

Prepare Purchases and Sales ledger control accounts.

**(20 Marks)**

**QUESTION 3**

Cash at bank 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 transfer entered as banked on the bank statement but not entered in the cashbook	340
Cash at bank as per bank statement	3 420

**Required**

Draw up a Bank reconciliation statement.

(10 Marks)

**QUESTION 4**

A machine costs \$ 8 000. It will be kept in business for five years and then sold for an estimated figure of \$2 400.

**Required**

a) Show the calculations of the figures for depreciation for each of the five years using;

i) The straight-line method

ii) The reducing balance method, for this method using a depreciation rate of 20 per cent

(10 marks)

**QUESTION 5**

The following Trial balance was extracted from the books of S Giggs at the close of business on 28 February 2023.

	\$	\$
Purchases and Sales	92 800	157 165
Cash at bank	4 100	
Cash in hand	324	
Capital account 1 March 2022		11 400
Drawings	17 100	
Office furniture	2 900	
Rent	3 400	
Wages and Salaries	31 400	
Discounts	820	160
Accounts receivable and accounts payable	12 316	5 245
Inventory 1 March 2022	4 120	
Allowance for doubtful debts 1 March 2022		405
Deliver van	3 750	
Van running costs	615	
Bad debts written off	730	
	<b>174 375</b>	<b>174 375</b>

**Additional Notes**

a) Inventory 28 February 2023 \$2 400.

- b) Wages and salaries accrued at 28 February 2023 \$340
- c) Rent prepaid at 28 February 2023 \$230.
- d) Van running costs owing at 28 February 2023 \$72.
- e) Increase the allowance for doubtful debts by \$91.
- f) Provision for depreciation as follows; Office furniture \$380, Delivery van \$1 250.

**Required**

- a) Prepare Statement of Profit or loss for the month ending 28 February 2023. **(15 marks)**
  - b) Prepare Statement of Financial Position as at that date **(10 marks)**
- (Total 25 Marks)**

**QUESTION 6**

A bookkeeper extracted a Trial balance on 31 December 2023 which failed to agree by \$210, a shortage on the credit side of the Trial Balance. A suspense account was opened for the difference

In January 2024, the following errors made in 2023 were found

- i) Sales day book had been undercast by \$200.
- ii) Sales of \$610 to T Viola had been debited in error to T Villas account.
- iii) Rent account had been undercast by \$90.
- iv) Discount allowed account had been overcast by \$100.
- v) The sale of a computer at net book value had been credited in error to the Sales account \$230.

**Required**

- a) Show the journal entries necessary to correct the errors. **(10 Marks)**
  - b) Draw up the Suspense account after the errors described have been corrected. **(5 Marks)**
- (Total 15 Marks)**

**END OF EXAMINATION QUESTION PAPER**