



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 : 11 JUN 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

Answer all questions in this section.

Each question carries (2 Marks)

Select the most appropriate answer

Question 1

1. Bank reconciliation statement compares a bank statement with?

- A. Cash payment journal
- B. Cash receipt journal
- C. Financial statements
- D. Cashbook

2. Which of the following financial statements presents a company's revenue and expenses over a specific period of time?

- A. Statement of Financial Position
- B. Statement of Profit or Loss
- C. Statement of Cashflows
- D. Statement of changes in equity

3. Which of the following is a Non-current liability?

- A. Accounts payable
- B. Notes payable due in 6 months
- C. Bonds payable due in 5 years
- D. Salaries payable

4. What is the purpose of Financial Analysis?

A.To prepare financial statements

B.To provide information to management for decision making

C.To evaluate a company's financial performance and position

D.To conduct audits

5. Which of the following is a characteristic of a current asset?

A.Expected to be converted to cash within a year

B.Expected to be converted to cash in more than one year

C.Held for sale or trade

D.All of the above

6. What is the purpose of Depreciation?

A.To allocate the cost of tangible asset over its useful life

B.To allocate the cost of an intangible asset over its useful life

C.To value inventory

D.To account for accounts

7. What type of cheques is that which is issued by a firm but not yet presented to the bank?

A.Uncredited cheques

B.Outstanding cheques

C.Uncollected cheques

D.Bounced cheques

8. Which of the following is a Current asset?

A.Land

B.Buildings

C.Cash

D.Equipment

9. What is the accounting concept that requires companies to match expenses with revenues?

A.Matching principle

B.Materiality principle

C.Consistency principle

D.Accrual principle

10. An unadjusted balance in cash book is because of the result of which error?

A.Deposit in transit

B.The omission of Bank charges

C.Outstanding cheques

D.Unpresented cheques

[Total 20 Marks]

SECTION B (80 Marks)

Answer all questions

Question 2

The following trial balance relates to Goon who is into retail business.

	\$	\$
Inventory 1 October 2023	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	894	
General expenses	245	
Premises	92 000	
Motor expenses	13 400	
Fixtures and fittings	1 900	
Accounts receivable	42 560	
Accounts payable		31 600
Cash at bank	5 106	
Drawings	22 000	
Capital		68 843
	484 253	484 253

*Inventory at 30 September 2024 was \$44 780

Required

- a) Prepare a Statement of Profit or Loss and other Comprehensive income for the year ended 30 September 2024. **(15 Marks)**

b) Prepare Statement of Financial Position as at that date.

(10 Marks)

[Total 25 Marks]

Question 3

The following information relates to transactions in the accounts of B Shoko.

2024	
July 1	Started in business with \$20 000 in the bank
2	R Hughes lent us \$5 000 in cash
3	Bought goods on credit from B Brown \$ 1 530 and Jess \$4 162
4	Sold goods for cash \$1 910
6	Took \$200 of the cash and paid it into the bank
8	Sold goods on credit to H Rise \$1 374
10	Sold goods on credit to P Taylor \$ 341
11	Bought goods on credit from B Brown \$488
12	H Rise returned goods to us\$65
14	Sold goods on credit to G Pate \$535 and R Sam \$262
15	We returned goods to B Brown \$94
17	Bought van on credit from Aberdeen cars ltd\$4 370
18	We returned goods to Jess \$130
20	Bought goods for cash \$110
24	Goods sold for cash \$110
26	Paid money owing to B Brown by cheque \$1 924
29	Bought office furniture for cash \$365
30	Paid Baka ltd \$4 370 by cheque

Required

Enter the above transactions in the appropriate accounts and Balance off the Accounts.

(25 Marks)

Question 4

- Purchases of \$500 entered in error in Drawings account.
- Cash deposited at bank \$1 500 entered on the debit side of Cash account and credit side of Bank account.
- Machinery bought by cheque \$58 000 was entered in the cash book, bank column as \$800 and recorded in Machinery account as \$800
- Rent receivable \$400 entered in error in Commission receivable account.
- Payment of Insurance was completely omitted from the books of Accounts.

Required

- b) Correct each error through the Journal. **(10 Marks)**
- b) For the transactions above, state the type of error which has been made. **(5Marks)**
- c) Explain any three (3) errors not affecting the Trial Balance. **(5 Marks)**

[Total 20 Marks]

Question 5

- a) Explain clearly the difference between Capital expenditure and Revenue expenditure. **(4 Marks)**
- b) Which of the following would you classify as Capital expenditure and Revenue expenditure?
- i) Legal costs of collecting debts. **(1 Mark)**
- ii) Cost of erecting new machine. **(1 Mark)**
- iii) Legal charges on acquiring new premises for office. **(1 Mark)**
- iv) The purchase of machinery for use in the business. **(1 Mark)**
- v) Repair and maintenance of existing van. **(1 Mark)**
- vi) Cost of acquiring patent rights. **(1 Mark)**

[Total 80 Marks]

END OF EXAMINATION QUESTION PAPER