



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 : 28 JUL 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

Each question carries (2 Marks)

Select the most appropriate answer

Question 1

1. Unpresented cheques are also referred to as?
 - A. Bounced cheques
 - B. Outstanding cheques
 - C. Uncredited cheques
 - D. Uncollected cheques

2. Which statement describes the purpose of a Trial Balance?
 - A. It checks the arithmetical accuracy of the double entry
 - B. It ensures the ledger accounts contain no errors
 - C. It indicates areas where errors have risen
 - D. It prevents errors from occurring

3. Where is Discount allowed recorded?
 - A. On the credit side of the purchases ledger control account
 - B. On the credit side of the Sales ledger control account
 - C. On the debit side of the Purchases ledger control account
 - D. On the debit side of the Sales ledger control account

4. A bank reconciliation statement is a statement?
 - A. Sent by the bank when the account is overdrawn
 - B. Drawn up to verify our cash book balance with the bank statement balance
 - C. Drawn up by the bank to verify the cash book

D. Sent by the bank when we have made an error

5. What is the purpose of Bookkeeping?

- A. To identify trends over a number of years
- B. To prepare the financial statements of the business
- C. To present interested parties with relevant information
- D. To record the financial transactions of the business

6. Financial statements must be free from error and bias. Which accounting policy is being applied?

- A. Comparability
- B. Relevance
- C. Reliability
- D. Understandability

7. An insurance account shows an amount paid for the year of \$2 000 and a prepayment at the end of the year of \$400. Which entry appears in the Insurance account to record the transfer to the Income statement?

- A. Credit entry of \$1 600
- B. Credit entry of \$2 400
- C. Debit entry of \$1 600
- D. Debit entry of \$2 400

8. Min made a payment to Alain, a credit supplier. In error he debited the account of Alun. Which type of error did Min make?

- A. Commission
- B. Compensating
- C. Original entry
- D. Principle

9. Why is a Statement of Profit or Loss prepared?

- A. To account for the revenue and costs of a period
- B. To calculate the Surplus or deficit of an organisation
- C. To list the ledger balances on a particular date
- D. To summarise the business bank account

10. What is the accounting equation?

- A. Assets=Liabilities+Equity
- B. Assets=Liabilities -Equity
- C. Assets=Equity-Liabilities
- D. Assets=Liabilities+Revenues

[Total 20 Marks]

SECTION B (80 Marks)

Answer all questions

Question 2

The following information relates to Gotami who is into furniture business.

2024	
March 1	Started business with capital in cash \$1 000
2	Paid rent by cash \$230
3	F Brant lent us \$2 000 ,paid by cheque
4	We paid J Fine by cheque \$860
5	Cash sales \$190
7	F Love paid us by cheque \$34
9	We paid A Moore in cash \$92
11	Cash sales paid direct into the bank \$151
15	P Hood paid us in cash \$96
16	We took \$100 out of the cash till and paid it into the bank
19	We repaid Tommy \$500 by cheque
22	Cash sales paid direct into the bank \$122
24	Paid motor expenses by cheque \$75
26	Withdrew \$200 cash from the bank for business use
30	We paid general expenses by cheque \$74

Required

Prepare a Two column cashbook for the month of March and balance it off.

(25 Marks)

Question 3

The following Trial balance was prepared by a Junior Accountant in the business of Patel as at 31 December 2024.

	DEBIT\$	CREDIT\$
Office equipment	9 000	
Motor vehicle	5 000	
Purchases	18 000	
Sales		35 000
Carriage inwards	2 000	
Carriage outwards	200	
Trade receivables	3 100	
Trade payables		6 000
Rent	4 000	
Wages and salaries	7 000	
General expenses	2 900	
Inventory at 1 January 2024	2 500	
Discount received		300
Short term loan		2 700
Bank	6 300	
Capital		17 000
Drawings	1 000	
	61 000	61 000

Additional Information

The totals agreed but the Accountant was able to discover the following errors which the Trial balance failed to disclose.

- i) Cash discount allowed to customers totaling \$100 was completely omitted from the books.
- ii) \$400 for cost of carrying goods to the customer had been debited to the Carriage inwards account.

iii) A cheque paid to a creditor was entered on the debit side of the bank account and credited to the trade payables account.

iv) When an invoice for goods sold on credit was recorded, the amount was entered as \$100 instead of \$1 000.

Required

- a) Name the type of error made in each of (i)-(iv) above. **(4 Marks)**
- b) Prepare journal entries to correct each of the errors above. **(8 marks)**
- c) Re draft the Trial balance after the correction. **(13 Marks)**

[Total 20 Marks]

Question 4

Munashes Trial balance as at 31 December 2023 is shown below.

	DEBIT \$	CREDIT \$
Purchases	15 000	
Capital		33 610
Bank	9 000	
Sales		20 500
Carriage inwards	900	
Carriage outwards	1 200	
Returns inwards	550	
Returns outwards		840
Cash	400	
Inventory; 1 January 2023	1 200	
Payables		8 400
Receivables	6 500	
Insurance	2 600	
Electricity	1 800	
Commission paid	600	
Discount allowed	900	
Discount received		1 700
Stationery	5 600	
Wages	800	
Buildings	10 000	
Vehicles	8 000	
	65 060	65 060

Additional information

a) Closing inventory was valued at \$2 600

b) Net loss was calculated as \$5 510

Required

a) Prepare Statement of Profit or Loss and Other Comprehensive income for the year ended 31 December 2024. (15 Marks)

b) Prepare Statement of Financial Position as at 31 December 2024. (10 Marks)

[Total 25 Marks]

Question 5

a) Explain any 4(four) users of Accounting information clearly outlining why they require that information. (8 Marks)

b) Explain what is meant by Double Entry. (2 Marks)

[Total 80 Marks]

END OF EXAMINATION QUESTION PAPER

