



**ZIMBABWE EZEKIEL GUTI UNIVERSITY**

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

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**DEPARTMENT OF ECONOMICS, MARKETING AND  
ENTREPRENEURSHIP (DEME)**

**EXAMINATION PAPER**

**COURSE CODE** : MBA 511  
**COURSE TITLE** : Financial Accounting for Managers  
**SPECIAL REQUIREMENTS** : Pencil, Ruler and calculator  
**DURATION** : 3 Hours  
**LEVEL** : 4.1  
**DATE** : 08 APR 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 five (5) questions.
4. The number of marks for each question or part question is shown in brackets [ ]

## SECTION A

Answer all five (5) questions [20 marks]

### Question 1

Is Accounting an art or a science? Explain. (5 marks)

Classify the following items as either revenue or capital expenditure:

- (a) An extension to an office building costing \$24,000. (1 mark)
  - (b) Repairs to the warehouse roof. (1 mark)
  - (c) Annual service costs for a courier firm's fleet of vans. (1 mark)
  - (d) A new bicycle purchased by a newsagent for use by the newspaper delivery boy. (1 mark)
  - (e) Repairs to a refrigeration system of a meat wholesaler. (1 mark)
- "Accounting is an information system." Explain this statement. (10 marks)

### Question 2

(a) The following trial balance was extracted from the books of M Jackson on 30 April 2023.

	Dr	Cr
	\$	\$
Sales		18,614
Purchases	11,570	
inventory 1 May 2022	3,776	
Carriage outwards	326	
Carriage inwards	234	
Returns inwards	440	
Returns outwards	355	
Salaries and wages	2,447	
Motor expenses	664	
Rent	576	
Sundry expenses	1,202	
Motor vehicles	3,400	
Fixtures and fittings	600	

Debtors	4,577	
Creditors		3,045
Cash at bank	3,876	
Cash in hand	120	
Drawings	2,050	
Capital	<u>          </u>	<u>13,844</u>
	<u>35,858</u>	<u>35,858</u>

Note:

Closing inventory amounted to \$4,000. Depreciation is to be charged at rates of 10% on cost for

Fixtures and Fittings and 25% on cost for Motor Vehicles. Bad debts of \$800 are to be written-off.

(a) Prepare a statement of financial performance for the year ending 28 February 2023.

(8 marks)

(b) Prepare a statement of financial position as at 28 February 2023.

(7 marks)

(b) Michael has indicated that he thinks that the debtors that have been written-off will be paid eventually. He is also querying why adjustments are made in the financial statements for bad debts and depreciation. Write a short note to him, making appropriate references to accounting concepts, outlining why these adjustments are made.

(5 marks)

### Question 3

On 1 January 20X1 a business purchased a laser printer costing \$1,800. The printer has an estimated life of 4 years after which it will have no residual value.

It is expected that the output from the printer will be:

Year Sheets printed

20X1	35,000
20X2	45,000
20X3	45,000
20X4	<u>55,000</u>
	<u>180,000</u>

- b) Explain how the use of ratios can help to analyse the profitability, liquidity, efficiency and capital structure of businesses.  
(Marks)

(10

**END OF EXAMINATION QUESTION PAPER**

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