

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

ACCOUNTANCY DEPARTMENT

APR 2025

PROGRAMS

BACHELOR OF ACCOUNTING HONOURS DEGREE

BACHELOR OF SCIENCE HONOURS DEGREE IN ECONOMICS

BACHELOR OF SCIENCE HONORS DEGREE IN POLICE AND SECURITY STUDIES

BACHELOR OF BUSINESS STUDIES HONOURS DEGREE IN MARKETING

BACHELOR OF BUSINESS STUDIES HONOURS DEGREE IN BANKING AND FINANCE

**BACHELOR OF BUSINESS STUDIES HONOURS DEGREE IN HUMAN CAPITAL
MANAGEMENT**

BACHELOR OF SCIENCE HONOURS DEGREE IN INFORMATION TECHNOLOGY

BACHELOR OF SCIENCE EDUCATION IN FINANCIAL MATHEMATICS

**BACHELOR OF BUSINESS ADMINISTRATION, POLICE AND SECURITY STUDIES HONOURS
DEGREE**

BACHELOR OF COMMERCE HONOURS DEGREE IN FINANCIAL INTELLIGENCE

COURSE: FINANCIAL ACCOUNTING 1A (AC101)

DURATION: 3 HOURS

INSTRUCTIONS TO CANDIDATE

- (i) Answer all questions.
 - (ii) Only use of non-programmable silent hand-held calculators is permitted.
 - (iii) Cell phones are not allowed into the examination room.
 - (iv) For section A use the grid provided
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SECTION A: QUESTIONS 1-15, ATTEMPT ALL QUESTIONS

- 1** Which of the following calculates a sole trader's net profit for a period?
 - A** Closing net assets + drawings - capital introduced - opening net assets
 - B** Closing net assets - drawings + capital introduced - opening net assets
 - C** Closing net assets - drawings - capital introduced - opening net assets
 - D** Closing net assets + drawings + capital introduced - opening net assets

- 2** Which of the following explains the imprest system of operating petty cash?
 - A** Weekly expenditure cannot exceed a set amount
 - B** The exact amount of expenditure is reimbursed at intervals to maintain a fixed float
 - C** All expenditure out of the petty cash must be properly authorised
 - D** Regular equal amounts of cash are transferred into petty cash at intervals

- 3** Which TWO of the following errors would cause the total of the debit column and the total of the credit column of a trial balance not to agree?
 - (1) A transposition error was made when entering a sales invoice into the sales day book
 - (2) A cheque received from a customer was credited to cash and correctly recognised in receivables
 - (3) A purchase of non-current assets was omitted from the accounting records
 - (4) Rent received was included in the trial balance as a debit balance
 - A** 1 and 2
 - B** 1 and 3
 - C** 2 and 3
 - D** 2 and 4

- 4 At 31 December 2021 the following require inclusion in a company's financial statements:

- (1) On 1 January 2021 the company made a loan of \$12,000 to an employee, repayable on 1 January 2022, charging interest at 2% per year. On the due date she repaid the loan and paid the whole of the interest due on the loan to that date.
- (2) The company paid an annual insurance premium of \$9,000 in 2021, covering the year ending 31 August 2022.
- (3) In January 2022 the company received rent from a tenant of \$4,000 covering the six months to 31 December 2021.

For these items, what total figures should be included in the company's statement of financial position as at 31 December 2021?

- | | | |
|---|-------------------------|------------------------------|
| A | Current assets \$10,000 | Current liabilities \$12,240 |
| B | Current assets \$22,240 | Current liabilities \$nil |
| C | Current assets \$10,240 | Current liabilities \$nil |
| D | Current assets \$16,240 | Current liabilities \$6,000 |

- 5 A company's statement of profit or loss for the year ended 31 December 2022 showed a net profit of \$83,600. It was later found that \$18,000 paid for the purchase of a motor van had been debited to the motor expenses account. It is the company's policy to depreciate motor vans at 25% per year on the straight line basis, with a full year's charge in the year of acquisition.

What would the net profit be after adjusting for this error?

- A \$106,100
B \$70,100
C \$97,100
D \$101,600

- 6 The following transactions relate to Klarna's electricity expense ledger account for the year ended 31 December 2022:

	\$
Prepayment brought forward	550
Cash paid	5,400
Accrual carried forward	650

What amount should be charged to the statement of profit or loss in the year ended 31 December 2022 for electricity?

- A \$6,600
- B \$5,400
- C \$5,500
- D \$5,300

- 7 At 31 December 2021 a company's allowance for receivables was \$39,000. At 31 December 2022 trade receivables totalled \$517,000. It was decided to write off debts totalling \$37,000 and to adjust the allowance for receivables to the equivalent of 5% of the trade receivables based on past events.

What figure should appear in the statement of profit or loss for the year ended 31 December 2022 for receivables expense?

- A \$61,000
- B \$52,000
- C \$22,000
- D \$37,000

- 8 According to IAS 2 Inventories, which TWO of the following costs should be included in valuing the inventories of a manufacturing company?

- (1) Carriage inwards
- (2) Carriage outwards
- (3) Depreciation of factory plant
- (4) General administrative overheads

- A 1 and 4
- B 1 and 3
- C 3 and 4
- D 2 and 3

- 9 Christian has not kept accurate accounting records during the financial year. She had opening inventory of \$6,700 and purchased goods costing \$84,000 during the year. At the year-end she had \$5,400 left in inventory. All sales are made at a mark-up on cost of 20%.

What is Christian's gross profit for the year?

- A \$13,750
- B \$17,060
- C \$16,540
- D \$20,675

- 10 The following bank reconciliation statement has been prepared by a trainee accountant:

	\$
Overdraft per bank statement	3,860
Less: Unpresented cheques	<u>9,160</u>
	5,300
Add: Outstanding lodgements	<u>16,690</u>
Cash at bank	<u>21,990</u>

What should be the correct balance per the cash book?

- A \$21,990 balance at bank as stated
- B \$3,670 balance at bank
- C \$11,390 balance at bank
- D \$3,670 overdrawn

- 11 The IASB's Conceptual Framework for Financial Reporting identifies characteristics which make financial information faithfully represent what it purports to represent.

Which of the following are examples of those characteristics?

- (1) Accruals
- (2) Completeness
- (3) Going concern
- (4) Neutrality

- A 1 and 2
- B 2 and 4
- C 2 and 3
- D 1 and 4

- 12 Wesley is a sole trader and had assets of \$569,400 and liabilities of \$412,840 on 1 January 2022. During the year ended 31 December 2022 she paid \$65,000 capital into the business and she paid herself wages of \$800 per month.

At 31 December 2022, Amy had assets of \$614,130 and liabilities of \$369,770.

What is Amy's profit for the year ended 31 December 2022?

- A \$32,400
 - B \$23,600
 - C \$22,800
 - D \$87,800
- 13 The following figures were obtained from Klarna Investments Assets: Premises \$20 000; Inventory \$8 500; Cash \$100. Liabilities: Accounts payable \$3 000; Loan from T. Famba \$4 000. What is the amount of Capital?
- A \$21 100
 - B \$21 600
 - C \$32 400
 - D \$21 400
- 14 Which statement best describes non-current assets?
- A Items bought to be used in the business
 - B Items which will not wear out quickly
 - C Expensive items bought for the business
 - D Items having a long life and not bought specifically for resale
- 15 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 [70 MARKS]

Question 1

1. Discuss the implications of Artificial Intelligence on the accounting industry
(10 marks)
2. Bindura Pvt Ltd's bank statement for the month of April 2023 showed a balance per bank of \$10 140. The company's cashbook showed a balance of \$9 518 at April 30, 2022.
Additional information is as follows:
 - i. Cash receipts for April 30, recorded on the company's books were \$12 000 but this amount does not appear on the bank statement.
 - ii. The bank statement shows bank charges of \$80 not in the cash book.
 - iii. A cheque to Grace Pvt Ltd recorded in the cashbook as \$496 was shown in the bank statement as \$496. Later on it was discovered that Grace Pvt Ltd should have paid \$568. Grace Pvt Ltd underpaid Bindura Pvt Ltd.
 - iv. The total amount of cheques still outstanding at April 30 amounted to \$11 600.
 - v. A cheque was correctly written and paid by the bank for \$818. The cashbook reflects an entry for this cheque as a debit entry to accounts payable and as a credit to cash in bank for \$980.
 - vi. The bank returned a bounced cheque from a customer for \$1 120.
 - vii. Direct deposit of \$2 060 from customer who owed \$2 000, not showing in the cashbook. Interest of \$60 had not been accrued in the books of accounts

Required:

- a. Define the following terms:
 - i. Drawer
 - ii. Drawee
 - iii. Stale cheque
 - iv. RD cheque
 - v. Bank overdraft
- b. Prepare a cashbook update using adjustments in the additional information above
Prepare a bank reconciliation statement for Bindura Pvt Ltd for the month of April 2023

5 marks

10 marks

[Total:25 Marks]

QUESTION 2

The following information pertaining to Dotito Sole Proprietorship Business is given:

On 1 January 2023, Mr. Wellington started business Nyombwe Enterprises with \$10 000 which he paid into the business account at ZB Bank in Harare and inventory of goods valued at \$9 850.

On the same day, he purchased a Motor Van from Toyota Company valued at \$6 000 and paid half of the amount by cheque.

The following transactions took place in the month of January:

- 2/01 Negotiated a Loan from Stanbic for an amount of \$20 000 which was granted at an interest of 12% per annum payable monthly.
Paid \$7 000 by cheque as rent advance to his landlord for the premises of the Business covering a period of 10 years.
- 3/01 Purchased goods from Gee Merchants Ltd valued at \$52 000 and paid for half of the amount by cheque, after a cash discount of 4%
- 4/01 Purchased Office Equipment valued at \$2 500 and Furniture and Fittings valued at \$3 000 paying all by cheque.
- 7/01 Sold goods valued at \$8 500 for cash and paid for some stationery valued at \$900 by cash.
- 9/01 Sold goods to Mr. Tarzan valued at \$6 700 who paid three quarter of the amount by cheque.
- 11/01 In order to increase sales Mr. Wellinton decided to run a promotion from 12th January to 20th January. All sales with cash payment will be given a 5% discount and all sale of \$10 000 and above will qualify for a trade discount of 6%.
- 12/01 Mr. James Brown came to purchase goods valued at GH¢14,500 and paid half of the amount due by cheque, after necessary discounts. Total cash sales for the day also amounted to \$8 974
- 13/01 Sold goods valued at \$5 000 to Akua Cynthia
- 14/01 Total cash sales for the day amounted to \$12 896 and cash banked amounted to 14 500
- 15/01 Sold goods to Malik Baako Ventures valued at \$16 785 who paid half of the amount due by cash. Sent \$16 500 from the safe to bank.
- 18/01 Purchased goods from K. Gyasi Ltd valued at \$37 880 and paid half of the amount due by cheque after a 5% cash discount. Total cash sales for the day amounted to \$9 678.
- 19/01 Sold goods to Honey Love valued at \$18 964, who paid three quarters of the Amount due by cheque. Paid GeeMerchants the full balance on their account by cheque.

20/01 Total cash sales for the day amounted to \$18 259 and cash purchases were also \$8 689.

Received a cheque for \$4 680 from Akua Cynthia as full settlement.

22/01 Sold goods valued at \$11 380 to Mr. Ugly Head who paid half of the amount due by cash. Total cash lodged at the bank was \$33 860

25/01 Paid K. Gyasi \$8 940 by cheque on account and received final payment by cheque from Malik Baako Ventures and cash sales amounted to \$11 380.

30/01 Paid salaries of \$3 820 by cheque and utility bills of \$860 by cash. Received a cheque for \$3 240 from Mr. Ugly Head as payment on account.

At 31 January 2023 closing inventory amounted to \$5 375.

Required

- (a) Write up the ledger accounts. (10 marks)
- (b) Extract a trial balance at 31 January 2023 (5 marks)
- (c) Prepare a trading and profit and loss account for the months ended 31 January 2023 and the Statement of Financial Positions at that date. (10 marks)

[Total 25 Marks]

Question 2

Famba Brothers, a manufacturing company, produced the following balances from its books at 31 December 2022

	\$
Inventories at 1 January 2022:	
Raw materials	7,450
Work-in-progress (factory cost)	5,330
Finished goods (transfer value)	12,110
Purchases of raw materials	128,740
Purchases returns	310
Direct expenses	3,280
Return inwards	1,215
Carriage inwards	1,055
Rates	5,250
Light, heat and power	3,270
Direct Wages	187,240
Indirect Wages	14,320
Telephone	890
Factory repairs	2,215
Insurances	1,420
Factory salaries	38,000
Office salaries	24,000
Sales salaries	27,435
Plant & machinery (at cost)	160,000
Allowance for depreciation of plant & machinery at 1 January 2022	64,000
Bad debts (written off)	325
Sales	721,560
Furniture & equipment (at cost)	
-Factory	42,000
-Office	48,000
Allowance for depreciation of furniture & equipment at 1 January 2022	
-Factory	8,400
-Office	9,600

Additional information:

1. Closing Inventories at 31 December 2022 are as follows:

	\$
Raw materials	6,325
Work-in-progress(factory cost)	6,105
Finished goods(transfer value)	15,225

2. Prepayments at 31 December 2022:

	\$
Rates	450
Insurance	220

3. Accruals at 31 December 2022:

	\$
Direct wages	1,220
Telephone	70
Light, heat and power	210

4. At 30 31 December 2022, depreciation is to be provided as follows:

	Per year on cost
Plant and machinery	20%
Furniture and equipment	10%

5. Expenses are to be apportioned to the factory as follows:

	\$
Rates	$\frac{4}{5}$
Insurances	$\frac{3}{4}$
Telephone	$\frac{2}{3}$
Light, heat and power	$\frac{3}{4}$

6. It is the policy of the company to transfer goods manufactured to the warehouse at factory cost plus 15%

Required:

Prepare in vertical format, Manufacturing and Trading Accounts of Famba Brothers for the year ended 31 December 2022

.....END OF PAPER.....