



REFORMED CHURCH UNIVERSITY

FACULTY OF COMMERCE

**BACHELOR OF COMMERCE HONOURS DEGREE IN
ACCOUNTING**

FINANCIAL ACCOUNTING 2A

HACC 211

PART 2 SEMESTER 1 EXAMINATION

TOTAL MARKS [100]

DATE: DECEMBER 2023

Time: 3 Hours

INSTRUCTIONS

1. This paper has *six (6)* questions
2. Answer question *one (1)* and *any other three (3)*
3. Each question carries *25 marks*
4. Start each question on a new page

Question 1

Both Ali plc and Bhaskar plc operate electrical stores throughout the UK. The financial statements of each business for the year ended 30 June 2007 are as follows:

Statement of financial position as at 30 June 2007

	<i>Ali plc</i> £000	<i>Bhaskar plc</i> £000
Non-current assets		
<i>Property, plant and equipment</i> <i>(cost less depreciation)</i>		
Land and buildings	360.0	510.0
Fixtures and fittings	<u>87.0</u>	<u>91.2</u>
	447.0	601.2
Current assets		
Inventories	592.0	403.0
Trade receivables	176.4	321.9
Cash at bank	<u>84.6</u>	<u>91.6</u>
	853.0	816.5
Total assets	<u>1,300.0</u>	<u>1,417.7</u>
Equity		
£1 ordinary shares	320.0	250.0
Retained profit	<u>367.6</u>	<u>624.6</u>
	687.6	874.6
Non-current liabilities		
Borrowings – Loan notes	190.0	250.0
Current liabilities		
Trade payables	406.4	275.7
Taxation	<u>16.0</u>	<u>17.4</u>
	422.4	293.1
Total equity and liabilities	<u>1,300.0</u>	<u>1,417.7</u>

Statement of comprehensive income for the year ended 30 June 2007

	<i>Ali plc</i> £000	<i>Bhaskar plc</i> £000
Revenue	1,478.1	1,790.4
Cost of sales	<u>(1,018.3)</u>	<u>(1,214.9)</u>
Gross profit	459.8	575.5
Operating expenses	<u>(308.5)</u>	<u>(408.6)</u>
Operating profit	151.3	166.9
Interest payable	<u>(19.4)</u>	<u>(27.5)</u>
Profit before taxation	131.9	139.4
Taxation	<u>(32.0)</u>	<u>(34.8)</u>
Profit for the year	<u>99.9</u>	<u>104.6</u>

All purchases and sales were on credit. Ali plc had announced its intention to pay a dividend of \$135,000 and Bhaskar plc \$95,000 in respect of the year. The market values of a share in Ali plc and Bhaskar plc at the end of the year were \$6.50 and \$8.20 respectively.

Required:

- a) For each business, calculate two ratios that are concerned with each of the following aspects:
 - profitability
 - efficiency
 - liquidity
 - gearing.
- b) Interpret and comment on the ratios you calculated.

(18 marks)

(7 marks)

QUESTION 2

Explain any 3 approaches used in the analysis of financial statements (25 marks)

QUESTION 3

	\$
Sales ledger balances, 1 July 20X9 – Debit	20,040
– Credit	56
Purchases ledger balances, 1 July 20X9 – Debit	12
– Credit	14,860
Activities during the half-year to 31 December 20X9:	
Payments to trade creditors	93,685
Cheques from credit customers	119,930
Purchases on credit	95,580
Sales on credit	124,600
Bad debts written off	204
Discounts allowed	3,480
Discounts received	2,850
Returns inwards	1,063
Returns outwards	240
Sales ledger credit balances at 31 December 2009	37
Purchases ledger debit balances at 31 December 2009	26

During the half year, debit balances in the sales ledger, amounting to \$438, were transferred to the purchases ledger.

REQUIRED:

- a) Prepare the sales ledger control account and the purchases ledger control account for the half-year to 31 December 2009, (20 marks)

- b) Identify any five users of accounting information and explain their information needs. (5 marks)

QUESTION 4

The following is a trial balance of Wangu Mazodze Football Club

	DR	CR
Sports Equipment	85000	
Club Premises	296000	
Subscriptions received		35321
Sales of Party Tickets		6000
Wages of bar Staff	47500	
Furniture and Fittings	52600	
Rates and Insurance	19100	
General Expenses	4050	
Party Expenses	2000	
Accum Fund 1 January 2009.....		417160
Donations Received		3600
Telephone and Postage	4480	
Bank	2040	
Bar Purchases	95720	
Creditors for bar supplies		10400
Bar Sales		168250
Bar stocks	32241	
	640 731	640 731

The following information is also available:

- 1.Bar stocks at 31 December 2009 \$23620
- 2.Provide for depreciation :Sports equipment \$17000,Furniture and Fittings \$13150

Required:

Prepare Financial statements for Wangu Mazodze Football Club (25 Mark)

QUESTION 5

Explain any Five errors that **affect** the trial balance (25 marks)

QUESTION 6

The following information was extracted from the books of Jaymay Football Club 31 December 2020

Receipts and payments account

December 31	Subscriptions	\$ 12 600	2020 Jan 1	Balance	b/d	\$ 3 000
	Donations	800	Dec 31	Stationery		600
	Sales of refreshments	18 000		New Equipment		8 000
	Sales of calendars	1 400		Motor fuel		400
	Rent received	1 200		Cost of refreshments		4 000
				Calendar production		500
				Salaries		1 500
				Motor vehicle		2 900
				Balance	c/d	16 000
		36 900				36 900

The following information was also available:

	1 Jan	31 Dec
	\$	\$
Stock of refreshments	2 400	1 600
Subscriptions paid in advance	300	200
Subscriptions in arrears	1 800	1 000
Stock of unused stationery		100
Rent due	240	
Equipment at valuation	2 000	7 800
Salaries owing		120
Owings to suppliers for refreshments	60	

Required:

- The refreshment Trading account for the year ended 31 December 2020 (4marks)
- Income and expenditure account for the year ended 31 December 2020 (8 marks)
- Statement of financial position as at 31 December 2020 (13 marks)

END OF PAPER