



REFORMED CHURCH UNIVERSITY

FACULTY OF COMMERCE

**Bachelor of Commerce Honours Degree in Logistics and Supply
Chain Management**

Introduction to Financial Accounting for Business

HSLM 112

Part 1 Semester 1 Examination

Total Marks [100]

Date: January 2022

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

1. The following financial information was obtained from the lost books of **Makanaka Pvt Ltd**

2021 Jan. 1 Mohan started business with cash 80,000 and had an opening bank balance 20 000

Jan. 6 Purchased goods from Ram on credit 30,000

Jan. 8 Sold goods on cash 6,000

Jan. 15 Bought Furniture from Yash for cash 8,000

Jan. 18 Paid Salary to manager for cash 6,500

Jan. 20 Paid Rent to land lord in cash 1,000

Jan 21 Paid office and Equipment by bank amount of 10,000

Required Prepare a trial balance from the following transactions, Statement of comprehensive income and a balance sheet extract of Makanaka Pvt Ltd.

(25)

2. From the following particulars prepare a **Bank Reconciliation Statement** to find out the causes of the difference in the two balances as on August 31st, 2021 for **MUNASHE (Pvt.) Ltd.**

- (i) Bank Overdraft as per Bank Statement 17,000
- (ii) Check issued but not encashed during the August 2,200
- (iii) Dividends on shares collected by banker 2,300
- (iv) Interest charged by the bank recorded twice in the Cash Book 500
- (v) Check deposited as per Bank Statement not entered in Cash Book. ... 2,400

- (vi) Credit side of the Bank column in Cash Book cast short 1,000
 - (vii) Club dues paid by bank as per standing instruction not recorded in Cash book
...1,200
 - (viii) Uncredited check due to outstation3,900
3. (a) Discuss the main features of a partnership agreement (10)
(b) Identify and explain the main elements of the financial statements. (15)
 4. Explain **any five** types of errors that do not affect the trial balance. (25)
 5. Examine the importance of financial accounting in an organization of your choice.
(25)
 6. Explain the following terms as they relate to financial accounting:
 - (a) Accounts Payable Function (5)
 - (b) Accounts Receivable Function (5)
 - (c) Inventory Control Function (5)
 - (d) Payroll Function (5)
 - (e) Accrual vs Matching (5)

End of Paper