



**REFORMED CHURCH UNIVERSITY**

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**FACULTY OF COMMERCE**

**BACHELOR OF COMMERCE HONOURS DEGREE IN LOGISTICS  
AND SUPPLY CHAIN MANAGEMENT**

**INTRODUCTION TO FINANCIAL ACCOUNTING FOR BUSINESS**

**HLSM II2  
PART 1 SEMESTER 1 EXAMINATION**

**TOTAL MARKS [100]**

**DATE: JULY 2022**

**TIME: 3 HOURS**

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**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

I. Write up the accounts to record the following transactions and balance off the accounts:

- 2014 March 1 Started business with \$750 cash and \$9,000 in the bank.  
 2 Received a loan of \$2,000 from B Blane by cheque.  
 3 Bought a computer for cash \$600.  
 5 Bought display equipment on credit from Clearcount Ltd \$420.  
 8 Took \$200 out of the bank and put it in the cash till.  
 15 Repaid part of Blane's loan by cheque \$500.  
 17 Paid amount owing to Clearcount Ltd \$420 by cheque.  
 24 Repaid part of Blane's loan by cash \$250.  
 31 Bought a printer on credit from F Jones for \$200. (25 marks).

2.

- a) Explain elements of an accounting cycle (10 marks)  
 b) Identify any five users of accounting information and clearly explain why they would need accounting information. (15 marks)

3. Chidembo Ltd trial balance at 31 August 2018 is as follows:

	\$	\$
Stock 1 September 2017	8,200	
Purchases and Sales	26,000	40,900
Rent	4,400	
Business rates	1,600	
Sundry expenses	340	
Motor vehicle at cost	9,000	
Debtors and creditors	1,160	2,100
Bank	1,500	
Provision for depreciation on motor vehicle		1,200
Capital at 1 September 2017		19,700
Drawings	<u>11,700</u>	
	<u>63,900</u>	<u>63,900</u>

At 31 August 2018 there was:

- Stock valued at cost prices \$9,100
- Accrued rent of \$400
- Prepaid business rates of \$300
- The motor vehicle is to be depreciated at 20% of cost

**Required:**

A statement of comprehensive income for the year ending 31 August 2018, together with a Statement of Financial position as at that date.

Total 25 marks

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

- i. Bank balance overdraft as per cash book ..... 80,000  
 ii. Cheque recorded for collection but not sent to the bank ..... 10,000  
 iii. Credit side of the cash book cast short ..... 1,000  
 iv. Premium on proprietor's Life Insurance Policy (LIP) paid on standing order 5,000

- v. Bank Charges recorded twice in the cash book ..... 100
- vi. Customer's check returned by the bank as dishonoured ..... 4,000
- vii. Bill Receivable collected by the bank directly on the behalf of company ..... 20,000
- viii. Cheque received entered twice in the cash book ..... 6,000
- ix. Cheque issued but dishonoured on technical grounds ..... 3,000
- x. A Cheques deposited into the bank of worth \$ 45,000 but \$ 8,000 Cheque was not collected by bank **(25Marks)**

5. Explain any five types of errors that do not affect the trial balance **(25)**

6. The following financial information was obtained from the lost books of Makaanaka 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 10000

**Required:**

Prepare a trial balance from the following transactions, Statement of comprehensive income and a balance sheet extracts of Makaanaka Pvt Ltd. (25)

*End of Paper*