



REFORMED CHURCH UNIVERSITY

FACULTY OF COMMERCE

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

INTRODUCTION TO FINANCIAL ACCOUNTING FOR BUSINESS

HLSM 112

PART 1 SEMESTER 1

TOTAL MARKS [100]

DATE: JUNE 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

March 1: Commenced business with \$10 000 in the bank and Building worth \$5 000

2: Bought goods for \$3 000 on credit from Metro

3: Received a loan for \$1 000 from Ngoda by cheque

4: Bought his private motor car into the business valued at \$4 000

5: Paid rent \$500 by cheque

6: Took \$300 out of the bank and put it in a cash till

7: Cash sales \$6 000

8: Took \$400 cash for personal use

9: Returned goods worth \$200 to Metro

10: Repaid half of Ngoda's loan by cheque

Required

(i) Record the above transactions in the journal (10 marks)

(ii) Prepare ledger accounts and extract a trial balance (15 marks)

2) a) Explain any five fundamental accounting concepts (20)

b) Explain the following forms of business,

Sole trader, (1)

Partnership (2)

Limited Company (2)

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

Question 4

Mutomba's inexperienced accounts assistant prepared the following trial balance as at 31 December 2013.

	Dr	Cr
	\$	\$
Premises	80 000	
Plant and machinery	65 000	
Office furniture	15 000	
Provision for depreciation : Plant and machinery	35 000	
: Office furniture	10 000	
Stock at 1.01.2013	6 000	
Stock at 31.12.2013		7 200
Debtors	5 500	
Creditors		2 700
Purchases	47 000	
Carriage inwards	1 200	
Carriage outwards		2 100
Sales		90 000
Returns inwards		2 600
Returns outwards	1 400	
Provision for doubtful debts	500	
Selling and distribution expenses	20 800	
Administration expenses	15 400	
Discounts received	2 000	
Discounts allowed	1 800	
Drawings		12 600
Capital		133 400
	<u>306 600</u>	<u>250 600</u>

Required:

Prepare a corrected trial balance for Mutomba as at 31 December 2013. (25 marks)

5. Explain the following terms as they relate to Financial Accounting

Accounts Payable Function (5)

Accounts Receivable Function.(5)

Inventory Control Function. (5)

Payroll Function (5)

Accrual vs Matching (5)

6 .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 10000

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

End of Paper