



**REFORMED CHURCH UNIVERSITY**

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**FACULTY OF COMMERCE**

**BACHELOR OF COMMERCE HONOURS DEGREE IN  
ACCOUNTING**

**FINANCIAL ACCOUNTING 1A**

**HACC 111**

**PART 1 SEMESTER 1 EXAMINATION**

**TOTAL MARKS [100]**

DATE: JUNE 2024

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

The trial balance below was prepared by an inexperienced bookkeeper

Capital		29 800
Sales		74 018
Purchases Returns	3 000	
Discount Received	1 000	
Discount Allowed		800
Purchases	64 000	
Returns Inwards		1 000
Carriage inwards		500
Bank (Overdrawn)	18 900	
Motor vehicles	38 000	
Trade creditors		21 600
Trade Debtors		500
Stock	2 800	
Drawings	19 200	
Provision for bad debts	4 200	
Depreciation: Motor vehicles		4 000
Cash on Hand	300	
Commission payable	600	
Suspense	418	
	149 618	149 618

## **Required**

Prepare a corrected trial balance and re-calculate the correct amount of the suspense account. (25 Marks)

## **QUESTION 2**

D. Jadza's cash book showed a bank overdraft on 31 December 2020 of \$1290 but the bank statement showed an overdraft of \$620

A comparison of the cash book and bank statement reviewed the following

- i. An amount of \$2170 paid into the bank had not yet appeared in the bank statement.
- ii. Cheque amounting to \$1,720 issued to credit but not been presented with the bank for payment.
- iii. A cheque for \$ 420 received from G Manyawi which had been deposited into the bank had been retained marked, "Refer to the Drawer" no action had been taken by D Sadza to deal with this item.
- iv. The bank had received a credit transfer (bank giro) 180 dollars Jew to from TNM consultants
- v. Cash deposited into the bank amounting to \$780 had been recorded in the cash book as if it was cash withdrawn from the bank for office use.
- vi. The following changes raised by the bank he did not been recorded in the books.
- vii. bank charges \$160 interest on overdraft \$110
- viii. the bank credited account with \$640 in error

## **Required**

- a) An updated cashbook (15 MARKS)
- b) A bank reconciliation statement. (10 MARKS)

### QUESTION 3

Blessed, a book-keeper, taking out a trial balance as on 31st March 2023, found that its debit and credit columns did not agree. He proceeded to check the entries and discovered the following errors:

- a. A credit sale of \$1,000 to Ajay had been correctly entered in the Sales Book but Ajay's Account had been debited with \$ 100 only.
- b. The total of the Bills Payable Book \$ 5,000 had been posted to the credit of Bills Receivable Account.
- c. \$2,500 paid to Ram had been wrongly posted to Shyam.
- d. \$100 owing by a customer had been omitted from the list of debtors.
- e. The discount column of the Cash Book representing discount allowed to customer has been over-added by \$ 10.
- f. Goods worth \$100 taken by the proprietor omitted to be recorded in the books.
- g. Depreciation on furniture \$100, had not been posted to Depreciation Account.
- h. The total of Sales Book had been added \$1,000 short.

#### **Required:**

Which of the above errors caused the totals of the Trial Balance to disagree and by how much did the totals differ? (25)

### QUESTION 4

Explain the following terms as they relate to financial accounting:

- a. Proprietorship (5)
- b. Partnerships (5)
- c. Limited Partnerships (5)

- d. Corporations (5)
- e. Limited liability (5)

## **QUESTION 5**

a) Explain the following fundamental accounting concepts:

- i) Going concern 3 marks
- ii) Consistency 3 marks
- iii) Prudence 3 marks
- iv) Accrual concept 3 marks
- v) Separate determination 3 marks
- vi) Substance over form 3marks

b) Explain the seven errors which do not affect the balancing of a trial balance.

7 marks.

## **QUESTION 6**

A business, which started trading on 1 January 2007, adjusted its doubtful debt provision at the end of each year on a percentage basis, but each year the percentage rate is adjusted in accordance with the current 'economic climate'. The following details are available for the three years ended 31 December 2007, 2008 and 2009.

Bad debts written off		Debtors at	Percentage provision
Year to 31 December		31 December	for doubtful debts
\$		\$	
2007	1,240	41,000	4
2008	2,608	76,000	6
2009	5,424	88,000	5

**You are required to show:**

- .
- (a) Bad Debts Accounts for each of the three years. (8 marks)
- (b) Provision for Doubtful Debts Accounts for each of the three years. (9 marks)
- (c) Statement of Financial position extracts as at 31 December 2007, 2008 and 2009. (8 marks)

**END OF PAPER**