



GREAT ZIMBABWE UNIVERSITY
REGISTRATION
NO. 2001
EXAMINATIONS SECTION

ROBERT MUGABE SCHOOL OF HERITAGE AND EDUCATION
DEPARTMENT OF SCIENCE AND TECHNICAL EDUCATION
BACHELOR OF EDUCATION SECONDARY HONOURS PRE-SERVICE DEGREE
PART 1 SEMESTER 2
EXAMINATION QUESTION PAPER

MODULE CODE : TDSB 121
NARRATION : FINANCIAL ACCOUNTING II
DATE : 2024
TIME : 3HOURS

MAIN PAPER

INSTRUCTIONS

- 1. ANSWER ALL QUESTIONS.**
- 2. START EACH ANSWER ON A FRESH PAGE.**
- 3. SHOW ALL WORKINGS, WHERE APPLICABLE.**
- 4. ALL QUESTIONS CARRY EQUAL MARKS.**
- 5. SILENT NON-PROGRAMMABLE CALCULATORS MAY BE USED.**

Question 1

(a) **Elfred Investments** maintains a fleet of taxis. The following is an extract from the company's fixed assets:

Taxi Number	Date Purchased	Cost
		\$
CL01	1 January 2019	25 600
CL02	1 April 2020	32 000
CL03	1 February 2021	38 400
CL04	1 October 2021	44 800

The financial year end of the business is 31 December.

It is company policy to depreciate the vehicles at the rate of 25% per annum on the reducing balance basis. A full year's depreciation is provided for in the year of acquisition but no depreciation is charged in the year of disposal.

On 1 July 2023 taxi number CL05 was purchased at a cost of \$48 000 from Karombe motors who accepted taxi CL01 in part exchange for \$8 500.

The balance of the purchase price was financed by CBZ finance.

Draw up:

- i) the Taxis Account for the year ended 31 December 2023. [4]
- ii) the Taxis Disposal account for the year ended 31 December 2023. [4]
- iii) the Taxis Provision for depreciation for the year ended 31 December 2023. [4]

(b) The following balances were extracted from the books of **Aku Trading** for the year ended 31 October 2003

November 1 Sales ledger b/f	Dr	44 000
	Cr	1 800
Purchases ledger b/f	Dr	800
	Cr	12 400

October 31 Average monthly totals of:

Cash purchases	60 000
Cash sales	124 000
Sales day book	63 000
Payment to Creditors	80 000
Sales returns book	6 400
Cash receipts from debtors	45 200
Cash payments to suppliers	77 000
Discounts:-	
Debits	6 200
Credits	1 400
Dishonoured Cheques	6 600
Interest charged by the business on overdue debts	2 000
Total Bad debts written off amounted to	28 800
Sales ledger balances offset against purchases ledger balances were	4 400

Credit balances on purchases ledger accounts at 31 October 2003 were	10 000
Debit balances on sales ledger accounts at 31 October 2003 were	56 00

i) Prepare the relevant total accounts from the above information [6]

(c) State and explain three types of errors which affect trial balance agreement and give one example in each case. [7]

Question 2

The following information was extracted from the books of **Exide Ltd**, a battery manufacturer in Harare, for year ended 31 December 2023.

	\$
	000
Purchase of raw materials	250
Fuel and light	14
Salaries and administration	11
Carriage inwards	6
Rent and rates	16
Sales	492
Returns inwards	4
General administration expenses	15
Repairs to plant and machinery	3
Stocks at 01 January 2023:	
Raw materials	10
Work in progress	8
Finished goods	7
Trade payables	31
Capital	450
Sales representatives' salaries	9
Freehold premises	400
Plant and machinery	78

Trade receivables	20
Cash	13
Wages	30

Additional information:

	\$
i) Stocks 31 December 2023:	
Raw Materials	20 000
Work in progress	12 000
Finished goods	18 000
ii) Fuel and light in arrears	6 000
iii) Rates and rent prepaid	2 000
iv) Market value of manufactured goods	300 000
v) Plant and machinery is depreciated at the rate of 10% per annum using the straight line method.	
vi) Manufacturing consumes 60% of fuel and light.	
vii) Rent and rates for trading operations amount to 30%.	
viii) Of the total wages, productive wages are \$16 000.	

Prepare:

- a) **Exide Battery Company** Manufacturing Account for year ended 31 December 2023. [10]
- b) Income Statement for year ended 31 December 2023. [7]
- c) Statement of financial position for year ended 31 December 2023. [8]

Question 3

Anotidaishe owns a retail shop. She prepared a trial balance on 1 October 2015 which failed to agree. The balance was entered in a suspense account. The draft accounts showed a net profit of \$8700 and a working capital of \$10950.

Subsequently she discovered the following errors:

1. A purchase of furniture, costing \$3700, had been debited in the purchases account. A depreciation of 20% on cost of that furniture had not been provided.
2. Credit sales of \$500 to a customer had been correctly entered in the customer's account but omitted from the sales account.
3. Rent paid, amounting to \$240, had been credited to Rent receivable account.

4. Goods bought from a supplier, costing \$7250, had been recorded in the in the accounts as \$7520.
5. Bank Charges of \$150 appeared in the cash book but had not been posted to ledger account
6. A credit note from Amos, a supplier, for \$200 had been correctly entered in the returns outwards account but had been debited to Amos account as \$240.
7. A debit balance in the sales ledger of \$350 had been omitted from the list of balances included in the trial balance.

Prepare:

- (a) (i) Journal entries for the correction of the above errors
(narrations not required) (8)
- (ii) a suspense account, clearly showing the original difference on trial balance. (6)
- (b) a statement showing corrected net profit for the year ended 31 October 2015. (8)
- (c) a statement showing corrected working capital. (3)

Question 4

The following are summarised Statements of Financial Position for two companies as at 31 May 2014.

	OK ltd \$000	B&C Ltd \$000
Capital and Reserves		
Ordinary shares of \$1 each	150	100
10% preference shares of \$1 each	100	150
Retained profits	<u>50</u>	<u>50</u>
	<u>300</u>	<u>300</u>
 Total assets less current liabilities	 300	 350
Non-current Liabilities		
10% Loan	<u>-</u>	<u>(50)</u>
	<u>300</u>	<u>300</u>

Additional information

1. The market prices per ordinary share at 31 May 2015 were:

OK Ltd	\$9,50
B&C Ltd	\$10,38

2. The operating profit for the year ended 31 May 2015 was \$150 000 for each company.
 3. The rate of corporation tax is 30%.
 4. Each company paid an ordinary dividend of \$0,20 per share. Preference dividends for the year were also paid.
 5. There were no changes in the capital structure of the two companies during the year.
- (a) Calculate profit **after** tax for each company. **(10)**
- (b) Calculate the following accounting ratios for each company:
- (i) earnings per share, **(3)**
 - (ii) price earnings, **(3)**
 - (iv) gearing (taken as total borrowings to ordinary shareholders' funds), **(3)**
 - (v) dividend yield, **(3)**
- (c) Using calculations from **b (iii)** compare and comment on the gearing of the two firms. **(3)**

END OF EXAMINATION