

**THE COPPERBELT UNIVERSITY  
SCHOOL OF BUSNISS**

**PRINCIPLES OF FINANCIAL ACCOUNTING**

**BS/BF 120 2024 TEST 1 – 20<sup>th</sup> March 2024**

**TIME ALLOWED – 1 HOUR 30 MINUTES**

**INSTRUCTIONS:** Attempt All the questions in the paper.

**SECTION A: Multiple Choice**

1. Winn Ltd has opening trade payables of K24,183 and closing trade payables of K34,655. Purchases for the period totaled K254,192 (K31,590 relating to cash purchases). Total payments recorded in the payables ledger for the period were?

A      K212,130  
B      K233,074  
C      K243,720  
D      K264,664

2. Which of the following documents is **not** a component of financial statements according to I.A.S. 1 "*Presentation of Financial statements*"?

A      The Balance Sheet.  
B      The Annual Budget.  
C      The Cash Flow Statement.  
D      The Income Statement.

3. The capital of a sole trader would change as a result of

A      A credit customer paying by cheque  
B      Raw materials being purchased on credit  
C      non-current assets being purchased on credit  
D      Personal petrol being paid for out of the business's petty cash "

4. A sole trader is K5,000 overdrawn at her bank and receives K1,000 from a credit customer in respect of its account. Which elements of the accounting equation will change due to this transaction?

A      Assets and liabilities only  
B      Liabilities only  
C      Assets only  
D      Assets, liabilities and capital "

5. A sole trader borrows K10,000 from a bank.

Which elements of the accounting equation will change due to this transaction?

A      Assets and liabilities  
B      Assets and capital  
C      Capital and liabilities

D Assets only

6. A sole trader sells goods for cash for K500 which had cost K300. Which elements of the accounting equation will change due to this transaction?

- A Assets and liabilities
- B Assets and capital
- C Capital and liabilities
- D Assets only

7. G purchases goods on credit from H for K1,000. K100 of these goods are defective and G returns them to H. What document would H issue to G in respect of the returned goods?

- A Invoice
- B Remittance advice
- C Credit note
- D Delivery note

8. What transaction is represented by the entries: debit rent, credit landlord?

- A The receipt of rental income by the business
- B The issue of an invoice for rent to a tenant
- C The receipt of an invoice for rent payable by the business
- D The payment of rent by the business

9. A sole trader had receivables of K2,700 at 1 May and during May made cash sales of K7,200, credit sales of K16,500 and received K15,300 from his customers. The balance on his receivables account at the end of May was

- A K1,500
- B K3,900
- C K8,700
- D K11,100

10. In double-entry bookkeeping, which of the following statements is true?

- A Credit entry decrease liabilities and increase income
- B Debit entries decrease income and increase assets
- C Credit entries decrease expenses and increase assets
- D Debit entries decrease expenses and increase assets

## SECTION B

### QUESTION ONE

The following is a summary of Aquaclear Ltd's Cashbook at the end of January 2024. All transactions of the business are banked.

26501

Details	Dr	Cr
Balance b/d	2,300,000	
Receipts	8,352,000	
Payments		9,002,000
Balance c/d		1,650,000
Totals	10,652,000	10,652,000

The following transactions were discovered upon collection of the Bank Statement.

1. Balance as per bank statement as on 31st January 2024 is K5,000,000.
2. Cheque 100 and cheque 101 of K2,000,000 and K1,000,000 respectively issued as on 30th January 2024 have not yet cleared for payment. unpresent
3. Insurance Standing Order paid by the bank is K200,000. It is not yet recorded in the cash book.
4. An outgoing cheque 102 of K1,000,000 was recorded twice in the cash book. It is accurately recorded in the bank's records.
5. Payment of a K500,000 by cheque 103 is recorded twice in the Bank Statement. ✓
6. Dividends received directly in the bank of K600,000 recorded only in the bank statement and not in the cash book.
7. A cheque 45 of K500,000 was deposited on 29th January, but it is not processed by the bank. ✓
8. Bank charges of K50,000 were debited, it is only recorded in the bank Statement.

Required:

- (a) Calculate the correct cash book balance (10 Marks)
  - (b) Prepare the Bank Reconciliation Statement as at the end of the period. (10 Marks)
- Total = 20 marks

### QUESTION TWO

The following list of balances has been extracted from the ledgers of Sweetcorn Sole Traders as at 31 December 2023, the end of the most recent financial year.

	K
Inventory	5,500
Returns Inwards	3,360
Returns Outwards	2,440
Purchases	45,500
Sales	56,800
Capital balance as at start of year	12,600
Buildings at cost	19,000



Fixtures and fittings at cost	10,630
Motor vehicles at cost	12,500
10% Debenture	20,000
Tax Payable	9439
Bank Overdraft	7,000
Trade receivables	8,520
Trade Payables	9,800
Cash drawings	3,820
Heat and light	950
Business rates and rent	600
Insurance	510
Cash on hand	900
Advertising	700
Salaries	5,630
Other operating expenses	400
Discounts Allowed	480
Discounts Received	691
Commissions Received	230

The following information is also available:

The cost of the inventory at 31 December, 2023 was K4,900.

# REQUIRED

Using the above information, prepare the following.

- A trial balance for Sweetcorn Sole Traders for the year ended 31<sup>st</sup> December 2023.
- Income Statement for Sweetcorn sole Traders for the period ended 31<sup>st</sup> December 2023
- Prepare a Position Statement for Sweetcorn Sole Traders as at 31<sup>st</sup> December, 2023.

Total = 30 Marks

119000  
18800

119000

# BS/BF 120 Test One 2024

Prince Daniels, Tutor!

## Note

- ✓ We await official solutions by the academic lecturer!
- ✓ In case the paper was a little tricky for you then don't worry. Test ones are part of learning. Next time we will do the best to prepare!
- ✓ Next Stop: Mathematical Analysis
- ✓ Lesa Pantangshi.

## Section A

1. A.
2. B (Annual Budget)
3. D (Drawings reduce Capital)
4. A (Assets - Debtors, Liabilities - Overdraft)
5. A (Assets & Liabilities)
6. B (Assets & Capital)
7. C (Credit Note)
8. C
9. 
$$\begin{aligned}\text{Balance} &= 2700 + 16500 - 15300 \\ &= K3,900 \text{ (B)}\end{aligned}$$
10. B.

## Section B

### Question One

#### @ Updated Cashbook

	K'000		K'000
Balance b/f	1650	Insurance	200
Cheque 102	1000	Bank Charges	50
Dividends Received	600		
		Bal c/d	3,000
	<u>3,250</u>		<u>3,250</u>

# Bank Reconciliation Statement

	K'000
Balance As the Bank Statement	5,000
Adjust for Cheque 103	<u>500</u>
	5,500
Add Uncredited Cheques	<u>500</u>
	6,000
less Unpresented Cheques	
[2,000,000 + 1,000,000]	<u>3,000</u>
Balance As the Updated Cashbook	<u>3,000</u>



# Sweetcorn's Trial Balance as at 31/12/2023

	K	K
Inventory	5,500	
Returns Inwards	3,360	
Returns Outwards		2,440
Purchases	45,500	
Sales		56,800
Capital		12,600
Buildings at cost	19,000	
Furniture & fittings	10,630	
Motor Vehicles	12,500	
10% Debentures		20,000
Bank Overdraft		7,000
Trade Receivables & Payables	8,520	9,800
Cash drawings	3,820	
Heat & light	950	
Business rent & rates	600	
Insurance	510	
Tax Payable		9,439

Cash On hand

900

Advertising

700

Salaries

5,630

Other Operating Expenses

400

Discounts

480

691

Commission Received

230

119,000

119,000

# Sweetcorn's Profit & loss for the ending 31/12/2023

	K	K
Sales	56,800	
less Sales Returns	3,360	
Net Sales		53,440
<u>Cost of Sales</u>		
Inventory	5,500	
Purchases	45,500	
less Purchases Returns	2,440	
Goods Available for Sale	48,560	
less closing Inventory	4,900	
		(43,660)
Gross Profit		9,780
<u>Other Incomes</u>		
Discount Received	691	
Commission Received	230	
		921
TOTAL INCOMES		10,701

## LESS EXPENSES

Admin costs ;

950

Heat & light

600

Business Rates

510

Insurance

700

Advertising

5,630

Salaries

Selling & Distribution

480

Discount Allowed

Finance Costs ;

2,000

Interest on loan (10%)

Other Expenses :

400

Other Operating Costs

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(11,270)

Net Profit

---

(569)

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# Sweetoom's Statement of Financial Position as at 31/12/23

<u>Assets</u>	K	K	K
<u>Non-Current Assets</u>			
Buildings	19,000		19,000
Fixtures & fittings	10,630		10,630
Motor Vehicles	12,500		12,500
	42,130		42,130
<u>Current Assets</u>			
Inventories		4,900	
Trade Receivables		8,520	
Cash on hand		900	
			14,320
<b>TOTAL ASSETS</b>			<b>56,450</b>



Does the tax <sup>Current</sup>  
relate to Our Period?

There's no information to suggest  
that.

\*The Business is not expected  
to pay tax given that it  
made a loss during the Year!

The liability definitely relates to a tax  
from the previous periods

# Equity & liabilities

Financed By :

Capital

Net loss

12,600

(569)

Drawings

Capital Equity

12,031

(3820)

8,211

## Non Current liabilities

10% Debentures

20,000

## Current liabilities

Trade Payables

9,800

Interest Payable

2,000

Tax Payable

9,439

Bank Overdraft

7,000

28,239

56,450

Prince Danrels Tutorials

BS 120, BS 222, BS 320

& BS 420 Tutor

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