



AFRICA
UNIVERSITY[®]
A United Methodist-Related Institution

"Investing in Africa's Future"

COLLEGE OF BUSINESS, PEACE, LEADERSHIP & GOVERNANCE

NMAC 202: INTERMEDIATE ACCOUNTING 1

END OF FIRST SEMESTER EXAMINATIONS

NOVEMBER 2022

LECTURER: T. TEMBO

DURATION: 3 HOURS

INSTRUCTIONS

ANSWER ALL QUESTIONS

The marks allocated to each question are shown at the end of the question

Show all your workings

Credit will be given for presentations that are neat, logical and grammatically well constructed.

Use of a non-programmable calculator is permissible.

~~Answer all questions in Answer Books provided~~

QUESTION ONE (CONCEPTUAL FRAMEWORK)

a. Identify five users and their needs according to the conceptual framework **10 marks**

b. Define the following elements to the financial statements and explain their recognition criteria;

- i. Assets
- ii. Liabilities
- iii. Expenses
- iv. Equity
- v. Income

15 marks

c. Differentiate between fundamental qualitative principles and enhancing qualitative characteristics giving examples of each 5 marks

QUESTION TWO (ISA 1 and STOCK EXCHANGE)

a. Identify listing requirements on Zimbabwe Stock Exchange **5 marks**

b. explain circumstances which cause a firm to be delisted **5 marks**

c. Draw up **5 financial statements according to ISA 1** and clearly **highlight major headings**. These are;

- i. Income statement
- ii. Statement of financial position
- iii. Statement of changes in equity
- iv. Statement of cash flow
- v. Notes to the financial statements

20 marks

QUESTION THREE (IFRS 15)

IFRS 15 guides accountants on how to recognise revenue from contracts with customers. It is also called a five step model;

- a. Identify five steps for revenue recognition and explain activities at each stage **10 marks**
- b. Explain five conditions to be met for a contract to be recognised in terms of IFRS 15 **10 marks**
- c. List five indicators of control in business transactions according to IFRS 15. **5 marks**

QUESTION FOUR (IAS 2 – INVENTORY)

20 marks

- a. Define Inventory according to IAS 2, and explain the following using numerical examples;
 - i. Recognition criteria
 - ii. Measurement of inventory
 - iii. Disclosure requirements **15 marks**
- b. Explain processes a company should follow when it intends to adopt IFRSs for the first time. **5 marks**

END OF PAPER