

**University of Swaziland**  
**Department of Accounting**  
**Supplementary Exam Paper**

Programme of Study	:	Diploma In Commerce
Year Of Study	:	Year one (Full Time) Level 1 (IDE)
Title of Paper	:	Financial Accounting 1.
Course Code	:	AC 101(FT)/ IDE AC 101(PT)
Time Allowed	:	3 Hours.

- Instructions:
- 1. The total number of questions on this paper are four (4).**
  - 2. Answer all the questions.**
  - 3. Begin the solution to each question on a new page.**
  - 4. The marks awarded for a question / part are indicated at the end of each question / part of question.**
  - 5. Where applicable, submit all workings and calculations on the answer sheet alongside the case.**

**Note:** You are reminded that in assessing your work, account will be taken of accuracy of the language and the general quality of expression, together with the layout and presentation of your final answer.

**Special requirement** : **Calculator.**

**This paper is not to be opened until permission has been granted by the invigilator.**

**QUESTION 1:**

Ms. Domicile V. commenced business on 1<sup>st</sup> January 2008 with a capital in cash of E10,000. Her transactions in this first month were as follows:

Jan 1	Purchased goods for sale from City Stores for credit E8,200
„ 1	Purchased more goods for cash E3,800
„ 2	Cash sales E1,200
„ 2	Sold goods to S Jones for credit E4,200
„ 2	Acquired a motor vehicle by paying cash 6,000
„ 4	Paid E300 for office furniture
„ 4	Returned to City Stores goods purchased from them for E1,200
„ 5	Sold goods to J Mitchie for credit E7,200
„ 6	Received E5,000 as a long-term interest free loan from Nkambule A.
„ 7	Paid E250 for advertising
„ 7	J. Mitchie returned goods for E1,500.
„ 9	Sold goods for cash E1,500
„ 9	Sold goods to S.M.Patel for credit E3,600
„ 10	Purchased goods for cash E2,400
„ 11	Received E3,000 from J. Mitchie
„ 11	Credit purchases E4,600 from VC Ltd.
„ 14	Sold goods for cash E1,400
„ 14	Credit sales to Bobby for E1,600
„ 14	Paid E150 for stationery
„ 17	Domicile V. took E500 for household expenses
„ 19	Credit sales to S.M.Patel for E4,200
„ 19	Purchased goods from City Stores for credit E3,800
„ 19	Paid E150 for advertising
„ 22	Paid E90 for vehicle fuel and oil
„ 22	Sold goods to J.Mitchie for credit E5,200
„ 24	Paid E1,800 as staff salaries
„ 24	Credit purchases for E5,400 from L Bros.
„ 27	Cash sales E1,800
„ 27	Credit sales to R Rajan for E3,400
„ 27	Credit purchases from City Stores for E2,600
„ 27	Paid E1,000 as office rent
„ 29	Rajan returned goods sold to him for E900

**Required:**

- a) Record the transactions in appropriate books of Prime Entry. (11 marks)  
 b) Post them into Sales Ledger and Purchases Ledger (8 marks)  
 c) Post them into General Ledger by opening the following T-Accounts.

- i. Sales Account ii. Purchases Account iii. Sales Returns Account iv Purchases Returns Accounts only.

(6 marks)

**Total (25 marks)****QUESTION 2:**

The Trial Balance of Mr. Tfwala P. for the year ended 31<sup>st</sup> March, 2009 is given below:

	Dr.	Cr.
	E	E
Capital		4,250
Drawings	710	
Fixed Assets	950	
Stock at 1 <sup>st</sup> April 2008	1,460	
Purchases and sales	10,362	11,906
Purchases and sales returns	210	291
General expenses	440	
Rent	120	
Rates	200	
Apprentice premium		80
Bank overdraft		240
Bad debts	172	
Debtors and Creditors	4,200	2,000
Cash on hand	48	
Bad debts reserve		105
	<b>18,872</b>	<b>18,872</b>

The following additional information as at 31<sup>st</sup> March 2009 is available.

- Depreciate fixed assets at 10% per annum.
- Increase Provision for Bad debts Reserve to 5% on Debtors.
- Rent accrued is E40.
- Rates of E80 are paid in advance.
- Stock at hand as on 31<sup>st</sup> March 2009 is E1,700
- Apprentice premium received in advance is E20.

**Required:**

- Prepare the Trading and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2009. (13 marks)
  - and the Balance Sheet as at that date. (12 marks)
- Total (25 marks)**

**QUESTION 3:**

- The following Trial balance was prepared by a clerk appointed newly by Shoprite, Matsapa for the year ending 31<sup>st</sup> March 2009. Some errors were found in the trial balance due to lack of experience in preparing accounts.

S.No.	Details	Debit E	Credit E
1	Opening stock	5,000	
2	Capital		60,000
3	Discount allowed		500
4	Discount received		700
5	Fixed assets		60,000
6	Sales	85,000	
7	Purchases		45,000
8	Purchase returns		1,000
9	Sales returns	2,000	
10	Carriage inwards		600
11	Carriage outwards		700
12	Wages, Salaries	25,000	
13	Receivables	7,000	
14	Debtors	9,000	
15	Payables		7,000
16	Rent	3,000	
17	Interest paid		2,000
18	Cash	800	
19	Creditors	6,900	
20	Closing stock	33,800	
		177,500	177,500

**Required:**

Prepare a corrected version of the Trial balance dated 31<sup>st</sup> March 2009. (10 marks).

- b) Your book keeper extracted a trial balance on 31<sup>st</sup> March 2009 which failed to agree by E420, a shortage on the credit side of the trial balance. A suspense account was opened for the difference.

In April 2009 the following errors made in 2008 were found:

- i) Sales day book had been undercast by E400.
- ii) Sales of E610 to T Dlamini had been debited in error to A Dlamini's account.
- iii) Rent account had been undercast by E180
- iv) Discounts allowed account had been overcast by E200
- v) The sale of a computer at net book value had been credited in error to the sales account E460.

**Required:**

- i) Show the journal entries necessary to correct the errors. (10 marks)
- ii) Draw up the suspense account after the errors described have been corrected. (2 marks)

- iii) If the net profit had previously been calculated at E31,000 for the year ending 31<sup>st</sup> March 2009, show the calculations of the corrected net profit.

**(3 marks)**

**Total (25 marks)**

**QUESTION 4:**

Write short note on the following:

- a) Benefits of operating Control Accounts **(5 marks)**
- b) Standing orders and Direct Debits **(5 marks)**
- c) Liquidity Ratios **(6 marks)**
- d) What is different about the accounts of a “Non-Profit Organizations”?  
**(6 marks)**
- e) Write up the 3 Journal Entries needed to record depreciation on the sale of a fixed asset.  
**(3 marks)**

**Total (25 marks)**

**END OF QUESTION PAPER**