

University of Swaziland
Department of Accounting
Supplementary Exam Paper - Semester - II

Programme of Study : Diploma in Commerce
Year Of Study : Year one (Full Time) Level 1 (IDE)
Title of Paper : Introduction to Financial Accounting II
Course Code : AC 112(FT) / IDE AC 112(PT)
Time Allowed : 3 Hours.

- Instructions:
1. Total number of questions on this paper are four (4).
 2. Answer all questions.
 3. Begin the solution to each question on a new page.
 4. The marks awarded for a question / part is 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:

Swaziland Adventures is a travel company located in Ejulweni, a speciality tour organizer for small groups. They received their recent Bank Statement for the month of December 2009 and on compared with the bank columns of Cash Book they found a substantial difference of E86,000 to the debit of bank column in Cash Book and the Bank Statement for December. The investigations revealed the following facts.

- a) Interest earned on the current account of E450 was credited on the bank statement.
- b) Bank charges for December as per the Bank Statement amount to E200. However, E50 of these bank charges relate to a dishonoured cheque of E1,000 that appeared on the December Bank Statement. It is business policy to charge debtors any dishonouring fees.
- c) A cheque for the purchase of stationery E223 was incorrectly entered in the Cash Book as E232.
- d) A direct debit amounting to E2,000 towards insurance premium appeared on the Bank Statement.
- e) Bank lodgements in the December Cash Book which did not appear on the December Bank Statement E40,000.
- f) A deposit of E3,500 made by a debtor in the month of December was posted to the account of Swaziland Tours.
- g) The following cheques issued did not appear on the December Bank Statement.

Salaries paid	E2,200	cheque number 523
Advertising	1,000	„ „ 642

Required:

- i) Bring the Cash Book up to date as at 31st December 2009 *(17 marks)*
 - ii) Prepare a Bank Reconciliation Statement for Swaziland Adventures as at 31st December 2009. *(8 marks)*
- Total (25 marks)**

QUESTION 2:

African Art and Design is a retailer in Manzini selling African Artefacts. The following information relates to the personal accounts of this trader during March 2010.

Sales ledger balances:

As at 1 March 2010	
Debit balance	E 284,250
Credit balance	18,450
As at 31 March 2010	
Credit balance	17,100

Purchases ledger balances:

As at 1 March 2010	
Debit balance	E 8,400
Credit balance	250,700
As at 31 March 2010	
Debit balance	12,500

Cash purchases	E74,500
Credit purchases	260,000
Carriage inwards	15,000
Carriage outwards	20,000
Total payments to suppliers	202,150
Refunds given to cash customers	5,000
Cash sales	102,000
Credit sales	450,000
Returns inwards	25,000
Returns outwards	24,000
Bad debts	7,250
Discounts allowed (all to credit customers)	5,520
Discounts received (all from credit suppliers)	3,520
Total receipts from customers	321,200
Dishonour of cheques received from debtors	2,720
Reversal of discount allowed to customers	450
Debt recovered by contra offset	15,200
Debt collection expenses charged to customer	500

Required:

Draw up relevant control (total) accounts entering end-of-year totals for debtors and creditors.

Total (25 marks)

QUESTION 3:

Write Short Note on the following:

- i) The benefits of control accounts.
- ii) Will the Bank Statement show 'Dr' or 'Cr' if an account is overdrawn?
- iii) What is different about the accounts of a "Non-Profit Organizations"?
- iv) Accounting content of Section 24 of the Partnership Act 1890.
- v) Turnover ratios and liquidity ratios with examples

*Total (5*5=25 marks)*

QUESTION 4:

The treasurer of Mlilwane Amusement Club has produced the following receipts and payments account for the year ended 31 December 2009.

Receipts	E	Payments	E
Cash & bank balances b/d	3,060	Salary of secretary	3,600
Subscriptions received	9,000	Wages of cleaning staff	2,850
Sale of old furniture (valued at 850 on 1-1-2009)	800	Charities	2,000
Interest on investments	1,200	Printing and stationery	300
Donations	13,000	Postage	100
Proceeds of concerts	800	Rent and taxes	1,200
Advertisement in year book	40	Upkeep of lawn	500
		Sports material	2,500
		Cash and bank balances c/d	14,850
	27,900		27,900

The following valuations are also available as at

	1-1-2009	31-12-2009
Subscriptions in arrears	200	450
Subscriptions in advance	300	600
Furniture	2,000	1,035

Depreciation is to be charged at 10% per year on furniture.

Required:

- i) Calculate the value of the accumulated fund as at 1st Jan 2009. *(3 marks)*
 - ii) Reconstruct the following accounts for the year ended 31st Dec 2009.
 - a) The Subscription account. *(3 marks)*
 - b) Furniture account *(3 marks)*
 - iii) Prepare an Income and Expenditure account for the Mlilwane Amusement Club for the year ended 31st Dec 2009 and a Balance Sheet as at that date. *(16 marks)*
- Total (25 marks)**

END OF QUESTION PAPER