

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

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

- Instructions:
1. Total number of questions on this paper is five (5).
  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:**

Hi-Fi Bags is a retailer in leather goods in Plaza, Mbabane. They maintain their accounts with a hand written set of books. The practice of Hi-Fi Bags is to extract a trial balance at the end of each month. This month, however, the trial balance will not balance, the credits exceeding debits by E14. Hi-Fi Bags sought your help and you have discovered the following errors, after examining the ledgers.

1. A credit note for E277 received from a supplier has been posted to the wrong side of his account.
2. A total of one page of the sales day book has been carried forward as E 7,121 instead of E 7,211.
3. Prepaid rent of E 6,000 has been brought down as a credit balance in the rent account.
4. An amount of E 6,000 received from customer A. Dlamini has been posted to the debit of her account.
5. E 850 paid for servicing vehicles has been posted to Motor Vehicles account.
6. Included in rent & rates account is E 2,500 paid as property tax on the proprietor's private residence.
7. E 1,050 paid for advertising has been posted as E 1,500.
8. Goods included in purchases at E 20,000 were not included in the inventory because they remained in transit on the day of count.

**REQUIRED:**

- i) Prepare relevant Journal entries to correct each of these errors. (14 marks)
- ii) Prepare the suspense account (6 marks)
- iii) State the effect on the accounts as a result of correcting each error (5 marks)

**Total (25 marks)**

**QUESTION 2:**

Mrs Joyce Dlamini runs a second-hand furniture business from a shop which she rents. She does not keep complete accounting records, but is able to provide with the following information about her financial position.

	1-1-2010	31-12-2010
Non-current assets	100,250	120,105
Accumulated depreciation	28,600	38,200
	71,650	81,905
Inventory	250,400	281,200
Trade receivables	63,100	72,200
Bank balance	5,124	?
Trade payables	101,200	115,107

- a) Payments to suppliers E 1,131,400
- b) Receipts from customers E 1,651,200
- c) Salaries paid was E 205,110
- d) Other expenses paid E180,000
- e) Drawings by Joyce Dlamini E 75,000

**REQUIRED:**

- i) Draw up the Statement of Affairs as at 31<sup>st</sup> December 2009 and the required ledger accounts. **(18 marks)**
- ii) Draw up Joyce's Statement of Comprehensive Income for the year ended 31<sup>st</sup> December 2010. **(6 marks)**
- iii) Prepare the Statement of Financial Position as at 31<sup>st</sup> December 2010. **(6 marks)**

**Total (30 marks)****QUESTION 3:**

Write short note on the following:

- i) Bonus shares
- ii) Standing orders and direct debits.
- iii) Section 24 of the Partnership Act 1890.
- iv) Current ratio and Acid test ratio.

Total (4\*5 = 20 marks)

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**QUESTION 4:**

The following list of balances as at 31<sup>st</sup> March 2011 has been extracted from the books of Mr Msibi Fundom, who is a designer and manufacturer of wooden ladles and spoons.

	Debit E	Credit E
Machinery (cost E 80,000)	57,200	
Office equipment (cost E 18,000)	16,400	
Van (cost E 10,000)	8,600	
Capital		300,000
Drawings	13,000	
Delivery van expenses	3,400	
Lighting and heating: Factory	7,000	
Office	1,360	
General expenses: Factory	9,100	
Office	1,950	
Manufacturing wages	120,100	
Purchase of raw material	70,800	
Rent: Factory	10,000	
Office	2,000	
Sales rep: commission	8,350	
Office salaries	22,300	
Receivables	60,000	
Payables		12,000
Sales		202,868
Bank	17,243	
Stocks at 31 <sup>st</sup> March 2010		
Raw materials	15,340	
Finished goods	70,725	
	514,868	514,868

The following additional information as at 31<sup>st</sup> March 2011 is available.

- a) Stocks at 31<sup>st</sup> March 2011: Raw materials E 15,400; Finished goods E 110,480. There is no work-in-progress.
- b) Depreciate machinery E 2,000; Office equipment E 700; Van E 300.
- c) Manufacturing wages due but unpaid at 31<sup>st</sup> March 2011 E 1,100; Office rent prepaid E 200.

**REQUIRED:**

- i) Prepare a Manufacturing Statement showing clearly the Prime Cost and Production Cost of Finished Goods for the year ended 31<sup>st</sup> March 2011.  
**(12 marks)**
  - ii) Prepare the Statement of Comprehensive Income for the year ended 31<sup>st</sup> March 2011.  
**(13 marks)**
- Total (25 marks)**

**END OF QUESTION PAPER**