

University of Swaziland
Department of Accounting
Main Exam Paper - Semester - I

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 - I
Course Code : AC 111(Full Time) / IDE AC 111(Part Time)
Time Allowed : 3 Hours.

- Instructions:
1. Total number of questions on this paper is 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:

You are to open the books of Vyna Dlamini, a trader in Manzini, via the Journal to record the assets and liabilities, and are then to record the daily transactions for the month of Dec 2011.

Date	Particulars of transactions
2011	
Dec 1	Assets: Premises E17,000; Van E2,625; Fixtures E405; stock E3,195; Receivables: P Patrick E100; F Lane E160; Cash at bank E3,120; Cash in hand E280. Liabilities: Payables: S Harold E108; J Bess E240.
„ 1	Paid storage costs by cheque E20
„ 2	Goods bought on credit from: S Harold E72; D Marewo E103; W Tony E48; R Foot E30.
„ 3	Goods sold on credit to J Wandile E60; T Gama E82; F Sanele E100; J Allen E45; P White E121; F Lane E40.
„ 4	Paid for motor expenses in cash E23
„ 7	Cash drawings by proprietor E75
„ 9	Goods sold on credit to: T Gama E34; J Dlamini E65.
„ 11	Goods returned to Vyna Dlamini by: J Wandile E20; F Sanele E20
„ 14	Bought another van on credit from C T Motors Ltd E 2,425
„ 16	The following paid Vyna their accounts by cheque less 5 per cent discount: P Patrick; F Lane; J Wandile; F Sanele
„ 19	Goods returned by Vyna Dlamini to R Foot E10.
„ 22	Goods bought on credit from L Mole E90; W Wright E 100
„ 24	The following accounts were settled by Vyna Dlamini by cheque less 5 per cent cash discount: S Harold; J Bess; R Foot
„ 27	Salaries paid by cheque E480
„ 30	Paid business rates by cheque E66
„ 31	Paid C T Motors Ltd., a cheque for E2,425

REQUIRED:

- i) Open a Journal and pass the required Journal Entries **(5 marks)**
 - ii) Record the daily transactions in the relevant books of prime entry **(10 marks)**
 - iii) Post them into Purchases Ledger, Sales Ledger and General Ledger **(20 marks)**
- Total (35 marks)**

QUESTION 2:

Mr Patrick Simelane has been trading for some years as a wine merchant. The following list of balances have been extracted from his ledger as at 31st Dec 2011, the end of his most recent financial year.

	Debit (E)	Credit (E)
Capital		88,000
Drawings	1,000	
Plant and machinery	50,000	
Furniture	6,000	
Tools	10,000	
Goodwill	5,000	
Stock (1 st Jan 2011)	10,000	
Purchases	106,000	
Sales		234,000
Returns inwards and outwards	4,000	2,000
Discounts		3,000
Salaries	70,800	
Carriage inwards	6,000	
General expenses and insurance	36,000	
Rent	7,200	
Postage	2,000	
Packing and distribution	4,000	
Trade receivables	24,000	
Mr Sikhonje	1,000	
Trade payables		12,000
Allowance for doubtful debts		1,000
Cash at bank	7,000	
Loan from D Nkambule		10,000
	E350,000	E350,000

The following additional information as at 31st Dec 2011 is available:

- a) Stock at the close of the business was valued at E 15,400
- b) Depreciate plant and machinery at 5% and furniture at 3% using straight line method of depreciation.
- c) Tools are re-valued at E8,000
- d) Allowance for doubtful debts is to be maintained at 5% on trade receivables
- e) Mr Simelane drew E400 per month which he charged to salaries account

- f) Remuneration of E1,000 paid to Mr Sikhonje, a temporary employee, stands debited to his personal account and the same is to be corrected
- g) Insurance outstanding E200
- h) Prepaid rent is E1,200

REQUIRED:

- i) Prepare a Statement of Comprehensive Income for the year ended 31st December 2010. (13 marks)
- ii) And a Statement of Financial Position as at the same date. (12 marks)
- Total (25 marks)**

QUESTION 3:

A company maintains its non-current assets at cost. Depreciation provision accounts for each of the assets are kept. At 31st Dec 2010 the position was as follows:

	Total cost to date	Total depreciation to date
Machinery	E 189,000	E 56,700
Office furniture	E 6,400	E 2,560

The following additions were made during the financial year ended 31st Dec 2011.

Machinery E 3,200, office furniture E 920.

A machine bought in 2007 for E 3,200 was sold for E 720 during the year.

The rates of depreciation are:

Machinery 20%; Office furniture 10%, using straight line method, calculated on the assets in existence at the end of each financial year irrespective of the date of purchase.

REQUIRED:

- i) Machinery account for the year ended 31st Dec 2011
- ii) Office furniture account for the year ended 31st Dec 2011
- iii) Provision for depreciation on machinery account for the year ended 31st Dec 2011
- iv) Provision for depreciation on office furniture account for the year ended 31st Dec 2011
- v) Machinery disposals account.

Total (15 marks)

QUESTION 4:

Write **Short Note** on the following:

- i) Explain briefly what is meant by Historical cost and Going concern concepts. **(5 marks)**
- ii) Differentiate and distinguish between Financial Accounting and Management Accounting **(5 marks)**
- iii) Distinguish between capital expenditure and revenue expenditure by giving suitable examples **(5 marks)**
- iv) Explain error of principle and compensating errors by citing suitable examples **(5 marks)**
- v) Discuss how the reissued *IAS 1- Presentation of Financial Statements* affects the publication of financial statements. **(5 marks)**

Total (25 marks)

END OF QUESTION PAPER