

**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.**  
Total Marks : 100

- 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:**

The following errors were located in the books of K Simelane who is the proprietor of Simelane Imports and Exports. He is seeking your help in order to rectify the errors committed by him who is not that good in accounting.

- i) E800 paid for purchase of office furniture was posted to the purchases account.
- ii) The sales book was overcast by E500
- iii) E 2,700 paid for freight on machinery was debited to freight account.
- iv) Wages of E 169 for the erection of shelves in the warehouse was debited to wages account as E 196.
- v) Discount allowed of E 105 was posted to the credit of discount received as E501
- vi) Cash book balance of E 115,000 was carried forward from one folio to the next as E 105,000.
- vii) An invoice for E 10,450 from Vanhorn Ltd., for goods purchased for sale, was not posted to Vanhorn Ltd.
- viii) An invoice relating to the acquisition on credit of office equipment for E 14,200 from AB Capitals was entered in the purchases journal.
- ix) Furniture of E 2,000 purchased for K Simelane's residence was entered in the purchases day book.
- x) A copy sales invoice to R Gwebu for E 24,000 was posted to the customer's account as E 42,000

**REQUIRED:**

- a) Prepare relevant Journal entries to correct each of these errors. (20 marks)
- b) Prepare the suspense account (2 marks)
- c) State the effect of correcting each error on gross profit and net profit. (3 marks)

**Total (25 marks)**

**QUESTION 2:**

The following is the receipts and payments account of Piggs Peak Club in Piggs Peak for the year ended 31<sup>st</sup> December 2011.

Receipts	E	Payments	E
Bank balance 1 <sup>st</sup> Jan 2011	7,800	Refreshment supplies bought	8,640
Subscriptions received	90,120	Wages of attendants and cleaners	62,800
Profit from dances	8,232	Rent of building	17,400
Profit on exhibitions	1,780	New equipment bought	36,400
Refreshment takings	32,580	Traveling expenses of teams	3,800
Sale of equipment	680	Balance at bank 31 <sup>st</sup> Dec 2011	12,152
	141,192		141,192

Notes:

- i) Refreshment stocks were valued:  
 31-12-2010 E 1,360  
 31-12-2011 1,840
- ii) On 1<sup>st</sup> Jan 2010 the club equipment was valued at E 64,800.
- iii) The amount to be charged for depreciation on equipment for the year is E15,180
- iv) Subscriptions in arrears at 31<sup>st</sup> Dec 2010 nil; at 31<sup>st</sup> Dec 2011 E 1,720
- v) E 9,360 of wages to be charged to refreshments account; the remaining is to be charged to income and expenditure statement.

**REQUIRED:**

- a) Draw up refreshments trading statement for the year ended 31<sup>st</sup> Dec 2011. (5 marks)
  - b) Calculate the accumulated fund as at 1<sup>st</sup> Jan 2011. (3 marks)
  - c) Draw up income and expenditure statement for the year ended 31<sup>st</sup> Dec 2011 (10 marks)
  - d) Draw up statement of financial position as at 31<sup>st</sup> Dec 2011. (7 marks)
- Total (25 marks)**

**QUESTION 3:**

In the draft accounts for the year ended 31<sup>st</sup> March 2012 of Mlambo Dlamini, a proprietor of Ngwane Garage, the balance as per bank column of the cash book was E 2,995.

On checking the cash book with the bank statement it was discovered that the following transactions have not been entered in the cash book.

- a) Cheque number 25110 dated 3<sup>rd</sup> March 2012 for E810 in favour of S Mabuza has been correctly recorded in the bank statement, but included in the cash book as E801.
- b) Bank charges of E236 entered on the bank statement have not been entered in the cash book
- c) The recently received bank statement shows that a cheque for E 1,050 received from N Shongwe and credited in the bank statements on 9<sup>th</sup> Mar 2012 has now been dishonoured and debited in the bank statement on 26<sup>th</sup> Mar 2012. The only entry in the cash book for this cheque records its receipt on 8<sup>th</sup> Mar 2012.
- d) All dividends received are credited directly to the bank account. During March amounts totalling E150 have been credited by the bank but no entries were made in the cash book.
- e) A cheque drawn for E 20 for stationery has been incorrectly entered in the cash book as E120
- f) A standing order for E80 to Swazi Insurance Ltd., has been entered on bank statement, but not in cash book.
- g) Credit transfer from B Sikhonje for E500 has been entered in the bank statement, but not yet in the cash book
- h) Cheques paid according to the cash book during March 2012 and totalling E 2,010 were not presented for payment to the bank until April 2012.
- i) Cheque number 25104 for E 202 has been recorded twice as a credit in the cash book.
- j) Amounts received in the last few days of March 2012 totalling E 4,200 and recorded in the cash book have not been included in the bank statements until 5<sup>th</sup> April 2012.

**REQUIRED:**

- a) Starting with the debit balance of E 2,995 bring the cash book up to date. **(20 marks)**
  - b) Prepare a Bank Reconciliation Statement. **(5 marks)**
- Total (25 Marks)**

**QUESTION 4:**

Write short note on the following:

- a) Sources of income to Non-Profit oriented organizations
- b) Bonds and dividends
- c) Advantages of reconciling cash book and bank statement
- d) In partnership why interest is allowed on capital and interest is charged on drawings?
- e) With the help of examples, identify any two errors that can affect trial balance agreement.

**Total (5\*5=25 marks)**

**END OF EXAM QUESTION PAPER**