AC211/AC311 [FULL-TIME]/ IDE AC311 [PART-TIME (M) DECEMBER 2011 Page 1 of 8

UNIVERSITY OF SWAZILAND DEPARTMENT OF ACCOUNTING MAIN EXAMINATION PAPER DECEMBER 2011

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DEGREE/ DIPLOMA AND

YEAR OF STUDY

B. COM 11/ DIPLOMA IN COMMERCE 111

TITLE OF PAPER

INTERMEDIATE FINANCIAL ACCOUNTING 1

COURSE CODE

AC211/AC311/IDE AC311 (M) DECEMBER 2011

TIME ALLOWED

THREE (3) HOURS

INSTRUCTIONS

- 1 There are four (4) questions, answer all.
- 2 Begin the solution to each question on a new page.
- 3 The marks awarded for a question are indicated at

the end of each question.

- 4 Show the necessary working.
- 5 Calculations are to be made to zero decimal places of accuracy, unless otherwise instructed.

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

THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVILATOR OR SUPERVISOR.

SPECIAL REQUIREMENTS:

CALCULATOR

Alpheus, Bright and Celine were partners in partnership sharing profits and losses in the ratio 4:3:3. Their partnership was liquidated on 31 December 2010 and their trial balance as at that date was as follows:

A CONTRACTOR OF THE PROPERTY O	and a process of the second	in the same consequence of the contract of the	DR	*	CR
	proposed in the second section of the section of th	Commission of the commission o	E	S W. Makin are quick article to	E
Capital accounts (at 1 January 2010):	an a magasara a, a cada 1 1	The same of the sa	er ye r aca Mhile	ack of a comment of the comment	THE ST. OF TAX ST.
Alpheus		er berteit til sog at heptingstepen propy i a mentapsia appetett sjelver for til g	Laudhthelmin minne	, a consensar com at	45,200
Bright	The state of the s	MORE CONT. C. C. CONTRACTOR OF THE STATE OF		(A) 4 - Americanis	5,170
Celine	*		*		27,030
Loan: Alpheus			1 11 11 19 4		1,800
Trade and other payables	TOTAL MICHAEL AND	remove and the second section of the property of the second secon	THE STATE OF THE STATE OF	1	13,490
Motor vehicles	The second section is a second section of the second section s	and agreed responsible contraction and the second	7,200	Mr. Marking and the extension of 1 1 1 1	estation and states of
Furniture and fittings	a disk strong at settleman processor and stands	ware management are above the large season of the season o	10,400	1 ·	man to deal to make a con-
Office equipment	The state of the s		1,300	Car y Carrier Commencer and	how in region of they will t
Inventory	SECOND CO. CO. C. SECOND CO.	og variet forskere men ser en	55,800	Francisco escuente en escalabatado espaiso o Galerio de Calerio de	
Expenses prepaid	man di sida addina "Simple" (Malanda) Addinahadii mafalam addi Visti yibi.	models and the courts of resortations and the state of th	250	<u>.</u>	
Trade and other receivables	The second secon		16,400		
Allowance for credit losses	a series of the	enter i dente de la companya del la companya de la	or an am mountain consist to a	of the contrast management of the con-	800
Bank		alternative and a second section of the section of the second section of the section of the second section of the second section of the second section of the second section of the se	2,140	and a contract of the second of the second	
		en en viller y teason sowe hans y i ye ville de de enryven ei ne	91,350	THE RESERVE OF STREET	93,490

The realisation transactions were as follows:

- 1. Alpheus took over one of the vehicles, which has a net carrying amount of E2,500, in settlement of His loan account.
- 2. The remaining vehicles were sold for E4,000.
- 3. E14,000 was collected from trade debtors.
- 4. Trade payables were settled in full for E12,990.
- 5. The furniture and fittings were sold for E10,200 and the inventory for E37,800.
- 6. It was agreed that Celine would be paid E1,200 for work he had done to sell the assets.
- 7. Liquidation expenses amounted to E3,400

Required:

Write up the following accounts for the year to 31 December 2010:

- a) The partners' capital accounts. $(6^{1}/_{2} \text{ Marks})$
- b) The liquidation/ realization account. (11 Marks)
- c) Bank account. $(7^{1}/_{2} \text{ Marks})$

The following is a trial balance extracted from the books of Janet Joubert as at 31 December 2010 and she manufactures toys.

The state of the s	DR	CR
and a control formation with a control of the contr	E	
Stock of raw materials -01.01.2011	21,000	The state of the s
Stock of finished goods - 01.01.2011	38,900	
Work in progress - 01.01.2011	13,500	
Wages (direct E180,000; factory indirect E145,000)	325,000	
Royalties	7,000	į
Carriage inwards (on raw materials)	3,500	3
Purchases of raw materials	370,000	1
Productive machinery (cost E280,000)	230,000	
Administration computers	12,000	
General factory expenses	31,000	
Lighting	7,500	
Factory power	13,700	:
Administration salaries	44,000	<u> </u>
Sales representative salaries	30,000	
Commission on sales	11,500	,
Rent	12,000	THE WHILE BEEN THE THE SPECIAL P. L.
Insurance	4,200	Color and Color Colored Colored F. L.
General administration expenses	13,400	, , , , , , , , , , , , , , , , , , , ,
Bank charges	2,300	
Discount allowed	4,800	The state of the s
Carriage outwards	5,900	grand and the second
Sales	1	1,000,000
Accounts receivabel and accounts payable	142,300	64,000
Bank and cash	18,300	
Drawings	60,000	
Capital as at 01.01.2010	No. of Control of the	357,800
	1,421,800	1,421,800

Additional information:

- 1. Stock of raw materials E24,000; stock of finished goods E40,000; work in progress E15,000.
- 2. Lighting, rent and insurance are to be apportioned: factory 5/6, administration 1/6.
- 3. Depreciation on productive machinery and administrative computers at 10% per annum on cost.

Required:

- a) Manufacturing account for the year ended 31 December 2010. $(8^{1}/_{2} \text{ Marks})$
- b) Statement of comprehensive income for the year ended 31 December 2010. (10 Marks)

AC211/ AC311 [FULL-TIME]/ IDE AC311 [PART-TIME (M) DECEMBER 2011 Page 4 of 8

c) Statement of financial position as at 31 December 2010. (6¹/₂ Marks)

NB: Expenses in the statement of comprehensive income should be classified as administration expenses, selling and distribution expenses and or financial charges.

Statement of comprehensive income for the yea	I GINER 31 DECEMBEL SOTA	et a sur a sur
	EOOC) E000
Sales		495
Raw materials consumed	49	i
Staff costs	37	
Depreciation	74	
Loss on disposal of assets	4	1
		(164
Operating profit		331
Interest payable		(23)
Profit before tax		308
Tax provision		(87)
Retained profit for the year		221
		•
Ndoda I	Dlamini	
Statement of financial position	on of as at 31 December 2010	The same of the same and the same of the s
	2010	2009
Fixed assets (see below)	1,145	957
Current assets		
Stock	19	16
Trade debtors	38	29
Bank	31	37
	88	82
Less: Current liabilitie		<u>.</u>
Trade creditors	12	17
Taxation	100	81
to the second of	112	98
	(24)	(16)
	1,121	941
Less: Long term liabilities		<u> </u>
Loans	70	320
The second secon	1,051	621
Capital	621	232
Cash introduced	39	e set retrojet who ener eve
Revaluation reserve	170	_
Profit and loss	221	389
	1,051	621

AC211/AC311 [FULL-TIME]/ IDE AC311 [PART-TIME (M) DECEMBER 2011 Page 6 of 8

Note 1				
Fixed assets	Land & Buildings	Machinery	Furniture	Total
	E000	E000	E000	E000
Cost or valuation				
at 31 December 2009	830	470	197	1,497
Additions	0	43	55	98
Disposals	0	(18)	0	(18)
Revaluation	70	0	0	70
At 31 December 2010	900	495	252	1,647
Depreciation				
At 31 December 2009	(90)	(270)	(180)	(540)
Charge for year	(10)	(56)	(8)	(74)
Disposals	0	12	0	12
Adjustment on revaluation	100	0	0	100
At 31 December 2010	0	(314)	(188)	(502)
Net book value				
At 31 December 2010	900	181	64	1,145
At 31 December 2009	740	200	17	957
•				

Required:

Prepare a statement of cash flows for Ndoda Dlamini for the year ended 31 December 2010 in accordance with IAS7.

i) David, Seth, and Tayo entered into a joint venture for selling fish and chips during the local intervarsity games that were held in February/ March 2010. The following transactions took place:

2010

- February 1 David rented a caravan paying a whole month's rent E1,400.
- February 3 Seth bought a horse drawn cart for E1,450.
- February 5 Tayo received cash from sale proceeds of fish & chips E20,940.
- February 23 David bought fish and chips supplies for E11,300.
- February 24 The horse drawn cart was stolen and Tayo hired a sedan and paid by cheque an amount of E400 for its use.
- February 25 The horse drawn cart had been insured with SRIC who paid E1,100 to David.
- February 26 Sales of fish and chips, cash being paid by Seth E2,800.
- February 27 Lighting bills for caravan paid for by Tayo E58.
- February 28 Tayo bought fish and chips for E1,100.
- March 3 General expenses for caravan paid of E728. These were paid for by Tayo $\frac{1}{3}$ and David $\frac{2}{3}$.
- March 4 Fish and chips taken over by Tayo at an agreed valuation of E1,500.
- March 31 The Joint venture was ended. The fish and chips remaining were taken over at an agreed valuation of E4,100 by Seth.

Required:

- a) Prepare their joint venture accounts to close off the books of the venture.(13 Marks)
- b) Prepare the memorandum joint venture account assuming that they share profits and losses in the ratio David ²/₅, Seth ¹/₅ and Tayo ²/₅. Any outstanding balances between the parties were settled on 31 March 2010. (7 Marks)

AC211/ AC311 [FULL-TIME]/ IDE AC311 [PART-TIME (M) DECEMBER 2011 Page 8 of 8

ii) Explain the importance of reviewing events after the reporting period by auditors and distinguish between two types of these events in accordance with IAS 10.

(5 Marks)