

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 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:

The following is the summary of the receipts and payments of the Cosmopolitan Club during the year ended 31st Dec 2012.

Receipts and Payments Statement

Cash and bank b/d	E 7,000	Tournament expenses	E 1,100
Donations	8,000	Furniture	2,000
Legacies	6,000	Crockery	1,200
Miscellaneous receipts	475	Sports material	1,200
Sale of news papers	500	Salaries	3,900
Advertisements in year book	10,000	Magazines	8,000
Proceeds of concerts	2,700	Advertisements	250
Tournament fund	1,500	Rent and taxes	2,100
Subscription		Library books	800
Arrears	600	Cost of construction of	19,600
Current	14,000	buildings	
Advance	800	Cash and bank c/d	11,425
	15,400		
	51,575		51,575

The following information is also available:

	31-12-2011	31-12-2012
Sports material	1,000	800
Subscription in arrears	600	700
Salary outstanding		120
Furniture	1,080	2,400
Library books	900	1,700

Donations and half of the legacies are to be capitalized.

Required:

- Calculate the value of accumulated fund as at 1st Jan 2012.
(5 marks)
 - Prepare an Income and Expenditure Statement for the year ended 31st December 2012.
(10 marks)
 - Prepare a Statement of Financial Position as on 31st Dec 2012.
(10 marks)
- Total (25 marks)**

QUESTION 2:

Read the following and answer the questions below. On 30th June 2013 the bank column of Mr. Maseko N's cash book showed a debit balance of E 1,500. The monthly bank statement written up to 30th June 2013 showed a credit balance of E 176. On checking the cash book with the bank statement it was discovered that the following transactions have not been recorded.

- i) Cheques amounting to E 3,550, received and entered in the cash book on 30th June, were not credited by the bank until 4th July
- ii) An insurance premium of E 400 had been paid by the bank on 15th June. No entry has been made in the cash book
- iii) A cheque paid for rates amounting to E 110 had been entered in the cash book as E 101
- iv) A direct debit of E 140 for the RAC subscription had been paid by the bank but is not mentioned in the cash book
- v) All dividends received are credited directly to the bank account. During June amounts totalling E150 were credited by the bank but no entries were made in the cash book
- vi) A cheque received from Sima Mabuja for E 115 had been returned by the bank and marked 'No funds available'. No adjustment has been made in the cash book
- vii) Interest credited by bank E 25 on 26th June, but no advice received
- viii) No entry had been made in the cash book for a trade subscription of E 150 paid by the banker
- ix) Bank charges amounting to E25 had not been entered in the cash book
- x) Cheques issued up to 30th June 2013, but not presented for payment up to 30th June 2013 totalled E 2,174

Required:

- a) Show the appropriate rectifications required in the cash book of Mr Maseko N Starting with a debit balance of E 2,216, to arrive at the correct balance on 30th June 2013 **(18 marks)**
 - b) Prepare bank reconciliation statement as on 30th June 2013 **(7 marks)**
- Total (25 marks)**

QUESTION 3:

Write short note on the following:

- a) Contents of partnership agreements
- b) What is different about the accounts of "Non-profit organizations"?
- c) Inventory turnover ratio and P/E ratio
- d) Why investors prefer to buy preference shares rather than ordinary shares?
- e) Advantages of control accounts

(5*5=25 marks)

QUESTION 4:

The book keeper of a firm failed to agree the trial balance at 31st Mar 2013, the end of his financial year. She opened a suspense account into which she entered the amount, she was out of balance and carried this amount to a draft Statement of Financial Position which she prepared. The following errors were subsequently discovered in the books:

- i) The purchases day book had been under cast by E 100
- ii) Goods bought on credit from a supplier for E 50 had been posted to his account as E 500
- iii) An old credit balance of E 30 on a customer's account (M Dlamini) had been entirely overlooked when extracting the balances.
- iv) The purchase of a new van for E6,000 had been in the motor vehicle expense account
- v) E 470 had been included in the wages account and E 340 in the purchases account. These amounts represent expenditure on an extension to the business premises
- vi) E30 paid by a customer, B Sikhonje had been credited to B Sikhumbuje in error
- vii) An invoice for E456 had been entered in the purchases day book as E 654
- viii) The receipts side of the cash book had been under cast by E540
- ix) E150 received from sale of old furniture had been entered in the sales account.
- x) Discounts allowed account had been overcast by E150

Required:

- a) Prepare the journal entries to record the necessary adjustments arising from the above **(20 marks)**
 - b) Prepare the suspense account **(5 marks)**
- Total (25 marks)**

END OF EXAM QUESTION PAPER