

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

Programme of Study : Bachelor of 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:

Simunye Golf Club has been in existence for a number of years. As on 31st March 2014 the following balances exist in the trial balance.

	Debit	Credit
Equipment	25,500	
Furniture	10,000	
Club house	135,000	
Subscriptions received		180,000
Profits from raffles		7,500
Wages of bar staff	55,000	
Bar stocks 1 st Apr 2013	13,500	
Green keepers' wages	25,000	
Golf professionals' salary	48,000	
General expenses	2,000	
Cash at bank	7,294	
Accumulated fund at 1 st Apr 2013		26,344
Bar purchases and sales	60,750	168,200
	382,044	382,044

Notes:

- a. Bar purchases and sales were on a cash basis. Bar stocks at 31st March 2014 were valued at E10,050
- b. Subscriptions paid in advance by members at 31st March 2014 amount to E 2,250 and subscriptions owing by members at the above date amounted to E600
- c. Provide for depreciation of equipment at 20 per cent

Required:

- i) Draw up the bar trading statement for the year ended 31st March 2014
- ii) Draw up the income and expenditure statement for the year ended 31st March 2014
- iii) Draw up the statement of financial position as at 31st March 2014

(25 marks)

QUESTION 2:

The following trial balance has been extracted from the books of Jacob Simelane a Toy Manufacturer as at 31st Dec 2013

	Debit (E)	Credit (E)
Inventory of raw materials 1-1-2013	45,000	
Inventory of finished goods 1-1-2013	80,800	
Works-in-progress 1-1-2013	30,000	
Wages (direct E363,000; factory indirect E 293,000)	656,000	
Carriage inwards	10,000	
Purchase of raw materials	743,000	
Productive machinery (cost E 563,000)	463,000	
Administration computers (cost E43,000)	27,000	
General factory expenses	65,000	
Lighting	18,000	
Factory power	27,400	
Administrative salaries	88,000	
Sales rep's salaries	60,000	
Commission on sales	23,000	
Rent	24,000	
Insurance	8,700	
General administration expenses	26,800	
Bank charges	4,600	
Discounts allowed	9,600	
Carriage outwards	10,000	
Sales		2,000,000
Accounts receivables and payables	284,600	128,000
Bank	33,600	
Cash	3,500	
Drawings	123,000	
Capital as at 1-1-2013		736,600
	2,864,600	2,864,600

Notes: at 31-12-2013

- Inventory of raw materials: E48,000; Inventory of finished goods: E 80,000; Work-in-progress: E 32,000
- Lighting, rent and insurance are to be apportioned: factory 5/6 ; administration 1/6
- Depreciation on productive machinery and administration computers at 10 percent per annum on cost.

For the year ended 31st Dec 2013 prepare

- i) A Manufacturing Statement showing Prime Cost and Factory Cost of Production. (12 marks)
 - ii) A Statement of Comprehensive Income clearly distinguishing between administrative, selling and financial costs. (13 marks)
- Total (25 Marks)**

QUESTION 3:

- A. Your book-keeper extracted a trial balance on 31st Mar 2014 which failed to agree by E789, a shortage on the debit side of trial balance. A suspense account was opened for the difference

In April 2014 the following errors made in 2013 were found:

- a. The receipts side of the cash book had been under cast by E720
- b. A credit note for E1,050 received from a supplier had been posted to the wrong side of his account
- c. A cheque for E 1,500 being rent received from Atlas Ltd., had only been entered in the cash book
- d. Mr Smith, whose past debts to the company had been the subject of a provision, at last paid E731 to clear his account. His personal account had been credited but the cheque had not yet passed through the cash book
- e. A payment of E240 to Mr Shabangu D in Jan 2014 had been posted in the personal account as E40

Required:

- i) Prepare Journal entries to collect each of these errors (Note: Narratives not required) (7.5 marks)
 - ii) Prepare Suspense account to clear the difference (2.5 marks)
- B. The trial balance of Outsmart Apparels Ltd., revealed a difference in their books. In order that the error(s) could be located it was decided to prepare a sales ledger control account. From the following information prepare the sales ledger control account and show where an error may have been made.

2014		
Mar 1	Sales ledger – debit balance	E 2,827
	Sales ledger -- credit balance	17
	Activities during the month to 31 st Mar 2014	
	Cash received	267
	Cheques received	5,420
	Sales	7,000
	Bad debts written off	227
	Discounts allowed	358
	Returns inwards	598
	Refunds given to cash customers	7,090
	Cash refunded to a customer who had over paid his account	79
	Dishonoured cheques	30
	Increase in the provision for bad debts	90
	Interest charged by us on over-due debt	55
Mar 31	Sales ledger – debit balance	3,302
	Sales ledger – credit balance	198

(15 marks)
Total (25 Marks)

QUESTION 4:

Write **short notes** on the following:

- i) Accounting content of Section 24 of the Partnership Act 1890
- ii) Direct debits and Standing orders
- iii) The relationship between mark-up and margin
- iv) Sources of income for non-profit organizations
- v) Profitability ratios

Total (5*5 = 25 marks)

END OF EXAM QUESTION PAPER