

**UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF ACCOUNTING**

SUPPLEMENTARY EXAMINATION PAPER JULY 2015

TITLE OF PAPER:	COMMERCIAL LAW
COURSE CODE:	AC 102
TIME ALLOWED:	THREE (3) HOURS
MARKS ALLOCATED:	100 MARKS

INSTRUCTIONS:

1. Answer any four (4) questions of your choice.
2. Each question carries 25 marks
3. In answering your questions, note that the quality of the content, proper use of case law authorities (where applicable), clarity of expression and legibility of handwriting are absolutely essential. Presentation is of essence.
4. Begin each question in a new page.

**THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN
GRANTED BY THE PROCTOR.**

Question 1

Your uncle Nkabinde sees a vacant plot the suburbs in Mbabane and he approaches Mrs. Tee with the desire to purchase her property. Mrs. Tee told Nkabinde that since the property was in a prime place in the City it was worth E2.5 Million but since she was rushing to go settle all her debts before retiring she was willing to sell the property at E1.9 Million.

Nkabinde jumped to the opportunity and bought the property. Very pleased with himself, he embarks on developing the property and is immediately met by an unpleasant discovery, half of the land was an old graveyard, which Mrs Tee had carefully hidden, and obviously not mentioned a word of it to Nkabinde during the sale.

Advise your uncle about the merits presented by these facts.

[25 marks]

Question 2

Write short notes on the following contractual terms:

- i) Counter-offer (5 marks)
- ii) Right of Pre-emption (5 marks)
- iii) Mistake (5 marks)
- iv) Symbolic delivery (5 marks)
- v) *Voestoots* clause (5 marks)

[25 marks]

Question 3

[A] Discuss the *aedilitian* remedies.

(15 marks)

[B] Discuss any two (2) ways for terminating contractual obligations.

(10 marks)

[25 marks]

Question 4

Motsa owns a large house at Ezulwini. He takes out an insurance policy against fire in respect of the house with "Always Insurance Company Ltd". At the time he took out the insurance policy, the house was used as a dwelling house for himself and his family. During the filling of the proposal form for his insurance there was the following standard question: "To what use is the house to be put?" Motsa correctly answered: "dwelling house." The insurance company duly provided the cover under the agreed insurance policy for a period cover or 3years renewable.

A year later, Motsa's wife decides to use the top open floor to host parties for her events company. Three months thereafter, there was a fire, which destroyed the house after one of her all night party events. Motsa then sought to recover on the policy but Always Insurance Company discovered that the house was in fact being used as an events venue to host his wife's guests in her company, and repudiated Motsa's claim.

Motsa has now engaged you to advise him on whether he is entitled to recover on the policy. Discuss and advise.

[25 marks]

Question 5

A negotiable instrument to be valid must meet certain requirements. Discuss any five (5) of these requirements.

[25 marks]

University of Swaziland
Department of Accounting
Supplementary 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:

From the following trial balance of Mr Sikhonje K prepare the Statement of Comprehensive Income for the year ended 31st December 2014 and the Statement of Financial Position as on that date.

	Debit (E)	Credit (E)
Stock 1-1-2014	46,000	
Purchases and purchase returns	150,200	600
Cash in hand	3,460	
Bank balance	22,600	
Free hold premises	38,600	
Incidental trade expenses	840	
Printing, stationery and advertisement	1,640	
Professional charges	280	
Commission received		3,300
Investments as on 1-1-2014	4,000	
Interest on investments		200
Accounts receivables and payables	36,000	29,670
Wages	25,000	
Salaries	14,000	
Capital		114,000
Discount allowed and received	6,300	4,600
Sales returns and sales	2,150	208,950
Office furniture	6,250	
Rent, rates and insurance	4,000	
	361,320	361,320

Additional Information:

- Wages accrued E 5,000 and rent accrued E 500
- Write off 5% depreciation on free hold premises and 10% on office furniture.
- Insurance to the extent of E 200 relates to the year 2015
- Stock on 31st Dec 2014 is E 52,000
- Drawings amounting to E 10,000 has been debited to capital account
- Charge interest on capital at 5%

(25 marks)

QUESTION 2:

The following balances appeared in the books of Smart Traders, Manzini on 30th Sep 2014.

Cash balance	E 2,050
Bank balance	652
Accounts receivable	
B Dlamini	568
N Nkambule	1,052
D Shongwe	200
Accounts payable:	
A Ndolovukazi	250
R Joyce	562

Transactions for the month of October 2014:

1. Received E 1,052 cheque from N Nkambule in full settlement of her account.
2. Bought goods costing E 2,000 from R Joyce on credit.
Sold goods to B Dlamini for E372 and received a cheque for the full amount.
4. Sold goods to D Shongwe for E570 on credit.
6. Cash drawings by proprietor E 600.
Sold goods to I Siphesihle E5 and to B Dlamini E200 on credit.
10. Paid these expenses by cheque.

Electricity	200
Telephone	150
Wages	200
15. Received a cheque from B Dlamini in full settlement of his account
16. Bought a Van on credit from Japan Cars for E 20,000
18. Goods returned to us by I Siphesihle E80
- 31 Paid Japan Cars by cheque E 2,000
- 31 Paid E 1,000 cash into bank

Required:

- i) Record the opening balances of assets and liabilities via General Journal
- ii) Record the transactions in the following journals where appropriate
 - a. Cash book
 - b. Sales Journal
 - c. Purchases Journal
 - d. Sales Returns Journal
 - e. General Journal
- iii) Post the totals to the appropriate ledger accounts in appropriate ledger books and balance the accounts.
- iv) Prepare a trial balance as on 31st Oct 2014.

Total (30 marks)

QUESTION 3:

- a. Three of the accounts in the ledger of Alice Shabangu indicated the following balances at 1st Jan 2013:

Insurance paid in advance E 1,124;
 Wages outstanding E 612;
 Rent receivable, receivable in advance E 72

During 2013 Alice:

Paid for insurance E 2,038, by bank order;
 Paid E 30,000 wages, in cash;
 Received E 5,200 rent, by cheque, from the tenant.

At 31 Dec 2013, insurance prepaid was E 690. On the same day rent receivable in arrears was E 210 and wages accrued amounted to E 838.

Required:

- i) Prepare the insurance, wages and rent receivable accounts for the year ended 31st December 2013, showing the year end transfers and balances brought down.
- ii) Prepare the income statement extract showing clearly the amounts transferred from each of the above accounts for the year ending 31st Dec 2013
- iii) Explain the effects on the financial statements of accounting for a) expenses accrued and b) income received in advance at year end.
- iv) What are the purposes of accounting for a) expenses accrued and b) income received in advance at year end?

(25 marks)

QUESTION 4:

Write **Short Notes** on the following:

- a. Distinguish Cash Discount and Trade Discount
- b. Going concern concept
- c. How do you identify Capital Expenditure and Revenue Expenditure? Give examples.
- d. What is meant by cash float in the context of petty cash book? Cite an example.

(4*5 = 20 marks)

END OF QUESTION PAPER