

University of Swaziland
Department of Accounting
Resit/Supplementary Exam Paper - Semester - I

Programme of Study : Bachelor of Commerce
Year of Study : Year 1 (Full Time & Part Time, Commerce)
Year 1 and Year 2 (Full Time B Ed)
Title of Paper : Introduction to Financial Accounting - I
Course Code : ACF 111/AC111
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:

- a. Kathryn Ford keeps his petty cash book on the imprest system, the imprest being E1,000. For the month of April 2015, his petty cash transactions were as follows:

April	Petty cash balance	E200
„ 2	Petty cahier presented vouchers to cashier and obtained cash to restore the imprest	E800
„ 2	Paid for postage	80
„ 5	Paid for stationary	50
„ 8	Paid for advertisement	100
„ 9	Paid for wages	40
„ 10	Paid for transport	30
„ 12	Paid for conveyance	44
„ 15	Paid for travelling expenses	160
„ 20	Paid for postage	100
„ 27	Wages paid	20
„ 29	Paid for postage	40
„ 30	Paid for postage	6

Required:

- i) Rule up a petty cash book with analysis columns for Printing and Stationery, Postage & Telegrams, Travelling, Wages and Advertisement and balance the petty cash book at 30 April 2015, bringing down the balance on 1 May. Enter the reimbursed amount on 1 May.
 - ii) Open the ledger accounts needed, to complete the double entry.
- (15 marks)**
- b. The financial year of M Dlamini ended on 30 June 2015. Show the ledger accounts for the following items including the balance transferred to the necessary part of the financial statements, also the balances carried down to 2015.
- i) Motor expenses: Paid in 2015 E929; Owing at 30 June 2015 E99
 - ii) Insurance: Paid in 2015 E927; Prepaid as at 30 June 2015 E92
 - iii) Stationery: Paid during 2015 E270; Owing as at 30 June 2014 E110; Owing as at 30 June 2015 E250
 - iv) Business Rates: Paid during 2015 E2,629; Prepaid as at 30 June 2014 E120; Prepaid as at 30 June 2015 E140
 - v) M Dlamini lets part of the premises. He receives E2,000 during the year ended 30 June 2015. Shongwe, the tenant, owed M Dlamini E200 on 30 June 2014 and E150 on 30 June 2015.

(10 marks)
Total (25 marks)

QUESTION 2:

The following post adjustment trial balance was prepared on 31st March 2015 by the accountant of Snow White.

Opening Inventory	25,000	
Receivables	30,000	
Purchases	200,000	
Returns	7,500	5,000
Railage	4,000	
Salaries & Wages	12,500	
Machinery	40,000	
Furniture	10,000	
Bad debts	4,000	
Land & Buildings	200,000	
Insurance	8,500	
Fixed deposit	15,000	
Discount allowed	6,000	
Bank balance	25,000	
Drawings	25,000	
Capital		2,25,000
Payables		17,500
Sales		350,000
Commission received		6,500
Allowance for doubtful debts		5,000
Royalty income		3,500
	6,12,500	6,12,500

Year-end adjustments

- i) Closing inventory as on 31st March 2015 was E20,000
- ii) Salaries and wages outstanding E500
- iii) Insurance prepaid was E2,000
- iv) Allowance for doubtful debts is to be created at 10%
- v) Depreciate Machinery and Furniture at 10% and 15% respectively
- vi) The interest on fixed deposit that has not yet been received E1,500

Required:

- i) Prepare the necessary adjusting entries to record the above transactions
(Narrations are not required) **(3 marks)**
- ii) Prepare a Statement of Comprehensive Income for the year ended 31st
March 2015, and **(12 marks)**

- iii) A Statement of Financial Position as at the same date. (10 marks)
Total (25 marks)

QUESTION 3:

- a. Journalise the following transactions

2015	
Oct 1	Assets: Buildings E20,000; Car E20,000; Inventory E10,250; Receivables E1,240 Liabilities: Payables E2,480; Loan E10,000
„ 5	A debt owing to us by F Franklin of E500 is written off as bad
„ 10	Bought a van on credit from Suzuki Motors E40,000
„ 12	We take goods costing E680 out of the business stock without paying for them
„ 15	Purchased office equipment on credit from OK Furniture. For E2,240
„ 18	H Ram owes us E5,450. He is unable to pay his debt. We agree to take some computer equipment from him at that value in settlement of the debt
„ 19	Some of the office equipment bought from OK Furniture, E250 worth, are found to be unsuitable and are returned to them for full allowance
„ 20	Cash drawings E1,500
„ 30	Sold goods E2,000 for cash
„ 31	Paid Business rates by cheque E250

(10 * 1.5=15)

- b. The Statement of Financial Position as at 30 June 2014 of Gum Traders Limited included a provision for doubtful debts of E2,566. The Company's accounts for the year ended 30 June 2015 are now being prepared. The company's policy now is to relate the provision for doubtful debts to the age of receivables outstanding. The debts outstanding at 30 June 2015 and the required provisions for doubtful debts are as follows.

Debts Outstanding	Amount	Provision for doubtful debts
Up to 1 month	E 25,000	1%
More than 1 month and up to 2 months	15,000	2%
More than 2 months and up to 3 months	7,000	3%
More than 3 months	2,500	5%

Customers are allowed a cash discount of 3% for settlement of debts within one month. It is now proposed to make a provision for discounts to be allowed in the company's accounts for the year ended 30 June 2015.

Required:

Prepare the following accounts for the year ended 30 June 2015 in the books of Gum Traders Limited to record the above transactions.

- a) Provision for doubtful debts
- b) Provision for discounts to be allowed on receivables

(15 marks)

Total (30 marks)

QUESTION 4:

Write Short note on the following:

- a) Debit Note
- b) Float in the context of Petty Cash Book
- c) Materiality Concept
- d) Write any two errors that do not affect trial balance agreement with examples

Total (4 x 5 = 20 marks)

END OF EXAM QUESTION PAPER