

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

Programme of Study : Bachelor of Commerce & B Ed Secondary

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 - II

Course Code : ACF / AC 112 (Full Time) / (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:

The following is a summary of Phindile Dlamini's bank account for the year ended 31 Dec 2015.

Balance 1-1-2015	8,200	Payments to payables for goods	E 134,720
Receipts from receivables	182,380	Rent	7,900
Balance 31-12-2015	12,600	Insurance	2,940
		Sundry expenses	1,220
		Drawings	56,400
	203,180		203,180

All of the business takings have been paid into the bank with the exception of E 34,800. Out of this, Phindile has paid wages of E 22,520, drawings of E 2,400 and purchase of goods E 9,880.

The following additional information is available:

	1-1-2015	31-12-2015
Stock	21,600	24,400
Payables for goods	25,400	28,200
Receivables for goods	42,400	39,600
Insurance prepaid	840	880
Rent owing	780	--
Fixtures at valuation	3,600	3,200

Required:

- i) For the year ended 31 Dec 2016
 - a. Calculate Phindile's sales, purchases and opening capital
 - b. Prepare her Statement of Comprehensive Income
- ii) Prepare Phindile's Statement of Financial Position.

Total (25 marks)

QUESTION 2:

The following list of balances as at 31st March 2011 has been extracted from the books of Mr Bhebe Fundom, who is a designer and manufacturer of wooden ladles and spoons.

	Debit E	Credit E
Machinery (cost E 80,000)	57,200	
Office equipment (cost E 18,000)	16,400	
Van (cost E 10,000)	8,600	
Capital		300,000
Drawings	13,000	
Delivery van expenses	3,400	
Lighting and heating: Factory	7,000	
Office	1,360	
General expenses: Factory	9,100	
Office	1,950	
Manufacturing wages	120,100	
Purchase of raw material	70,800	
Rent: Factory	10,000	
Office	2,000	
Sales rep: commission	8,350	
Office salaries	22,300	
Receivables	60,000	
Payables		12,000
Sales		202,868
Bank	17,243	
Stocks at 31 st March 2010		
Raw materials	15,340	
Finished goods	70,725	
	514,868	514,868

The following additional information as at 31st March 2011 is available.

- a) Stocks at 31st March 2011: Raw materials E 15,400; Finished goods E 110,480. There is no work-in-progress.
- b) Depreciate machinery E 2,000; Office equipment E 700; Van E 300.
- c) Manufacturing wages due but unpaid at 31st March 2011 E 1,100; Office rent prepaid E 200.

REQUIRED:

- i) Prepare a Manufacturing Statement showing clearly the Prime Cost and Production Cost of Finished Goods for the year ended 31st March 2011. (12 marks)
 - ii) Prepare the Statement of Comprehensive Income for the year ended 31st March 2011. (13 marks)
- Total (25 marks)**

QUESTION 3:

- a. In the draft accounts for the year ended 31st March 2016 of Khanyisile Shongwe, the proprietor of a garment shop in Manzini, the balance at bank according to the cash book was E 5,875 in hand. Subsequently, the following discoveries were made:
1. An amount of E125 had been credited by the bank to the account in error
 2. The Bank statement showed a debit entry for E25 in respect of service fee
 3. A cheque from a customer entered in the cash book as E66 had been correctly entered by the bank as E166
 4. Dividends of E1,050 had been paid directly to the bank
 5. A credit transfer – VAT refund of E 254 – had been collected by the bank
 6. The bank had credited and then debited the bank statement with an amount of E150 being A Dlamini's cheque which it forwarded on 28th March 2016 marked 'insufficient funds – return to drawer'
 7. A direct debit transfer E1,070 from a customer Phindile Dlamini was not accounted for in the cash book
 8. Cheque number 2823 received from a customer for E500 had been recorded twice in the cash book
 9. Bank charges for March 2016 as per the bank statement amount to E349. However, E60 of the bank charges relate to a dishonored check of E5,450 that appeared on the March 2016 bank statement. It is the policy of the business to charge the customers of any dishonoring fee
 10. A standing order for a business rates installment of E200 on 31 March 2016 had not been entered in the cash book
 11. Deposits not cleared by the date were E2,000
 12. Two checks drawn in favor of T Jain E500 and A Mallik E640 had been entered in the cash book but had not been presented for payment until April 2nd, 2016

Required:

- i) Bring the cash book up to date
- ii) Prepare a bank reconciliation statement as at 31st March 2016 (20 marks)

- b. The following errors were located in the books of Maseko Samuel – the debits exceeding the credits by E 49,361. He is seeking your help in order to rectify the errors committed by him who is not that good in accounting.
1. The purchases book was under cast by E2000
 2. Cash balance of E56,000 was carried forward from one folio of the cash book to the next as E65,000
 3. Discount allowed of E46 was posted to the credit of discount received account as E64
 4. An invoice for E975 from Brigham E., for goods purchased for sale, was not posted to Brigham E.
 5. Wages of E140 for the erection of Bill Board in the warehouse was debited to wages A/c as E104
 6. E600 paid for freight on equipment for office was debited to freight A/c as E60
 7. E80 received from sale of old furniture was entered in the sales A/c
 8. A check of E7,000 received for loss of stock by fire was deposited in the Proprietor's private bank A/c
 9. An item of E1,000 entered in the Sales Returns Book was posted to the debit of the customer A Dlamini who returned the goods
 10. Salary paid to Mr Patel of E5,000 was wrongly debited to his personal account as E45,000

Required:

- i) Write up the journal entries require to record the necessary adjustments arising from the above (narratives are not required) **(10 marks)**
- ii) Draw up the Suspense account. **(3 marks)**

Total (33 marks)**QUESTION 4:**Write **short note** on the following:

- i) With the help of examples, identify any two errors that can affect trial balance agreement. **(5 marks)**
- ii) Discuss in detail the uses of preparing Bank Reconciliation Statement. **(6 marks)**
- iii) What advantages do you think there might be to general partners in having a limited partner? **(6 marks)**

Total (17 marks)**END OF QUESTION PAPAER**