

**University of Swaziland**  
**Department of Accounting**  
**Main Exam Paper - Semester - I**

Programme of Study : Bachelor of Commerce

Year of Study : Year 1 (Full Time & Part time Commerce)  
Year 1 (Full Time B Ed. Secondary)

Title of Paper : Introduction to Financial Accounting - I

Course Code : ACF 111/ AC 111

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:**

Zodiac Traders uses periodic inventory system to account for inventory. These balances appeared in the general ledger at the beginning of November 2016:

Inventory	E12,000
Accounts Receivable	10,000
Accounts Payable	5,000
Bank	2,800
Capital	19,800

Transactions for November 2016 (ignore VAT)

1	The proprietor increased his capital contribution by depositing E40,000 into the business's bank account
2	Received E1,600 from J Dlamini, a receivable who owed E1,640, in full settlement of his account
4	Bought goods from T H Shongwe and Company for cash E4,000
7	Paid D Sibandze E2,020, in full settlement of our account
9	Received E4,000 for goods sold to M Msibi for cash
11	Paid the following expenses by cheque: - Telephone     E160 - Electricity    E240 - Wages         E6,000 - Rent           E2,000
14	Received E4,000 for rent of a premises to B M Vilakati and Company
18	Received E4,300 from A Xaba in full settlement of his account
24	Bought goods from XY Distributors and paid by cheque E4,000
28	Cash Sales of goods E8,000

**Required:**

- i) Record the transactions in the cash receipts journal with the following analysis columns for the month of November 2016  
Sales; Accounts Receivable; Sundry accounts; and Interest expense     **(6 marks)**
  - ii) Record the transactions in the Cash Payments journal with the following analysis columns  
Purchases; Accounts Payable; Sundry Accounts; Interest received     **(7 marks)**
  - iii) Post the Journals to the General Ledger and balance off the accounts     **(12 marks)**
- Total (25 marks)**

**QUESTION 2**

- a) This information is from the books of Michael Transport Company as at 31 December 2015:

Vehicle	Cost Price	Date of Purchase	Accu. Dep.
A	E100,000	1 July 2014	30,000
B	E150,000	1 Sept 2015	15,000

On 1 July 2015, Vehicle A was sold away for E55,000. The company provides for depreciation at 20% per annum on the straight-line method.

**Required:**

Prepare these accounts for the financial year ended 31 December 2016. Close off all the accounts. (Assume that the year 2016 has ended)

1. Vehicle
2. Accumulated depreciation: Vehicles
3. Asset disposal
4. Profit or Loss on disposal
5. Depreciation

**(13 marks)**

- b) Record the following transactions in the books of Steam Cleaning business. (Narratives not required)

Transactions for November 2016

1	Received E800 in cash for services rendered Took a loan from L Rita, E2,000
3	Paid L Mamba, a payable E120 by cheque
4	The Proprietor withdrew E20 for personal use
11	Purchased materials by cheque, E80
17	Delivered work and invoice to Boxer Ltd. E2,400
19	L Quick, a receivable, paid E300
21	Paid 12% interest on the loan from L Rita for the month November
26	Paid wages and salaries, E1,000

27	Sold old office furniture for E300
31	This additional information was established Vehicles must be depreciated by E200 Materials on hand, E25

(12 marks)  
Total (25 marks)

**QUESTION 3:**

Here is the trial balance for Bunu Industries as at 30 June 2016

Bunu Industries  
Trial balance as at 30 June 2016

Capital		E150,000
Drawings	10,000	
8% Mortgage bonds		50,000
Land and buildings	100,000	
Fixtures and fittings	14,000	
Inventory (1 July 2015)	100,000	
Investment: Municipal Stock	37,200	
Accounts receivable	82,000	
Accounts payable		90,000
Bank	14,000	
Sales		540,000
Rent income		2,400
Interest income		800
Purchases	323,000	
Carriage inwards	6,000	
Advertising	9,800	
Insurance	5,000	
Admin expenses	34,600	
Water & electricity	8,000	
Rates & taxes	9,600	
Wages	77,000	
Interest expense	3,000	
	E833,200	E833,200

**Additional information:**

1. Inventory on hand on 30 June 2016 was E78,400
2. E1,250 of the insurance expense is prepaid
3. Interest earned on the municipal stock but not yet received is E1,240.
4. Outstanding wages amounted to E1,400
5. Advertising includes a payment of E2,800 made to the Times of Swaziland for advertisements to be published from 1 July 2016
6. Fixtures and fittings must be depreciated by 1,800.
7. Interest on the mortgage bond has not been paid since 1 July 2015.

**Required:**

- i) Prepare the adjusting journal entries for the additional information starting from 2<sup>nd</sup> adjustment **(6 marks)**
- ii) Prepare the statement of profit or loss and other comprehensive income for the year ended 30 June 2016 **(10 marks)**
- iii) Prepare the statement of financial position as at 30 June 2016 **(9 marks)**

**Total (25 marks)**

**QUESTION 4:**

Write **short notes** on the following:

- a. Why is it necessary for a business to keep personal accounts of accounts receivable and accounts payable in subsidiary ledgers?
- b. Capitalized costs and depreciable amount in the context of non-current tangible assets and depreciation.
- c. Matching concept as it applies to year-end adjustments by citing suitable examples.
- d. Any four characteristics of a sole trader, partnership and company form of organizations.
- e. Historic cost concept, materiality concept.

**Total (5\*5 = 25 marks)**

**End of exam question paper**