

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 (Full Time B Ed Secondary)
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:

Pamela Mnisi is a wholesaler trading as Pamela Wholesalers. The business uses periodic inventory system to account for its inventory. These balances appeared, among others, in the accounting records of Pamela on 1st October 2016 (Ignore VAT)

Purchases			37,500	00
Sales			55,000	00
Bank(Cr)			6,000	00
Accounts Receivable:			5,000	00
Harold S (ARL1)	1,500	00		
Rose D (ARL2)	1,250	00		
Lilly M (ARL3)	1,400	00		
Jasmine K (ARL4)	850	00		
Accounts Payable:			3,500	00
Joyce D (APL1)	1,200	00		
Precious D (APL2)	1,300	00		
Sikumbuzo K (APL3)	1,000	00		

Transactions for October 2016: **(on credit)**

1.	Purchased merchandise on account (on credit) from Joyce D and received invoice I 216, E850
3.	Purchased merchandise on account (on credit) from Precious D and received invoice 110, E1,000
7.	Sold goods on account to: <ul style="list-style-type: none"> - Rose D (invoice 11) for E400 - Lilly M (invoice 12) for E1,100 - Jasmine K (invoice 13) for E1,150
10.	Paid Joyce D, E950 (cheque 1243) Paid Precious D, E1,000 (cheque 1244) Sikumbuzo K, E750 (cheque 1245)
20.	Received the following amounts: <ul style="list-style-type: none"> - Harold S (Receipt R15) for E300 - Rose D (Receipt R16) for E850 - Lilly M (Receipt R17) for E750 - Jasmine K (Receipt R18) for E850

Required:

- i) Record the transactions for October 2016 in the appropriate subsidiary journals
(15 marks)
 - ii) Post the journals to the subsidiary ledgers and the general ledger. Then balance the accounts
(12 marks)
 - iii) Prepare a list of accounts receivable outstanding from the accounts receivable ledger. Does your list agree with the accounts receivable account in the general ledger?
(2 marks)
 - iv) Prepare a list of accounts payable outstanding from the accounts payable ledger. Does your list agree with the accounts payable account in the general ledger?
(1 mark)
- Total (30 Marks)**

QUESTION 2:

Here is the trial balance of North-east Traders as at 31 December 2015 (financial year end)

North-east Traders
Trial Balance as at 31 December 2015

Details	Fol.	Debit	Credit
Capital			60,000
Drawings		12,000	
9% Mortgage bond		10,000	
Land and Buildings		48,000	
Fixtures and fittings		8,000	
Accounts receivable		2,850	
Purchases		40,000	
Bank			4,000
Sales			80,000
Rent income			7,200
Office expenses		12,000	
Wages and salaries		18,800	
Interest income			450
		151,650	151,650

Additional information:

- a. Outstanding wages were E600
- b. Fixtures and fittings were purchased on 1st January 2015 and are to be depreciated at 10% per annum calculated on original cost
- c. The inventory of unused office stationery on hand at 31 December 2015 was E1,000. The cost of all stationery purchased is included in office expenses

- d. The business lets a portion of its premises at a monthly rent of E300. Three month rent was received in advance
- e. Interest income on a loan is in arrears E5,000
- f. The cost of unsold goods (closing inventory) on hand at 31 December 2015, as determined by an inventory count was E6,500

Required:

- i) Record the adjusting journal entries (5 marks)
 - ii) Prepare the statement of profit and loss and other comprehensive income (10 marks)
 - iii) Prepare a statement of financial position as at 31 December 2015. (10 marks)
- Total (25 marks)**

QUESTION 3:

- 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 2016, 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.

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 4:

Write **short notes** on the following:

- i) Goods or services may be subject to VAT. Explain the purpose of VAT.
- ii) Define the trade discount, Cash discount and Settlement discount and explain the difference between these three discounts.
- iii) Allowance for doubtful debts and Prudence concept.
- iv) The purpose of ledger account and trial balance.

Total (4*5 = 20 marks)

END OF EXAM QUESTION PAPER