

COURSE ACF / AC 112 (S) 2016 / 17 SEM II

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 (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:

- a. After comparing the cash journals for April 2017, and bank reconciliation statement as at 31 March 2017 of Swazi Fashions with their bank statement as at 30 April 2017, these differences were found:

- Provisional totals from the cash journals at 30 April 2017
 - Cash receipts journal E22,680
 - Cash payments journal E24,220
- Balance (debit) of the bank account in the general ledger as at 31 March 2017, E1,253
- Balance (favourable) as per bank statement at 30 April 2017, E850
- Items that appeared on the bank reconciliation statement as at 31 March 2017 but not on the bank statement for April
 - Deposit outstanding for E1,050
 - Cheque issued to Lucy A on 15 March 2017, E300
- Items that appeared on the bank statement but not in the cash receipts journal and cash payments journal
 - Bank charges E15
 - Interest on bank overdraft, E18
 - A Stop order for a monthly subscription to a fashion magazine E120
 - An R/D (Refer to drawer) Cheque that was originally received from receivable, C Cynthia, E280
 - A deposit that was directly paid into the bank by a tenant, C Ram, E1,000
- Items that appeared in the cash receipts journal and cash payments journal but not on the bank statement:

--- Deposit	E780
--- Cheque 508	E850
510	E250
520	E1,000

Required:

- i) Complete the cash receipts journal and cash payments journal for April 2017 by commencing with the given totals. Show only the bank columns.
- ii) The bank account in the general ledger in respect of April 2017, properly balanced.
- iii) The Bank Reconciliation Statement as at 30 April 2017 commencing with the balance as per bank statement.

(20 marks)

- b. The following dividend information is available for Conquor Ltd. for the year ended 31 March 2017.

Dividends paid
Interim dividend

20 September	Dividend proposed	E100,000
30 September	Dividend approved in general meeting	
05 October	Closing of the shareholders registers	
31 October	Payment of Dividend	

Final Dividend

25 March	Dividend proposed	E150,000
31 March	Dividend approved in general meeting	
04 April	Closing of Shareholders register	
29 April	Payment of dividend	

Dividend received from investments

30 September	E40,000
31 March	E20,000

Dividend tax is withheld at 15%.

Required:

- i) Indicate on which dates Conquor Ltd. should record their dividends and investors in Conquor Ltd. should record their dividends as receivable.
- ii) Provide the journal entries related to dividends of Conquor Ltd. for the year ended 31 March 2017.

(15 marks)

Total (35 marks)

QUESTION 2:

Write **Short notes** on the following:

- i) Write about Financial Leverage ratios
- ii) Define the following terminology:
 - Prime costs
 - Manufacturing costs
 - Manufacturing overheads
 - Conversion costs
- iii) Redeemable cumulative preference shares

Total (3 * 5 = 15 marks)

QUESTION 3:

The following list of balances as at 31st March 2017 has been extracted from the books of Mr Msibi 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 2016		
Raw materials	15,340	
Finished goods	70,725	
	514,868	514,868

The following additional information as at 31st March 2017 is available.

- a) Stocks at 31st March 2017: 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 2017 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 2017. (12 marks)
- ii) Prepare the Statement of Comprehensive Income for the year ended 31st March 2017. (13 marks)
- Total (25 marks)**

QUESTION 4:

These balances were taken from the books of the Eagles Country Club at 31st March 2016

Assets		Liabilities	
Cash at bank	168.00	Loan: K Dlamini	3,200.00
Accounts receivable (Membership subscription fee due)	180.00	Accounts payable	52.00
Inventory on hand:		Accumulated Fund	780.00
Stationery	28.00		
Tennis balls	120.00		
Furniture & Equipment	496.00		
Fixed property	3,040.00		
	4,032.00		4,032.00

This is a summary of the Club's cash transactions for the year ended 31 March 2017:

Receipts		Payments	
Balance b/d	168.00	Accounts Payables	26.00
Entrance fees	28.00	Loan: K Dlamini	400.00
Accounts Receivable (due on 31 March 2016)	60.00	Interest on loan	54.00
Membership Subscription fees	710.00	Upkeep of fixed property	130.00
Donations received	294.00	Purchases:	
Municipal grant	200.00	Furniture & Equipment	76.00

Net proceeds of annual function	318.00	Stationery	18.00
		Tennis balls	300.00
		Wages	288.00
		Water & Electricity	134.00
		Sundry expenses	28.00
		Honorarium to secretary	100.00
		Balance c/d	224.00
	1,778.00		1,778.00

Adjustments:

- a. Inventory on hand
 - Stationary E16
 - Tennis balls E42
- b. E120 of the membership subscription fees due on 31 March 2016 must be written off as irrecoverable.
- c. Membership subscription fees still due on 28 March 2017, E70.
- d. Membership subscription fees prepaid on 31 March 2017, E30.
- e. Depreciation on furniture and equipment amounted to E50
- f. The Fixed property should be depreciated by 5%
- g. Interest on loan due amounts to E18
- h. An account of E14 for water and electricity for March 2017 has not been paid.

Required:

- i) Prepare a statement of income and expenditure for the year ended 31 March 2017.
- ii) Prepare a statement of financial position as at 31 March 2017.

Total (25 marks)**End of exam question paper**