

UNIVERSITY OF SWAZILAND
DEPARTMENT OF ACCOUNTING
MAIN EXAMINATION DECEMBER 2017

Programme of Study : Bachelor of Commerce / Bachelor of Business Education
Year of Study : Year 1 (Full Time & Part Time Commerce
Year1 (Full Time & Part Time B.Ed. Secondary)
Year 2 (Part Time B.Ed. Secondary)
Title of Paper : Introduction to Financial Accounting - I
Course Code : ACF111/ AC111
Time Allowed : 3 Hours

- Instructions
- 1 There are four (4) questions, answer all.
 - 2 Begin the solution to each question on a new page.
 - 3 The marks awarded for a question are indicated at the end of each question.
 - 4 Show the necessary working.
 - 5 Calculations are to be made to zero decimal places of accuracy, unless otherwise instructed.

Note: You are reminded that in assessing your work, account will be taken of accuracy of the language and general quality of expression, together with layout and presentation of your answer.

THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVILATOR OR SUPERVISOR.

Special Requirements : Calculator

QUESTION 1

- a. Lorenzo Retailers purchases, restores and resells old furniture. Below are some of the transactions of Lorenzo Retailers for August 2017. Ignore VAT.

August 3	Purchased a 19th century dining room suite on credit from Lewis Stores at E900
7	Purchased paint remover & vanish from Cashbuild for E160 on credit
8	Received invoice for E3 900 for a vehicle purchased on credit from Mbabane Motors
11	Bought a welsh dresser from D.Davel for E700
16	Received delivery of wood stain from L.J. together with an invoice for E420 less 20% trade discount. Account still to be paid
18	Paid E260 to Furniture Warehouse for tables and chairs purchased
23	Purchased 12 desks at E220 each from AB Ltd on credit

You are required to:

- i. Record the above transactions in the AP Journal. (10 Marks)
- ii. Post the totals of the AP Journal to the Ledger. (4 Marks)

b. Included in the following transactions of Lelo Producers for January 2017 were; Exclude VAT

January 1	Sold goods marked at E200 for cash to N. Sithole
8	Sold goods marked at E400 to Lwazi on credit and issued invoice no.281
15	Sold goods marked at E900 on credit to Joseph, issued invoice no. 283
21	Sold equipment no longer required on credit to Fortune at its carrying value at E350, issued invoice no. 283
23	Sent inventory and invoice no.284 to Mageba

You are required to prepare the Accounts Receivable Journal, assuming;

- i. Periodic inventory system (4 Marks)
- ii. Perpetual inventory system is used is used, goods marked up by 25% on cost price (7 Marks)

Total: (25 Marks)

QUESTION 2

The following is a Trial Balance of Mabuya Traders, operating in Mbabane as at 31 March 2017:

	DR	CR
	E	E
Furniture	15 000	
Motor vehicles	30 000	
Buildings	425 800	
Inventory at 1 April 2016	72 000	
Bank	9 500	
Purchases	225 000	
Advertisement	22 000	
Repairs & Maintenance	13 000	
General Expenses	16 000	
Insurance	7 000	
Salaries	30 000	
Debtors & creditors	50 000	56 000
Capital		500 000
Sales		350 000
Commission		7 500
Purchases returns		1 800
	915 300	915 300

The following additional information was also available as at 31 March;

- Closing inventory as at 31 March , E80 000
- Prepaid advertisement expenses, E2 000
- Salaries owing E3 000
- Depreciation on buildings and furniture at 5% and motor vehicles at 10%

You are required to:

- i. Prepare the Statement of Comprehensive Incomer for the year ended 31 March 2017
(12 Marks)
- ii. Prepare the Statement of Financial Position for the year ended 31 March 2017
(13 Marks)

Total: (25 Marks)

QUESTION 3

Jay Lee Retailers maintain its assets at cost. Accumulated provision for depreciation accounts are kept for each asset. The Non-Current position 1 January 2016 was as follows

	Total Cost	Total Depreciation
Office Equipment	E32 500	E12 500
Office Furniture	E60 750	E27 760

The following transactions were made in the year ended 31 December 2016:

- a) Purchased office equipment at E5 000 and office furniture at E750
- b) Sold equipment which had cost E3 000 in 2012 for E900

Depreciation is charged on a straight line basis at 10% on equipment and at 5% on furniture on the basis of assets in use at the end of the year irrespective of the date of purchase.

You are required to prepare;

- i. Equipment and furniture accounts for the year ended 2016 (7 Marks)
- ii. Provision for depreciation account for both equipment and furniture for 2017. (7 Marks)
- iii. Equipment disposal account (4 Marks)
- iv. Relevant Statement of Financial Position entries for the year ended 31 December 2016 (7 Marks)

Total: (25 Marks)

QUESTION 4

- a. Explain any three examples of source documents/. (6 marks)
- b. Discuss the fundamental qualitative characteristics of financial statements. (5 marks)
- c. Explain the difference between the perpetual inventory system and the periodic inventory system. (5 marks)
- d. Write short notes on the following: (3*3marks = 9 marks)
 - i. Money measurement concept
 - ii. The entity principle
 - iii. The cost principle

Total: (25 Marks)