

University of Swaziland
Department of Accounting
Supplementary/Re-sit Exam Paper - Semester - I

Programme of Study	:	Bachelor of Commerce
Year of Study	:	Year 2 (Full Time & Part Time Commerce) Year 2 (Full Time & Part Time B Ed. Secondary)
Title of Paper	:	Intermediate Financial Accounting - I
Course Code	:	ACF211/ AC211
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:

The following are the financial statements of Dlamini Enterprises for the financial year ending 31/3/2017.

Dlamini Enterprises**Statement of Profit or Loss and Other Comprehensive income for the year ending 31/3/2017.**

	2017 E
Sales	144,000
Cost of sales	108,000
Gross profit	36,000
Other income:	
Dividends received	2,550
Profit on sale of vehicle	600
	39,150
Operating expenses:	(7,860)
Discount allowed	1,200
Credit losses	480
Accountant's fee	900
Depreciation	5,100
Sundry expenses	180
Operating profit	31,290
Interest and finance costs	(2,700)
Interest on fixed deposit	1,800
Interest on mortgage bond	(4,500)
Profit for the year	28,590

Dlamini Enterprises**Statement of Financial Position as at 31 March 2017**

	2017 E	2016 E
ASSETS		
Non-current assets:	111,300	88,800
Property, plant and equipment	92,100	78,000
Land	72,000	60,000
Vehicles at cost price	19,200	18,000
Accumulated depreciation-vehicles	(7,500)	(7,800)
Equipment	15,000	12,600
Accumulated depreciation-equipment	(6,600)	(4,800)
Investments	19,200	10,800
Listed shares at cost price	10,200	7,800
Fixed deposit	9,000	3,000
Current assets:	39,800	34,200
Inventory	24,000	12,000
Trade receivables	15,000	21,000
Bank	300	1,200
TOTAL ASSETS	150,600	123,000
EQUITY AND LIABILITIES	81,000	60,000
Equity:		
Capital	60,000	46,800
Retained earnings	43,590	15,000
Drawings	(22,590)	(1,800)
Non-current liabilities		
Mortgage bond	30,000	36,000
Current liabilities	39,600	27,000
Trade payables	31,200	27,000
Bank overdraft	8,400	-----
TOTAL EQUITY AND LIABILITIES	E150,600	E123,000

Additional information:

A vehicle with a cost price of E7,200 and accumulated depreciation of E3,600 was sold during the year.

Required:

Prepare the Statement of Cash Flow, for Dlamini Enterprises for the year ending 31 March 2017.

Total (25 marks)

QUESTION 2:

Charles and Daniel are partners and share profits in the ratio 2:1. On 30 June 2017 their statement of financial position was as follows:

Land & Buildings	E50,000	Capital: Charles	E75,000
Vehicles	10,000	Daniel	37,500
Furniture	5,000	Loan	20,000
Goodwill	15,000	Payables	7,000
Inventory	24,000		
Receivables	31,000		
Bank	4,500		
	E139,500		E139,500

On 1st July 2017, they decided to admit John to the partnership on the following conditions:

a. Assets should be revalued as follows:

Land & Buildings	E60,000
Vehicles	9,000
Furniture	4,000
Goodwill	20,000
Inventory	22,000
Receivables	30,000

- b. John will obtain a 1/5 share of partnership and it was agreed that he would pay a premium for goodwill for his share.
- c. The new profit and loss sharing ratio would be Charles 12/25; Daniel 8/25; and John 5/25.
- d. Goodwill should not be disclosed in the statement of financial position after the admittance of John.

Required:

- i) Prepare the revaluation account (**10 marks**)
- ii) Prepare the Capital accounts of the partners (**8 marks**)
- iii) Prepare the Bank account (**7 marks**)
- iv) Draw up the statement of financial position after the admittance of John (**5 marks**)

Total (30 marks)

QUESTION 3:

Raspberry Limited's current financial statements were completed by 25th July 2017 and were authorised for issue by the directors on 12th August 2017.

Required:

State, in each of the following cases, whether the event represents an adjusting or a non-adjusting event after the reporting date and how you would record or recognize each event in the financial statements for the year ended 30 June 2017, if at all.

- a. Raspberry Limited declared a final ordinary dividend of E0.25 per share on 31st July 2017 based on the results for the 30th June 2017 year end. The dividend is payable on 5th August 2017.
- b. The company issued 100 debentures at E10 million on 23rd July 2017, paying interest at 15% pa.
- c. The company reported a contingent liability at 30th June 2017 in respect of a court case in which Raspberry Ltd was the defendant. The case was not heard until the last week of July. On 5th August 2017, the judge ruled against Raspberry Ltd, and determined that Raspberry Ltd was liable for payment of damages and costs totaling E3 million.
- d. At 29th June 2017, Raspberry Ltd sold inventory with a cost price of E500,000 to Company B and recorded the sale and amount receivable of E900,000. Company B indicated that it would only be to settle the outstanding amount when the inventory purchased from Raspberry Ltd had been sold to customers. Raspberry Ltd signed an agreement with Company B on 2nd July 2017 stating that Company B could repay the outstanding amount of E900,000 on 30 June 2018.

Total (25 marks)

QUESTION 4:

- a. Genco Limited has prepared the following asset division of the statement of financial position for presentation to its shareholders:

GENCO	
STATEMENT OF FINANCIAL POSITION	
ON 31 DECEMBER 2016	
ASSETS	E'000
Non-current assets	145
Property, plant and equipment (Plant E100,000, Vehicles E20,000)	120
Financial assets (Listed shares E20,000; Savings account E5,000)	25
Current assets	68
Cash and cash equivalents (Petty cash E2000; Bank overdraft E1,000)	3
Inventory	20
Trade and other receivables	37
Shareholders for dividends	8
TOTAL ASSETS	213

Required:

Critically discuss the presentation of the above statement on the basis of the Conceptual Framework and IAS 1. **(10 Marks)**

- b. i) Name and describe the two fundamental qualitative characteristics of the usefulness of financial information according to the Conceptual Framework
- ii) Which of the above mentioned, characteristics include materiality?
- iii) What does materiality mean?
- iv) Name any two enhancing qualitative characteristics of the usefulness of financial information according to the Conceptual Framework.

(10 marks)**Total (20 Marks)***End of exam question paper*