
UNIVERSITY OF ESWATINI

DEPARTMENT OF ACCOUNTING & FINANCE

MAIN EXAMINATION PAPER

DECEMBER 2018

DEGREE/YEAR OF STUDY: BACHELOR OF COMMERCE YEAR II/ IDE LEVEL II

TITLE OF PAPER: INTRODUCTION TO FINANCIAL ACCOUNTING I

COURSE CODE : ACF 111/ IDE ACF 111 (M) DECEMBER 2018

TOTAL MARKS : 100 MARKS

TIME ALLOWED : THREE (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 each question are indicated at the end of the question.
 - 4 Show all your workings.
 - 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 language together with the layout and presentation of your final answer.

SPECIAL REQUIREMENTS: CALCULATOR

This paper is not to be opened until permission has been granted by the invigilator

QUESTION 1

Ms Beauty Baloyi opens a hairdressing salon, Beauty's Hair, on 1 November 2018 and enters into the following transactions during the month of November 2018. (You to assume that where payment form is not specified, payment is made out from cash available)

- Nov 1 Deposited E10 000 in the business's bank account
 - Paid the month's rental by cheque to Huurtru, E 1 000.
 - Paid the water and electricity deposit, E 500.
- 2 Bought E 2 500 worth of equipment and E 845 worth of consumable inventory from Head Suppliers and paid by cheque, E3 345.
- 5 Fees received for services rendered, E350.
- 7 Drew a cheque and paid the assistant's wages, E 200.
- 10 Cash banked for services rendered, E 556.
- 14 Drew a cheque for E 500 to pay the week's wages, E 200, the remainder being for Ms Baloyi's own use.
- 15 Cash register roll total for services rendered, E 642.
- 17 Bought stationery from Office Suppliers, E 80 and paid by cheque.
- 19 Fees received for services rendered, E 438.
- 21 Paid the week's wages, E 200.
- 22 Bought shampoo and other requirements from Head Suppliers and paid by cheque, E 550.
- 24 Cash register roll total for services rendered, E 387.
- 25 Issued a cheque to Telkom to pay the telephone account, E 260, which included Installation costs of E 180.
- 28 Cashed a cheque for E 1 500. E 1 300 was for the owner's own use and E 200 was for wages.
- 30 Cash banked for services rendered, E 875.

Required:

- i) Prepare the cash receipts journal for Beauty's Hair for November 2018. **[10 Marks]**
- ii) Prepare the cash payments journal for Beauty's Hair for November 2018. **[15 Marks]**

Total:

25 Marks

QUESTION 2

PART A

The following are selected transactions for Busika enterprises:

- i) Bought inventory on credit for E 1 000
- ii) Bought inventory for cash E 600
- iii) Sold inventory on credit , E 300 (Cost E 200)
- iv) Sold inventory for cash E 400 (Cost E 267)
- v) Assume opening inventory to be E 5 000 and closing inventory to be E 6 000

You are required to:

- a) Record the transactions in the general journal for both the perpetual inventory system and periodic inventory system
- b) Calculate the:
 - 1) Gross profit for each system
 - 2) Gross profit as a percentage of sales under each system
 - 3) What is the markup on cost for the perpetual inventory system?

[15 Marks]

PART B

Define the 5 elements of financial statements providing one example of each element **[10 Marks]**

Total:

25 Marks

QUESTION 3**Simunye traders trial balance as at 31 December 2018**

Details	Folio	Debit	Credit
Capital	B1		30,000
Drawings	B2	6,000	
Land and buildings	B3	24,000	
Fixtures and fittings	B4	4,000	
9% mortgage bond	B5	5,000	
Accounts receivable	B6	1,425	
Bank	B7		2,000
Sales	N1		40,000
Purchases	N2	20,000	
Rent income	N3		3,600
Interest income	N4		225
Wages and salaries	N5	9,400	
Office expenses	N6	6,000	
		75,825	75,825

Additional information:

- i) The business lets a portion of its premises at a monthly rent of E 300. The property was first let on 01 April 2018 and the lessee pays the rent quarterly, in advance.
- ii) On 01 January 2018, the business lent E 5 000 to one of its main suppliers for a three-year period. Interest on the loan is payable half-yearly, in arrears, on 01 July and 01 January until the loan is repaid.
- iii) Wages amounting to E 600 were earned by the business's employees in December 2018 but will only be paid on 03 January 2019.

ACF 111 / IDE ACF 111 [PART TIME] (M) DECEMBER 2018

- iv) The inventory of unused office stationary on hand at 31 December 2018 was E 500. The cost of all stationary purchased is included in office expenses.
- v) Fixtures and fittings were purchased on 01 January 2018 and are to be depreciated at 10% per annum calculated on original cost.
- vi) The cost of unsold goods on hand at 31 December 2018, as determined by an inventory count was E 3 250.
- vii) E 2 000 new capital was invested in the business on 01 July 2018

You are required to:

- 1) Record the adjusting journal entries
- 2) Prepare the statement of profit or loss & other comprehensive income and the statement of financial position as at 31 December 2018.

[25 Marks]

Total:

25 Marks

QUESTION 4

PART A

This information is from the books of AB Transport Company as at 31 December 2017.

Vehicle	Cost price (E)	Date of purchase
A	50,000	1-Jul-16
B	70,000	1-Sep-17

On 01 July 2018, vehicle A was traded in for E 20 000 to buy vehicle C at a cost of E 75 000. The company provides for depreciation at 20% per annum on the diminishing balance method.

Required:

Complete these accounts for the financial year ended 31 December 2018

- 1) Vehicles
- 2) Accumulated depreciation : Vehicles
- 3) Asset disposal.

[15 Marks]

PART B

Identify five groups of the potential users of financial statements and discuss what they might use the financial statements for.

[10 Marks]

Total:

25 Marks