

UNIVERSITY OF SWAZILAND
DEPARTMENT OF ACCOUNTING
MAIN EXAMINATION MAY 2019

Programme of Study : Bachelor of Commerce / Bachelor of Business Education/
Bachelor of Science (IT)
Year of Study : Year 1 (Full Time & Part Time Commerce)
Year 1 (Full Time & Part Time B.Ed. Secondary)
Year 1 (Full Time B.Sc – IT)
Title of Paper : Introduction to Financial Accounting - II
Course Code : ACF112/ AC112
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.

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Special Requirements : Calculator

QUESTION 1

The following information was taken from the records of DN Dealers:

DN Dealers		
BANK RECONCILIATION STATEMENT ON 31 JANUARY 2019		
	DR	CR
Balance as per bank statement	SZL 2,520	
Outstanding deposit		SZL 6,300
Outstanding cheques No:		
1000	SZL 1,120	
1006	SZL 700	
1011	SZL 1,400	
1018	SZL 1,330	
Correction of error by bank		SZL 2,380
Dr balance as per bank a/c in GL	SZL 1,610	
	SZL 8,680	SZL 8,680

CASH RECEIPTS JOURNAL

Date	Details	Amount
Feb-19		SZL
	10 Debtors	15,400
	15 Sales	20,300
	19 Sales	7,000
	21 Capital	14,000
	28 Debtors	16,100
		72,800

CASH PAYMENTS JOURNAL

Date	Cheque	Amount
Feb-19		SZL
3	1021	16,800
7	1022	12,600
15	1023	18,900
21	1024	2,800
22	1025	18,200
26	1026	32,200
		101,500

BANK STATEMENT FOR FEBRUARY 2019				
Date	Details	Dr SZL	Cr SZL	Balance SZL
1	Balance			(2,520)
	Deposit		6,300	3,780
	Correction		2,380	6,160
2	Cheques 1006	700		5,460
5	R/D cheque	1,120		4,340
10	Deposit		15,400	19,740
16	Deposit		20,300	40,040
	Interest	40		40,000
19	Deposit		7,000	47,000
21	Cheques 1023	18,900		28,100
22	Cheque 1028	1,330		26,770
23	Cheque 1024	2,800		23,970
	Commission	30		23,940
26	Deposit		14,000	37,940
	Cheque 1021	16,800		21,140
27	Deposit (rent)		4,900	26,040
	Cheque 4001	1,400		24,640
28	Debit order (insurance)	4,200		20,440
	Cheque 1026	23,200		(2,760)
	Bank charges	140		(2,900)

Additional information:

- The bank balance in the general ledger on 31 January 2019 was SZL 1,610.
- Cheque 4001 was erroneously debited to the account of DN Dealers.
- The correct amount of cheque 1026 is SZL 32,200.

You are required to:

- i. Record the necessary entries in the cash receipts and cash payments journals, commencing with the preliminary totals of the journals, and determine the new totals. (12 Marks)
- ii. Prepare the bank account in the general ledger showing the bank balance on 28 February 2019. (4 Marks)
- iii. Prepare the bank reconciliation statement on 28 February 2019. (9 Marks)

Total Marks: 25

QUESTION 2

On 1 January 2018 the Happy Haddock Angling Club had the following assets:

Cash at bank SZL 200

Snack bar inventory SZL 800

Club house buildings SZL 12,500

During the year to 31 December 2018, the club received and paid the following amounts:

Receipts	SZL	Payments	SZL
Subscriptions 2018	3,500	Rent and rates	1,500
Subscriptions 2019	380	Extension to club house	8,000
Snack bar income	6,000	Snack bar purchases	3,750
Visitors fees	650	Secretarial expenses	240
Loan from bank	5,500	Interest on loan	260
Competition fees	820	Snack bar expenses	600
		Games equipment	2,000

The following additional information is also available:

- The snack bar inventory on 31 December 2018 was SZL 900
- The games equipment is to be depreciated by 20% straight line method.

You are required to prepare:

- i. The snack bar trading account for the year ended 31 December 2018. (6 Marks)
- ii. The income and expenditure account for the year ending 31 December 2018. (11 Marks)
- iii. The statement of financial position as at 31 December 2018. (10 Marks)

Total Marks: 27

QUESTION 3

The financial year end of Mellisa Limited is 30 June each year. The following balances are available for the year ending 30 June 2018:

	SZL
Land and building at cost	143,000
Plant and machinery at cost	105,000
Accumulated depreciation on plant and machinery	23,000
Purchase of raw materials	130,100
Sales	317,500
Factory rates	3,000
Factory heat and light	6,500
Accounts receivable	37,200
Accounts payable	30,900
Factory wages	63,000
Other direct factory expenses	9,100
Selling expenses	11,000
Office salaries and general expenses	43,000
Bank	24,500
General reserve	30,000
Retained profits	18,000
Inventory at 1 July 2017:	
Raw materials	20,000
Finished goods	38,000

Additional information:

- Inventory at 31 December 2018 was as follows:
Raw materials SZL 22,000
Finished goods SZL 35,600.
- Office salaries included SZL 6,700 for directors' fees.
- Factory wages included SZL 15,700 for supervision.
- Depreciation is to be charged at 10% on cost of plant and machinery.

You are required to prepare:

- i. The Manufacturing Cost Statement for the year ended 31 December 2018. (12 Marks)
- ii. The Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2018. (10 Marks)

Total Marks: 22

QUESTION 4

- a) Explain any four accounting controls that a business may put in place to ensure financial information is recorded accurately without any errors or mistakes. (12 Marks)
- b) Explain any three possible causes of incomplete records for a business or organization. (6Marks)
- c) Explain any two (2) possible causes of a decline in the gross profit margin comparative to previous financial years in a business. (4 Marks)
- d) Define an ageing schedule and explain its importance in a business. (4 marks)

Total Marks: 26