

UNIVERSITY OF SWAZILAND

DEPARTMENT OF ACCOUNTING

SUPPLEMENTARY EXAMINATION PAPER, JULY 2007

DEGREE/DIPLOMA AND YEAR OF STUDY: B COM IV/IDE B COM YEAR 6

TITLE OF THE PAPER	:	TAXATION
COURSE CODE	:	AC 405(S)2007/IDE AC405(S)2007
TIME ALLOWED	:	THREE (3) HOURS
INSTRUCTIONS	1	There are four (4) questions in this paper. Attempt all of these questions.
	2	The marks awarded for a question are indicated at the end of each question.
	3	Show your workings.

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

Special Requirement:None

QUESTION 1: Zwane Trading Corporation had the following P/L for the year ended 30/6/2005.

	E	E
GROSS PROFIT		250,000
EXPENSES 2AND TRANSFERS		
Wages and salaries	10,000	
Loss b/f from last year	3,000	
Rent and rates	3,500	
Depreciation	20,500	
Repair and maintenance (Note 1)	44,800	
Bad debts written off (Note 2)	12,000	
Provision for fall in stock prices	15,000	
Entertainment expenses	7,500	
Gifts and donations (Note 3)	40,000	
Professional fees (Note 4)	20,000	
Traffic fines	3,000	
Court fines	6,000	
Legal expenses on industrial building acquisition	2,500	
Transfer to revenue reserves	20,000	
Transfer to capital reserves	<u>12,000</u>	
		<u>-219,800</u>
NET PROFIT TO BALANCE SHEET		<u>30,200</u>
NOTE 1: Repair and maintenance		
Acquisition of Industrial Building	30,000	
General repair	2,800	
Acquisition of office machinery	12,000	
		<u>44,800</u>
NOTE 2: Bad debts written off	E	E
Trade debt written off	10,000	
Loans to employees written off	1,000	

Increase in specific bad debt provision	6,000	
Decrease in general provision of debts	(5,000)	
		<u>12,000</u>
NOTE 3:Gift and donations		
Donation to government for erection of schools	20,000	
Donation to University of Swaziland in relation to capital projects	15,000	
Donation to construction of a local church	5,000	
		<u>40,000</u>
NOTE 4:Professional fees		
Legal fees in connection with issue of debentures		
Legal fees in connection with acquisition of a general plot of land	5,000	
		<u>20,000</u>
REQUIRED:Compute the corporation tax liability payable of Zwane Trading Company for the year ended 30.6.2005		30 marks

QUESTION 2:

REQUIRED :Describe the methods an accountant utilises in tax planning. **(40 marks)**

QUESTION 3:

REQUIRED : What is the development approval order? **(15 marks)**

QUESTION 4:

REQUIRED :How are the profits of partnership taxed? **(15 marks)**

TOTAL FOR THE PAPER (100 marks)