

University of Swaziland
Department of Accounting
Supplementary Exam Paper - Semester - I

Programme of Study : Diploma In Commerce
Year Of Study : Year one (Full Time) Level 1 (IDE)
Title of Paper : Introduction To Financial Accounting I
Course Code : AC 111(FT) / IDE AC 111(PT)
Time Allowed : 3 Hours.

- Instructions:
1. The total number of questions on this paper are four (4).
 2. Answer all the questions.
 3. Begin the solution to each question on a new page.
 4. The marks awarded for a question / part are 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:

Patrick Matsebula operates a retail Building Material shop in Matsapha, permitting his customers one month credit. The Provision for Doubtful Debts as reported on 1st April 2007 was E2,200. The policy of Patrick Matsebula was to relate the Provision for Doubtful Debts to the age of receivables. The following table provides the age of receivables and the provision for doubtful debts to be provided.

Age of Receivables	As at 31-3-2007	As at 31-3-2008	As at 31-3-2009	Prov., for doubtful debts
	E	E	E	%
Up to 1 month	100,000	152,300	205,000	0
30-45 days	20,000	32,000	24,000	3
46-60 days	14,000	16,100	10,000	5
More than 61 days	8,000	10,000	2,000	8

Receivables reported as outstanding for more than 61 days as at 31st March 2007 includes E 2,500 which has written off in 2008 and similarly, the corresponding amount reported as at 31st March 2008 includes E 258 written off in 2009.

Required:

- i) Provision for Doubtful Debts Account for each of the three years (9 marks)
 - ii) Balance Sheet extracts as at 31-3-2007, 2008, and 2009. (6 marks)
- Total (15 marks)**

QUESTION 2:

Show the Journal Entries needed to correct the following errors.

- a) A credit sale of E15,400 to Joyce A had been entered in the sales day book as E14,500.
- b) A sale of E8,700 to Patrick Shongwe had been posted to Patrik Shongwe.
- c) A purchase invoice of E10,250 from Woolworths, Manzini, was omitted from the Purchases Journal.

- d) Included in Rent and Rates account is E1,000 paid as property tax on the proprietor's residence.
- e) A sale of fittings E420 had been entered in the sales book.
- f) A cheque of E94 paid for printing had been entered in the Cash Column of the Cash Book instead of Bank Column.
- g) Cash withdrawn from bank E100 had been entered in the Cash Column on the credit side of the Cash Book, and in the Bank Column on the Debit Side.
- h) Commission Received E 670 had been credited to the Rent Received account.
- i) Loan interest of E500 had been debited to the Van Account.
- j) A purchase of laptop E5,000 had been entered in the purchases account.

(20 marks)

QUESTION 3:

The following expenses were reported in the Balance Sheet as at 1st June 2008, of May Flower Nursery, Melkerns.

Rent accrued	E800
Insurance prepaid	720
Wages accrued	300

During the year ended 31st May 2009, the following payments were made:

Date	Expense	Amount (E)	Period covered
15 th July 2008	Rent	1,200	3 months to 30 th June 2008
30 th Sep 2008	Insurance	2,400	1 year to 30 th September 2009
20 th Nov 2008	Rent	1,600	4 months to 31 st October 2008
15 th Mar 2009	Rent	1,600	4 months to 29 th February 2009

For the year wages paid amounted to E 5,500. Accrued wages amounted to E500, by the end of 31st May 2009.

Required:

- i) Post these payments to appropriate ledger accounts for the year ended 31st May 2009, showing the year end transfers and the balances brought down.
(12 marks)
- ii) Prepare the profit and loss account extract showing clearly the amounts transferred from each of the accounts for the year ended 31st May 2009.
(3 marks)

Total (15 marks)

QUESTION 4:

The following is the schedule of balances on 31st march 2009 extracted from the books of Maphalala Traders, Manzini.

	Debit E	Credit E
Cash	1,400	
Bank	2,600	
Debtors	86,000	
Stock as on 1 st April 2008	62,000	
Furniture and fixtures	21,400	
Office equipment	16,000	
Buildings	60,000	
Motorcar	20,000	
Creditors		43,000
Long term loan		30,000
Allowance for doubtful debts		3,000
Purchases and Sales	140,000	230,000
Purchase Returns		2,600
Sales returns	4,200	
Salaries	11,000	
Rent for warehouse	5,500	
Interest on long term loan	2,700	
Rates and taxes	2,100	
Discounts	2,400	1,600
Freight on purchases	1,200	
Carriage outwards	2,000	
Drawings	12,000	
Printing and stationery	1,800	
Electricity bills	2,200	
Insurance premium	5,500	
Bad debts	2,000	
Bank charges	4,600	
Motor car expenses	3,600	
Capital account		162,000
	472,200	472,200

The following additional information as at 31st March 2009 is available.

- a) Depreciate Buildings by 5%; Furniture and Fixtures by 10%; Office Equipment by 15%; and Motor Car by 20%.
- b) Value of stock at the close of the year was E44,000
- c) Allowance for doubtful debts is to be maintained at 5% of sundry debtors.
- d) Insurance premium includes E4,000 paid towards Maphalala's Life insurance policy and the balance of the insurance charges cover the period from 1st April 2008 to 30th June 2009.

Required:

- i) Prepare the Trading & Profit and Loss Account for the year ended 31st March 2009. (13 marks)
 - ii) Prepare the Balance Sheet as at 31st March 2009. (12 marks)
- Total (25 marks)**

QUESTION 5:

Write short note on the following:

- i) Materiality concept (5 marks)
- ii) Cash Discount (5 marks)
- iii) Credit Note (5 marks)
- iv) Main uses of Journal (General Journal) (5 marks)
- v) Any two methods of calculating Depreciation with suitable examples. (5 marks)

Total (25 marks)

END OF QUESTION PAPER