



**1<sup>ST</sup> SEM. 2004/2005**

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**UNIVERSITY OF SWAZILAND**

**FINAL EXAMINATION PAPER**

**PROGRAMME: BACHELOR OF SCIENCE IN HOME ECONOMICS YEAR IV**

**COURSE CODE: TAD 410**

**TITLE OF PAPER: INTRODUCTION TO FINANCIAL ACCOUNTING**

**TIME ALLOWED: TWO (2) HOURS**

**INSTRUCTIONS: THERE ARE TWO (2) QUESTIONS  
ANSWER ALL. BEGIN THE  
SOLUTION TO EACH QUESTION ON  
A NEW PAGE. SHOW ALL YOUR  
WORKING**

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GRANTED BY THE CHIEF INVIGILATOR**

## QUESTION 1

### LINDIWE'S BOTIQUE

1. She opened a bank account in the name of her business into which she deposited E8000 of her savings.
2. On the first of the month, she paid rent of E500 and also paid a rental deposit of E500. She also purchased shop fittings and equipment for E4000. On these she paid a deposit of E1400 and signed an agreement with NEM Investment for the balance to be paid later in the course of the year.
3. She purchased goods for resale on the first of the month that amounted to E5000 of which she paid E2000 by cheque. The balance is to be paid within thirty days from the date of the statement. Subsequent purchases of E6500 on the thirteenth of the month and E3500 on the twenty-seventh were all on credit.
4. She made payment for wages at the end of the month amounting to E500, and for sundry expenses E400.
5. Cash sales up to the tenth of the month came to E800, up to the seventeenth E1000, up to the end of the month E1500.
6. Credit sales to the tenth of the month amounted to E1200, up to the seventeenth E2000, up to the end of the month E3500.
7. After closing shop, Lindiwe listed the stock of goods unsold in the shop. The total cost amounted to E5350.

#### **Required:**

1. Extract the trial balance at the end of the month. **(20 marks)**
2. The trading and profit and loss account for the end of the month.  
**(13marks)**
3. The balance sheet as at the end of the month. **(12 marks)**

## QUESTION 2

The following trial balance has been extracted from the ledger of John Brown a store owner.

Trial Balance as at 31 December 2003

	Dr £	Cr £
Sales		400,000.00
Purchases	350,000.00	
Sales Returns	5,000.00	
Purchases Returns		6,200.00
Opening Stock at 1 January 2003	100,000.00	
Provision for bad debts		800.00
Wages and Salaries	30,000.00	
Rates	6,000.00	
Telephone	1,000.00	
Shop fittings at cost	40,000.00	
Van at cost	30,000.00	
Debtors	9,800.00	
Creditors		7,000.00
Bad debts	200.00	
Capital		179,000.00
Bank balance	3,000.00	
Drawings	18,000.00	
	<u>593,000.00</u>	<u>593,000.00</u>

### Notes:

1. Closing stock at 31 December 2003 £120000
2. Accrued wages £5000
3. Rates prepaid £500
4. The provision for bad debts to be increased to 10% of debtors
5. Telephone account outstanding £220
6. Depreciate shop fittings at 10% per annum, and van at 20% per annum on cost.

### REQUIRED:

1. Prepare the adjusted entries in the ledger accounts (20 marks).
2. Extract the adjusted trial balance (10 marks).