

UNIVERSITY OF SWAZILAND  
DEPARTMENT OF ACCOUNTING  
MAIN EXAMINATION PAPER DECEMBER 2012

DEGREE/ DIPLOMA AND

YEAR OF STUDY : B. COM 11/ DIPLOMA IN COMMERCE 111

TITLE OF PAPER : INTERMEDIATE FINANCIAL ACCOUNTING 1

COURSE CODE : AC211/ IDE AC311 (M) DECEMBER 2012

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 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.

THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVILATOR OR SUPERVISOR.

SPECIAL REQUIREMENTS: CALCULATOR

**QUESTION 1**

Alpheus, Bright and Celine were partners in partnership sharing profits and losses in the ratio 4:3:3. Their partnership was liquidated on 31 December 2010 and their trial balance as at that date was as follows:

	DR E	CR E
Capital accounts (at 1 January 2010):		
Alpheus		45,200
Bright		5,170
Celine		27,030
Loan: Alpheus		1,800
Trade and other payables		13,490
Motor vehicles	7,200	
Furniture and fittings	10,400	
Office equipment	1,300	
Inventory	55,800	
Expenses prepaid	250	
Trade and other receivables	16,400	
Allowance for credit losses		800
Bank	2,140	
	<u>91,350</u>	<u>93,490</u>

**The realisation transactions were as follows:**

1. Alpheus took over one of the vehicles, which has a net carrying amount of E2,500, in settlement of His loan account.
2. The remaining vehicles were sold for E4,000.
3. E14,000 was collected from trade debtors.
4. Trade payables were settled in full for E12,990.
5. The furniture and fittings were sold for E10,200 and the inventory for E37,800.
6. It was agreed that Celine would be paid E1,200 for work he had done to sell the assets.
7. Liquidation expenses amounted to E3,400

**Required:**

Write up the following accounts for the year to 31 December 2010:

- a) The partners' capital accounts. (6½ Marks)
- b) The liquidation/ realization account. (11 Marks)
- c) Bank account. (7½ Marks)

**Total: (25 Marks)**

**QUESTION 2**

France entered into a joint venture with Grace for the purchase and sale of mowers. They agreed that profits and losses should be shared equally.

- a) France agreed to purchase movers for E120,400 and paid carriage E320.
- b) Grace purchased mowers for E14,860 and paid carriage E84.
- c) Grace transferred to France E70,000.
- d) France sold mowers for E104,590 and sent a cheque for E50,000 to Grace.
- e) Grace sold for E19,200 all the mowers he had purchased.
- f) The unsold mowers in the possession of France were taken over by him at a valuation of E40,000.
- g) The amount due from one venture to the other was paid and the joint venture was dissolved.

**Required:**

- i. A memorandum joint venture account. (6 Marks)
- ii. The accounts of the joint venture in the books of France and Grace. (19 Marks?)

**Total: (25 Marks)**

**QUESTION 3**

From the following details you are required to draft a statement of cash flows for Donald Franco for the year ending 31 December 2011, using the IAS 7 layout.

**Statement of comprehensive income for the year ended 31 December 2011.**

	E000	E000
Gross profit		44,700
Add: Discount received	410	
Profit on sale of van	620	
		<u>1,030</u>
		45,730
Less Expenses		
Motor expenses	1,940	
Wages	17,200	
General expenses	830	
Bad debts	520	
Increase in allowance for doubtful debts	200	
Depreciation: Van	1,800	
		<u>22,490</u>
		23,240

**Donald Franco****Statement of financial position of as at 31 December 2011**

	<b>2010</b>	<b>2011</b>
<b>Non current assets</b>		
Vans at cost	15,400	8,200
Less: Depreciation to date	(5,300)	(3,100)
	<u>10,100</u>	<u>5,100</u>
<b>Current assets</b>		
Inventory	18,600	24,000
Accounts receivable less allowance*	8,200	6,900
Bank	410	720
	<u>27,210</u>	<u>31,620</u>
<b>Less: Current liabilities</b>		
Accounts payable	5,900	7,200
<b>Less: Long term liabilities</b>		
Loans from J. Fyfe	10,000	7,500
	<u>21,410</u>	<u>22,020</u>
<b>Capital</b>		
Opening balance b/d	17,210	21,410
Add Net profit	21,200	23,240
	<u>38,410</u>	<u>44,650</u>
Less Drawings	(17,000)	(22,630)
	<u>21,410</u>	<u>22,020</u>

\*Accounts receivable 2010 E8,800 – allowance E600.

Accounts receivable 2011 E7,700 – allowance E800.

Note: A van was sold for E3,820 during 2011. No vans were purchased during the year.

**Total: (25 Marks)**

**QUESTION 4**

J. Baartjies owns a small business making and selling children's toys. The following trial balance was extracted from her books on 31 December 2011.

	Dr E	CR E
Capital		15,000
Drawings	2,000	
Sales		90,000
Inventory at 1 January 2011:		
Raw materials	3,400	
Finished goods	6,100	
Purchases of raw materials	18,000	
Carriage inwards	800	
Factory wages	18,500	
Office salaries	16,900	
J. Baartjies: Salary and expenses	10,400	
General expenses:		
Factory	1,200	
Office	750	
Lighting	2,500	
Rent	3,750	
Insurance	950	
Advertising	1,400	
Bad debts	650	
Discount received		1,600
Carriage outwards	375	
Plant and machinery, at cost less depreciation	9,100	
Car, at cost less depreciation	4,200	
Bank	3,600	
Cash in hand	325	
Accounts receivable and accounts payable	7,700	6,000
	<u>112,600</u>	<u>112,600</u>

You are given the following additional information.

- i. Inventory at 31 December 2011
 

Raw materials	E2,900
Finished goods	E8,200

There was no work in progress.

- ii. Depreciation for the year is to be charged as follows:
 

Plant and machinery	E1,500.
Car	E500

- iii. At 31 December 2011 insurance paid in advance was E150 and office general expenses unpaid were E75.
- iv. Lighting and rent are to be apportioned:  $\frac{4}{5}$  factory,  $\frac{1}{5}$  office  
Insurance is to be apportioned:  $\frac{3}{4}$  factory,  $\frac{1}{4}$  office
- v. J. Baartjies is the business's salesperson and her salary and expenses are to be treated as a selling expense. She has sole use of the business's car.

**Required:**

For the year ended 31 December 2011 prepare:

- a) The manufacturing account showing the prime cost and factory cost of production. (7 Marks)
- b) The statement of comprehensive income distinguishing between administrative and selling costs. ( $8\frac{1}{2}$  Marks)
- c) A statement of financial position as at 31 December 2011. ( $9\frac{1}{2}$  Marks)

**Total: (25 Marks)**