FEEDBACK TUTORIAL LETTER

2ND SEMESTER 2019

Financial Accounting 101

FAC511S

Test 2
Financial Accounting 101, Test 2 Semester 2 Feedback

General Feedback
The performance in Test 2 was slightly worse than that of test one. Again, students still have problems grasping the double-entry principles. These concepts are very important as they are the fundamentals on which financial accounting is built.

Specific feedback

Question 1

a) This section required students to prepare the adjusted trial balance (TB). The performance was generally poor as students struggled with incorporating the adjustments into the TB. While many students did adjust the accounts that existed in the original TB, the accrued expenses/prepaid expenses as well as accrued income/income received in advance components were not incorporated in the adjusted TB.

b) This section required students to prepare the Statement of Profit or loss (SPL). It is disappointing to see that even marks for the title of the financial statement are lost. Ensure that you score these ‘free marks” by providing the correct title name. Some students are still not aware that the SPL only contains income and expense items. At this stage, you should be able to identify the elements and be able to account for them in the appropriate financial statement.

c) Only the current asset section of the Statement of Financial Position (SFP) was required in this section. Again, I reiterate that you should be familiar with the elements of financial statements. In addition, only answer the required. Time is wasted by providing answers that are not part of the required.

d) Generally, this section was well answered. However, several common mistakes were made.

   I. The first common mistake was recording the purchase of the goods as inventory, not purchases. Remember, the periodic system was used.

   II. The second common mistake was not providing VAT for the services rendered to A. Swarts. Since Nombanza is a registered vendor, they will charge VAT on all services rendered/sales. Think of any VAT registered supermarket, will you be charged VAT if you buy vatable supplies from them?

   III. Lastly, the purchase of the microwave, since this will be used in the office kitchen, input VAT is denied. The vast majority of students, calculated VAT on this transaction. Many other students recorded the transaction as purchases. Remember, purchases, is only applicable when good are bought for the purposes of resale.

The way forward:

Go through your test to see where you have made mistakes and revise the topics.
Prepare well for your forthcoming exams.

All the best with your studies!
Mr Mahindi