

IMPORTANT INFORMATION: READ NOW

SCHOOL OF ACCOUNTING SCIENCES

DEPARTMENT OF FINANCIAL ACCOUNTING

ACCOUNTING 1

MODULE 1 (FAC1502) ACCOUNTING CONCEPTS, PRINCIPLES AND PROCEDURES

TUTORIAL LETTER 101/3/2011 (FIRST AND SECOND SEMESTERS)

SCHEME OF WORK, STUDY RESOURCES AND ASSIGNMENTS

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1. A WORD OF WELCOME

1.1 Introduction

It is a pleasure to welcome you as a student to Module 1 (FAC1502) of the Accounting 1 (first year accounting) course. We hope that you will find your studies particularly stimulating this semester and that you will achieve success.

The semester that you register for will be indicated on your registration papers when you register. If this is the first time that you are registered for FAC1502, you may not be registered for FAC1601 in the same semester. Ensure that you are registered for the correct semester as you are obliged to write the examination for that semester. The examination for the first semester will be during May and the examination for the second semester will be during October.

Should you be faced with specific **subject content** problems in your studies, please do not hesitate to consult us by letter, E-mail, telephone or personally (by appointment).

In this tutorial letter we would like to draw your attention to a number of very important matters and we request you to study them very carefully.

We shall do our best to make your study of this module successful. You will be well on your way to success if you start studying early in the semester/ year and resolve to do the assignment(s) properly.

You will receive a number of tutorial letters during the year. A tutorial letter is our way of communicating with you about teaching, learning and assessment.

Tutorial Letter 101 contains important information about the scheme of work, resources and assignments for this module. We urge you to read it carefully and to keep it at hand when working through the study material, preparing the assignment(s), preparing for the examination and addressing questions to your lecturers.

Please read Tutorial Letter 301 in combination with Tutorial Letter 101 as it gives you an idea of generally important information when studying at a distance and within a particular College.

In Tutorial Letter 101, you will find the assignments and assessment criteria as well as instructions on the preparation and submission of the assignments. This tutorial letter also provides all the information you need with regard to the prescribed study material and other resources and how to obtain it. Please study this information carefully and make sure that you obtain the prescribed material as soon as possible.

We have also included certain general and administrative information about this module. Please study this section of the tutorial letter carefully.

Right from the start we would like to point out that **you must read all the tutorial letters** you receive during the semester **immediately and carefully**, as they always contain important and, sometimes, urgent information.

We hope that you will enjoy this module and wish you all the best!

1.2 Compilation of the accounting I course

This first year accountancy course for all **B.Compt.** and **B.Comm.** students (including **B.Comm.-Law**) consists of two separate semester modules, namely:

FAC1502 (Accounting concepts, principles and procedures), followed by **FAC1601** (Accounting reporting)

The first year (Accounting 1) is concluded when both FAC1502 and FAC1601 are passed.

Please note that the simultaneous registration for FAC1502 and FAC1601 is not allowed, as FAC1502 is an absolute prerequisite for FAC1601.

LLB.-Students

Register for FAC1503 (Accounting principles for law practitioners)

Please note: The module ACN103P (Accounting for law practitioners) is no longer presented at UNISA.

2. PURPOSE AND OUTCOMES OF THIS MODULE

2.1 Purpose

The purpose of this module is to:

- ♦ apply the basic principles of accounting;
- ♦ gather, process and record relevant information and compile basic statements of comprehensive income, statements of changes in equity and statements of financial position;
- ♦ keep proper record of and be accountable for assets;
- ♦ keep proper record of and be accountable for liabilities;
- ♦ keep proper record to ascertain the financial performance and financial position of sole proprietors and non-profit entities.
- ♦ prepare proper books from incomplete records

2.2 Outcomes

Learning Outcome 1

Know and understand the nature and function of accounting.

Learning Outcome 2

Ability to explain what is meant by the nature of accounting theory, principles, accounting policy, practice and procedures.

Learning Outcome 3

Describe what the primary purpose of accounting is and what is understood by the double entry system including the ability to calculate the financial position of an entity and the elements of the basic accounting equation.

Learning Outcome 4

Apply the concepts of income and expenditure to determine the gross and net profits (or losses) and the effect thereof on owner's equity.

Learning Outcome 5

Analyse and record transactions in the books of an entity and prepare a statement of financial position from the basic accounting equation.

Learning Outcome 6

Prepare all the journals, posting to ledger accounts and to prepare a trial balance.

Learning Outcome 7

Process year-end adjustments in the books of an entity.

Learning Outcome 8

Complete the closing-off procedure, determine the profit or loss of an entity and prepare more advanced financial statements.

Learning Outcome 9

Treatment of transactions related to cash and cash equivalents, apart from cash receipts and payments.

Learning Outcome 10

Treatment of all aspects of debtors in the books of an entity.

Learning Outcome 11

Understand the importance of inventory and how entries related to inventory is recorded in the books of an entity.

Learning Outcome 12

Record transactions related to property, plant and equipment.

Learning Outcome 13

Record transactions related to other non-current assets such as investments.

Learning Outcome 14

Know the treatment of current liabilities in the books of an entity.

Learning Outcome 15

Describe non-current liabilities, record the necessary entries in the books and disclose it in the statement of financial position.

Learning Outcome 16

Record all transactions related to a sole proprietor and prepare the financial statements of a sole proprietor.

Learning Outcome 17

Record all transactions related to organisations and societies not to gain.

Learning Outcome 18

Convert to a double-entry system from incomplete records.

3. COMMUNICATION WITH YOUR LECTURERS

3.1 Telephonically

The lecturers responsible for this module are listed below. Remember to have your student number ready when you contact a lecturer. Lecturers are available for telephone enquiries from 8:00 to 16:00 on weekdays.

Lecturer's name	Mr D von Well
Building and office number	AJH v/d Walt 4-67
Telephone number	(012) 429-3933

Lecturer's name	Ms KA Nkome
Building and office number	AJH v/d Walt 4-60
Telephone number	(012) 429-3830

Lecturer's name	Mr P Maraisane
Building and office number	AJH v/d Walt 4-46
Telephone number	(012) 429-4426

Lecturer's name	Me A du Plessis
Building and office number	AJH v/d Walt 4-65
Telephone number	(012) 429-4621

Lecturer's name	Prof D Scott
Building and office number	AJH v/d Walt 4-73
Telephone number	(012) 429-4450

All queries that are not of a purely administrative nature **but are about the content of this module** should be directed to us. Please have your study material with you when you contact us.

3.2 Written correspondence

3.2.1 E-mail

You can also communicate with your lecturers via E-mail. Please note that feedback will not necessarily be given via e-mail.

Therefore, it is important to give, in your e-mail, your student number, telephone number, fax number, e-mail address, and postal address.

Please use the following e-mail addresses for all academic related issues:

First semester students:	FAC1502-11-S1@my.unisa.ac.za
Second semester students:	FAC1502-11-S2@my.unisa.ac.za

The e-mail address for REGISTRATION and EXAMINATION changes/enquiries is:
econ@unisa.ac.za

Refer all your registration and examination queries (student related problems) to the above e-mail address.

3.2.2 Letters should be sent to:

The Module leader (module code)
Department of Financial Accounting
P O Box 392
UNISA
0003

When writing to the University, always mention your student number, telephone number, the subject and the course code at the top of the letter.

PLEASE NOTE: Letters to lecturers may not be enclosed with or inserted into assignments.

3.3 Communication with the University

If you need to contact the University about matters not related to the content of this module, please consult the publication *My Studies @ Unisa* that you received with your study material. This brochure contains information on how to contact the University (e.g. to whom you can write for different queries, important telephone and fax numbers, addresses and details of the times certain facilities are open).

Always have your student number at hand when you contact the University.

Please note that all administrative enquiries should be directed to the **Unisa Contact Centre**. Enquiries will then be channeled to the correct department. The details are as follows:

- Calls (RSA only) 0861 670 411
- International Calls +27 11 670 9000
- Fax number (RSA) 012 429 4150
- Fax number (international) +27 12 429 4150
- E-mail study-info@unisa.ac.za

3.4 Personal visits

To avoid any disappointment, **make an appointment** with a lecturer as they are not always readily available.

4. STUDENT SUPPORT SYSTEM

For information on the various student support systems and services available at Unisa (e.g. student counseling, tutorial classes, language support), please consult the publication *My Studies @ Unisa* that you received with your study material.

4.1 Contact with fellow students

4.1.1 Study groups

It is advisable to have contact with fellow students. One way to do this is to form study groups. The addresses of students in your area may be obtained from the following department:

Directorate: Student Administration and Registration
PO Box 392
UNISA
0003

Please contact the Unisa Contact Centre 0861 670 411.

4.1.2 *myUnisa*

If you have access to a computer that is linked to the internet, you can quickly access resources and information at the University. The *myUnisa* learning management system is Unisa's online campus that will help you to communicate with your lecturers, with other students and with the administrative departments of Unisa – all through the computer and the internet.

To go to the *myUnisa* website, start at the main Unisa website, <http://www.unisa.ac.za>, and then click on the “Login to *myUnisa*” link on the right-hand side of the screen. This should take you to the *myUnisa* website. You can also go there directly by typing in <http://my.unisa.ac.za>.

Please consult the publication *My Studies @ Unisa* which you received with your study material for more information on *myUnisa*.

4.1.3 Discussion classes

Tutorial letter FAC1502/102/1/2011 for the first semester
Tutorial letter FAC1502/102/2/2011 for the second semester

These tutorial letters will be dispatched to you as soon as they are available.

4.1.4 Tutorials

Learning centres – Student support is provided at the learning centres. Consult this year's issue of *My Studies @ Unisa* for more detail.

5. STUDY MATERIAL

5.1 Inventory letter

At the time of registration, you will receive an inventory letter that will tell you what you have received in your study package and also show items that are still outstanding. Also see the brochure entitled *My Studies @ Unisa*.

Check the study material that you have received against the inventory letter. You should have received all the items listed in the inventory, unless there is a statement like “out of stock” or “not available”. If any item is missing, follow the instructions on the back of the inventory letter without delay.

PLEASE NOTE: Your lecturers cannot help you with missing study material. Please contact the Unisa Contact Centre at 0861 670 411 (RSA only), or +27 11 670 9000 (international calls) (also see par. 3 above).

5.2 Study material

The Department of Dispatch should supply you with the following study material for this module:

- One study guide
- Tutorial Letters 101 and 301 at registration and others later

Apart from Tutorial Letters 101 and 301, you will also receive other tutorial letters during the year/semester. These tutorial letters will not necessarily be available at the time of registration. Tutorial letters will be dispatched to you as soon as they are available or needed (for instance, for feedback on assignments).

If you have access to the Internet, you can view the study guides and tutorial letters for the modules for which you are registered on the University’s online campus, *myUnisa*, at <http://my.unisa.ac.za>

Use only the telephone number given in the inventory for enquiries about missing tutorial matter.

5.3 Prescribed textbook

Your prescribed book for this module for this year is the most recent edition of:

About Financial Accounting, Volume 1, by Berry PR, De Klerk, ES, et al. Butterworths. Durban. (www.lexisnexis.co.za.)

Please consult the list of official booksellers and their addresses listed in *My Studies @ Unisa*.

If you have any difficulties obtaining books from these bookshops, please contact the Unisa Contact Centre at 0861 670 411 (RSA only), or +27 11 670 9000 (international calls) (also see par 3 above).

6. HOW THE ASSIGNMENT SYSTEM WORKS

6.1 Assignments and learning

Assignments are seen as part of the learning material for this module. As you do the assignment, study the reading texts, consult other resources, discuss the work with fellow students or tutors or do research, you are actively engaged in learning. Looking at the assessment criteria given for each assignment will help you to understand what is required of you more clearly.

In some cases, additional assessment might be available on the *myUnisa* site for your module. For students attending tutorial sessions, tutors may also set additional tasks and give feedback in class.

6.1.1 Study process

Your studies should progress smoothly if you work as follows:

- Read as far as ANNEXURE A of this tutorial letter.
- Work through ANNEXURE A (Assumed knowledge) and study the contents if necessary.
- Study the relevant study units of the Study Guide for assignment 01, (use the suggested study programme in ANNEXURE B).
- Do the first exercise (for each study unit) in the Study Guide, without referring to the solution. Mark your answer in conjunction with the solution in the Study Guide. Ascertain why, when, where, how your answer differs from that of the solution. If you do not get more than 70% for the exercise (use your own marking scheme), do the next exercise and mark it. Study the study unit again. Do the previous exercise(s) again until you get at least 70% per exercise. This may require much more time, but it will ensure that you know and understand the contents of the study material.

- Complete the compulsory assignment 01 on the **mark-reading sheet** (make a copy for yourself) and mail/send it to UNISA for marking. Assignment 01 is **very important as it will ensure your admission to the examination**. Assignment 1 and 02 can also be **submitted electronically** via myUnisa but not faxed or e-mailed!:

To submit an assignment via myUnisa:

- Go to myUnisa.
 - Log in with your student number and password.
 - Select the module from the orange bar (FAC1502).
 - Click on **assignments** in the left menu.
 - Click on the assignment **number** you want to submit.
 - Follow the instructions.
- After completing and submitting assignment 01, carry on with the study programme. Do not wait for the suggested solution or for the return of the marked assignment.
 - Complete compulsory assignment 02 on a **mark-reading sheet**. Submitting assignment 02 will not lead to admission to the exam, but will **count towards** the year mark. Follow the instructions for submitting the assignment via myUnisa as per paragraph 5.5 above.
 - Mark your assignments by using the suggested solution which will be dispatched to you **after the due date for assignment 02**. The solutions will also be placed on the myUnisa system of UNISA's webpage (www.unisa.ac.za). If your answer differs from the suggested solution, make sure that you understand the reason why.

6.2 Important information regarding assignments contribution to year marks

There are 2 assignments for this module:

- Assignment 1 is a multiple choice assignment that is compulsory and contributes 50% towards your year mark. If you do not submit this assignment you will not be admitted to the examination;
- Assignment 2 is a multiple choice assignment that is also compulsory and contributes 50% towards your year mark;

Please **keep copies of your submitted assignments** and if submitted through *myUnisa*, proof that you submitted the assignment.

6.2.1 Compulsory assignments 01 and 02

To fully benefit from our formative tuition and assessment, the Management of the University has taken a decision to introduce **two compulsory assignments** in all modules to be submitted by set due dates. Submission of the first compulsory assignment by its due date will give a student **admission to the examination** in the particular module. The marks obtained in the two compulsory assignments will contribute equally towards the final year mark.

The year mark contributes 10% towards the final mark, and is calculated as follows:

50% of the mark obtained for assignment 01

plus

50% of the mark obtained for assignment 02

If you only submit assignment 1, your year mark will be 5% of the mark obtained for this assignment. This will then be your year mark out of a possible 10%. If, for example, you obtain 80% for assignment 1 and 0% for assignment 2, your year mark will be 4%. A year mark often causes a student to pass or fail this module.

According to University policy you require a sub-minimum of 40% in the examination before your year mark is taken into consideration. In other words, if you do not obtain at least 40% in the examination, you will automatically fail, and your final mark will be the mark you obtained in the examination.

Students require a final mark of 50% to pass a module. This final mark is calculated as follows:

$$(10\% \times \text{of the year mark}) + (90\% \times \text{mark obtained in the examination})$$

Example:

	A	B	C	D
	Average of marks for assignment 1 & 2 (Year mark)	Year mark contribution to final mark at 10%	Exam mark contribution required to pass (50% minus year mark contribution)	Minimum exam mark required to pass (c + 0,9)
Student 1	100%	10%	40%	45%
Student 2	70%	7%	43%	48%
Student 3	50%	5%	45%	50%
Student 4	30%	3%	47%	52%
Student 5	20%	2%	48%	53%
Student 6	10%	1%	49%	54%
Student 7	0%	0%	50%	56%

If you obtain between 40% and 49% as a final mark, you will be allowed to write a supplementary examination. The supplementary examination will be written at the end of the next semester. This means that if you qualify for a supplementary examination in May, you will write the FAC1601 paper in October. Similarly, students who qualify for a supplementary examination in October, will write this paper in May of the following year. A student may, however, write only one supplementary examination per enrolment. To pass this supplementary examination, you must obtain at least 50% in the examination itself. The year mark is then not taken into consideration at all.

Please ensure that the compulsory assignments reach the University before the due date – late submission of assignment 01 will result in you not being admitted to the examination! Refer to page 14 (paragraph 6.5) of this tutorial letter (101/3/2011) for the due date(s).

If, for any reason, you transfer your exam period for FAC1502 to a following semester, you need to submit Assignments 01 and 02 before the due date in the semester for which you originally registered for the course. The year mark you obtain will then be carried forward to the next semester because you will not be allowed to submit any assignments in the semester to which you have changed.

By applying to have your semester changed to a following semester, in effect, you are applying for an aegrotat examination. However, you still need a year mark that will be taken into account as explained above – hence the need to submit the compulsory assignment in the semester for which you originally registered.

6.3 Submitting assignments

You may submit assignments done on mark-reading sheets either by post or electronically via *myUnisa*. Assignments may **not** be submitted by fax or e-mail.

To submit assignments via Post, assignments should be addressed to:

The Registrar
PO Box 392
UNISA
0003

For detailed information and requirements as far as assignments are concerned, see the brochure *My Studies @ Unisa* that you received with your study material.

To submit an assignment **via myUnisa**:

- On www.unisa.ac.za go to *myUnisa*
- Log in with your student number and password
- Select FAC1502 from the orange bar
- Click on assignments in the left menu
- Click on the assignment number you want to submit (01 or 02)
- Follow the instructions on the screen.

PLEASE NOTE: Enquiries about assignments (e.g. whether or not the University has received your assignment or the date on which an assignment was returned to you) must be addressed to the Unisa Contact Centre at 0861 670 411 (RSA only), or +27 11 670 9000 (international calls) (also see par. 3 above). The receipt of an assignment and the mark obtained is also reflected on *myUnisa*. To go to the *myUnisa* website, start at the main Unisa website, <http://www.unisa.ac.za>, and then click on the 'login to *myUnisa*' link under the *myUnisa* heading on the screen. . This should take you to the *myUnisa* website. You can also go there directly by typing in <http://my.unisa.ac.za>.

You can also send an E-mail to assign@unisa.ac.za to enquire about an assignment. Enter only your student number in the subject line. In the message you must indicate the course code and the specific assignment number that you are enquiring about.

6.4 Commentaries and feedback on assignments

You will receive the correct answers automatically for multiple-choice questions. For written assignments, markers will comment constructively on your work. However, commentaries on compulsory assignments **will be sent to all students registered for this module** in a follow-up tutorial letter, and not only to those students who submitted the assignments. The tutorial letter number will be 201, 202, etc.

As soon as you have received the commentaries, please check your answers. The assignments and the commentaries on these assignments constitute an important part of your learning and should help you to be better prepared for the next assignment and the examination.

The commentary on the self-evaluation assignment is included in this tutorial letter. This will enable you to mark your assignment as soon as you have completed it.

Feedback on *myUnisa* additional assessments will be automated and therefore immediate. Additional work set by tutors will be discussed in class.

6.5 Submission dates

Assignments constitute an integral part of the tutorial matter and must, together with tutorial letters, be studied for examination purposes.

ASSIGNMENTS MAY NOT BE SUBMITTED BY FAX OR E-MAIL

- ◆ Study material on which assignments are based is given in ANNEXURE B.
- ◆ Work carefully through the relevant tutorial matter before you tackle the assignment.
- ◆ Calculate your answers for the multiple-choice questions of assignments 01 and 02 on a separate piece of paper. Use a mark reading sheet to complete assignments 01 and 02 and submit the assignments. Ensure that you use the **correct UNIQUE NUMBER** allocated for the particular assignment and semester. This assignment can also be submitted via myUnisa.

Remember:

- use a soft HB pencil to code the mark reading sheet
- there is only **one** correct answer to each question.
- all questions are equal in value.

- ◆ No **bar code** sticker should be attached to the mark reading sheet.
- ◆ Assignments must not reach us later than the dates specified in ANNEXURE B.
- ◆ Assignments must under no circumstances contain any correspondence.
- ◆ Specify the module code (FAC1502) and assignment number (01 or 02) in all enquiries regarding assignments handed in for marking. These enquiries must be directed to the Assignments section at (012) 429-4155.

IMPORTANT INFORMATION:

FIRST SEMESTER 2010 (examination in May/June)

Assignment number	Format	Compulsory	Unique number	Due date	Contribution towards final mark
1	Multiple choice	Yes	845168	28 Feb 2011	5%
2	Multiple choice	Yes	780850	28 Mrch 2011	5%
Exam	Long questions	Yes	-	* May 2011	90%

* Exam date will be announced.

SECOND SEMESTER 2010 (examination in October/November)

Assignment number	Format	Compulsory	Unique number	Due date	Contribution towards final mark
1	Multiple choice	Yes	773022	15 Aug 2011	5%
2	Multiple choice	Yes	828322	5 Sept 2011	5%
Exam	Long questions	Yes	-	* Oct 2011	90%

* Exam date will be announced.

6.6 Assessment of assignments

Please note:

Although students may work together when preparing assignments, each student must write and submit his or her own individual assignment. In other words, you must submit your own ideas in your own words, sometimes interspersing relevant short quotations that are properly referenced. It is unacceptable for students to submit identical assignments on the basis that they worked together. That is copying (a form of plagiarism) and none of these assignments will be marked. Furthermore, you may be penalised or subjected to disciplinary proceedings by the University.

Do not copy the assignment solutions of fellow students!!

Plagiarism (copying) is the act of taking words, ideas and thoughts of others and passing them off as your own. It is a form of theft which involves a number of dishonest academic activities.

The *Disciplinary Code for Students* (2004) is given to all students at registration. Students are advised to study the Code, especially Sections 2.1.13 and 2.1.14 (2004:3-4). Kindly read the University's *Policy on Copyright Infringement and Plagiarism* as well.

7. HOW THE EXAMINATION SYSTEM WORKS

7.1 Examination admission

The submission of Assignment 01 is a requirement to be **admitted to the examination**.

It will, however, be to your own advantage to complete both assignments as well as the comprehensive exercise, as:

- ◆ the assignments provide practice which is essential in your study of Accounting;
- ◆ valuable revision material is contained in the assignments and ensure that you work throughout the semester; and
- ◆ the type of questions in the assignments and the comprehensive exercises are usually representative of the type of questions which you can expect in the examination.

7.2 Examination period

This module is offered in a semester period of fifteen weeks. This means that if you are registered for the first semester, you will write the examination in May/ June 2010 and the supplementary examination will be written in October/ November 2010. If you are registered for the second semester you will write the examination in October/ November 2010 and the supplementary examination will be written in May/ June 2010.

During the module of the semester, the Examination Section will provide you with information regarding the examination in general, examination venues, examination dates and examination times.

7.3 Examination paper

At the end of the semester (May for semester 01, and October for semester 02) you will be required to write a two hour examination for module FAC1502. The paper will consist of "long-type" questions.

A non-programmable pocket calculator may be used.

The examination script consists of a book with 12 pages. Every page has three columns on the right hand side (similar to general journal paper). If you don't want or cannot use the columns, ignore them and draw your own columns or T-accounts. You may open the book and use the left hand page – for the Dr-side and the right hand page – for the Cr-side of an account (e.g. ignoring the extra columns).

Start every question on a new (separate) page. Number each sub-question clearly.

When answering a question, always read **what is required** before reading through all the information. This will enable you to know immediately what information is needed to answer the question. If you read through the question in its entirety without knowing what is required, you will have to reread the information and waste time in this manner.

If you obtain between 40% and 49% as a **final** mark, you will be allowed to write a supplementary examination. The supplementary examination will be written at the end of the following semester. To pass this supplementary examination, you must obtain at least 50% in the examination itself. This means that if you qualify for a supplementary exam in May you will write the FAC1502 second semester paper in October. Similarly students who qualify for a supplementary examination in October will write this paper in May of the following year. A student may write only **one supplementary examination** per enrolment.

If you qualify for a supplementary examination, no further study material will be supplied to you during the following semester. You must not submit any assignments.

Due to various reasons the lecturers cannot send, fax or e-mail previous year's exam papers or assignments and solutions and we would appreciate it if you will not contact us in this regard.

You are advised to consult the time-table timeously in order to plan your final revision programme accordingly. Report any examination problems (clashes of dates) directly to the Examination Section via the Call Centre. Please start studying early to avoid cramming at the last moment.

Ensure that you have received all assignment solutions at least two weeks before the examination. No solutions will be faxed to students in the 14 days prior to the examination. Solutions are available on myUnisa system of UNISA's webpage (assign@unisa.ac.za).

7.4 Previous examination papers

Some previous examination papers are available on myUnisa. A copy of a previous examination paper with suggested solution is also included in tutorial letter FAC1502/102.

8. ASSIGNMENTS AND ASSESSMENT CRITERIA

8.1 Important information regarding annexures

ANNEXURE A deals with assumed knowledge. Before starting to work through the Study Guide, first acquaint yourself with the contents of ANNEXURE A.

ANNEXURE B is a suggested study programme for each semester.

Students often fail to plan their studies properly in order to achieve specific study goals at predetermined dates. This leads to a haphazard approach to their studies and the use of ineffective study techniques.

To assist you in this regard, a study programme is given. This programme indicates the dates on which certain sections of the study material as well as assignments should be completed in order to meet all due dates.

The study programme is based on the following assumptions:

- ♦ That study will commence either on 15 January for the first semester or 1 July for the second semester and that the course should be completed timeously leaving sufficient time for revision.
- ♦ That you should study more or less 8 hours per week per course, eg FAC1502. We are of the opinion that this is within your reach. If you have never studied Accounting before you will need more time especially where you have to do the exercises several times (refer paragraph 5(4) above).

We are convinced that, if you adhere to this programme, you should be able to master the subject. It is very important that the subject matter covered in the study units should be mastered and not just skimmed. If you happen to register late or fall behind with this programme, extra effort on your part will be necessary.

ANNEXURE C: ASSIGNMENT 01 for FIRST SEMESTER (**compulsory**)

ANNEXURE D: ASSIGNMENT 01 for SECOND SEMESTER (**compulsory**)

ANNEXURE E: ASSIGNMENT 02 for FIRST SEMESTER (**added to year mark**)

ANNEXURE F: ASSIGNMENT 02 for SECOND SEMESTER (**added to year mark**)

ANNEXURE G: Comprehensive exercise (questions with solutions).

IMPORTANT

1. PLEASE ENSURE THAT THE ASSIGNMENTS REACH THE UNIVERSITY BEFORE THE DUE DATES.
2. LATE SUBMISSION OF ASSIGNMENT 01 WILL RESULT IN YOU NOT BEING ADMITTED TO THE EXAMINATION.

In spite of the care taken to ensure that the study guide, tutorial letters, assignments, and other study material, errors, omissions, and discrepancies may still occur. Should you come across such matters, or matters which are not clearly expressed, kindly let us know to enable us to make the necessary corrections.

We hope that you will enjoy this module and we wish you success with your studies.

With best wishes.

	<u>Tel nr</u>
Prof D Scott	012 429-4450
Ms A du Plessis	012 429-4621
Mr D von Well	012 429-3933
Mr P Mariasane	012 429-4426
Ms KA Nkome	012 429-3830
Ms JHJ Coetzee (Secretary)	012 429-4401

LECTURERS: ACCOUNTING 1: MODULE FAC1502

ANNEXURE A: ASSUMED KNOWLEDGE

It is assumed that students have knowledge to do some elementary calculations. Some of these are discussed in the following paragraphs, in order to help those students who wish to acquaint themselves with the relevant subjects.

1 Basic calculations

To calculate a percentage of an amount or number

e.g. 13% of R3 900.

The 13% actually means 13 out of 100, or $13 \div 100$; and the word "of" means "multiply by". Therefore: 13% of R3 900 can be read:

$13 \div 100 \times R3\ 900 = R507,00$ or, when using a pocket calculator: $3900 \times .13 = 507.00$. (By using the factor of ".13", you have already divided the 13 by 100. All percentages can be used in this manner.)

To relate the price of a number of items to a single item

e.g. R39,52 paid for 13 items, one item will cost $R39,52 \div 13 = R3,04$. This amount can then be used to calculate the price of another number of articles of the same calibre, e.g. 27 items will cost $27 \times R3,04 = R82,08$.

2 Interest

Interest is in effect the payment for the use of somebody else's money and is therefore the "price" of money or a finance cost.

Interest can be receivable (e.g. interest on investments) or it can be payable (e.g. interest on loans, bonds or debentures). To calculate interest, one needs:

The amount involved,

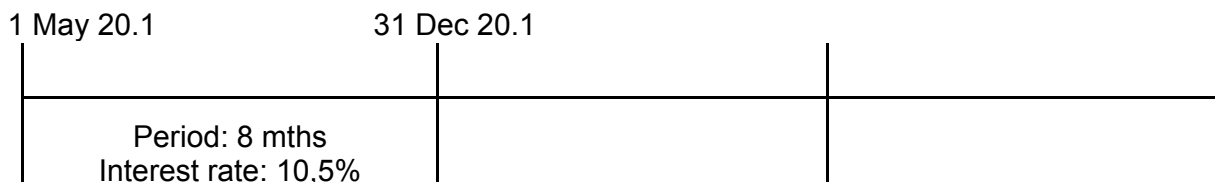
The interest rate at which it is invested/borrowed, and

The period for which it is invested/borrowed.

Whenever a period is involved, students can consider using a "time-line" which may help in the calculation. A time-line can be prepared as follows:

(a) Information:

Amount invested (or borrowed)	R12 000
Interest rate	10,5%
Period: 1 May 20.1 to 31 December 20.1 = 8 months	



Total period = 8 months (or $2/3$ of a year = 0,6667 yr).

(b) Information:

Amount invested (or borrowed) R12 000
 Interest rate 10,5%
 Period: 1 May 20.0 to 31 December 20.1 =
 1 yr, 8 mths (or 20 mths)

1 May 20.0	31 Dec 20.0 1 Jan 20.1	31 Dec 20.1
Period: 8 mths Interest rate: 10,5%	Period: 12 mths (= 1 yr) Interest rate: 10,5%	

Total period = 20 months (or 1 and 2/3 of a year = 1,6667 yr).

Examples:

1. Period shorter than one year:

Amount invested (or borrowed) R12 000
 Interest rate 10,5%
 Period: 1 May 20.1 to 31 Dec 20.1 = 8 months

Calculation of interest:

$$R12\ 000 \times 10,5 \div 100 \times 8 \div 12 = \underline{\underline{R\ 840,00}}$$

$$\text{OR: } R12\ 000 \times 0,105 \times 8 \div 12 = \underline{\underline{R\ 840,00}}$$

$$\text{OR: } R12\ 000 \times 0,105 \times 2 \div 3 = \underline{\underline{R\ 840,00}}$$

$$\text{OR: } R12\ 000 \times 0,105 \times 0,6667 = \underline{\underline{R\ 840,00}}$$

2. Period longer than one year:

Amount invested (or borrowed) R12 000
 Interest rate 10,5%
 Period: 1 May 20.0 to 31 Dec 20.1
 = 1 yr, 8 mths (or 20 mths)

Calculation of interest:

$$R12\ 000 \times 10,5 \div 100 \times 20 \div 12 = \underline{\underline{R2\ 100,00}}$$

$$\text{OR: } R12\ 000 \times 0,105 \times 20 \div 12 = \underline{\underline{R2\ 100,00}}$$

$$\text{OR: } R12\ 000 \times 0,105 \times 5 \div 3 = \underline{\underline{R2\ 100,00}}$$

$$\text{OR: } R12\ 000 \times 0,105 \times 1,6667 = \underline{\underline{R2\ 100,00}}$$

3 Profits and settlement discounts

In the case of the calculation of profits and settlement discounts, a period is not involved; therefore no time-line is necessary. In this case the amount and the percentage are the key factors.

Examples:

3.1 Profits:

3.1.1 Profit on cost price:

Cost price	R23 000
Profit on cost price	25%
<u>To calculate:</u> Selling price	

Calculation of selling price:

$R23\ 000 + (R23\ 000 \times 25 \div 100)$	
= R23 000 + R5 750	<u>R28 750</u>
<u>OR:</u> $R23\ 000 + (R23\ 000 \times 0,25)$	
= R23 000 + R5 750	<u>R28 750</u>
<u>OR:</u> $R23\ 000 \times 1,25$	<u>R28 750</u>

The rationale behind the last calculation is that, if the cost price is R1,00 the profit will be R0,25, and the selling price will be R1,25.

Therefore: If the cost price is R23 000, the selling price will be R23 000 x 1,25.

3.1.2 Profit on selling price:

Selling price	R23 000
Profit on <u>selling price</u>	25%
<u>To calculate:</u> Cost price.	

Calculation of cost price:

$R23\ 000 - (R23\ 000 \times 25 \div 100)$	
= R23 000 - R5 750	<u>R17 250</u>
<u>OR:</u> $R23\ 000 - (R23\ 000 \times 0,25)$	
= R23 000 - R5 750	<u>R17 250</u>
<u>OR:</u> $R23\ 000 \times 0,75$	<u>R17 250</u>

In this case the calculation of the last amount is not as simple as in the previous case. One must reason a little: The selling price of R23 000 includes a profit of 25%, therefore, if the selling price is R1,00, and the profit is R0,25, the cost price (which is less than the selling price) will be R0,75. Thus, to calculate the cost price:

If the selling price is R23 000, the cost price will be R23 000 x 0,75.

3.1.3 Selling price is given but the percentage profit is on cost price:

Selling price	R23 000
Profit on cost price	25%
<u>To calculate:</u> Cost price.	

Calculation of cost price:

$$\begin{aligned}
 &R23\ 000 - (R23\ 000 \times 25 \div 125) \\
 &= R23\ 000 - R4\ 600 \qquad \qquad \qquad \underline{R18\ 400} \\
 \text{OR: } &R23\ 000 - (R23\ 000 \times 0,20) \\
 &= R23\ 000 - R4\ 600 \qquad \qquad \qquad \underline{R18\ 400} \\
 \text{OR: } &R23\ 000 \div 1,25 \text{ (note: divided by)} \qquad \qquad \underline{R18\ 400}
 \end{aligned}$$

The calculation of the last amount is reasoned as follows: The selling price of R23 000 includes a profit of 25% on cost price, therefore, if the selling price is R1,25, and the profit is R0,25, the cost price (which is less than the selling price) will be R1,00. Thus, to calculate the cost price:

If the selling price is R23 000, the cost price will be $R23\ 000 \div 1,25$.

To sum up:

Cost price		1,00	
Profit	x	1,25	0,25
Selling price			<u>1,25</u>

$\left[\begin{array}{ccc} 1,00 & & \\ & \div & \\ & & 1,25 \end{array} \right] 1,25$

Given the cost price and you have to calculate the selling price (which is more than cost price) multiply cost price with 1,25 (if the percentage is 25%).

Given the selling price and you must calculate the cost price, (which is less than selling price) divide the selling price with 1,25 (if the percentage is 25%).

3.2 Discounts (settlement discount granted and settlement discount received)

3.2.1 Cash or trading discount on sales:

Selling price	R23 000
Discount on selling price	5%
<u>To calculate:</u> Net selling price.	

Calculation of net selling price:

$$\begin{aligned}
 &R23\ 000 - (R23\ 000 \times 5 \div 100) \\
 &= R23\ 000 - R1\ 150 \qquad \qquad \qquad \underline{R21\ 850} \\
 \text{OR: } &R23\ 000 - (R23\ 000 \times 0,05) \\
 &= R23\ 000 - R1\ 150 \qquad \qquad \qquad \underline{R21\ 850} \\
 \text{OR: } &R23\ 000 \times 0,95 \qquad \qquad \qquad \underline{R21\ 850}
 \end{aligned}$$

The last calculation is reasoned as follows: The selling price of R23 000 must be reduced by 5%, therefore, if the selling price is R1,00, the discount will be R0,05, and the net selling price (which is less than the original selling price) will be R0,95. Therefore:

If the selling price is R23 000, the net selling price will be R23 000 x 0,95.

3.2.2 Settlement discount on payment of accounts:

Amount outstanding on account	R23 000
Settlement discount on payment made on or before a specified date	5%
<u>To calculate:</u> Net amount to be paid.	

Calculation of net amount to be paid:

	R23 000 - (R23 000 x 5 ÷ 100)	
	= R23 000 - R1 150	<u>R21 850</u>
<u>OR:</u>	R23 000 - (R23 000 x 0,05)	
	= R23 000 - R1 150	<u>R21 850</u>
<u>OR:</u>	R23 000 x 0,95	<u>R21 850</u>

The last calculation is reasoned as follows: The amount of R23 000 must be reduced by 5%, therefore, if the full account is R1,00, the settlement discount will be R0,05, and the net amount to be paid (which will be less than the original amount to be paid) will be R0,95. Therefore:

If the amount of the account is R23 000, the net amount to be paid will be R23 000 x 0,95.

4 Ratios

4.1 Percentage as a ratio:

A percentage can also be regarded as a ratio; a ratio to 100. This means that a ratio of 15% actually means 15 out of 100 or 15 :100. If a student obtained 43 marks out of 60, his ratio will be 43 to 60 (indicated as 43:60), or

$$43 \div 60 \times 100 = 71,7\% \text{ (or 71,7 out of 100 or 71,7:100).}$$

By dividing the values both sides of the colon by 100, you get a ratio of 0,717:1 (refer to par 4.2 below).

Similarly, if the sales of an entity are R245 000, and the gross profit on these sales is R147 000, the percentage gross profit is:

$R147\ 000 \div R245\ 000 \times 100 = 60\%$. Without doing a complicated calculation, one can immediately say that the cost price is 40% (= 100% - 60%). This 40% can also be calculated as follows:

$$R245\ 000 - R147\ 000 [= R98\ 000] \div R245\ 000 \times 100 = 40\%.$$

4.2 Straight forward ratios:

This type of ratio is often found in the apportionment of profits between partners. The numbers in the ratio are added and this is divided into the amount to be apportioned. Each partner will then receive his part (portion) by multiplying his ratio with the portion thus calculated, e.g.:

If the partners receive an equal part of the profits, the total amount of the profit is merely divided by the number of partners, e.g. a profit of R180 000 must be allocated equally to 3 partners. Each partner will receive the same amount as the other partners, i.e. $R180\ 000 \div 3 = R60\ 000$ (the ratio is 1:1:1 in this case).

The profits of a partnership is apportioned to partners A, B and C in the ratio 3:2:1. A profit of R120 000 must be apportioned. This will mean that the profit of R120 000 must be divided by 6 [= 3 + 2 + 1] portions, which equals R20 000. Partner A will receive 3 portions (= $R20\ 000 \times 3 = R60\ 000$), partner B will receive 2 portions (= $R20\ 000 \times 2 = R40\ 000$), and partner C will receive 1 portion (= $R20\ 000 \times 1 = R20\ 000$). The total amount allocated to the three partners should, of course, be the total profit (i.e. $R60\ 000 + R40\ 000 + R20\ 000 = R120\ 000$).

It quite often happens that profits should be apportioned in relation to the capital invested by each partner. If, for example, partners X, Y, and Z invested R200 000, R100 000 and R400 000 in the partnership, the ratio will now be

$R200\ 000 + R100\ 000 + R400\ 000 = R700\ 000$
 = 2:1:4 = 7 (parts = the amounts of the capitals as well as the total capital, divided by 100 000).

A profit of R280 000 will be apportioned as follows:

Partner X: ($R280\ 000 \div 7 \times 2$)	= R 80 000
Partner Y: ($R280\ 000 \div 7 \times 1$)	= R 40 000
Partner Z: ($R280\ 000 \div 7 \times 4$)	= <u>R160 000</u>
	= <u>R280 000</u>

ANNEXURE B: PROPOSED STUDY PROGRAMME FOR 2011**PLEASE NOTE:**

The "DUE DATE" is the date on which the Assignment ***must reach*** the University campus in Pretoria. Therefore, please provide sufficient time for any delays due to distance from Pretoria, or otherwise.

FIRST SEMESTER:

DATE	STUDY MATERIAL AND ASSIGNMENTS
± 14/01 to 18/02	Study: Study units 01 to 10
18/02 to 20/02	Do Assignment 01 (compulsory)
21/02	Mail Assignment 01
28/02	Due date: Assignment 01
21/02 to 11/03	Study: Study units 11 to 18
11/03 to 13/03	Do Assignment 02 (optional)
21/03	Mail Assignment 02
28/03	Due date: Assignment 02
15/03 to 17/03	Do Comprehensive Exercise
May:	EXAMINATION (STUDY UNITS 1 TO 18) (confirm date at 012 429-4122)

SECOND SEMESTER:

DATE	STUDY MATERIAL AND ASSIGNMENTS
± 01/07 to 01/08	Study: Study units 01 to 10
01/08 to 05/08	Do Assignment 01 (compulsory)
08/08	Mail Assignment 01
15/08	Due date: Assignment 01
08/08 to 26/08	Study: Study units 11 to 18
26/08 to 28/08	Do Assignment 02 (optional)
29/08	Mail Assignment 02
05/09	Due date: Assignment 02
27/08 to 31/08	Do Comprehensive Exercise
October:	EXAMINATION (STUDY UNITS 1 TO 18) (confirm date at 012 429-4122)

ANNEXURE C: ASSIGNMENT 01 FIRST SEMESTER

**THIS ASSIGNMENT IS COMPULSORY
AND IS NECESSARY FOR
EXAMINATION ADMISSION**

STUDENTS REGISTERED

- **FOR THE FIRST SEMESTER**
Due date: 28 February 2011
Unique Number: 845168

ANNEXURE C: ASSIGNMENT 01 FOR FIRST SEMESTER**DUE DATE: First semester 28 February 2011****UNIQUE NUMBER: 845168****DO NOT SUBMIT ASSIGNMENTS BY MEANS OF FAX OR E-MAIL**

NB: 1. This assignment must be answered on a mark reading sheet or can be submitted via myUnisa. This assignment is marked electronically, therefore the **strict adherence** to the due date.

2. Before answering this assignment please read paragraphs 6 to 8 of this tutorial letter.

3. This assignment covers study units 1 - 10, and comprises 20 multiple choice questions.

4. **NO EXTENSION WILL BE GRANTED FOR THE LATE SUBMISSION OF THIS ASSIGNMENT AND NO CORRESPONDENCE OR TELEPHONE CONVERSATIONS WILL BE CONDUCTED IN THIS REGARD.**

5. **IMPORTANT ASPECTS REGARDING MULTIPLE-CHOICE ASSIGNMENTS**

- ♦ A mark-reading sheet is required for answering assignment 01. Before completing the mark-reading sheet please see the instructions contained in this year's issue of "UNISA: SERVICES AND PROCEDURES". Read these instructions CAREFULLY and follow them EXACTLY to avoid mistakes.
- ♦ Work carefully through the relevant tutorial matter before you tackle the assignment.
- ♦ Calculate your answer on a separate piece of paper before you complete the mark-reading sheet.

REMEMBER

There is only **one** correct answer to each question.

All questions are equal in value.

Only mark-reading sheets provided, may be used.

Colour in the correct block with a HB pencil.

Fill in your student number correctly.

Fill in the assignment number correctly.

Fill in the **unique** assignment number for the specific semester correctly. Every assignment which is marked by the computer is given a unique number. The number contains information on the course code and assignment number. When the computer reads the mark-reading sheet with, say, the unique number 595664, it "knows" that it is Assignment 01 for that specific module.

Send **only** your mark-reading sheet to the Assignment Section in the appropriate envelope.

Make sure that you have enough mark-reading sheets.

DO NOT:

make more than one mark per question,
tear or fold the mark-reading sheet,
staple the mark-reading sheet to another piece of paper,
colour outside the block,
colour in the block with a pen,
make corrections with correction fluid,
submit answers on a written sheet of paper, or
try to repair a torn mark-reading sheet with sticky tape – use another one.

ASSIGNMENT 01 (100 marks)**(MULTIPLE CHOICE QUESTIONS)**

Do this assignment on a mark reading sheet and mail it or submit it via myUnisa.
(Do all questions first in rough to find the correct answer)

Question1

Which one of the following statements is incorrect?

1. Borrowing money from the bank is an external event.
2. Accounting information is primarily used by external parties.
3. Economic activities translated into financial terms are called "data".
4. Accounting is a means by which information, regarding business activities, is transmitted to the management and others.
5. None of the above

Question 2

Which one of the following statements is incorrect?

1. According to the matching principle income, and costs incurred in generating that income, must be brought into account during the same financial period.
2. According to the prudence concept, income cannot be brought into account until it has been realised.
3. The policy of consistency requires that a specific basis, method, procedure or approach, once chosen, should be maintained.
4. The going-concern principle requires that transactions and occurrences with no essential bearing upon the nature and scope of the entity's activities should not be brought into account.
5. None of the above

Question 3

Which one of the following statements is correct?

1. The statement of financial position reflects the financial position of an enterprise at a specific date.
2. The statement of comprehensive income reflects the financial position of an enterprise at a specific date.
3. According to the financial performance postulate, the financial position of an entity must be reflected at a particular point in time.
4. According to the matching principle, revenue and expenses are recorded in the books in the financial year in which the contract was entered into.
5. None of the above

ASSIGNMENT 1 (continued)**Question 4**

The accountant of Golly Ltd ascertained that the returns inward journal had been overcast by R100.

Which one of the following ledger accounts will be affected by this error?

1. Debtors control account in the general ledger.
2. Purchases account in the general ledger.
3. Purchases returns account in the general ledger.
4. Creditors control account in the general ledger.
5. None of the above

Question 5

B. Smith, the owner of Our Own Shop, took goods with a selling price of R200 for his own use. Selling prices are determined by a mark-up of 33% on cost price. The periodic inventory system is in use.

Which one of the following alternatives represents the general ledger accounts as well as the effect of the transaction on the accounting equation?

General ledger accounts			Accounting equation			
	Debit	Credit	A	=	L	+ Profit
1.	Drawings	Purchases				+150 -150
2.	B. Smith	Inventory	+150			
3.	Drawings	Inventory	-150			-150
4.	Debtors' control	Sales	+200			+200

5. None of the above

ASSIGNMENT 1 (continued)**Question 6**

During January 19.4 the following transactions were incurred by Help Repair Services:
19.4

January 2	Paid R1 000 instalment due on loan from X Xavier
15	Services rendered to client on credit - R500
30	Paid creditor Pompdienste R1 500 cash

Which one of the following alternatives correctly reflects the net influence of the above transactions on the extended accounting equation of Help Repair Services?

	Assets		=	Owners' equity		+	Liabilities	
	Debtors	Cash		Capital	Net income		Loans	Creditors
1	-	- 2 000		-	+ 500		- 1 000	- 1 500
2	+ 500	- 2 500		-	- 500		-	- 1 500
3	+ 500	- 2 500		-	+ 500		- 1 000	- 1 500
4	-	- 3 000		- 1 000	-		- 1 000	- 1 000

5. None of the above

Question 7

The following information appeared in the accounting records of Sala Limited during June 19.2:

Transactions:

19.2

June 2	Merchandise sold on credit to R Raw for R200 was debited to the account of R Rawly.
10	D Crooky, a debtor for R100, was declared insolvent. Received a final dividend of R25. The account must be closed off.
15	Received a letter from Korana Wholesalers, notifying Sala Limited that their overdue account of R500 had been debited with R15 interest.
28	A cheque for R200 received from B Bara in settlement of his account of R220 was returned by the bank today due to a lack of funds.

Which one of the following amounts will be debited via the general journal to the debtors control account as sundry accounts?

1. R215
2. R235
3. R220
4. R200.
5. None of the above

ASSIGNMENT 1 (continued)**Question 8**

Flotana (Pty) Ltd makes use of control accounts. Which one of the following alternatives will cause the trial balance not to balance?

1. The discount column in the cash payments journal was debited to the "discount allowed account" in the general ledger.
2. A credit purchase invoice was correctly entered as R325 in the purchases journal, but the amount was incorrectly posted as R235 to the personal account of the creditor.
3. The bank overdraft appears as a credit balance in the trial balance.
4. A credit sales invoice of R1 090 was incorrectly entered as R190 in the sales journal and posted as such to the personal account of the debtor.
5. None of the above

Question 9

Wholesalers Limited sold R1 000 worth of goods on credit to Jacaranda Retailers on 17 January 19.5, subject to a trade discount of 20% and a cash discount of 5% if settled within 30 days.

Which one of the following alternatives represents the correct amount of the cheque, received by Wholesalers Limited from the customer on 16 March 19.5?

1. R 760
2. R 750
3. R 800
4. R1 000
5. None of the above

Question 10

Which one of the following alternatives mainly indicates the purpose of analysis columns in subsidiary journals?

1. To distinguish more clearly between nominal and real accounts.
2. To limit the use of source documents.
3. To limit the number of postings to the general ledger as far as possible.
4. To facilitate the drawing up of a pre-adjustment trial balance.
5. None of the above

ASSIGNMENT 1 (continued)**Question 11**

The following account appeared in the ledger of Real Limited at 28 February 2010, the end of their financial year.

Rent received					
2009 March 1	Accrued income	R 300	2010 Feb. 28	Bank (total receipts for the year)	R 3 300
			Feb. 28	Accrued income	600

Which one of the following amounts represents the rent received to be shown as income for the current financial year according to the accrual principle?

1. R3 300
2. R3 000
3. R3 900
4. R3 600.
5. None of the above

Question 12

The following information for the year ended 28 February 2011 relates to a lease between tenant P Poorguy and lessor M Money:

Monthly rent	R 500
Rent paid during the year	6 500

Which one of the following alternatives reflects the amounts in respect of each of the three elements indicated in the books of P Poorguy for the year ended 28 February 2011?

	<u>Equity</u> (Income/Cost)	<u>Asset</u>	<u>Liability</u>
	R	R	R
1.	6 000	-	500
2.	6 500	-	-
3.	6 500	500	-
4.	6 000	500	-
5.	None of the above		

ASSIGNMENT 1 (continued)**Question 13**

During January 2011 Gouws Dealers purchased goods to the value of R6 000, one third of which was sold for R3 500 during January. Rental and electricity for the month amounted to R500 and R80 respectively.

Which one of the following alternatives represents the total costs to be taken into account against income according to the matching principles for January 2011?

1. R6 580
2. R2 000
3. R2 580
4. R3 500
5. None of the above

Question 14

The following information in respect of the year ended 31 December 2010 relates to Traders Limited:

	R
Inventory - 1 January 2010	10 000
Inventory - 31 December 2010	15 000
Purchases	20 000
Cash sales	20 000
Credit sales	30 000
Debtors - 31 December 2010	10 000

In terms of the realisation principle, which one of the following answers represents the gross profit for the year ended 31 December 2010?

1. R35 000
2. R 5 000
3. R25 000
4. R30 000
5. None of the above

Question 15

The following information came to light when the cash receipts journal and cash payments journal of Lamarlo (Pty) Ltd was compared with the bank statement at 28 February 2011:

- | | | |
|------|-------------------------------------|---------------------|
| (i) | <u>Balances at 31 January 2011</u> | |
| | Bank account | R750 (favourable) |
| | Bank statement | R10 (overdrawn) |
|
 | | |
| (ii) | <u>Balances at 28 February 2011</u> | |
| | Bank account (pencil) | R1 050 (favourable) |
| | Bank statement | ? |

ASSIGNMENT 1 (continued)(iii) Further information:

- (a) The bank erroneously debited the firm's bank account with a cheque of Marlo Limited, R150.
- (b) Bank charges per the bank statement, R20.
- (c) Cheques not yet presented to the bank for payment, R250.
- (d) A deposit of R200 which was entered in the cash book on 28 February 2011 had not yet appeared on the bank statement.
- (e) A cheque amounting to R120 in respect of wages was entered in the cash book as R102.

Which one of the following balances would you expect to find on the bank statement at 28 February 2011?

- 1. R612 (favourable)
- 2. R912 (favourable)
- 3. R1 112 (favourable)
- 4. R812 (favourable)
- 5. None of the above

Question 16

On comparing Westphall Traders' cash receipts and cash payments journals with the bank statement at 30 April 2010, you ascertained the following:

- | | | |
|-----|---|-----|
| 1. | Items that appeared in the cash journals of April 2010 but could not be ticked off on the bank statement: | R |
| 1.1 | A deposit on 30 April 2010 | 215 |
| 1.2 | Cheque no. 1009 issued on 20 April 2010 | 100 |
| 2. | Items that appeared on the bank statement but could not be ticked off on the cash journals of April 2010: | |
| 2.1 | A deposit that appeared on the cash journals of March | 295 |
| 2.2 | A deposit paid directly into the firm's bank account by a tenant | 250 |
| 2.3 | A deposit that should have appeared on the account of West Hall Traders | 150 |
| 2.4 | A cheque no. 895763 drawn by Western Traders | 85 |
| 2.5 | Interest R10 and bank charges R20 | 30 |
| 2.6 | A cheque no. 1000 issued on 30 March 2010 | 210 |
| 3. | Additional information: | |
| | The bank balances were as follows: | |
| | Overdraft at 1 April 2010 (ink) | 110 |
| | Favourable at 30 April 2010 (pencil) | 200 |

ASSIGNMENT 1 (continued)

Which one of the following amounts represents the balance as per bank statement at 30 April 2010?

1. R370 favourable
2. R60 favourable
3. R160 favourable
4. R285 favourable
5. None of the above

Question 17

You are the accountant of Vetjan and Marjan (Pty) Ltd. The following information for March 2010 was obtained from the records before any adjustments were made:

	R
Total sales for the month	40 000
Cash receipts from debtors	24 000
Settlement Discount allowed in respect of receipts from debtors during the month	750

Additional information:

- (i) The sales journal has been overcast by R1 000.
- (ii) The cash sales for the month amounted to R9 000.
- (iii) The debtors control account reflected a debit balance of R30 500 on 1 March 2010.
- (iv) The card of a creditor with a debit balance was transferred to the debtor's ledger. This person will in future be a debtor, R1 000.

Which one of the following alternatives represents the correct balance on the debtors control account at 31 March 2010?

1. R35 750
2. R36 750
3. R38 250
4. R38 750.
5. None of the above

ASSIGNMENT 1 (continued)**Question 18**

According to the accounting records of Benar Traders the following transactions, inter alia, took place during July 2010:

- July 19.0 1 Purchased merchandise on credit for R500 from Devilo Wholesalers, subject to a trade discount of 20%.
 5 The account of S Crooky, a debtor for R150, was written off as bad debts.
 8 A cheque of R200, received from S Demark was returned by the bank marked "R/D". Demark previously settled his account of R210 with this cheque.
 15 Merchandise to the value of R240 was sold on credit to D Man, but was erroneously debited to the account of D Manner.
 16 A bill for R300 payable to C Credito (due date 18 July 2010) was cancelled and replaced by a cheque for R150 and a new bill for R150 and a new bill for R150, payable on 18 September 2010
 25 Credit losses of R100, previously written off, were recovered in cash.
 30 Interest of R15 was charged on the overdue account of D Debito (debtor) by means of a letter of advice.

Note: Control accounts and subsidiary journals are in use.

Which one of the following alternatives represents the correct totals of the various columns of the general journal, assuming that the above were the only transactions?

	Other general ledger accounts		Debtors control		Creditors control	
	Dr R	Cr R	Dr R	Cr R	Dr R	Cr R
1	450	25	265	390	-	300
2	950	625	465	390	300	700
3	450	525	465	390	300	300
4	450	165	255	390	150	300

5. None of the above

ASSIGNMENT 1 (continued)**Question 19**

Walter Polano experienced difficulty in reconciling his debtors control account balance with the total of the list of debtor's balances at 30 June.

The provisional balance on the debtors control account at 30 June amounted to R16 694. You are asked to assist Mr Polano in reconciling the latter amount with the total of the list of debtor's balances.

Upon checking the postings and summations concerning debtor's accounts, you ascertain the following:

- (a) A credit note for R60 to R Sales, is correctly recorded in the appropriate journal, but has never been posted to his account.
- (b) Interest to the amount of R45 charged on overdue debtor's accounts was listed as a credit of R54 in the debtor's column of the general journal.

Which one of the following amounts represents the correct net total (debit balances less credit balances) of the list of debtors balances at 30 June?

1. R16 793
2. R16 853
3. R16 685
4. R16 703
5. None of the above

Question 20

The following information for February 2011 was taken from the books of Pedi Traders:

(1)	<u>Information at 1 February 2011</u>	R
	Balance of the debtors control account (Dr)	20 100
(2)	<u>Information at 28 February 2011</u>	R
(a)	Pencil totals of some subsidiary journals before any corrections:	
	Sales journal	21 200
	Purchases journal	15 320
	Cash receipts journal: Receipts from debtors	19 500
	Cash payments journal: Cheques dishonoured by the bank and written back to their accounts	690
	Cheques issued to certain debtors in payment of their credit balances	310
	Purchases returns journal	1 320

ASSIGNMENT 1 (continued)

(b) General

- (i) It was discovered that rent received was analysed under the "Debtors" column, R400. No correction has yet been made.
- (ii) An item in the sales journal was correctly entered but not posted to the relevant debtor's ledger account, R300.
- (iii) The list of debtors with credit balances at 28 February 2011 amounted to R360.

Which one of the following amounts represents the balance of the debtors control account on 28 February 2011 after all the adjustments have been made?

- 1. R23 200
- 2. R23 560
- 3. R22 800
- 4. R23 860
- 5. None of the above

END OF ASSIGNMENT 1 FOR FIRST SEMESTER

ANNEXURE D: ASSIGNMENT 01 SECOND SEMESTER

**THIS ASSIGNMENT IS COMPULSORY
AND IS NECESSARY FOR
EXAMINATION ADMISSION**

STUDENTS REGISTERED

- **FOR THE SECOND SEMESTER**
Due date: 15 August 2011
Unique Number: 773022

ANNEXURE D: ASSIGNMENT 01 FOR SECOND SEMESTER**DUE DATE: Second semester - 15 August 2011****UNIQUE NUMBER: 773022****DO NOT SUBMIT ASSIGNMENTS BY MEANS OF FAX OR E-MAIL**

NB: 1. This assignment must be answered on a **mark reading sheet** or can be submitted via myUnisa. This assignment is marked electronically, therefore the **strict adherence** to the **MARK READING SHEET AND THE DUE DATE**.

2. Before answering this assignment please read paragraphs 6 to 8 of this letter.
3. This assignment covers study units 1 - 10, and comprises 20 multiple choice questions.
4. **NO EXTENSION WILL BE GRANTED FOR THE LATE SUBMISSION OF THIS ASSIGNMENT AND NO CORRESPONDENCE OR TELEPHONE CONVERSATIONS WILL BE CONDUCTED IN THIS REGARD.**

5. IMPORTANT ASPECTS REGARDING MULTIPLE-CHOICE ASSIGNMENTS

- ♦ A mark-reading sheet is required for answering assignment 01. Before completing the mark-reading sheet please see the instructions contained in this year's issue of "UNISA: SERVICES AND PROCEDURES". Read these instructions **CAREFULLY** and follow them **EXACTLY** to avoid mistakes.
- ♦ Work carefully through the relevant tutorial matter before you tackle the assignment.
- ♦ Calculate your answer(s) on a separate piece of paper before you complete the mark-reading sheet.

REMEMBER

There is only **one** correct answer to each question.
All questions are equal in value.
Only mark-reading sheets provided, may be used.
Colour in the correct block with a HB pencil.
Fill in your student number correctly.
Fill in the assignment number correctly.
Fill in the **unique** assignment number for the specific semester correctly. Every assignment which is marked by the computer is given a unique number. The number contains information on the course code and assignment number. When the computer reads the mark-reading sheet with, say, the unique number 595688, it "knows" that it is Assignment 01 for that specific module.
Send **only** your mark-reading sheet to the Assignment Section in the appropriate envelope.
Make sure that you have enough mark-reading sheets.

ASSIGNMENT 01 (SECOND SEMESTER) (continued)**DO NOT:**

make more than one mark per question,
tear or fold the mark-reading sheet,
staple the mark-reading sheet to another piece of paper,
colour outside the block,
colour in the block with a pen,
make corrections with correction fluid,
submit answers on a written sheet of paper, or
try to repair a torn mark-reading sheet with sticky tape - use another one.

SECOND SEMESTER ONLY**ASSIGNMENT 01 (100 marks)****(MULTIPLE CHOICE QUESTIONS)**

Do this assignment on a mark reading sheet and mail it or submit it via myUnisa.
(Do all questions first in rough before starting to code the mark reading sheet).

Question 1

The following statements relate to the nature and function of accounting:

- (i) Financial information is required only by undertakings aiming to maximize profits.
- (ii) An accounting entity is an independently existing economic unit, the financial transactions of which must be dealt with separately from those of any other unit.
- (iii) Management accounting deals with the reporting of the financial achievements of an entity as a whole.
- (iv) The financial position of an undertaking is best reflected by the bank statement.
- (v) With the arrival of the computer no amendment of the theory of accountancy was necessary.
- (vi) All liabilities redeemable within one year must be treated as current liabilities.

Which one of the following groups correctly reflects all the statements that are true?

- 1. (i) (iii) (v)
- 2. (ii) (iv) (vi)
- 3. (i) (v) (vi)
- 4. (ii) (v) (vi)
- 5. None of the above

Question 2

How many of the following statements are correct?

- (i) Communication of financial information is known as reporting.
 - (ii) The more financial statements represent the subjective opinion of management, the more useful the information to the user.
 - (iii) The application of the concept of consistency is essential if users are to rely on financial statements.
 - (iv) Prudence is a quantitative restriction on accounting information.
- 1. One
 - 2. Two
 - 3. Three
 - 4. Four
 - 5. None of the above

ASSIGNMENT 1 (continued)**Question 3**

Which one of the following statements is incorrect?

1. The policy of materiality requires that only transactions and occurrences which have an essential bearing upon the nature and scope of the entity's activity should be brought into account.
2. According to the cost principle, assets should be initially brought into account in the accounting process at the cost which the entity incurred in acquiring those assets.
3. The realisation principle determines that costs and losses are brought into account as soon as they are realised.
4. The policy of consistency requires that a specific basis, method, procedure or approach once chosen should be maintained.
5. None of the above

Question 4

Boo-Bip Co Ltd uses control accounts in their accounting system. Which one of the following errors/omissions will affect the debtor's control account?

1. The purchases returns journal was undercast by R60.
2. An invoice for goods sold for cash to B Bean for R300 was not at all entered in the books.
3. Goods to the value of R45, returned by E Emery, were never entered in the books, although the necessary debit note was made out.
4. An invoice for R300 was not posted from the sales journal to the account of P Perry.
5. None of the above

ASSIGNMENT 1 (continued)**Question 5**

Xanta Limited sold a machine, originally costing R500, to Alpha Limited for R750 on credit.

Which one of the following alternatives correctly reflects the influence of the above transaction on the accounting equation of Xanta Limited?

	Assets	=	Liabilities	+	Owners' equity
1.	-R750		+ R750		
2.	-R750 +R750				
3.	+R750		+ R500		+ R250
4.	+R750 -R500				+ R250
5.	None of the above				

Question 6

The following transactions were incurred by a firm of consulting engineers operating on a favourable bank balance:

- (i) Cheque received in payment of services rendered on credit - R3 000
- (ii) Cheque issued for payment of office rent - R2 500
- (iii) Cheque issued to a creditor in payment of an outstanding account - R1 200
- (iv) Cheque for R4 000 issued for payment of assets purchased for cash.

Which one of the following alternatives represents the effect of the above transactions on the owners' equity of the firm?

- 1. +R 500
- 2. -R2 500
- 3. -R4 700
- 4. +R3 000
- 5. None of the above

ASSIGNMENT 1 (continued)**Question 7**

In the process of assisting the bookkeeper of Rapid Services to rectify the trial balance at 28 February 2011, the following errors, which resulted in the difference of the totals of the trial balance, were traced. Control accounts are in use.

- a) The total of the February 2011 cash payments journal amounting to R29 800 has not been transferred to the bank account in the general ledger. The business operated on a bank overdraft.
- b) A payment of R300 to a creditor was entered in the cash payments journal and posted to the creditor's personal account, but it has not been analysed in the creditor's column of the cash payments journal.
- c) Rent amounting to R600, paid for February 19.5, was correctly entered in the cash payments journal, but posted to the credit side of the rent account in the general ledger.

Which one of the following amounts represents the difference in the totals of the trial balance, before the above mistakes were rectified?

1. R28 000
2. R29 500
3. R28 300
4. R29 800
5. None of the above

Question 8

The following post-closing trial balance at 31 January 2011 was prepared by an inexperienced bookkeeper of Help-my-sukkel Traders:

Trial balance at 31 January 2011

	R	R
Delivery vehicle at cost	80 000	
Accumulated depreciation: Delivery vehicle	20 000	
Debtors	28 000	
Creditors		40 000
Fixed deposit at UK Bank		10 000
Accrued income		5 000
Prepaid expenses	3 000	
Inventory - merchandise		83 000
Capital - 1 February 2010		150 000
Net income for the year	50 000	
	181 000	181 000

The trial balance balances, but with the wrong totals.

On checking the items, you found that some of the amounts, although correct, were listed on the wrong side of the trial balance. In addition the bookkeeper also omitted the bank balance.

ASSIGNMENT 1 (continued)

Which one of the following answers represents the bank balance?

1. R67 000 favourable
2. R81 000 favourable
3. R51 000 favourable
4. R61 000 favourable
5. None of the above

Question 9

Which one of the following alternatives represents the side and general ledger account to which the total of the discount column in the cash payments journal should be posted monthly?

The "payments to creditors" column includes the amount of the actual payment as well as the discount.

1. Debit side of the settlement discount received account.
2. Debit side of the creditors control account.
3. Credit side of the settlement discount allowed account.
4. Credit side of the settlement discount received account.
5. None of the above

Question 10

The following account appears in the general ledger of Stardust Limited.

Irrecoverable credit losses			
	30/1/2011	Sales	300

Which one of the following books of first entry (subsidiary book) was used to make the adjustment entry on 30 January 2011?

1. Sales journal
2. General journal
3. Cash receipts journal
4. Bills receivable journal
5. None of the above

ASSIGNMENT 1 (continued)**Question 11**

On 1 June 2010 Dan Traders, invested R100 000 at the O K Bank at an interest rate of 13% per annum. No interim interest payments were made by the O K Bank regarding this investment up to 31 December 2010, the end of Dan Trader's financial year.

Which one of the following journal entries correctly reflects the adjustment that must be made at 31 December 2010 in the books of Dan Traders in respect of the above?

	R	R
1. Accrued income	7 583	
Interest received		7 583
<u>Narration</u>		
2. Interest received	7 583	
Accrued income		7 583
<u>Narration</u>		
3. Interest received	5 417	
Accrued income		5 417
<u>Narration</u>		
4. Accrued income	5 417	
Interest received		5 417
<u>Narration</u>		
5. None of the above		

Question 12

Happy Limited took out three insurance policies during 2010, namely one each on 1 April, 1 July and 31 December. The annual premiums (payable in advance) were R2 000, R3 000 and R1 000 respectively.

Which one of the following alternatives will appear on the income statement of the company in respect of "insurance" for the year ended 31 December 2010?

1. Insurance - R3 000
2. Prepaid expenses (insurance) - R3 000
3. Insurance - R6 000
4. Insurance - R5 000.
5. None of the above

ASSIGNMENT 1 (continued)**Question 13**

On 1 December 2010 ABC Limited received an amount of R2 400 representing a fee received for services to be rendered on a monthly basis during the six months 1 January 2011 to 30 June 2011.

On 1 January 2011 ABC Ltd had to make an advance payment of R600 in respect of rent for the period 1 January 2011 to 31 March 2011. The latter payment was necessary to enable ABC Limited to render the above-mentioned services.

Which one of the following amounts represents the net profit/loss of ABC Limited, resulting from the above, for the period ended 28 February 2011, the end of their financial year? (The matching as well as the accrual principles are to form the basis for your calculations.)

1. R 400 profit
2. R 800 profit
3. R1 800 profit
4. R 600 loss
5. None of the above

Question 14

During 2009 White Dairy sold milk coupons to the value of R150 000 to clients. During 2009, however, only R135 000 worth of coupons were exchanged for milk. During 2010 coupons to the value of R140 000 were sold whilst coupons worth R143 000 were exchanged for milk.

According to the accrual principle, which one of the following answers represents the income for 2010?

1. R135 000
2. R143 000
3. R147 000
4. R140 000
5. None of the above

Question 15

You are the auditor of Vosrau (Pty) Ltd. On comparing the cash book (cash receipts and cash payments journals) with the bank statement at 31 March 2010, you ascertained the following:

- | | | |
|-----|---|-----|
| 1. | Items in the cash receipts and cash payments journals of | |
| | March 2010 that could not be ticked off on the bank statements: | R |
| 1.1 | A deposit on 31 March 2010 | 325 |
| 1.2 | Cheque number 2001 issued on 28 March 2010 | 450 |

ASSIGNMENT 1 (continued)

2.	Items on the bank statement that could not be ticked off in the cash book (cash receipts and cash payments journals) of March 2010:	
2.1	Cheque number 1801 issued on 27 February 2010	350
2.2	A deposit paid directly into the company's bank account by a debtor C. Os	475
2.3	A deposit that should have appeared on the account of Rauvos (Pty) Ltd	150
2.4	Interest on bank overdraft, R25 and bank charges R15	40
3.	Additional information:	
	Bank overdraft as per bank statement at 31 March 2010	225

Which one of the following amounts represents the correct balance on the bank account in the general ledger at 31 March 2010?

1. R100 favourable
2. R250 favourable
3. R500 unfavourable
4. R850 unfavourable
5. None of the above

Question 16

The following transactions by Heymans Limited occurred during October 2010:

1. Interest received on investment at Bay Bank - R180.
2. Cash sales for the month - R1 600.
3. E Wallis, a creditor, was paid R120 on his account.
4. Sold merchandise on credit to M May for R500.
5. Rent paid - R100.
6. Merchandise purchased on credit from E Wallis for R200.
7. A cheque of R100 was sent to E Wallis in part-payment of his debt.
8. M May returned merchandise, unfit for use, with a selling price of R50.

Which one of the following amounts represents the correct balance on the bank account in the general ledger of Heymans Limited at 31 October 2010, after the totals of the cash journals have been transferred? The favourable bank balance at 1 October 2010 amounted to R200.

1. R1 460 Cr
2. R1 710 Cr
3. R1 660 Dr
4. R2 160 Dr
5. None of the above

ASSIGNMENT 1 (continued)**Question 17**

The following information was extracted from the accounting records of Cord Limited on 28 February 2011:

<u>Balance at 31 January 2011:</u>	R
Debtors control account	13 500
Creditors control account	10 500
Inventory account	12 500

<u>Balances at 28 February 2011:</u>	
Debtors control account	10 000
Creditors control account	12 150
Inventory account	15 000

Extract from the cash payments journal at 28 February 2011:

Payments to creditors	35 850
-----------------------	--------

Additional information:

- (a) Gross profit mark-up is 20% on cost.
- (b) Inventory is kept on the perpetual system.
- (c) All purchases and sales take place on credit.

Which one of the following alternatives represents the correct combination of (i) credit sales and (ii) receipts from debtors during February 2011?

	<u>Credit sales</u>	<u>Receipts from debtors</u>
	R	R
1.	35 000	38 500
2.	42 000	16 340
3.	65 000	68 500
4.	42 000	45 500
5.	None of the above	

ASSIGNMENT 1 (continued)**Question 18**

The following account appeared in the debtor's ledger of Kobie Importers:

Boutique Magda

2011			R	2011			R
Jan 1	Balance	b/d	4 000	Jan 5	Bank	CRJ	4 000
8	Sales	SJ	3 300	5	Bank	CRJ	3 000
10	Sales returns	SRJ	300	30	Balance	c/d	3 150
30	Settlement discount granted	CRJ	150				
31	Sales	SJ	2 400				
			10 150				10 150
31	Balance	b/d	3 150				

The balance at 1 January 2011 were correct but various errors were made in writing up the above account:

The merchandise returned on 10 January was part of the sales on 8 January. According to the cash receipts journal a cheque for R2 850 was received on 30 January in settlement of the account of R3 000.

Which one of the following amounts reflects the correct debit balance of the account?

1. R3 000
2. R2 400
3. R2 100
4. R2 250
5. None of the above

Question 19

The following information was taken from the accounting records of Vals Ltd at 30 April 2010 before any adjustments, or closing entries had been made:

Trade debtors	R 30 640
Allowance for credit losses (balance at 1 May 2009)	1 500
Credit losses written off during the year	600

Additional information:

A further amount of R140 must be written off as credit losses. Allowance for credit losses is to be adjusted to 5% of the debtors.

ASSIGNMENT 1 (continued)

Which one of the following alternatives represents the net amount in respect of debtors to be disclosed on the statement of financial position of Vals Ltd at 30 April 2010?

1. R30 500
2. R29 000
3. R28 975
4. R28 405
5. None of the above

Question 20

You are the accountant of Vetjan and Marjan (Pty) Ltd. The following information for March 2010 was obtained from the records before any adjustments were made:

	R
Total sales for the month	40 000
Cash receipts from debtors	24 000
Settlement discount granted in respect of receipts from debtors during the month	750

Additional information:

- (i) The sales journal has been overcast by R1 000.
- (ii) The cash sales for the month amounted to R9 000.
- (iii) The debtors control account reflected a debit balance of R30 500 on 1 March 2010.
- (iv) The card of a creditor with a debit balance was transferred to the debtor's ledger. This person will in future be a debtor, R1 000.

Which one of the following alternatives represents the correct balance on the debtors control account at 31 March 2010?

1. R35 750
2. R36 750
3. R38 250
4. R38 750.
5. None of the above

END OF ASSIGNMENT 1 FOR THE SECOND SEMESTER

ANNEXURE E
ASSIGNMENT 02
FIRST SEMESTER ONLY

THIS ASSIGNMENT IS COMPULSORY

**MARKS OBTAINED FOR THIS ASSIGNMENT
ARE NOT TAKEN INTO ACCOUNT FOR
ADMISSION TO THE EXAMINATION. MARKS
(5%) ARE TAKEN INTO ACCOUNT FOR YEAR
MARK.**

STUDENTS REGISTERED:

- **FOR THE FIRST SEMESTER**
Due date: 28 March 2011
Unique number: 780850

ANNEXURE E: ASSIGNMENT 02 FOR THE FIRST SEMESTER (100 marks)**DUE DATE:** 28 March 2011**UNIQUE NUMBER: 780850****DO NOT SUBMIT ASSIGNMENTS BY MEANS OF FAX OR E-MAIL****NB:** 1. This assignment must be answered on a **mark reading sheet** or can be submitted via **myUnisa**.

2. Before answering this assignment please read paragraphs 6 to 8 of this tutorial letter.

3. This assignment covers study units 11 - 18, and comprises 20 multiple choice questions.

4. **NO EXTENSION WILL BE GRANTED FOR THE LATE SUBMISSION OF THIS ASSIGNMENT AND NO CORRESPONDENCE OR TELEPHONE CONVERSATIONS WILL BE CONDUCTED IN THIS REGARD.**5. **IMPORTANT ASPECTS REGARDING MULTIPLE-CHOICE ASSIGNMENTS**

- ◆ A mark-reading sheet is required for answering assignment 02. Before completing the mark-reading sheet please see the instructions contained in this year's issue of "UNISA: SERVICES AND PROCEDURES". Read these instructions CAREFULLY and follow them EXACTLY to avoid mistakes.
- ◆ Work carefully through the relevant tutorial matter before you tackle the assignment.
- ◆ Calculate your answer on a separate piece of paper before you complete the mark-reading sheet.

REMEMBER

There is only **one** correct answer to each question.

All questions are equal in value.

Only mark-reading sheets provided, may be used.

Colour in the correct block with a HB pencil

Fill in your student number correctly.

Fill in the assignment number correctly.

Fill in the **unique** assignment number for the specific semester correctly. Every assignment which is marked by the computer is given a unique number. The number contains information on the course code and assignment number. When the computer reads the mark-reading sheet with, say, the unique number 595664, it "knows" that it is Assignment 01 for that specific module.

Send **only** your mark-reading sheet to the Assignment Section in the appropriate envelope.

Make sure that you have enough mark-reading sheets.

ASSIGNMENT 02 (continued)**DO NOT:**

make more than one pencil mark per question,
tear or fold the mark-reading sheet,
staple the mark-reading sheet to another piece of paper,
colour outside the block,
colour in the block with a pen,
make corrections with correction fluid,
submit answers on a written sheet of paper, or
try to repair a torn mark-reading sheet with sticky tape - use another one.

ANNEXURE E: ASSIGNMENT 02 FOR FIRST SEMESTER (100 marks)**DUE DATE:** 28 March 2011**UNIQUE NUMBER: 780850****(MULTIPLE CHOICE QUESTIONS)****Do this assignment on a mark reading sheet and mail it or submit it via myUnisa.**

(Do all questions first in rough to find the correct answer)

Question 1

During March 2011 BB Dealers purchased goods to the value of R7 200, one third of which was sold for R5 400 during March. Rental and electricity for the month amounted to R600 and R210 respectively.

Which one of the following alternatives represents the total costs to be taken into account against income according to the matching principles for March 2011?

1. R8 010
2. R4 410
3. R3 210
4. R2 610
5. None of the above

Question 2

Karoo Traders intend commencing business on 2 January 2011. On this date the owner, Mr Sheep, will deposit R2 000 in the business' bank account.

Mr sheep estimated the following for the quarter ending 31 March 2011:

- (a) Purchases, subject to 120 days credit, are expected to be R300 per month.
- (b) Sales for January are expected to be R1 000. An increase of 10% per month on the previous month's sales is envisaged. Half the sales are expected to be for cash and the rest on 30 days credit.
- (c) Sundry administrative expenses payable in cash, are estimated at R2 000 per annum evenly spread.

Which one of the following amounts correctly represent the expected bank balance at 31 March 2011?

1. R3 155
2. R3 305
3. R4 205
4. R2 705.
5. None of the above

ASSIGNMENT 02 (continued)**Question 3**

On reconciling the cash journals with the bank statement the accountant of Karoo Traders ascertained that the bank has debited the firm's account with R85 in respect of the premium on the "building insurance policy" with the Noble Insurance Company.

Which one of the following alternatives represents the contra ledger account to be debited with the amount?

1. Land and buildings
2. Insurance
3. Noble Insurance Company
4. Bank.
5. None of the above

Question 4

The following information was extracted from the accounting records of Cord Limited on 28 February 2011:

<u>Balance at 31 January 2011:</u>	R
Debtors control account	13 500
Creditors control account	10 500
Inventory account	12 500

<u>Balances at 28 February 2011:</u>	
Debtors control account	10 000
Creditors control account	12 150
Inventory account	15 000

Extract from the cash payments journal at 28 February 2011:

Payments to creditors	35 850
-----------------------	--------

Additional information:

- (a) Gross profit mark-up is 20% on cost.
- (b) Inventory is kept on the perpetual system.
- (c) All purchases and sales take place on credit.

ASSIGNMENT 02 (continued)

Which one of the following alternatives represents the correct combination of (i) credit sales and (ii) receipts from debtors during February 2011?

	Credit sales	Receipts from debtors
	R	R
1.	35 000	38 500
2.	42 000	16 340
3.	65 000	68 500
4.	42 000	45 500
5.	None of the above	

Question 5

The following information for February 2011 was taken from the books of Kaap Traders:

(1)	<u>Information at 1 February 2011</u>	R
	Balance of the debtors control account (Dr)	20 640
(2)	<u>Information at 28 February 2011</u>	
	(a) Pencil totals of some subsidiary journals - before any corrections	
	Sales journal	21 360
	Purchases journal	15 320
	Cash receipts journal: Receipts from debtors	19 450
	Cash payments journal:	
	Cheques dishonoured by debtors and written back to their accounts	680
	Cheques issued to certain debtors in payment of their credit balances	320
	Purchases returns journal	1 320
	(b) General	
	(i) It was discovered that rent received was analysed under the "receipts from debtors" column, R300. No correction has yet been made.	
	(ii) An item in the sales journal was correctly entered but not posted to the relevant ledger account, R200. A cheque for the amount was already received from the debtor and recorded in the cash receipts journal. No other entries appeared in the account.	
	(iii) No errors occurred in the accounting system up to 31 January 2011.	
	(c) The lists of debtors with credit balances at 29 February 2011 amounted to R350.	

Which one of the following amounts represents the total of the list of debtors with debit balances at the same date before any adjustments were made?

1. R24 000
2. R24 200
3. R10 200
4. R24 400.
5. None of the above

ASSIGNMENT 02 (continued)**Question 6**

The following information was obtained from the books of Miracle Traders in respect of the financial year ended 28 February 2011:

- (a) The debtors control account balance on 28 February 2011 exceeded the debtors control account balance on 29 February 2010 by R1 450.
- (b) Total sales amounted to R48 000.
- (c) The ratio between credit sales and cash sales was 2:1.
- (d) Discount allowed to debtors who paid their accounts before due date amounted to R400.
- (e) Goods amounting to R300 were returned by debtors.
- (f) Interest charged on debtors accounts amounted to R250.

Which one of the following amounts represents the cash received from debtors during the year?

- 1. R33 000
- 2. R30 100
- 3. R29 600
- 4. R30 900
- 5. None of the above

Question 7

The following information relates to Soso Ltd:

	R
Cash sales for the year ended 31 January 2011	300 000
Cost of sales	400 000
Debtors 1 February 2010	60 000
Debtors 31 January 2011	100 000
Gross profit percentage on turnover	20%

Which one of the following amounts represents the total amount received from debtors during the year ended 31 January 2011?

- 1. R140 000
- 2. R160 000
- 3. R180 000
- 4. R200 000
- 5. None of the above

ASSIGNMENT 02 (continued)**Question 8**

You are the auditor of Vosrau (Pty) Ltd. On comparing the cash book (cash receipts and cash payments journals) with the bank statement at 31 March 2011, you ascertained the following:

1.	Items in the cash receipts and cash payments journals of March 2011, that could not be ticked off on the bank statements:	R
1.1	A deposit on 31 March 2011	325
1.2	Cheque number 2001 issued on 28 March 2011	450
2.	Items on the bank statement that could not be ticked off in the cash book (cash receipts and cash payments journals) of March 2011:	
2.1	Cheque number 1801 issued on 27 February 2011	350
2.2	A deposit paid directly into the company's bank account by a debtor C. Os	475
2.3	A deposit that should have appeared on the account of Rauvos (Pty) Ltd	150
2.4	Interest on bank overdraft, R25 and bank charges R15	40
3.	Additional information:	
	Bank overdraft as per bank statement at 31 March 2011	225

Which one of the following amounts represents the correct balance on the bank account in the general ledger at 31 March 2011?

1. R100 favourable
2. R250 favourable
3. R500 unfavourable
4. R850 unfavourable
5. None of the above

ASSIGNMENT 02 (continued)**Question 9**

The following information was taken from the accounting records of Value Traders at 28 February 2011 before any adjustments, or closing entries had been made:

	R
Trade debtors	30 640
Allowance for credit losses (balance at 1 March 2010)	1 500
Credit losses written off during the year	600

Additional information:

The allowance for credit losses is to be adjusted to 5% of the net debtors. A further amount of R140 must still be written off as credit losses

Which one of the following alternatives represents the net amount in respect of debtors to be disclosed on the statement of financial position of Value Traders at 28 February 2011?

1. R30 500
2. R29 000
3. R28 975
4. R28 405
5. None of the above

Question 10

The following information was taken from the accounting records of Open Accounts Traders at 28 February 2011 before any adjustments or closing entries had been made:

	R
Trade debtors	40 150
Allowance for credit losses (balance at 1 March 2010)	1 800
Credit losses written off during the year	550

Additional information:

The allowance for credit losses is to be adjusted to 5% of the net debtors. In addition to the above R150 must still be written off as credit losses.

Which one of the following alternatives represents the amounts in respect of credit losses written off and allowance for credit losses to be disclosed in the statement of comprehensive income of Open Accounts Traders for the year ended 28 February 2011?

	<u>Credit losses written off</u>	<u>Allowance for credit losses</u>
1.	R550	R2 000
2.	R900	R 200
3.	R150	R1 800
4.	R550	R 200
5.	None of the above	

ASSIGNMENT 02 (continued)**Question 11**

On comparing Westphall Traders' cash receipts and cash payments journals with the bank statement at 30 April 2011, you ascertained the following:

1.	Items that appeared in the cash journals of April 2011 but could not be ticked off on the bank statement:	R
1.1	A deposit on 30 April 2011	215
1.2	Cheque no. 1009 issued on 20 April 2011	100
2.	Items that appeared on the bank statement but could not be ticked off on the cash journals of April 2011:	
2.1	A deposit that appeared on the cash journals of March	295
2.2	A deposit paid directly into the firm's bank account by a tenant	250
2.3	A deposit that should have appeared on the account of West Hall Traders	150
2.4	A cheque no. 895763 drawn by Western Traders	85
2.5	Interest R10 and bank charges R20	30
2.6	A cheque no. 1000 issued on 30 March 2011	210
3.	Additional information:	
	The bank balances were as follows:	
	Overdraft at 1 April 2011 (ink)	110
	Favourable at 30 April 2011 (pencil)	200

Which one of the following amounts represents the balance as per bank statement at 30 April 2011?

1. R370 favourable
2. R60 favourable
3. R160 favourable
4. R285 favourable
5. None of the above

ASSIGNMENT 02 (continued)**Question 12**

SA Traders, who uses the perpetual inventory system, purchased merchandise on 1 February 2011 from Africa Limited for R500. The purchase was subject to a cash discount of 5% if settled within 20 days and a trade discount of 25%.

Which one of the following amounts must be debited to the inventory account on the date of purchase?

1. R500
2. R475
3. R375
4. R356,25
5. None of the above

Question 13

The following journal entries were made in the general journal of Emcee, a sole trader, at 28 February 19.3, the end of his financial year:

	R	R
(i) Rent received	1 300	
Income received in advance		1 300
<u>Narration</u>		
(ii) Sales	10 000	
Trading account		10 000
<u>Narration</u>		
(iii) B Brown	400	
Interest received		400
<u>Narration</u>		
(iv) Profit and loss account	35 000	
Interest paid		35 000
<u>Narration</u>		
(v) Profit and loss account	4 500	
Railage on sales		4 500
<u>Narration</u>		
(vi) Accrued income	600	
Commission		600
<u>Narration</u>		

Which one of the following alternatives represents the combination of journal entries that can be classified as closing entries?

1. (i), (ii), (iv)
2. (ii), (iv), (v)
3. (ii), (iii), (vi)
4. All of the above
5. None of the above

ASSIGNMENT 02 (continued)**Question 14**

Komry Limited acquired a vehicle at a fleet discount of 10% on the purchase price of R130 000. An air conditioner of R3 000 and a radio of R1 500 was installed in the vehicle at a cost of R1 000.

Which one of the following amounts represents the cost price of the vehicle?

1. R134 500
2. R121 500
3. R121 950
4. R122 500
5. None of the above

Question 15

The following information was obtained from the motor vehicle register of Furniture Transporters at 28 February 2011, the end of the financial year. Depreciation is provided for on the straight line basis.

Vehicles	Purchasing date	Cost price	Scrap value	Lifespan (years)
		R	R	
No. 1	1 March 2009	120 000	15 000	5
No. 2	1 September 2010	128 000	14 000	4
No. 3	1 September 2010	132 000	15 000	4

Vehicle No. 1 was sold for R70 000 on 28 February 2011, the closing date of the financial year.

Which one of the following amounts represents the carrying amount of the vehicles as it will appear on the statement of financial position of Furniture Transporters at 28 February 2011?

1. R230 800
2. R201 600
3. R260 000
4. R231 125
5. None of the above

ASSIGNMENT 02 (continued)**Question 16**

The following transactions were incurred by Potter Traders during January 2011. (The favourable bank balance at 1 January 2011 amounted to R300):

1. Cash sales for the month - R1 500.
2. Merchandise sold on credit to L Teo - R600.
3. Interest received from B G Building Bank - R200.
4. Paid R900 to creditor B Bam.
5. L Teo returned unfit merchandise with a selling price of R60.
6. Salaries paid - R1 000.
7. Merchandise purchased on credit from B Baxter - R1 000.
8. Potter drew a cheque of R350 for own use.

Which one of the following amounts represents the correct balance of the bank account in the general ledger of Potter Traders at 31 January 2011?

1. R310 Cr
2. R250 Cr
3. R100 Dr
4. R550 Cr
5. None of the above

Question 17

On 28 February 2011 Andy Ltd owed an amount of R3 000 to Flo Manufacturers. During March 2011 the following transactions occurred between Andy Ltd & Flo Manufacturers.

March 2011

- 9 Purchased goods on credit from Flo Manufacturers - R15 000.
- 15 Paid Flo Manufacturers R2 960 in full settlement of the amount brought forward from February.
- 16 Returned part of the goods received on 9 March and issued a debit note of R1 000 in respect thereof.
- 25 Paid Flo Manufacturers a further R6 000 by cheque.
- 29 On enquiry, Flo Manufacturers notified Andy Ltd that they had not yet received the cheque issued on 15 March 2011. The cheque was cancelled and a new cheque issued for R3 000.
- 31 Received a debit note for R20 from Flo Manufacturers in respect of interest charged. At this stage no credit note has as yet been received from Flo Manufacturers in respect of the goods returned to them on 16 March.

Which one of the following amounts represents the correct balance at 31 March 2011 on the account of Flo Manufacturers in the creditors ledger of Andy Ltd?

1. R5 000
2. R9 020
3. R7 980
4. R8 020
5. None of the above

ASSIGNMENT 02 (continued)**Question 18**

The provisional credit balance of the creditors control account in the general ledger of Central (Pty) Ltd at 31 December 2010 amounted to R6 100.

The total of the list of individual creditor's balances differs from the balance of the control account.

The following came to light during your investigation:

- (i) A creditor's purchase invoice for R150 was entered in the purchases journal as R105.
- (ii) The purchases journal (purchases column) was undercast by R100.
- (iii) An invoice for R50 was posted from the purchases journal to the account of a creditor as R80.
- (iv) A purchase invoice for R70 was not posted from the purchases journal to the account of a creditor.
- (v) An invoice for R40, dated 15 December 2011, received from a supplier, was not entered in the books of the company. The goods had been received and were included in closing inventory.

Which one of the following amounts will appear in respect of 'creditors' on the statement of financial position of Central (Pty) Ltd at 31 December 2010?

- 1. R6 245
- 2. R6 325
- 3. R6 285
- 4. R6 185
- 5. None of the above

Question 19

The creditors control account of Botha Brothers for the month till 31 January 2011 has been prepared. The total of the list of creditor's balances, however, differs from the balance of the control account. A closer investigation revealed the following:

	R
(a) The balance of the creditors control account is now	7 169
(b) A purchases invoice has accidentally not been recorded in the purchases journal at all	189
(c) A purchases invoice for R105 has been entered as R115 and was posted as such	10
(d) A cheque for R210 in favour of a creditor is recorded as R120 in the bank column as of the cash book <u>only</u> - otherwise it was correctly entered and posted	90
(e) A debtors ledger card with a credit balance was transferred from the debtors ledger to the creditors ledger. No accounting adjustment was made in respect thereof	350

ASSIGNMENT 02 (continued)

- (f) A cheque for R300 in favour of a creditor was correctly recorded in the cash book but posted to the personal account of the creditor as R30 270

Which one of the following alternatives is the correct balance of the creditors control account on 31 January 2011 after all the necessary adjustments have been made.

1. R6 998
2. R7 718
3. R7 698
4. R7 428
5. None of the above

Question 20

Given the following information for Solo Enterprises:

	<u>28 February 2010</u>	<u>28 February 2011</u>
	R	R
Creditors	3 000	2 000
Inventory	2 000	1 500
Equipment at cost price	4 000	4 000
Accumulated depreciation	1 000	1 100
Cash	500	400
Capital	?	?

No withdrawals or additional capital contributions were made by the owners during the year ended 28 February 2011.

Which one of the following amounts represents the net income/loss of Solo Enterprises for the year ended 28 February 2011?

1. R500 net loss
2. R300 net income
3. R500 net income
4. R300 net loss
5. None of the above

END OF ASSIGNMENT 02 FOR FIRST SEMESTER

ANNEXURE F

ASSIGNMENT 02

SECOND SEMESTER ONLY

THIS ASSIGNMENT IS COMPULSORY

MARKS OBTAINED FOR THIS ASSIGNMENT ARE NOT TAKEN INTO ACCOUNT FOR ADMISSION TO THE EXAMINATION. MARKS (5%) ARE TAKEN INTO ACCOUNT FOR YEAR MARK OF 10%.

STUDENTS REGISTERED:

- **FOR THE SECOND SEMESTER**
Due date: 5 SEPTEMBER 2011
Unique number: 828322

ANNEXURE F: ASSIGNMENT 02 FOR SECOND SEMESTER (100 marks)**DUE DATE:** 5 September 2011**UNIQUE NUMBER: 828322****(MULTIPLE CHOICE QUESTIONS)****DO NOT SUBMIT ASSIGNMENTS BY MEANS OF FAX OR E-MAIL**

- NB:** 1. This assignment must be answered on a **mark reading sheet** or can be submitted via **myUnisa**. (The use of a **mark reading sheet** is of utmost importance as this assignment is marked electronically).
2. Before answering this assignment please read paragraphs 6 to 8 of this tutorial letter.
3. This assignment covers study units 11 - 18, and comprises 20 multiple choice questions.
4. **NO EXTENSION WILL BE GRANTED FOR THE LATE SUBMISSION OF THIS ASSIGNMENT AND NO CORRESPONDENCE OR TELEPHONE CONVERSATIONS WILL BE CONDUCTED IN THIS REGARD.**
5. **IMPORTANT ASPECTS REGARDING MULTIPLE-CHOICE ASSIGNMENTS**
- ◆ A mark-reading sheet is required for answering assignment 02. Before completing the mark-reading sheet please see the instructions contained in this year's issue of "UNISA: SERVICES AND PROCEDURES". Read these instructions **CAREFULLY** and follow them **EXACTLY** to avoid mistakes.
 - ◆ Work carefully through the relevant tutorial matter before you tackle the assignment.
 - ◆ Calculate your answer on a separate piece of paper before you complete the mark-reading sheet.

REMEMBER

There is only **one** correct answer to each question.

All questions are equal in value.

Only mark-reading sheets provided, may be used.

Colour in the correct block with a HB pencil

Fill in your student number correctly.

Fill in the assignment number correctly.

Fill in the **unique** assignment number for the specific semester correctly. Every assignment which is marked by the computer is given a unique number. The number contains information on the course code and assignment number. When the computer reads the mark-reading sheet with, say, the unique number 595664, it "knows" that it is Assignment 01 for that specific module.

Send **only** your mark-reading sheet to the Assignment Section in the appropriate envelope.

Make sure that you have enough mark-reading sheets.

ANNEXURE F (continued)**DO NOT:**

make more than one pencil mark per question,
tear or fold the mark-reading sheet,
staple the mark-reading sheet to another piece of paper,
colour outside the block,
colour in the block with a pen,
make corrections with correction fluid,
submit answers on a written sheet of paper, or
try to repair a torn mark-reading sheet with sticky tape - use another one.

ANNEXURE F: ASSIGNMENT 02 FOR THE SECOND SEMESTER (100 marks)**DUE DATE:** 5 September 2011**UNIQUE NUMBER: 828322****(MULTIPLE CHOICE QUESTIONS)****Question 1**

The following information in respect of the year ended 28 February 2011 relates to Robin Limited:

	R
Inventory - 1 March 2010	15 000
Inventory - 28 February 2011	22 500
Purchases	30 000
Cash sales	30 000
Credit sales	45 000
Debtors - 28 February 2011	15 000

In terms of the realisation principle which one of the following answers represents the gross profit for the year ended 28 February 2011?

1. R30 000
2. R 7 500
3. R22 500
4. R52 500
5. None of the above

Question 2

The following transactions by Heymans Limited occurred during October 2010:

1. Interest received on investment at Bay Bank - R180.
2. Cash sales for the month - R1 600.
3. E Wallis, a creditor, was paid R120 on his account.
4. Sold merchandise on credit to M May for R500.
5. Rent paid - R100.
6. Merchandise purchased on credit from E Wallis for R200.
7. A cheque of R100 was sent to E Wallis in part-payment of his debt.
8. M May returned merchandise, unfit for use, with a selling price of R50.

Which one of the following amounts represents the correct balance on the bank account in the general ledger of Heymans Limited at 31 October 2010, after the totals of the cash journals have been transferred? The favourable bank balance at 1 October 2010 amounted to R200.

1. R1 460 Cr
2. R1 710 Cr
3. R1 660 Dr
4. R2 160 Dr
5. None of the above

ASSIGNMENT 02 (continued)**Question 3**

Mac Van (Pty) Ltd makes use of columnar subsidiary journals and the periodic inventory system. The following transactions took place during February 19.1:

1. Purchased merchandise from Bejem Traders for cash, R600.
2. Purchased petrol for the delivery vehicle on credit from Petrol Limited, R680.
3. Purchased merchandise on credit from Unirama Wholesalers for R700. The amount is subject to a trade discount of 20% and an additional cash discount of 10% if settled within 30 days.
4. Purchased merchandise from Sarama Traders for R600 payable in two monthly instalments of R300 each at 31 March 1981 and 30 April 1981.
5. A debit note R200 was issued to Unirama Wholesalers for merchandise returned.
6. Received a credit note of R160 from Unirama Wholesalers for merchandise returned.
7. Purchased merchandise for R1 000 from Tap Tap Industries for cash subject to a cash discount of 5%.

Which one of the following amounts will be debited to the purchases account via the purchases journal for February 19.1?

1. R1 000
2. R1 104
3. R2 110
4. R1 160
5. None of the above

ASSIGNMENT 02 (continued)**Question 4**

The total of the list of individual debtor's balances of Van Zyl Traders did not agree with the balance on the debtors control account.

In trying to reconcile the two balances the following errors were found:

1. The sales journal was undercast by R100.
2. An invoice of R110 was entered as R101 in the sales journal and posted as such.
3. An invoice of R205 was posted as R250 from the sales journal to the personal account of a debtors.
4. A debtor settled his account of R205 with a cheque of R200. In the analysis column "Receipts from debtors" R200 instead of R205 was entered. No posting error was made.

Additional information:

1. Before the above-mentioned errors were found the pencil balance on the debtors control account was R11 800.
2. The total of debtor's accounts with credit balances was R136. None of the above errors have any influence on the latter accounts.

Which one of the following amounts reflects the correct total of the list of debtors with debit balances?

1. R11 904
2. R11 995
3. R12 040
4. R12 085.
5. None of the above

Question 5

Walter Polano experience difficulty in reconciling his debtors control account balance with the total of the list of debtors balances at 30 June 2011.

The pencil balance on the debtors control account at 30 June 2011 amounted to R16 244. You were asked to assist Mr Polano in reconciling the latter amount with the total of the list of debtor's balances.

Upon checking the postings and summations concerning debtor's accounts, you ascertain the following:

- (a) A credit note for R60, issued to R Sales, is correctly recorded in the appropriate journal, but has never been posted to R Sales' account.
- (b) The sales journal total of R3 467 for June 2011 is incorrect due to a casting error. The total should be R3 917.

ASSIGNMENT 02 (continued)

- (c) Interest to the amount of R45 charged on overdue debtor's accounts was listed as a credit of R54 in the debtor's column of the general journal.

Which one of the following amounts represents the correct net total (debit balances less credit balances) of the list of debtors balances at 30 June 2011?

1. R16 733
2. R16 802
3. R16 685
4. R16 793.
5. None of the above

Question 6

The following information was extracted from the books of Transvaal Traders at 31 March 2011:

		R
1. Balance on the debtors control account at 28 February 2011		13 350
2. <u>Totals of subsidiary journals for March 2011:</u>		
Cash payments journal:	Payments to creditors	9 525
	Cash purchases	5 250
	Sundries: cheques dishonoured	270
Cash receipts journal:	Receipts from debtors	14 700
	Cash sales	9 375
Purchases journal		6 225
Sales journal		11 730
Purchases returns journal		225
Bills receivable journal		3 300
General journal:	<u>Debit</u>	<u>Credit</u>
	R	R
Other general ledger accounts	115	175
Debtors control	150	75
Creditors control	45	30

Note: All dishonoured debtor's cheques are debited against their personal accounts.

Which one of the following amounts represents the balance of the debtors control account at 31 March 2011?

1. R 7 155
2. R16 800
3. R 7 425
4. R10 455
5. None of the above

ASSIGNMENT 02 (continued)**Question 7**

The following account appeared in the debtors ledger of Kobie Importers:

Boutique Magda							
2011			R	2011			R
Jan 1	Balance	b/d	4 000	Jan 5	Bank	CRJ	4 000
8	Sales	SJ	3 300	5	Bank	CRJ	3 000
10	Sales returns	SRJ	300	30	Balance	c/d	3 150
30	Settlement discount granted	CRJ	150	31			
31	Sales	SJ	2 400				
			10 150				10 150
31	Balance	b/d	3 150				

The balance at 1 January 2011 was correct but various errors were made in writing up the above account:

The merchandise returned on 10 January was part of the sales on 8 January.
According to the cash receipts journal a cheque for R2 850 was received on 30 January in settlement of the account of R3 000.

Which one of the following amounts reflects the correct debit balance of the account?

1. R3 000
2. R2 400
3. R2 100
4. R2 250
5. None of the above

Question 8

The following information relates to the 19.4/19.5 financial year of Blue Bird Limited:

	R
Sales	300 000
Purchases	275 000
Inventory on hand at 29 February 19.4	25 000
Inventory on hand at 28 February 19.5	55 000
Returns purchases	50 000
Carriage on sales	40 000
Customs and import duties	5 000

ASSIGNMENT 02 (continued)

Which one of the following alternatives represents the gross profit percentage on sales for the year ended 28 February 19.5?

1. 33, 3%
2. 20%
3. 50%
4. 25%
5. None of the above

Question 9

The following information was extracted from the books of Gamka (Pty) Ltd at 28 February 2011, the end of the financial year.

1. Information from the pre-adjustment trial balance

	R
Debtors	12 800
Credit losses written off	500
Allowance for credit losses	700
2. Additional information
 - (i) A further amount of R300 must be written off debtors as irrecoverable.
 - (ii) The Allowance for credit losses must be adjusted to 5% of outstanding debtors.

Which one of the following alternatives represents the amounts that should appear on the statement of comprehensive income for the year ended 28 February 2011 and the post-closing trial balance at the same date in respect of (i) credit losses, (ii) Allowance for credit losses and (iii) debtors?

No.	Item description	Income statement		Post-closing trial balance	
		Debit	Credit	Debit	Credit
1	Credit losses Allowance for credit losses Debtors	R 800	R 60	R 12 800	R 640
2	Credit losses Allowance for credit losses Debtors	800 60		12 500	700
3	Credit losses Allowance for credit losses Debtors	800	75	12 500	625
4	Credit losses Allowance for credit losses Debtors	800	100	12 000	600

5. None of the above

ASSIGNMENT 02 (continued)**Question 10**

The following information for the year ended 31 January 2011 relates to Zana Traders:

	R
Inventory - 1 February 2010	20 000
Purchases	25 000
Railage on purchases	1 000
Sales	37 500
Railage on sale	1 000
Percentage gross profit mark-up on cost	25%

Which one of the following amounts represents the value of closing inventory at 31 January 2011?

1. R 8 500
2. R 7 500
3. R17 875
4. R16 000
5. None of the above

Question 11

The following information came to light when the cash receipts journal and cash payments journal of Lamarlo (Pty) Ltd was compared with the bank statement at 28 February 2011:

- (i) Balances at 31 January 2011

Bank account	R750 (favourable)
Bank statement	R10 (overdrawn)

- (ii) Balances at 28 February 2011

Bank account (pencil)	R1 050 (favourable)
Bank statement	?

- (iii) Further information:
 - (a) The bank erroneously debited the firm's bank account with a cheque of Marlo Limited, R150.
 - (b) Bank charges per the bank statement, R20.
 - (c) Cheques not yet presented to the bank for payment, R250.
 - (d) A deposit of R200 which was entered in the cash book on 28 February 2011 had not yet appeared on the bank statement.
 - (e) A cheque amounting to R120 in respect of wages was entered in the cash book as R102.

ASSIGNMENT 02 (continued)

Which one of the following balances would you expect to find on the bank statement at 28 February 2011?

1. R612 (favourable)
2. R912 (favourable)
3. R1 112 (favourable)
4. R812 (favourable)
5. None of the above

Question 12

The following information was obtained from the books of Big Joe Ltd for the year ended 30 April 2011:

	R
Value of inventory, 30 April 2010.....	97 500
Purchases	300 000
Railage on purchases	15 000
Railage on sales	5 000
Sales to wholesalers.....	450 000
Sales to retailers	187 500

Big Joe sells to wholesalers at cost plus 50% and to retailers at cost plus 100%.

Which one of the following amounts represents the value of the inventory at 30 April 2011?

1. R 3 750
2. R23 750
3. R18 750
4. R NIL
5. None of the above

ASSIGNMENT 02 (continued)**Question 13**

Afro Limited provides for depreciation on vehicles at the rate of 25% per annum on the diminished balance. The following information, regarding vehicle A, is available:

Date purchased	1 April 2009
Date sold	30 June 2011
Cost price	R30 000
Proceeds of sale	R12 500

The financial year ends on 28 February.

Which one of the following amounts (to the nearest R1), represents the profit /loss on vehicle A at the date of sale?

1. R4 844
2. R3 398
3. R 625
4. R2 500
5. None of the above

Question 14

Gabrielle (Pty) Ltd bought a vehicle for R8 000 on 1 July 2010. Depreciation is written off at 10% per annum. The financial year of the company ends at 31 December.

Which one of the following combinations correctly reflects the entries in the ledger accounts as indicated before closing entries were made at 31 December 2010?

	Motor vehicle at cost account		Accumulated depreciation account		Current depreciation account	
	Dr	Cr	Dr	Cr	Dr	Cr
	R	R	R	R	R	R
1.	8 000	400	-	-	400	-
2.	8 000	-	-	800	800	-
3.	8 000	-	-	400	400	-
4.	8 000	800	-	-	800	-
5.	None of the above					

ASSIGNMENT 02 (continued)**Question 15**

The following information was obtained from the records of Klimtol Traders at 30 April 2011:

	R
Balance per bank statement (favourable)	468

Additional information:

- | | | |
|-----|--|-----|
| 1. | Items appearing on the bank statement but not in the cash journals: | R |
| 1.1 | Bank charges | 32 |
| 1.2 | Interest on bank overdraft | 62 |
| 1.3 | A deposit paid directly into the firm's bank account by debtor R Rice without notifying the firm | 728 |
| 1.4 | Cheque no. X404 received from debtor B Bake returned by the bank marked "R/D" | 316 |
| 2. | Items appearing in the cash journals but not on the bank statement: | |
| 2.1 | Cheques not yet presented for payment: | |
| | No. 1101 - R158 | |
| | No. 1109 - R280 | |
| 2.2 | A deposit of R1 080 on 30 April 2011. | |
| 3. | Items appearing in the bank reconciliation statement for March 2011 but not on the bank statement: | |
| 3.1 | Cheque not yet presented for payment: | |
| | No. 1001 - R270. This cheque was issued to M Mealy on 25 October 2010. | |

Which one of the following alternatives reflects the correct balance on the firm's bank account as shown in the statement of financial position at 30 April 2011?

1. R 840 (favourable)
2. R 792 (favourable)
3. R 522 (favourable)
4. R1 110 (favourable)
5. None of the above

ASSIGNMENT 02 (continued)**Question 16**

The following information was taken from the motor vehicle register of Speedy Transporters at 28 February 2011, the end of the financial year:

Vehicles	Date		Cost
	Purchased	Sold	
No. 1	1 March 2009	-	R 160 000
No. 2	1 September 2009	-	140 000
No. 3	1 September 2010	1 December 2010	180 000

Depreciation is written off annually at 25% on the diminished balance of the vehicles.

Which one of the following amounts, in respect of current depreciation written off, will appear on the income statement for the year ended 28 February 2011?

1. R71 875
2. R78 750
3. R86 250
4. R68 750
5. None of the above

Question 17

The following information was obtained from the records of Lollipop Limited for the financial year ended 28 February 2011:

	R
Cash purchases	10 000
Total sales	50 000
Inventory - 1 March 2010	15 000
Inventory - 28 February 2011	10 000
Creditors outstanding at 1 March 2010	6 000
Creditors outstanding at 28 February 2011	10 000
Gross profit percentage on turnover, 40%	

Which one of the following amounts is the amount paid to creditors during the year ended 28 February 2011?

1. R21 000
2. R11 000
3. R16 000
4. R26 000
5. None of the above

ASSIGNMENT 02 (continued)**Question 18**

You are the auditor of Rauvos (Pty) Ltd. During your investigation of the accounts in the creditors ledger at 30 April 2011, you discovered that one of the creditors accounts, De Neers Wholesalers, differs from the monthly statement received from the creditor at 25 April 2011.

De Neers Wholesalers' account in the creditor's ledger is as follows:

De Neers Wholesalers						
2011			R	2011		R
Apr 6	Bank	CPJ	575	Mar 31	Balance	b/d 950
9	Bank	CPJ	340	Apr 5	Purchases	PJ 450
27	Bills payable	BPJ	250	6	Settlement discount received	CPJ 25
30	Bank	CPJ	450	9	Settlement discount received	CPJ 10
30	Balance	c/d	720	10	Purchases	PJ 300
				28	Purchases	PJ 600
			2 335			2 335
				2011		
				Apr 30	Balance	b/d 720

The monthly statement received from De Neers Wholesalers at 25 April 2011 is as follows:

Date	Details	Dr	Cr	Balance
2011		R	R	R
Mar 26	Balance brought down			1 350
Apr 1	Receipt		400	950
5	Invoice	450		1 400
6	Receipt		600	800
9	Receipt		350	450
10	Invoice	300		750

Which one of the following alternatives represents the correct balance on De Neers Wholesalers' account in the creditors ledger on 30 April 2011? All transactions on the ledger account and/or the statement took place between the two parties concerned.

1. R1 100
2. R 250
3. R 650
4. R 750
5. None of the above

ASSIGNMENT 02 (continued)**Question 19**

The credit balance of the creditors control account in the general ledger of Triangle Ltd 28 February 2011 amounted to R6 100.

The total of the list of individual creditors balances, differs from the balance of the control account.

The following differences came to light during an investigation into the matter:

- (i) A creditors' purchase invoice for R150 was entered in the purchases journal as R105.
- (ii) The purchases journal (creditor's column) was undercast by R100.
- (iii) An invoice for R50 was posted from the purchases journal to the account of a creditor as R80.
- (iv) A purchase invoice for R70 was not posted from the purchases journal to the account of the creditor.
- (v) An invoice for R40 dated 15 February 2011, received from a supplier, was not entered in the books of the company. The goods had been received and were included in the closing inventory.

Which one of the following amounts in respect of creditors, will appear on the statement of financial position of Triangle Limited at 28 February 2011?

- 1. R6 245
- 2. R6 325
- 3. R6 285
- 4. R6 185
- 5. None of the above

ASSIGNMENT 02 (continued)**Question 20**

The following information represents all the assets and liabilities of ABC Traders:

	2010 31 Dec	2009 31 Dec
	R	R
Fixed assets at cost	140 000	125 000
Accumulated depreciation	41 000	30 000
Debtors.....	29 000	23 000
Inventory	23 000	12 000
Long-term liabilities	48 000	50 000
Bank overdraft.....	6 000	8 000

The owner did not make any capital contributions or cash withdrawals during the year. Which one of the following amounts represents the net income for the year ended 31 December 2010?

1. R21 000
2. R15 000
3. R47 000
4. R25 000
5. None of the above

END OF ASSIGNMENT 2 FOR SECOND SEMESTER

ANNEXURE G

**FIRST SEMESTER
AND
SECOND SEMESTER**

COMPREHENSIVE EXERCISE

WITH

SUGGESTED SOLUTIONS

ANNEXURE G: COMPREHENSIVE EXERCISE WITH SUGGESTED SOLUTIONS

This comprehensive exercise covers study units 1 - 18.

This exercise is compiled as follows:

Question	Subject	Marks	Time (minutes)
1	Asset realisation	30	35
2	Bank reconciliation statement	18	20
3	Adjustment and closing journals and financial statements	96	115
4	Debtors and creditors control accounts	27	30
5	Non-profit organisation	32	40
6	Incomplete records	20	25
		223	265

QUESTION 1(30 marks)(35 minutes)

The following information was extracted from the books of SS Supermarket:

1.1 Balances at 1 March 20.1:	R
Vehicles at cost.....	28 000
Equipment at cost	2 800
Accumulated depreciation: Vehicles.....	14 268
Accumulated depreciation: Equipment	543

1.2 The following transactions took place during the year in respect of non-current assets:

1.2.1 On 31 August 20.1 SS Supermarket sold the delivery vehicle for R7 200 cash to Mrs Peterson. The proceeds from this sales transaction was used to finance the purchase of another vehicle from Cape Motors Ltd for R22 000 cash. The cost price of the vehicle sold was R12 000 and its accumulated depreciation amounted to R6 455 on 1 March 20.1.

1.2.2 On 28 February 20.2 SS Supermarket sold a used computer printer for R720 cash to Mr Moon. The cost price of the computer printer sold was R900 and its accumulated depreciation amounted to R164 on 1 March 20.1 .

1.3 Depreciation must still be provided for as follows:

Vehicles: 20% p.a.- Diminished balance method

Equipment: 10% p.a.- Diminished balance method

1.4 The financial year commences on 1 March 20.1.

REQUIRED:

Prepare the following ledger accounts, properly balanced/closed off, for the year ended 28 February 20.2:

1.1 Vehicles at cost	(4)
1.2 Equipment at cost	(3)
1.3 Accumulated depreciation: Vehicles	(8)
1.4 Accumulated depreciation: Equipment	(5)
1.5 Realisation	(4)
1.6 Depreciation	(6)

QUESTION 2 (18 marks)(20 minutes)

1. The following information relates to Wise Limited:

(a) Bank statement for October 20.1

Date	Details	Debit	Credit	Balance
		R	R	R
1	Balance		13 242	13 242
2	Deposit		700	13 942
	Cheque 797	250		13 692
4	Cheque 828	216		13 476
	Deposit		320	13 796
5	Cheque 829	294		13 502
10	Cheque 831	740		12 762
13	Cheque 830	80		12 682
	Cheque 832	628		12 054
15	Deposit		547	12 601
18	Cheque 834	278		12 323
22	Deposit		510	12 833
28	Cheque 835	340		12 493
	Deposit		484	12 977
29	M Moosa (R/D Cheque)	48		12 929
30	Direct transfer		1 200	14 129
	Bank charges	12		14 117

(b) Cash receipts journal for October 20.1

Date	Details	Amount
		R
3	S Smith (debtor)	320
14	Cash sales	547
22	M Mohammed (debtor)	510
26	Cash sales	484
29	D de Beer (debtor)	253

QUESTION 2 (continued)

(c) Cash payments journal for October 20.1

Date	Details	Cheque No	Amount
			R
4	Telkom	828	216
5	P Paxton (creditor)	829	294
6	S Nel Ltd	830	80
10	B Baloyi (creditor)	831	740
	Computer Sales Ltd	832	628
12	J Johnson (creditor)	833	153
17	W Wise	834	278
27	W Wilson (creditor)	835	340
29	S Nel Ltd	836	58

2. Additional information:

(a) Wise Limited reconciled the cash payments journal, cash receipts journal and bank balance on 30 September 20.1, finding the following outstanding:

Cheque	794	R162
	797	R250
Deposit		R700

(b) Bank account balance which appeared in the trial balance on 30 September 20.1 was R13 530 (favourable).

(c) The transfer on 30 October 20.1 to the current bank account was for interest on an investment.

REQUIRED:

2.1 Complete the cash payments journal and cash receipts journal (including transactions given) of Wise Limited for October 20.1 (8½)

2.2 Prepare the bank account in the general ledger of Wise Limited, properly balanced at 31 October 20.1 (2½)

2.3 Prepare the bank reconciliation statement of Wise Limited at 31 October 20.1 (7)

QUESTION 3 (96 marks)(115 minutes)

The following pre-adjustment trial balance was taken from the books of Sinamuva Distributors:

3.1 Pre-adjustment trial balance of Sinamuva Distributors
at 31 December 20.1:

	Debit	Credit
	R	R
Capital (01/01/20.1)		141 700
Land and buildings at cost	263 240	
Vehicles at cost	40 000	
Equipment at cost	9 000	
Accumulated depreciation: Vehicles (01/01/20.1)		11 200
Accumulated depreciation: Equipment (01/01/20.1)		1 710
Fixed deposit: NBC Bank Ltd.....	50 000	
Inventory: Merchandise.....	8 500	
Debtors control.....	5 200	
Bank	3 100	
Petty cash	100	
Cash float.....	500	
Creditors control.....		9 550
Long-term borrowing: Bean Ltd		25 000
Allowance for credit losses		300
Sales		381 790
Cost of sales	165 400	
Sales returns.....	1 200	
Wages	2 000	
Salaries	25 000	
Assessment rates	1 500	
Settlement discount granted	380	
Licence.....	1 000	
Vehicle expenses.....	3 500	
Credit losses	550	
Packaging materials.....	4 700	
Insurance	2 250	
Water and electricity	2 100	
Telephone expense	1 400	
Advertisements	2 000	
Rent income.....		15 600
Settlement discount received on merchandise already sold during the year		650
Interest on investment.....		5 000
Credit losses recovered		120
	592 620	592 620

QUESTION 3 (continued)**3.2 Additional information:**

The following adjustments must still be taken into account:

- (a) Packaging material on hand at 31 December 20.1, R980.
- (b) The long-term borrowing was entered into on 1 October 20.1. According to the agreement interest will be payable bi-annually at a rate of 18% per annum.
- (c) Advertisements includes an amount of R400 paid for January 20.2.
- (d) Rent income includes an amount in respect of January 20.2.
- (e) Interest on the fixed deposit has not yet been received for the last two months of the financial year. Interest is calculated at a rate of 12% per annum.
- (f) Insurance includes an amount of R750 paid for the period 1 November 20.1 to 31 October 20.2.
- (g) The telephone account of R165 for December 20.1 was not yet paid.
- (h) Depreciation must be provided for as follows:
 Vehicles: 20% per annum on the diminished balance.
 Equipment: 10% per annum on the diminished balance.
 Equipment with a cost price of R2 000 was purchased on 1 July 20.1.
- (i) The account of Loose-Ends Ltd, a debtor owing the entity R200, must be written off as irrecoverable.
- (j) Adjust the allowance for credit losses to 5% of debtors.

REQUIRED:

- 3.1 Prepare journal entries to bring the adjustments into account. Change the balances on the trial balance accordingly. (12)
- 3.2 Prepare the closing journal entries. Prepare the trading account and Profit or loss account for the year ended 31 December 20.1. (34)
- 3.3 Prepare the statement of comprehensive income of Sinamuva Distributors for the year ended 31 December 20.1. (21)
- 3.4 Prepare the statement of changes in equity for the year ended 31 December 20.1. (4)
- 3.5 Prepare the statement of financial position of Sinamuva Distributors as at 31 December 20.1. (14½)
- 3.6 Prepare the following notes to the financial statements:
 - (a) Accounting policy,
 - (b) Property, plant and equipment. (10½)

QUESTION 4 (27 marks)(30 minutes)

4.1 The following information for December 20.1 relates to Smart Boutique:

Dr		Debtors control account		Cr	
20.1		R	20.1		R
Dec 1	Balance (correct) b/d	15 670	Dec 31	Sales returns (credit sales)	1 560
31	Bank (total: debtors column)	35 380		Bills payable	1 480
	Settlement discount granted	685		Bank (R/D cheques)	425
	Credit sales	47 350		Credit purchases	25 620
	Bills receivable	10 115		Cash purchases	1 008
	Journal debits iro debtors	815		Settlement discount received	275
	Journal debits iro creditors	781		Journal credits iro debtors	660
	Drawings	150		Journal credits iro creditors	8 181
	Purchases returns (credit purchases)	1 350		Bank (total: creditors column)	2 500
				Balance c/d	70 587
		112 296			112 296
20.2					
Jan 1	Balance b/d	70 587			

4.2 Additional information:

- (a) The debtors control account was prepared by an inexperienced bookkeeper.
- (b) In addition to the mistakes made in the above debtors control account, an investigation revealed the following:
- The total list of debtors' balances at 31 December 20.1 was R16 060.
 - An amount of R115, which has been written off as credit losses, has erroneously been added to the journal debits of R815. This entry has been posted correctly to the applicable account in the debtors ledger.
 - The sales journal was overcast by R420.
 - Interest of R170 charged on accounts overdue during December 20.1, was posted correctly to the interest and control accounts in the general ledger but was not posted to the personal accounts of the applicable debtors in the debtors ledger.
 - Credit note number 003 for R70 was recorded correctly in the sales returns journal but posted to the wrong side of the personal account of the debtor in the debtors ledger.
 - The debtors column in the cash receipts journal includes an amount of R195 being cash settlement discount received from a creditor.
 - The purchases journal was undercast by R718.

QUESTION 4 (continued)

- An account of R1 603 for freight on credit sales was received from Quick Transport. No entry has as yet been made.
- The R/D cheques of R425 were in respect of debtors.
- The balance of the creditors control account at 1 December 20.1 was R8 340.

REQUIRED:

- 4.1 Prepare the correct debtors and creditors control accounts of Smart Boutique for December 20.1 properly balanced.
(23)
- 4.2 Prepare the reconciliation of the total of the list of debtors balances with the final balance of the debtors control account as calculated in 5.1 above. (4)

QUESTION 5 (32 marks)(40 minutes)

The following information pertains to the Sharks Diving Club:

5.1 Extract from list of balances at 31 March 20.1:

	R
Bar purchases	60 000
Bar inventory - 1 April 20.0	5 000
Bar sales	100 000
Bar wages	15 000
Crockery and linen at cost - 1 April 20.0	10 000
Furniture at cost price - 1 April 20.0	30 000
General expenses	8 200
Diving fees received	33 900
Equipment at cost	24 000
Vehicles at cost	35 000
Accumulated depreciation -1 April 20.0	
- Furniture	9 000
- Equipment	4 800
- Vehicles	5 000
Insurance in arrears - 1 April 20.0	600
Maintenance	20 100
Salaries and wages	48 000
Stationery consumed	6 000
Membership fees received	101 000
Membership fees in arrears - 1 April 20.0	15 000
Membership fees prepaid - 1 April 20.0	20 000
Donation received	2 000

QUESTION 5 (continued)5.2 Additional information:

- (a) Bar inventory on 31 March 20.1, R10 000.
- (b) At 31 March 20.1 the crockery and linen was valued at R3 000.
- (c) Furniture with a cost price of R5 000 and accumulated depreciation of R1 500 on 1 April 20.0 was sold for R3 000 on 30 June 20.0. This transaction must still be recorded.
- (d) Depreciation must be provided for as follows:
 - Furniture - 10% per annum on the cost price
 - Equipment - 20% per annum on the diminished balance.
 - Vehicles - 25% per annum on the diminished balance.
- (e) Insurance premiums to the amount of R2 600 was paid during the year and debited to the general expenses account. An amount of R1 000 thereof was prepaid insurance premiums.
- (f) The club had 190 members during the current financial year. Membership fees amounts to R500 per member per annum. All of the members paid their membership fees for the current year. R7 500 of the membership fees in arrears on 1 April 20.0 must be written off as irrecoverable.
- (g) During the current year 20 new members joined the club. Each paid their entrance fees of R50. These amounts were erroneously included in the membership fees received, and must be capitalised.
- (h) The salary, R1 500, of the club secretary for March 20.1 is still due and must be provided for.

REQUIRED:

Prepare the following for Sharks Diving Club:

- 5.1 The membership fees account for the year ended 31 March 20.1, properly balanced. (8)
- 5.2 The income and expenditure statement for the year ended 31 March 20.1. (Show a separate calculation for the gross profit of the bar.) (24)

QUESTION 6 (20 marks)(25 minutes)

F Fortune runs a small business from home, and does not keep proper accounting records. He needs to calculate his profit/loss for income tax purposes and requests your assistance. You establish the following:

6.1 Balances at 30 April	20.1	20.2
	R	R
Furniture at cost (Bought on 30 April 20.1)	12 500	12 500
Tools and equipment at cost (Bought on 30 April 20.1).....	23 250	23 250
Inventory: Trading	4 900	5 100
Bank (favourable).....	-	1 240
Bank overdraft.....	3 250	-
Long-term borrowing	7 000	4 600
Creditors	2 600	3 060
Income received in advance.....	1 900	2 500
Accrued expenses.....	800	650

6.2 Additional information:

- (a) F Fortune drew R50 000 during the year for own use.
- (b) Depreciation at 20% per annum on the cost price of both furniture and tools and equipment must still be provided for.

REQUIRED:

- 6.1 Calculate the estimated profit/loss of F Fortune for the year ended 30 April 20.2 (13)
- 6.2 Prepare the Statement of financial position of F Fortune as at 30 April 20.2. (7)

SUGGESTED SOLUTIONS OF COMPREHENSIVE EXERCISE

MARKING SCHEME: ✓ = 1 mark; ^ = ½ mark

QUESTION 1 (30 marks)

SS SUPERMARKET

General ledger

1.1		Vehicles (at cost)					
20.1	Mar 1 Balance [^]	b/d	R ^28 000	20.1	Aug 31 Realisation account [^]		R ^12 000
20.1	Aug 31 Bank [^]		^22 000	20.2	Feb 28 Balance	c/d	^38 000
			50 000				50 000
20.2	Mar 1 Balance	b/d	^38 000				

(4)

1.2		Equipment (at cost)					
20.1	Mar 1 Balance [^]	b/d	R ^ 2 800	20.2	Feb 28 Realisation account [^]		R ^900
			2 800		Balance	c/d	^1 900
			2 800				2 800
20.2	Mar 1 Balance	b/d	^1 900				

(3)

1.3		Accumulated depreciation on vehicles					
20.1	Aug 31 Realisation		R ^7 009,50	20.1	Mar 1 Balance [^]	b/d	R ^14 268,00
	20.2	c/d	^11 650,40	Aug 31	Depreciation (a)		✓✓554,50
	Feb 28		18 659,90	20.2	Feb 28 Depreciation (b)		✓✓✓3 837,40
			18 659,90				18 659,90
				20.2	Mar 1 Balance	b/d	^11 650,40

(8)

QUESTION 1 (continued)

1.4 Accumulated depreciation on equipment

20.2 Feb 28	Realisation account* [^] Balance	c/d		20.1 Mar 1	Balance [^]	b/d	R ^543,00
				20.2 Feb 28	Depreciation (c)		✓✓225,70
			768,70				768,70
				20.2 Mar 1	Balance	b/d	^531,10

*R(164,00 + 73,60)

(5)

1.5 Realisation account

20.1 Aug 31	Vehicles at cost Profit on sale of vehicle	R ^12 000,00 ^ 2 209,50 14 209,50	20.1 Aug 31	Accumulated depreciation: vehicle Bank	R ^ 7 009,50 ^ 7 200,00 14 209,50
20.2 Feb 28	Equipment at cost Profit on sale of equipment	^ 900,00 ^ 57,60 957,60	20.2 Feb 28	Accumulated depreciation: equipment Bank	^ 237,60 ^ 720,00 957,60

(4)

1.6 Depreciation

20.1 Aug 31	Accumulated depreciation: vehicles (a)	R ✓✓554,50	20.2 Feb 28	Profit or loss	R 4 617,60
20.2 Feb 28	Accumulated depreciation: vehicles (b)	✓✓3 837,40			
	Accumulated depreciation: equipment (c)	✓✓225,70			
		4 617,60			4 617,60

(6)

QUESTION 1 (continued)Calculations

- (a) Depreciation on vehicle sold (31 August 20.1)

Cost	R 12 000,00
<u>Less:</u> Accumulated depreciation	6 455,00
Carrying amount at 1 March 20.1	5 545,00
Depreciation for next 6 months ($R5\,545,00 \times 20/100 \times \frac{6}{12}$)	554,50
Total accumulated depreciation on vehicle sold $R(6\,455,00 + 554,50)$	7 009,50

- (b) Depreciation on vehicles (28 February 20.2)

	Vehicle kept	New vehicle
Cost $R(28\,000 - 12\,000)$	R 16 000,00	R 22 000,00
<u>Less:</u> Accumulated depreciation $R(14\,268 - 6\,455)$	7 813,00	-
Carrying amount	8 187,00	22 000,00
Depreciation: current year ($R8\,187 \times 20/100$) and $(R22\,000 \times 20/100 \times \frac{6}{12})$	1 637,40	2 200,00
Total $R(1\,637,40 + 2\,200,00) = R\,3\,837,40$		

- (c) Depreciation on equipment

	Equipment kept	Equipment sold
Cost $R(2\,800 - 900)$	R 1 900,00	R 900,00
<u>Less:</u> Accumulated depreciation $R(543 - 164)$	379,00	164,00
Carrying amount	1 521,00	736,00
Depreciation: current year ($R1\,521 \times 10/100$) and $(R736 \times 10/100)$	152,10	73,60
Total $R(152,10 + 73,60) = R225,70$		

NB: The equipment was sold on the last day of the financial year. A proportional calculation of depreciation is thus unnecessary.

QUESTION 2 (18 marks)

WISE LIMITED

2.1(a) Cash receipts journal (bank column only) - October 20.1

Date	Details	Bank
		R
3	S Smith/Debtors control	^ 320
14	Cash sales	^ 547
22	M Mohammed/Debtors control	^ 510
26	Cash sales	^ 484
29	D de Beer/Debtors control	^ 253
30	Interest income	^ 1 200
		3 314

(3)

2.1(b) Cash payments journal (bank column only) - October 20.1

Date	Details	Cheque No	Bank
			R
4	Telkom	828	^ 216
5	P Paxton/Creditors control	829	^ 294
6	S Nel Ltd	830	^ 80
10	B Baloyi/Creditors control	831	^ 740
	Computer Sales Ltd	832	^ 628
12	J Johnson/Creditors control	833	^ 153
17	W Wise	834	^ 278
27	W Wilson/Creditors control	835	^ 340
29	S Nel Ltd	836	^ 58
	M Moosa /Debtors control		^ 48
30	Bank charges		^ 12
			2 847

(5¹/₂)

2.2

Dr		Bank				Cr	
20.1			R	20.1			R
Oct 1	Balance	b/d	^13 530	Oct 31	Payments	CPJ	^ 2 847
31	Receipts	CRJ	^ 3 314		Balance	c/d	^13 997
			16 844				16 844
20.1							
Nov 1	Balance	b/d	^13 997				

(2¹/₂)

QUESTION 2 (continued)

2.3. Bank reconciliation statement at 31 October 20.1

	Debit	Credit
	R	R
Credit (favourable) balance as per bank statement		✓14 117
Outstanding cheques: No 794	✓162	
No 833	✓153	
No 836	✓58	
Outstanding deposit		✓253
Debit (favourable) balance as per bank account	✓13 997	
	[^] 14 370	[^] 14 370

(7)

QUESTION 3 (96 marks)**SINAMUVA DISTRIBUTORS**

3.1 General journal: 31 December 20.1

	Fol	Debit	Credit
20.1 Dec 31		R	R
Inventory: Packaging material		980 [^]	
Packaging material			980 [^]
<i>Packaging material on hand at 31 December 20.1</i>			
Interest on loan		1 125 [^]	
Accrued expenses			1 125 [^]
<i>Interest on loan still payable (a)</i>			
Prepaid expenses		400 [^]	
Advertisements			400 [^]
<i>Advertisement paid in advance</i>			
Rent income		1 200 [^]	
Income received in advance			1 200 [^]
<i>Rent received in advance (b)</i>			
Accrued income		1 000 [^]	
Interest on investment			1 000 [^]
<i>Interest on investment not yet received (c)</i>			
Prepaid expenses		625 [^]	
Insurance			625 [^]
<i>Insurance prepaid (d)</i>			

QUESTION 3 (continued)

20.1 Dec 31	Telephone Accrued expenses <i>Telephone account for December brought into account</i>		R 165 [^]	R 165 [^]
	Depreciation Accumulated depreciation on vehicles Accumulated depreciation on equipment <i>Depreciation provided at 20% per annum on the diminished balance of vehicles and at 10% per annum on the diminished balance of equipment. (e)</i>		6 389 ^{^^}	5 760 ^{^^} 629 ^{^^}
	Credit losses Loose-Ends/Debtors control <i>Account written off as irrecoverable</i>		200 [^]	200 [^]
	Allowance for credit losses Credit losses <i>Adjustment of allowance for credit losses (f)</i>		50 [^]	50 [^]

[24/2 = 12]

Calculations:

(a) Interest on loan:

$$R25\,000 \times \frac{18}{100} \times \frac{3}{12}$$

$$= R1\,125$$

(b) Rent received in advance:

$$R15\,600/13^* = R1\,200$$

*The rent was received for a full year plus one additional month.

(c) Interest on fixed deposit:

$$R50\,000 \times \frac{12}{100} \times \frac{2}{12}$$

$$= R1\,000$$

QUESTION 3 (continued)

(d) Insurance:

Only November 20.1 and December 20.1 falls in this financial period. Ten months are paid in advance:

$$R750/12 \times 10 = R625$$

(e) Depreciation:

1. Vehicles:

$$R(40\,000 - 11\,200) \times 20\%$$

$$= R28\,800 \times \frac{20}{100}$$

$$= R5\,760$$

2. Equipment:

The accumulated depreciation is on the equipment owned by the entity at the beginning of the financial year. Two calculations must therefore be done, namely:

$$2.1 \quad R[(9\,000 - 2\,000) - 1\,710] \times 10\% \\ = R529$$

$$2.2 \quad R2\,000 \times \frac{10}{100} \times \frac{6}{12}$$

$$= R100$$

Total depreciation for equipment:

$$R(529 + 100) = R629$$

(f) Allowance for credit losses:

$$\text{Debtors: } R(5\,200 - 200) = R5\,000$$

$$R5\,000 \times \frac{5}{100}$$

$$= R250$$

The allowance for credit losses is at present
The balance of the allowance must be
The current allowance must be reduced by

R300
R250
R 50

QUESTION 3 (continued)

3.2 Closing Journal Entries - December 20.1

Sales	R ^ 380	R
Settlement discount granted		^ 380
<i>Closing off and transfer of settlement discount granted to sales</i>		
Sales	^ 1 200	
Sales return		^ 1 200
<i>Closing off and transfer of sales returns to trading account</i>		
Sales	^ 380 210	
Trading Account		^ 380 210
<i>Closing off and transfer of sales to trading account</i>		
Settlement discount received	^ 650	
Cost of sales		^ 650
<i>Closing off and transfer of settlement discount to cost of sales</i>		
Trading Account	^ 164 750	
Cost of sales		^ 164 750
<i>Closing off and transfer of cost of sales account to trading acc</i>		
Trading Account	^ 215 460	
Profit or loss		^ 215 460
<i>Transfer of gross profit</i>		
Rent income R(15 600 - 1 200)	^ 14 400	
Interest on investment R(5 000 + 1 000)	^ 6 000	
Credit losses recovered	^ 120	
Profit or loss		^ 20 520
<i>Closing off of above accounts against Profit or loss account</i>		
Profit or loss	^ 51 824	
Wages		^ 2 000
Salaries		^ 25 000
Assessment rates		^ 1 500
Licence		^ 1 000
Vehicle expenses		^ 3 500
Credit losses R(550 + 200 - 50)		^ 700
Packaging material R(4 700 - 980)		^ 3 720
Insurance R(2 250 - 625)		^ 1 625
Water and electricity		^ 2 100
Telephone R(1 400 + 165)		^ 1 565
Advertisements R(2 000 - 400)		^ 1 600
Interest on loan		^ 1 125
Depreciation		^ 6 389
<i>Closing off of above accounts against Profit or loss account</i>		
Profit or loss	^ 184 156	
Capital		^ 184 156
<i>Transfer of profit to capital account</i>		

[32/2 = 16]

QUESTION 3 (continued)

Trading account

20.1 Dec 31		R	20.1 Dec 31		R
	Cost of sales (165 400 - 650)	^^ 164 750		Sales	^ 380 210
	Profit or loss (Gross profit)	^ 215 460			
		380 210			380 210

[4/2 = 2]

Profit or loss

20.1 Dec 31		R	20.1 Dec 31		R
	Wages	2 000 ^		Trading account	
	Salaries	25 000 ^		(Gross profit)	215 460 ^
	Assessment rates	1 500 ^		Rent income	14 400 ✓
	Licence	1 000 ^		Interest on investment	6 000 ✓
	Vehicle expenses	3 500 ^		Credit losses recovered	120 ^
	Credit losses	700 ✓✓			
	Packaging material	3 720 ✓			
	Insurance	1 625 ✓			
	Water and electricity	2 100 ^			
	Telephone	1 565 ✓			
	Advertisements	1 600 ✓			
	Interest on loan	1 125 ✓			
	Depreciation	6 389 ✓✓			
	Capital (profit)	184 156 ✓			
		235 980			235 980

(16)

[34]

QUESTION 3 (continued)

3.3

SINAMUVA DISTRIBUTORS
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 20.1

Revenue	✓✓✓	R 380 210
Cost of sales	✓	(164 750)
Gross profit		215 460
Other income		14 520
Rent income	✓	14 400
Credit losses recovered	✓	120
		229 980
Selling, administrative and general expenses		(50 699)
Wages	✓	2 000
Salaries	✓	25 000
Assessment rates	✓	1 500
Licence	✓	1 000
Vehicle expenses	✓	3 500
Credit losses	✓	700
Packaging material	✓	3 720
Insurance	✓	1 625
Water and electricity	✓	2 100
Telephone	✓	1 565
Advertisements	✓	1 600
Depreciation	✓	6 389
Investment income	✓	6 000
Finance charges: Interest on loan	✓	(1 125)
Profit for the year		184 156

(21)

3.4

SINAMUVA DISTRIBUTORS

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31 DECEMBER 20.1 ✓

	CAPITAL
	R
Balance at 1 January 20.1	✓^141 700
Profit for the year	✓^184 156
Balance at 31 December 20.1	325 856

(4)

QUESTION 3(continued)

3.

SINAMUVA DISTRIBUTORS**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 20.1**

✓^

ASSETS	Note	R
Non-current assets		342 941
Property, plant and equipment	2 ✓	292 941
Other financial assets:		
Cash investment:		
12% Fixed deposit: NBC Bank	✓	50 000
Current assets		19 955
Inventories		9 480
Trading inventory	✓	8 500
Packaging material	✓	980
Trade receivables		6 775
Debtors R(5 200 - 200 - 250)	✓	4 750
Accrued income	✓	1 000
Prepayments R(625 + 400)	✓	1 025
Cash and cash equivalents R(3 100 + 500 + 100)	✓	3 700
TOTAL ASSETS		362 896
EQUITY AND LIABILITIES		
Total equity		325 856
Capital	✓	325 856
Non-current liabilities		25 000
Long-term borrowings: Long term loan Bean Ltd	✓	25 000
Current liabilities		12 040
Trade and other payables		12 040
Creditors	✓	9 550
Accrued expenses R(1 125 + 165)	✓	1 290
Income received in advance	✓	1 200
TOTAL EQUITY AND LIABILITIES		362 896

(14½)

QUESTION 3(continued)**3.6 SINAMUVA DISTRIBUTORS****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 20.1**

1 Accounting policy:

1.1 The annual financial statements have been prepared on the historical cost basis and comply with Generally Accepted Accounting Practice.

1.2 Property, plant and equipment is shown at cost less accumulated depreciation. Land and buildings are classified as investment properties and are not depreciated.

Depreciation has been provided for as follows:

Vehicles: 20% per annum using the diminished balance method
Equipment: 15% per annum using the diminished balance method

(2)

2 Property, plant and equipment

	Land and buildings	Vehicles	Equipment	Total
	R	R	R	R
<i>Carrying amount:</i>				
Beginning of year	^263 240	^ 28 800	^ 5 290	297 330
Cost	^263 240	^ 40 000	^ 7 000	310 240
Accumulated depreciation	-	^ (11 200)	^ (1 710)	(12 910)
Additions	-	-	^ 2 000	2 000
Depreciation for the year	-	^ (5 760)	^ (629)	(6 389)
<i>Carrying amount:</i>				
End of year	263 240	23 040	6 661	^292 941
Cost	^263 240	^ 40 000	^ 9 000	312 240
Accumulated depreciation	-	^ (16 960)	^ (2 339)	(19 299)

(8½)

QUESTION 4 (27 marks)

SMART BOUTIQUE

4.1

Dr		Debtors control account				Cr	
20.1			R	20.1			R
Dec 1	Balance	b/d	15 670	Dec 31	Bank		
31	Bank (R/D cheques)		✓✓ 425		R(35 380 - 195)		✓✓ 35 185
	Sales R(47 350 - 420)		✓✓ 46 930		Bills receivable		✓ 10 115
	Journal debits iro debtors R(815 - 115)		✓✓ 700		Sales returns		✓ 1 560
					Credit losses		✓ 115
					Journal credits		
					iro debtors		✓ 660
					Balance	c/d	^ 16 090
			63 725				63 725
20.2							
Jan 1	Balance	b/d	^ 16 090				

(13)

Dr		Creditors control account				Cr	
0.1			R	20.1			R
Dec	Purchases returns		✓ 1 350	Dec 1	Balance	b/d	✓ 8 340
31	Bank		✓✓ 2 500	31	Purchases		✓ 26 338
	Bills payable		✓ 1 480		R(25 620 + 718)		✓ 1 603
	Journal debits iro creditors		✓ 781		Freight on sales		✓ 8 181
	Balance	c/d	^ 38 351		Journal credits iro creditors		
							44 462
			44 462				44 462
				20.2			
				Jan 1	Balance	b/d	^ 38 351

(10)

4.2 Reconciliation:

Total: list of debtors balances

Add: InterestLess: Sales returns correction R(70 x 2)

Balance debtors control account

R
✓ 16 060
✓ <u>170</u>
16 230
✓✓ <u>140</u>
<u>16 090</u>

(4)

QUESTION 5 (32 marks)**(a) SHARKS DIVING CLUB**

Dr		Membership fees		Cr	
20.0		R	20.0		R
Apr 1	Accrued income [^]	[^] 15 000	Apr 1	Income received in advance [^]	[^] 20 000
20.1			20.1		
Mar 31	Entrance fees [^]	[^] 1 000	Mar 31	Bank [^]	[^] 101 000
	Income and expenditure (190 x R500) [^]	^{^^} 95 000		Credit losses [^]	[^] 7 500
	Income received in advance [^]	[^] 17 500			
		<u>128 500</u>			<u>128 500</u>
			20.1		
			Apr 1	Income received in advance [^]	17 500

(8)

*Analysis of membership fees received:

	R
Membership fees in arrear at the beginning of the year	7 500
Membership fees received for the current year R(95 000 - 20 000)	75 000
Membership fees received in advance at the end of the year	<u>17 500</u>
	<u><u>100 000</u></u>

QUESTION 5 (continued)**(b) SHARKS DIVING CLUB^****INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 20.1^**

	R
Income	160 900
Membership fees	✓95 000
Donation received	✓2 000
Diving fees received	✓33 900
Bar income	30 000
Bar gross profit (a)	✓✓45 000
Bar wages	✓(15 000)
Expenditure	(111 040)
General expenses R(8 200 - 2 600)	✓✓5 600
Insurance R(2 600 - 1 000 - 600)	✓✓1 000
Maintenance	✓20 100
Salaries and wages R(48 000 + 1 500)	✓✓49 500
Stationery	✓6 000
Credit losses	✓7 500
Depreciation [R(2 625 + 3 840 + 7 500 + 7 000)] (b)	(5)20 965
Loss on sale of furniture (c)	✓✓375
Surplus for the year	✓49 860
	(24)

Calculations**(a) Bar gross profit**

	R
Bar sales	^100 000
Cost of sales	(55 000)
Bar inventory - 1 Apr 20.0	^5 000
Bar purchases	^60 000
Bar inventory - 31 Mar 20.1	65 000
	^(10 000)
Gross profit	45 000

(b) Depreciation**(i) Furniture - 10% per annum on cost price**

$$R30\,000 - R5\,000 = R25\,000$$

$$R25\,000 \times 10\% = R2\,500^{^^}$$

$$R5\,000 \times 10\% \times \frac{3}{12} = R1\,250^{^^}$$

$$\underline{R2\,625}$$

QUESTION 5 (continued)(ii) Equipment - 20% per annum on the diminished balance

$$R(24\ 000 - 4\ 800) = R19\ 200 \times 20\% = R3\ 840^{\wedge\wedge}$$

(iii) Vehicles - 25% per annum on the diminished balance

$$R(35\ 000 - 5\ 000) = R30\ 000 \times 25\% = R7\ 500^{\wedge\wedge}$$

(iv) Crockery and linen

$$R(10\ 000 - 3\ 000) = R7\ 000^{\wedge\wedge}$$

(c) Loss on sale of furniture

$$R5\ 000^{\wedge} - R(1\ 500^{\wedge} + 125^{\wedge}) = R3\ 375$$

$$R3\ 375 - R3\ 000^{\wedge} = R375$$

QUESTION 6 (20 marks)6.1 Calculation of profit/loss**F FORTUNE****STATEMENT OF ASSETS AND LIABILITIES AS AT 31 APRIL 20.1**

✓

	R
ASSETS	
Furniture	12 500 23
Tools and equipment	250
Inventory	4 900
TOTAL ASSETS	40 650
LIABILITIES	
Long-term borrowing	7 000
Creditors	2 600
Income received in advance	1 900
Accrued expenses	800
Bank overdraft	3 250
TOTAL LIABILITIES	15 550

(5)

Calculation of equity at the beginning of the period

$$\begin{aligned} \text{Equity} &= \text{Assets} - \text{Liabilities} \\ &= R40\ 650 - R15\ 550 \\ &= R25\ 100 \end{aligned}$$

QUESTION 6 (continued)**F FORTUNE****STATEMENT OF ASSETS AND LIABILITIES AS AT 31 APRIL 20.2** ✓

		R
ASSETS		
Furniture	^	12 500
Tools and equipment	^	23 250
Inventory	^	5 100
Bank	^	1 240
TOTAL ASSETS		42 090
LIABILITIES		
Long-term borrowing	^	4 600
Creditors	^	3 060
Income received in advance	^	2 500
Accrued expenses	^	650
TOTAL LIABILITIES		10 810

(5)

Calculation of equity at the beginning of the period

$$\begin{aligned}
 \text{Equity} &= \text{Assets} - \text{Liabilities} \\
 &= \text{R}42\,090 - \text{R}10\,810 \\
 &= \text{R}31\,280
 \end{aligned}$$

Estimated profit/loss:

Capital at the end of the financial period

R
^31 280

Capital at the beginning of the period

^(25 100)

Drawings

6 180

Adjustments: Depreciation

^50 000

Furniture

^^ (7 150)

Tools and fittings

2 500

4 650

Estimated profit for the year**^49 030**

(3)

QUESTION 6 (continued)**6.2 F FORTUNE****STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 20.2** ✓

ASSETS	Note	R
Non-current assets		28 600
Property, plant and equipment	✓^	28 600
Current assets		6 340
Inventory	^	5 100
Cash and cash equivalents	^	1 240
TOTAL ASSETS		34 940
EQUITY AND LIABILITIES		
Total equity		24 130
Capital (25 100 + 49 030 – 50 000)	✓^	24 130
Non-current liabilities		4 600
Long-term borrowings: Long term loan Bean Ltd	^	4 600
Current liabilities		6 210
Trade and other payables (3 060 + 2 500 + 650)	✓^	6 210
TOTAL EQUITY AND LIABILITIES		34 940

(7)

F FORTUNE

Notes to the financial statements

1 Property, plant and equipment

	Furniture	Tools and Equipment	Total
	R	R	R
<i>Carrying amount:</i>			
Beginning of year	12 500	23 250	35 750
Cost	12 500	23 250	35 750
Accumulated depreciation			
Additions			
Depreciation for the year	(2 500)	(4 650)	(7 150)
<i>Carrying amount:</i>			
End of year	10 000	18 600	28 600
Cost	^ 12 500	^ 23 250	35 750
Accumulated depreciation	(2 500)	(4 650)	^ (7 150)