



ACN101-M RAC101-B

May/June 2008

ACCOUNTING CONCEPTS, PRINCIPLES AND PROCEDURES (ACCOUNTING 101)

Duration : 2 Hours

100 Marks

EXAMINERS :

FIRST :

 PROF D SCOTT
 MISS A DU PLESSIS
 MRS KA NKOME

 MR MJ VILJOEN
 DR AJ BAM

SECOND :

PROF JS JANSEN VAN RENSBURG

Use of a non-programmable pocket calculator is permissible.

This paper consists of 5 pages.**PLEASE NOTE:**

1. Ensure that you are writing the correct examination paper.
2. Ensure that you are handed the correct examination answer book (BLUE) by the invigilator.
3. All questions must be answered.
4. Basic calculations, where applicable, must be shown.
5. The answer to each question must be commenced on a new (separate) page.
6. Please do not answer the paper in pencil.

PROPOSED TIME TABLE (try not to deviate from this)

Question	Subject	Marks	Time (minutes)
1	Short questions	33	40
2	Debtors control account and reconciliation	18	22
3	Asset realisation account and note on property, plant and equipment	22	25
4	Income statement and statement of changes in equity	27	33
	TOTAL	100	120

QUESTION 1 (33 marks) (40 minutes)**SHORT QUESTIONS**

Commence this question on a new (separate) page.

Basic calculations, where applicable, must be shown.

1.1 The following are the totals of columns of some journals of Clayville Traders:

CASH RECEIPTS JOURNAL: APRIL 2008**CRJ 4**

Bank	Sales	Cost of Sales	Debtors	Sundry
11 600	8 000	4 000	3 000	* 600

* The R600 in the Sundry column represents a credit loss that was recovered.

CASH PAYMENTS JOURNAL: APRIL 2008 CPJ 4

Bank	Inventory	Creditors
5 000	3 500	1 500

Additional information:

The balance of the bank account at 1 April 2008 was R2 000 (overdraft).

REQUIRED:

Post the appropriate column amounts to the following accounts in the general ledger (column headings are **NOT** required):

(a) Bank account (Fully balanced)	(5)
(b) Sales account	(1)
(c) Cost of sales account	(1)
(d) Inventory account.	(2)
	[9]

1.2 The following preclosing trial balance of Foxtrot Services was prepared by an inexperienced bookkeeper at 31 March 2008:

	Dr	Cr
	R	R
Capital.....	300 000	
Creditors		20 000
Debtors		40 000
Long-term loan (liability)	50 000	
Bank.....	?	?
Salaries and wages.....		300 000
Rent expense.....	2 400	
Interest income		7 600
Water and electricity		22 000
Cost of sales		300 000
Land and buildings.....		240 000
Vehicles	180 000	
Accumulated depreciation: Vehicles	60 000	
Sales	600 000	
	1 192 400	929 600

REQUIRED:

Prepare a proper trial balance for Foxtrot Services as at 31 March 2008.

[14]

1.3 Use the information given in question 1.2 and prepare a profit and loss account for Foxtrot Services for the year ended 31 March 2008.

[10]

QUESTION 2 (18 marks) (22 minutes)

Commence this question on a new (separate) page.

Basic calculations, where applicable, must be shown.

The following information was obtained from the books of Klip Traders:

	R
Balance of the debtors control account at 1 April 2008	18 300
Total of the list of individual debtors from the debtors ledger at 30 April 2008	16 490
<i>Totals of selected journal columns for April 2008</i>	
Cash receipts journal:	
Debtors control column	15 000
Settlement discount granted	1 400
Sales column.....	19 000
Cash payments journal:	
Creditors control column	22 500
Purchases column.....	14 500
Debtors control column ("R/D" cheques).....	2 600
Sales journal: sales column	16 000
Sales returns journal: sales returns column.....	4 000
Bills receivable journal	700
General journal:	
Credit losses written off.....	900
Accounts with debit balances transferred from the creditors ledger to the debtors ledger	60
Interest charged on overdue accounts.....	130
Settlement discount granted on "R/D" cheque	50

On reconciling the balance on the debtors control account with the list of balances from the debtors ledger, the following errors and omissions were discovered:

- (i) The sales journal was overcast by R500.
- (ii) Credit note number 18 for R25 was entered correctly in the sales returns journal but was debited to the account of S Ncgobo.
- (iii) Sales invoice number 22 for R1 130 has been entered correctly in the sales journal, but was posted in N Swans's account as R1 530.
- (iv) Debtor J Naido, who owed R750, was declared insolvent. His estate paid 2 cents in the Rand. All the relevant entries must still be recorded in the books.

REQUIRED:

- 2.1 Prepare the debtors control account (properly balanced) in the general ledger of Klip Traders at 30 April 2008. (13)
 - 2.2 Reconcile the total of the list of debtors with the balance on the debtors control account as determined in 2.1 above. (5)
- [18]**

QUESTION 3 (22 marks) (25 minutes)

Commence this question on a new (separate) page.
Basic calculations, where applicable, must be shown.

At 1 May 2007, the following balances appeared in the books of Classy Services:

	R
Vehicles at cost	400 000
Furniture at cost	220 000
Accumulated depreciation:	
Vehicles	95 000
Furniture	50 000

Additional information:

- a) On 1 November 2007 the entity purchased new furniture for R40 000. Transport costs amounted to R5 000 (started to be used on the same day).
- b) On 31 January 2008, the entity sold a vehicle (cost price on 1 May 2005: R90 000) for R30 000 on credit to T Day.
- c) Depreciation must be provided for as follows:
 - Vehicles: 25% per annum according to the straight line method.
 - Furniture: 10% per annum according to the diminishing balance method.

REQUIRED:

- 3.1 Prepare the asset realisation account in the general ledger of Classy Services. (4)
 - 3.2 Prepare the note on property, plant and equipment to the financial statements of Classy Services as at 30 April 2008. (18)
- [22]**

QUESTION 4 (27 marks) (33 minutes)

Commence this question on a new (separate) page.

Basic calculations, where applicable, must be shown.

The following extract of balances at 30 April 2008 was taken from the general ledger of Ncobo Traders before any of the additional information has been taken into account:

	R
Capital	72 600
Drawings.....	4 080
Mortgage loan: New Bank	84 000
Inventory: Merchandise (1 May 2007)	16 500
Allowance for credit losses (Provision for doubtful (bad) debts).....	180
Sales	300 700
Purchases.....	139 500
Sales returns	300
Purchases returns	1 380
Rent income	12 600
Salaries and wages	93 000
Railage on sales	1 920
Interest on mortgage loan.....	7 560
Packaging material	4 320
Settlement discount received	480
Credit losses/Bad debts.....	360
Stationery	6 480
Insurance.....	790
Printing	1 620
Railage on purchases.....	3 000

Additional information:

- (a) Inventory on hand at 30 April 2008:
- | | R |
|---------------|--------|
| · merchandise | 15 350 |
- (b) Depreciation must be provided for as follows:
- | | |
|-------------|-------|
| · vehicles | 4 000 |
| · equipment | 560 |
- (c) The mortgage loan was received on 1 May 2007 at 12% interest per annum, payable every three months. Interest for the period 1 February 2008 to 30 April 2008 is payable on 1 May 2008.
- (d) A store room was sublet from 1 August 2007 at R1 050 per month.
- (e) An amount of R120, paid to Insure Ltd, was an advance premium for May 2008.
- (f) An account of R1 350 was received from Printers Limited for the printing of documents. This must still be recorded.

REQUIRED:

Prepare the following for Ncobo Traders according to Generally Accepted Accounting Practice, applicable to the business of the entity. (**NB:** Notes to the financial statements and comparatives are **NOT** required.)

- 3.1 Income statement for the year ended 30 April 2008. (23)
- 3.2 Statement of changes in equity for the year ended 30 April 2008. (4)

[27]