


**FAC1502**  
**RFA1502**

October/November 2011

**FINANCIAL ACCOUNTING PRINCIPLES, CONCEPTS AND PROCEDURES**

Duration 2 Hours

100 Marks

EXAMINERS  
FIRSTMS A DU PLESSIS  
MRS KA NKOME  
MR D VON WELLMR P MARAISANE  
PROF D SCOTT

SECOND

PROF JS JANSEN VAN RENSBURG

Use of a non-programmable pocket calculator is permissible

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This question 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
- 7 PROPOSED TIMETABLE (try not to deviate from this)

QUESTION	TOPIC	MARKS	TIME (minutes)
1	Closing entries	27	32
2	Financial statements	25	30
3	General ledger accounts	31	38
4	Incomplete records	17	20
	TOTAL	100	120

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**QUESTION 1** (27 marks) (32 minutes)

Commence this question on a new (separate) page.

The following information was obtained from the books of XYZ Traders

POST-ADJUSTMENT TRIAL BALANCE OF XYZ TRADERS AS AT 30 JUNE 2011		
	Debit	Credit
	R	R
Capital		100 000
Drawings	2 445	
Land and buildings at cost	200 000	
Vehicles at cost	120 000	
Furniture and fittings at cost	65 000	
Accumulated depreciation on vehicles (30 June 2011)		54 700
Accumulated depreciation on furniture and fittings (30 June 2011)		22 700
Debtors control	6 780	
Inventory Trading (30 June 2010)	13 550	
Bank	7 775	
Petty cash	500	
Mortgage loan		150 000
Loan from Africa Bank		50 000
Creditors control		3 200
Sales		256 400
Carriage on purchases	660	
Commission income		15 000
Credit losses	244	
Depreciation	15 400	
Insurance	2 400	
Packing materials	3 300	
Purchases	154 880	
Purchases returns		245
Rent income		3 600
Sales returns	1 338	
Settlement discount granted	553	
Settlement discount received		155
Wages	56 775	
Water and electricity	4 400	
	656 000	656 000

**Additional information:**

On 1 July 2011 trading inventory had a balance of R14 885

**REQUIRED:**

- 1 1 Show the journal entries for bringing the closing inventory at 30 June 2011 into account (3)
- 1 2 Show the journal entries for the closing of the applicable accounts (closing entries) at 30 June 2011 (14)
- 1 3 Complete the **trading account** and the **profit or loss account** in the general ledger of XYZ Traders for the year ending 30 June 2011 (10)

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**QUESTION 2** (25 marks) (30 minutes)**Commence this question on a new (separate) page.**

The following list of balances was extracted from the general ledger of M&S, a general dealer at 28 February 2011

	R
Creditors control	28 900
Fixed deposit (36 month)	5 000
Debtors control	19 200
Bank (Dr)	6 000
Furniture and equipment (at carrying amount)	24 300
Land and buildings	108 000
Mortgage loan (repayable over 20 years)	78 000
Vehicles (at carrying amount)	51 000
Inventories	30 400
Capital (1 March 2010)	150 000
Profit/(Loss) for the year ending 28 February 2011	?

**REQUIRED.**

- 2 1 Prepare the trial balance of M&S as at 28 February 2011 (11)
- 2 2 Prepare the statement of changes in equity of M&S for the year ended 28 February 2011 (4)
- 2 3 Prepare the statement of financial position of M&S as at 28 February 2011 (10)

**QUESTION 3** (31 marks) (38 minutes)**Commence this question on a new (separate) page.**

**ABC DEALERS**  
**TRIAL BALANCE AS AT 1 FEBRUARY 2011**

	R
Bank (Debit balance)	2 150
Cost of sales	192 000
Trading inventory	52 000
Sales	400 000
VAT Input	1 600
VAT Output	1 800

The following subsidiary journals, with only the totals of the analysis columns, appeared in the books of ABC Dealers at 28 February 2011

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**QUESTION 3** (continued)**Cash receipts journal**

Bank	Sales	Cost of sales	Debtors control	Settlement Discount granted	VAT Output	VAT Input	Sundry amounts
R	R	R	R	R	R	R	R
*?	18 600	9 300	6 550	(150)	2 604	(20)	-

\*Total to be calculated

**Cash payments journal**

Bank	Purchases	Creditors	VAT Input	VAT Output	Settlement Discount received	Sundry amounts
R	R	R	R	R	R	R
**?	7 200	6 400	1 008	(25)	(100)	3 395

\*\*Total to be calculated

**Sales journal**

Debtors	Sales	Cost of sales	VAT Output
R	R	R	R
15 960	14 000	7 000	1 960

**Purchases journal**

Creditors	Purchases	VAT Input
R	R	R
10 488	9 200	1 288

**Sales returns journal**

Debtors	Sales returns	Cost of sales	VAT Output
R	R	R	R
285	250	125	35

**Purchases return journal**

Creditors	Purchases returns	VAT Input
R	R	R
969	850	119

**REQUIRED.**

Prepare the following general ledger accounts for ABC Dealers for February 2011

3 1	Bank	(4)
3 2	Cost of sales	(5)
3 3	Trading inventory	(7)
3 4	Sales	(3)
3 5	VAT Input	(6)
3 6	VAT Output	(6)

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**QUESTION 4** (17 marks) (20 minutes)

Commence this question on a new (separate) page.

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

Balances at 30 April	2010 R	2011 R
Furniture at cost (Bought on 30 April 2010)	25 000	25 000
Tools and equipment at cost (Bought on 30 April 2010)	46 500	46 500
Inventory Trading	9 800	10 200
Bank(favourable)	-	2 480
Bank(overdraft)	6 500	-
Long-term borrowings	14 000	9 200
Creditors	5 200	6 120
Income received in advance	3 800	5 000
Accrued expenses	1 600	1 300

Additional information

- (a) F Focus drew R100 000 during the year for own use
- (b) Depreciation at 20% per annum on the cost price of furniture, as well as tools and equipment must still be provided for

**REQUIRED**

Calculate the estimated profit or loss of F Focus Services for the year ended 30 April 2011 (17)