

Solutions:

Question 1:

Date June	Account debited	Account credited	Effect on accounting equation		
			A	= OE	+ L
1	Bank	Capital	+25,000	+25,000	
2	Equipment	Capital	+9,000	+9,000	
3	Bank	Sales	+4,200	+4,200	
4	Equipment	bank	+12,000 -12,000		
6	Vehicles	Virginia cars Ltd	+22,400		+22,400
17	Bank	Debtors	+2,200 -2,200		
28	Wages	Bank	-4,000	-4,000	
29	Drawings	Bank	-1,300	-1,300	
30	Virginia cars Ltd	Bank	-9000		-9,000

Question 2:

ALL-THINGS-ARE-POSSIBLE DEALERS
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 JANUARY 2010

	R	½
Revenue (167840-5040-920)	161880	1½
Less: Cost of sales	89160	
Operating inventory	34000	¼
Add: Net purchases (66560-1240-5000)	60320	1½
Import duty	5000	1
Rallage on purchases	3000	1
	102320	
Less: Closing inventory	-13160	¼
Gross profit	72720	
Add: other income	2160	
Interest on fixed deposit (18000 x 12%)	2160	1
Less: Distribution, administrative and general expenses	40328	
Electricity (8200+420)	8620	1
Rallage on sales	4800	1
Insurance (3600 - 2100)	1500	1
Rent (11 000 + 1000)	12000	1
Bad debts (200+268)	468	2
Depreciation:		
Vehicles (160000-10000) x 5%	7500	1
Furniture (68000 x 8%)	5440	1
Operating profit	33952	
Finance costs	-6000	
Interest paid (3300+2700)	-6000	½
Net profit for the year	28552	(16)

ALL-THINGS-ARE-POSSIBLE DEALERS
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31 JANUARY 2010

	R	½
Capital: Balance at 1 February 2009	671 800	½
Profit	28 552	½
Drawings	(14 000)	½
Balance at 31 January 2010	686 352	

(2)

ALL-THINGS-ARE-POSSIBLE DEALERS
STATEMENT OF FINANCIAL POSITION AT 31 JANUARY 2010

	R	Note	R	½
ASSETS				
Non-current assets			719 660	
Property, plant and equipment		2	701 660	
12% Fixed deposit			18 000	1
Current assets			54 152	
Inventories			13 160	1
Trade and other receivables (33600-200-668+2160)			34 892	2
Prepayments			2 100	1
Cash and cash equivalents			4 000	½
TOTAL ASSETS			773 812	
EQUITY AND LIABILITIES				
Capital and reserves			686 352	½
Capital			686 352	RP
Non-Current liabilities			60 000	
10% Long-term loan			60 000	1
Current liabilities			27 460	
Trade and other payables			27 460	2
R(23340+420+1000+2700)				
TOTAL EQUITY AND LIABILITIES			773 812	

* RP = Rewarding the principle

Notes to the financial statements:

Property, plant, and equipment	Land	Vehicles	Furniture	Total
Carrying amount: Beginning of year	R 500 000	R 150 000	R 56 600	R 706 600
Cost	500 000	160 000	68 000	728 000
Accumulated depreciation	-	(10 000)	(3 400)	(13 400)
Additions	-	(7 500)	(5 440)	(12 940)
Carrying amount: End of year	500 000	142 500	59 160	701 660
Cost	500 000	160 000	68 000	728 000
Accumulated depreciation	-	(17 500)	(8 840)	(26 340)

(14)

Question 3:

a)

1. Cash receipts journal – January 2010

Date	Details	Bank
31	Preliminary totals	79 015 (½)
	Debtors control (S Calvin)	30 000 (1)
	Wages	396 (1)
		109 411

1. Cash Payments Journal – January 2010

Date	Details	Bank
31	Preliminary totals	7 686 (½)
	Debtors Control (C Billy)	9 860 (1)
	Bank charges (15+45)	60 (1)
		17 606

b)

Dr		Bank		Cr	
Date	Details	R	Date	Details	R
2010			2010		
Jan	1 Balance b/d (½)	6 200	Jan	1 Total payments (1)rp	17 606
	Total receipts (1)rp	109 411			98 005
		115 611		31 Balance c/d (½)	115 611
Feb	1 Balance b/d	98 005			

5.2 BANK RECONCILIATION STATEMENT AS AT 31 JANUARY 2010

	Dr	Cr
Balance as per bank statement	(1)	130 091
Error corrected – Incorrect deposit	(1)	39 500
Outstanding deposit – Dep. 32	(1)	1 200
Outstanding deposit – Dep. 32	(1)	7 200
Correction of error (R18 980 – R18 890)	90	
Outstanding cheque – No 107	(1)	760
Outstanding cheque – No 107	(1)	136
Outstanding cheque – No 108	(1)	98 005
Balance as per bank account	(1)	138 491
	138 491	138 491

Question 6:

(a) Scuba Club

Calculation of the Profit from the bar for the year ended

28 February 2008

Revenue	R
Less: Cost of sales	100 000
Inventory (1 March 2007)	55 000
Purchases	5 000
Inventory (28 February 2008)	60 000
Gross profit	65 000
Less: Other expenses	(10 000)
Bar wages	45 000
Net profit	15 000
	<u>30 000</u>

(b)

		Membership fees			
1/3/07	Balance	15 000	1/3/07	Balance	20 000
	(in arrears)			(prepaid)	
28/2/08	Entrance fees	1 000	28/2/08	Bank	101 000
	Income and expenditure	95 000		Bad debts	7 500
	Balance (prepaid)	17 500			
		<u>128 500</u>			
			1/3/08	Balance	17 500
					<u>128 500</u>

Question 7:

Cash receipts journal for January 2009:

Date	Details	Sundries	Sales	Debtors	Discount Allowed	VAT DR	VAT CR	Bank
8	Mills Suppliers			8842	300	42		8500
15	Sales		4000				560	5700
20	P Pedi			5120				5120
26	B Blue			10 800		237		10530
29	Income tax	5420						5420