

Questions:

-Turn Landscape

BAE **Question 1:**

private = private

G Petty started a television antenna installation business on 1 June 2001. The following transactions took place during the month.

*Don't remember
Keep some notes*

- June 1. Deposited cash in the bank as opening capital, R 25,000.
- 2. G Petty made his private equipment available to the business, R 9,000
- 3. Installation fees for work done on account for Kannan Municipality, R 4,200
- 4. Additional equipment purchased and paid for by cheque R 12,000.
- 6. Vehicle purchased on credit from Virginia cars Limited, R 22,400
- 17. Kannan Municipality paid R 2,200 on their account.
- 28. Paid wages, R 4,000
- 29. Withdrew R 1,300 for private use.
- 30. Paid R 9,000 to Virginia Cars Limited on their account.

Required:

Using the basic accounting equation, analyze the above mentioned transactions as follows:

Date	Account debited	Account credited	Effect on accounting equation			
			A	=	OE	+ L

15th Oct = Advance class = old exam papers hardest questions

1st Exam bank study Pack @ R100/term

STATEMENTS Question 2:
(32 marks)

The following Trial Balance was extracted from the books of All-things-are-possible Dealers at 31 January 2010:

	R	R
Capital		671 800
Drawings	14 000	
10% Long-term loan		60 000
Accounts payable (Creditors)		23 340
Provision for bad debts <i>credit losses</i>		400
Land and buildings	500 000	
Vehicles at cost	160 000	
Equipment at cost	68 000	
Accumulated depreciation – Vehicles		10 000
Accumulated depreciation – Equipment		3 400
Inventory – 1 February 2009		
Bank	34 000	
Accounts receivable (Debtors)	4 000	
12% Fixed deposit	33 600	
Insurance	18 000	
Sales	3 600	
Ratlage on sales		167 840
Sales returns	4 800	
Discount received	5 040	
Rent – <i>Expenses account of "Nett" on 1st Jan</i>		5 000
Purchases	11 000	
Ratlage on purchases	66 560	
Electricity	3 000	
Purchases returns	8 200	
Discount allowed <i>Exp. was made in Exp. Acc</i>		1 240
Import Duty	920	
Interest paid on Long-term loan	5 000	
	3 300	
	943 020	943 020

Exp. was made in Exp. Acc

Additional information: *(Adjustments)*

- The value of closing inventory at 31 January 2010 was R13 160.
- Insurance relates to an annual contract taken out on the 1 September 2009. Depreciation for the year is as follows:
 - 5% per annum on vehicles using the diminished balance method.
 - 8% per annum on equipment using the cost price method.
- The electricity account for 31 January 2010 amounted to R420 and was only received on the 25th of February.
- The January rent is still outstanding
- The account of a debtor, M Molo, who owes R200, must be written off as irrecoverable. *new CL*
- Adjust the provision for bad debts to 2% of the debtors balance. *Question Credit losses*

Required:

Prepare the following statements for All-things-are-possible Dealers:

- Statement of comprehensive income for the year ended 31 January 2010. *Incomes/Expenses only, stock = Netto p/z* (16)
- Statement of changes in equity for the year ended 31 January 2010. (2)
- Statement of financial position at 31 January 2010. *= A.F.L.E. = Netto werdt* (14)
Only the property, plant and equipment note is required.

3. *working: why CEO's EPS & statement same off, business client find and have previous Reconn (real life) and will give words & descriptions (Comments)*

BANK RECON

Question 3:

The following information is available for Cece Dealers the month ended 31 January 2010:

Cece Dealers

BANK RECONCILIATION STATEMENT AS AT 31 DECEMBER 2009

	Dr	R	Cr	R
Balance as per bank statement				5 600
Credit: Outstanding deposits	Dep. 31			3 600
	Dep. 32			(1 200)
	Dep. 33			1 000
Debit: Outstanding cheques	Ch 96	✓ 900		
	Ch 99	✓ 2 500		
	Ch 101	✓ 1 800		
		✓ 6 200		
Balance as per bank account				11 400
				11 400

JANUARY 2010

Bank column for the Cash receipts			Bank column for the Cash payments		
Date	Details	R	Date	Details	R
3	Deposit - 69	✓ 14 620	1	Ch 102	3 501
7	Deposit - 70	✓ 22 640	2	Ch 103	569
13	Deposit - 71	✓ 6 000	5	Ch 104	120
26	Deposit - 72	✓ 9 665	8	Ch 105	Cancelled
28	Deposit - 73	✓ 18 890	11	Ch 106	2 600
	Deposit - 74	✓ 7 200	13	Ch 107	760
			15	Ch 108	136
		79 015			7 686

Cece Dealers
BANK STATEMENT FOR JANUARY 2010

DATE	DETAILS	DEBIT	CREDIT	BALANCE
		R	R	R
1	Balance			5 600
3	Deposit - 69		✓ 14 620	20 220
	Ch 99 ✓	✓ 2 500		17 720
4	Deposit - 33		✓ 1 000	18 720
6	Ch 101	✓ 1 800		16 920
7	Deposit - 70		✓ 22 640	39 560
	Ch 102	✓ 3 105		36 455
12	Ch 103	✓ 569		35 886
13	Deposit - 71		✓ 6 000	41 886
16	Ch 96	✓ 900		40 986
19	Ch 104	✓ 120		40 866
20	Deposit - 31		✓ 3 600	44 466
27	Ch 106	✓ 2 600		41 866
28	Deposit - 72		✓ 9 665	51 531
	R/D cheque	✓ 9 860		41 671
	Deposit - 73		✓ 18 980	60 651
	Deposit		✓ 39 500	130 151
31	Deposit		✓ 30 000	
	Cheque book	✓ 15		130 136
	Service charges	✓ 45		130 091

Additional Information:

- ✓ 1. The bank had erroneously credited Cece Dealer's account with an amount of R39 500 on 31 January 2010.
- ✓ 2. Cheque number 102 for wages was incorrectly recorded in the cash payments journal.
- ✓ 3. Deposit - 73 was incorrectly recorded in the bank statement.
- ✓ 4. The r/d cheque was for debtor, C. Billy.
5. The deposit on the 31st was made by debtor, S. Calvin.

REQUIRED:

- a) Complete the cash receipts journal and the cash payments journal for Cece Dealers for January 2010. (5)
- b) Prepare the bank account in the general ledger of Cece Dealers for January 2010. (3)
- c) Prepare the bank reconciliation statement of Cece Dealers as at 31 January 2010. (8)

DEBIT CONTROL

✓ LIST

Question 4:

The following information relates to Market Limited. Control accounts are in use:

1. Balance on the debtors control account at 1 June 2007	18 500
2. Total of the list of debtors balances at 30 June 2007	11 850
3. Totals of subsidiary journals for June 2007:	

R

Cash receipts journal:

✓ <i>not because cash</i> ✓ Sundries column	660
✓ Debtors column	17 500
✓ Creditors column	750
✓ Sales column	14 750
✓ Discount allowed column	660
Bank column	33 000

Cash payments journal:

✓ Sundries column	4 250
✓ Debtors column → <i>also mark the recourse</i>	200
✓ Creditors column	8 600
✓ Purchases column	8 750
✓ Discount received column	800
✓ Bank column	21 000
✓ Sales journal - <i>credit sales</i>	15 700
✓ Purchases journal	10 500
✓ Sales returns journal	1 800
✓ Bills receivable journal	4 200

Additional information:

1. The sales journal was under cast by R700.
2. A cheque for R500, received from A Almond was returned by the bank marked "R/D". No entry in this regard has been made yet. *→ bad debt*
3. Interest totalling R250, charged to debtors' accounts during June 2007, was correctly posted to the relevant debtors accounts in the debtors ledger and to the interest account in the general ledger, but the contra was posted to the creditors control account.
4. The balance of R170 on the account of debtor M Marx must be written off as bad. *→ bad debt*

Required:

1. The debtors control account of Market Limited for June 2007, properly balanced. The first word(s) of each entry must indicate the **contra ledger account**.
2. The reconciliation of the total of the list of debtors' balances with the balance of the debtors control account.

ASSET
REALISATION

Question 5:

The following selected information was extracted from the records of Senna Traders.

Balances on 31 December 2007:

	R
Vehicles at cost	120 000
Machinery at cost	300 000
Accumulated depreciation on vehicles	15 000
Accumulated depreciation on machinery	24 000

Additional information:

1. Senna Traders purchased a new machine on 1 July 2008 for R130 000 and paid R14 000 to install the machine. It was estimated that the machine would have a lifespan of 10 years after which the residual value would be R20 000.
2. The existing machine was bought on 1 January 2006 and depreciated on the straight line method over 10 years with a nil residual value.
3. On 1 August 2008 the existing vehicle was traded in on a new vehicle for R80 000. The new vehicle had a cost price of R180 000.
4. Depreciation on vehicles is calculated at 15% per annum on cost price.

Required:

The following accounts in the general ledger of Senna Traders for the financial year ended 31 December 2008, properly balanced/closed off:

- (a) Accumulated depreciation on vehicles
- (b) Vehicle realisation
- (c) Vehicle at cost
- (d) Depreciation

No machinery Reg.

Now Recd

From Prof Inc adv
Accrue In

Question 6:

The following information pertains to the Scuba Club.

1. Extract from list of balances at 28 February 2008:

	R
Bar purchases	60 000
Bar inventory – 28 February 2007	5 000
Bar sales	100 000
Bar wages	15 000
Crockery and linen at cost – 1 March 2007	10 000
Furniture at cost price – 1 March 2007	30 000
General expenses	8 200
Diving fees received	33 920
Equipment at cost	24 000
Vehicles at cost	35 000
Accumulated depreciation – 1 March 2007	
- Furniture	9 000
- Equipment	4 800
- Vehicles	5 000
Insurance in arrears – 1 March 2007	600
Maintenance	20 100
Salaries and wages	48 000
Stationery consumed	6 000
Membership fees received	101 000
Membership fees in arrears – 1 March 2007	15 000
Membership fees prepaid – 1 March 2007	20 000
Donation received	2 000

2. Additional information:

- (a) Bar inventory on 28 February 2008, R10 000.
- (b) At 28 February 2008 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 March 2007 was sold for R3 000 on 31 July 2007. This transaction must still be accounted for.
- (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) The club had 190 members (including the new members) during the current financial year.
 - Membership fees amount 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 March 2007 must be written off as irrecoverable.
- (f) 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.

Required:

Prepare the following for Scuba Club: *Search for all with "Bar"*

- (a) Calculate the profit from the bar for the year ended 28 February 2008. *Sales - Cost of Sales*
- (b) The membership fees account for the year ended 28 February 2008, properly balanced. *C.P. Legends*

✓
CES *
VAT

Question 7:

The following information relates to Solly's Trading, a registered VAT vendor. The organisation uses the **periodic** inventory system.

Transactions, 14% VAT inclusive, for January 2009:

CPs	Jan		R
	2	Drew a cheque for the week's wages	3 916
	3	Sold merchandise on credit to B Blue subject to trade discount 10%, and a further cash discount of 2.5% if the account is settled within 25 days.	12 000
53	8	Received a cheque from MM Suppliers in payment of his account, and allowed discount.	8 500
✓	9	Cash sales of merchandise to P Peters.	342
✓	15	Cash purchases of trading stock	4 560
	20	Received a payment from P Pedi	5 700
	26	Received a cheque from B Blue in full settlement of his account.	5 120
	29	Receive a cheque from SARS (refund on 2008 Income Tax assessment)	5 420

Required:

The cash receipts journal of Solly's Trading for January 2009 (round off to the nearest rand where necessary).