

Question Pack 1 Solutions

QUESTION 1

You-can-do-it Traders

Statement of comprehensive income for the year ended 30 April 2011 ½

	R	
Revenue (146 870-270-690)	145910	1½
Less: Cost of sales	77910	
Opening inventory	18800	½
Add: Net purchases (82300-180-320)	81800	1½
Railage on purchases	1110	1
	101710	
Less: Closing inventory	-23800	½
Gross profit	68000	
Add: other income	3700	
Commission received (800+500)	1300	1½
Rent received	2400	1
Less: Distribution, administrative and general expenses	(72290)	
Rent (6900+500)	7400	2
Salaries & wages	23200	½
Stationary	4600	½
Railage on sales	5800	1
Insurance (4000 -1600)	2400	2
Administrative expenses (3200+1250)	4450	1½
Bad debts	200	½
Provision for credit losses adjustment (12000 x 7%) - 600)	240	2
Depreciation:		
Equipment (80000 x 10%)	8000	1
Vehicles (100000-20000) x 20%	16000	1
Finance costs		
Interest expense (6000 (½) +1500 (1½))	(7500)	
Profit for the year	(8 090)	

**Calculations:**

Interest expense for the year:  $90000 \times 10\% \times 10/12 = R7500$   
 Minus: Interest paid (R6000)  
 Accrued R1500

(22)

You-can-do-it Traders  
 Statement of changes in equity for the year ended 30 April 2011

Capital:	Balance at 1 May 2010	R 236 000	1/2
	Profit	(8090)	1/2 rp
	Drawings	(2960)	1/2
	Balance at 30 April 2011	<u>224 950</u>	

(2)

You-can-do-it Traders  
 Statement of financial position as at 30 April 2011

ASSETS	Note	R	
Non-current assets			
Property, plant and equipment	2	289 700	1/2 rp
Current assets			
Inventories		23 800	1
Trade and other receivables (12000 -840+500)		11 660	1 1/2
Prepayments		1600	1
Cash and cash equivalents (770-500)		270	2
<b>TOTAL ASSETS</b>		<b>327 030</b>	
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves		224 950	1/2 rp
Capital			
Non-Current liabilities			
10% Mortgage loan		90 000	1
Current liabilities			
Trade and other payables		12 080	1 1/2
R(9330+1250+1500)			
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>327 030</b>	

**Notes to the financial statements:**

Property, plant, and equipment	Land	Equipment	Vehicles	Total
Carrying amount: Beginning of year	R 180 000	R 53 700	R 80 000	R 313 700
Cost	180 000	80 000	100 000	360 000
Accumulated depreciation	-	(26 300)	(20 000)	(46 300)
Additions		(8 000)	(16 000)	(24 000)
Depreciation Carrying amount: End of year	180 000	45 700	64 000	289 700
Cost	180 000	80 000	100 000	360 000
Accumulated depreciation	-	(34 300)	(36 000)	(70 300)

(14)

**SUBTOTAL: [38]**

**QUESTION 2**

2.1 Cash Receipts Journal – May 2011

	31	Provisional total	R	
Debtors' Control (CCC dealers) (6540-5640)		74 700		1/2
Creditors' Control (D Monk)		900		(1)
Creditors' Control (A Ash)		7 187		(1)
		1 842		(1)
		<u>84 629</u>		
Cash Payments Journal – May 2011				
31 Provisional total		49 260		1/2
Bank charges		305		(1)
Debtors' Control		137		(1)
Debtors' Control (J Bronko) (15850-15170)		680		(1)
		<u>50 382</u>		

General Ledger

2011		Bank	
May 1	Balance	b/d	R 540 (1)
30	Total receipts		84 629 (1/2)rp
Jun 1	Balance	b/d	R 34 787
			85 169
			34 787
			50 382 (1/2)rp
			34 787 (1)
			85 169

Bank Reconciliation statement See-saw Traders at 31 May 2011

	Debit	Credit
Balance as per bank statement	R 10 170 (1)	R 10 170 (1)
Credit: outstanding deposits:		20 000 (1)
		8 920 (1)
Debit: outstanding cheque	5343 (1)	
Correction of error (RRR Trading)		3 020 (1)
Correction of error	1 980 (1)	
Balance as per bank account	34 787 rp(1)	

**SUBTOTAL: [17]**

QUESTION 3

2010		Creditors Control	
30-Apr	Purchase Returns	RRJ 1 980 (1)	01-Apr Balance
	Bills Payable	BRJ 17 000 (1)	Purchases
	Bank (24450+560)	CPJ 25 000 (2)	Bank (41,600 + 220)
	Journal Debits	J 236 (1/2)	Journal Credits
	Balance	c/d 15 700	(346 + 324 + 540)
		59 916	
			01-May Balance
			b/d 16 886 (1/2)
			PJ 41 820 (2)
			J 1 210 (1/2)
			59 916
			15 700 (1/2)rp

**[9]**

Reconciliation:

Creditors - total of list	R 16 088 (1/2)
CC Traders	324 (1)
RR Services	540 (1)
AA Manufactures (440 x 2)	(880) (2)
GG	(180) (1)
JJ (86 x 2)	(172) (1/2)
Balance as per Control Account	15 700

**[7]**

**SUBTOTAL: [16]**

QUESTION 4

2010		Membership fees	
2010	Membership fees accrued	R 960 (1)	Jul-01 Membership fees in advance
2011	Membership fees in advance	480 (1/2)	Jun-30 Bank (720+45840+480)
	Income and expenditure	48 480 (1)	Membership fees accrued
		rp	Bad debts (960-720)
		49 920	

**SUBTOTAL: [9]**

**QUESTION 5**

Machinery cost			
2010 Apr 1	Balance	b/d	R 38 200
Dec 1	Bank		60 000
			(1)
			98 200
			(1)
			38 200
			(1)
			60 000
			(1)
			98 200

[4]

Accumulated depreciation: Machinery			
2010 Dec 31	Machinery realisation		R 10 830
2011 Mar 31	Balance	c/d	2 000
			(1)
			12 830
			(1)
			5 700
			(1)
			5 130
			(1)
			2 000
			(1)
			12 830

[6]

Depreciation			
2010 Dec 31	Accumulated - Machinery		R 5 130
2011 Mar 31	Accumulated depreciation - Machinery		2 000
			(2)
			7 130
			(2)
			7 130

[5]

Machinery realisation			
2010 Dec 31	Machinery at cost		R 38 200
			(1)
			38 200
			(1)
			10 830
			(1)
			27 000
			(1)
			370
			(1)
			38 200

[5]

Calculations:  
Depreciation - Machine A :  $\frac{38\,200 - 4\,000}{5} \times \frac{9}{12}$

= R5 130

Machine B :  $60\,000 \times 10\% \times \frac{3}{12}$

= R2 000

**SUBTOTAL: [20]**

**TOTAL: [100]**