



FAC1502

May/June 2014

FINANCIAL ACCOUNTING PRINCIPLES, CONCEPTS AND PROCEDURES

Duration 2 Hours

100 Marks

EXAMINERS .
FIRST

MS A DU PLESSIS
MR M ENGELBRECHT
MR P MARAISANE

MRS MS DU RAND
MR DO KHUMALO
MR C MODISE

SECOND

PROF JS JANSEN VAN RENSBURG

Use of a non-programmable pocket calculator is permissible

Closed book examination

This examination question paper remains the property of the University of South Africa and may not be removed from the examination venue

This question paper consists of SEVEN (7) pages.

PLEASE NOTE:

- 1 This paper consists of FIVE (5) questions
- 2 Ensure that you are writing the correct paper
- 3 Ensure that you are handed the correct examination answer book (BLUE) by the invigilator
- 4 All questions must be answered
- 5 Basic calculations, where applicable, must be shown
- 6 The answer to each question must be commenced on a new (separate) page
- 7 Please write **legibly** in **blue** or **black** ink

PROPOSED TIME-TABLE: (Avoid deviating from this as far as possible)

QUESTION	TOPIC	MARKS	TIME (minutes)
1	Statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position (equity and liability section)	35	42
2	Membership fees account	8	10
3	Depreciation Trading in of old and purchase of new non-current assets	13	16
4	Bank reconciliation statement	25	30
5	Incomplete records Ledger accounts	19	22
TOTAL		100	120

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QUESTION 1 (35 marks)(42 minutes)

Commence this question on a new (separate) page

On 31 May 2013 the following pre-adjustment trial balance were compiled from the accounting records of YoCo Stores

YoCo STORES**PRE-ADJUSTMENT TRIAL BALANCE AS AT 31 MAY 2013**

	Debit	Credit
	R	R
Capital		?
Drawings	5 000	
Fixed deposit	30 000	
Land and buildings at cost	150 000	
Furniture at cost	45 000	
Mortgage		30 000
Bank	4 700	
Trading inventory (1 June 2012)	12 000	
Creditors control		7 300
Debtors control	5 400	
Revenue from sales		92 100
Purchases	35 000	
Purchases returns		825
Rental income		3 600
Bank charges	100	
Insurance	2 000	
Credit losses	150	
Settlement discount granted	250	
Municipal taxes	600	
Salaries and wages	12 900	
Carriage on purchases	720	
Carriage on sales	450	
Custom duties on purchases	125	
Packing material	1 395	
Interest on mortgage	3 025	

Additional information

- (a) On 1 March 2013, the owner deposited an additional amount of R50 000 into the bank account of the business
- (b) Depreciation on furniture must still be provided for at 20% per annum on the straight-line method. The furniture was bought on 30 June 2012
- (c) The fixed deposit consists of an investment at Dry Bank at 10% interest per annum, callable at 31 May 2018. The money was invested on 1 June 2012. Interest for the year must still be provided for
- (d) On 1 January 2013 the owner took inventory to the value of R2 500 (at cost). The transaction was not entered in the accounting records
- (e) On 31 May 2013, the following inventory was on hand
 - Trading inventory, R14 500
 - Packing material, R95

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QUESTION 1 (continue)

- (f) Create an allowance for credit losses of R400
- (g) Included in the amount for insurance is an annual insurance premium amounting to R1 800 which was paid on 1 August 2012
- (h) From 1 January 2012 part of the building was rented out to an attorney for R400 per month
- (i) The May 2013 salary of the secretary amounting to R6 000, was not yet paid
- (j) The mortgage was obtained from XYZ Bank during the previous financial year and bears interest at a rate of 11% per annum payable monthly in arrears. Interest for May 2013 must still be accounted for. On 31 December 2013 an amount of R5 000 is repayable on the mortgage

REQUIRED

- 1.1 Prepare the statement of profit or loss and other comprehensive income of YoCo Stores for the year ended 31 May 2013 (20)
- 1.2 Prepare the statement of changes in equity of YoCo Stores for the year ended 31 May 2013 (5)
- 1.3 Prepare the equity and liability section of the statement of financial position of YoCo Stores as at 31 May 2013 (10)

All statements must comply with the requirements of International Financial Reporting Standards (IFRS) appropriate to the business of the entity

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QUESTION 2 (8 marks)(10 minutes)

Commence this question on a new (separate) page

The chairman of Far Hill Tennis Club received the following information from the club's accountant

(1) Statement of financial position as at 30 June 2013 (extract)

	30 June 2013	30 June 2012
	R	R
Non-current liability		
Long-term borrowing	212 500	225 000
Current liabilities	30 080	21 370
Membership fees received in advance	1 680	720
Trade and other payables	15 900	8 150
Current portion of long-term borrowing	12 500	12 500

(2) Cash transactions for the year ended 30 June 2013 (extract)

<i>Receipts</i>	R
Visitors fees	3 770
Membership fees	40 560
Entrance fees	3 000
Sales of tennis balls	350
Donations	1 900

Additional information

- (a) Membership fees are R240 per member per annum. At 30 June 2013 it was decided that 2 members, still owing membership fees for the year ended 30 June 2012, were to be suspended retrospectively. The amounts owing must be written off as irrecoverable.
- (b) During the year ended 30 June 2013, 30 new members were admitted. The management decided to capitalise 50% of the entrance fees received from these new members.
- (c) The accrued membership fees for 2012, amounts to R2 400 and to R1 200 for 2013.

REQUIRED:

Prepare the membership fees account for the year ended 30 June 2013 in the general ledger of Far Hill Tennis Club

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QUESTION 3 (13 marks)(16 minutes)

Commence this question on a new (separate) page.

On 31 March 2013, Laura Mapetla traded in an old machine, which had a purchase price of R12 000 and an accumulated depreciation of R8 000 on 31 December 2012, for a new machine costing R20 000

The trade-in value of the old machine was R5 000. Laura provides for depreciation on machinery at 20% per annum according to the diminishing balance method.

Ignore VAT for the purpose of this question.

REQUIRED:

- 3.1 Disclose the profit/loss on disposal of assets and the depreciation in the statement of profit or loss and other comprehensive income for L. Mapetla for the year ended 31 December 2013. Your answer must comply with the requirements of International Financial Reporting Standards (IFRS).
All calculations must be shown (9½)
- 3.2 Disclose property, plant and equipment in the statement of financial position for L. Mapetla as at 31 December 2013, according to the requirements of International Financial Reporting Standards (IFRS). The note with regard to property, plant and equipment is not required.
All calculations must be shown (3½)
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QUESTION 4 (25 marks)(30 minutes)

Commence this question on a new (separate) page.

On comparing Sibasa Traders' bank reconciliation statement as at 30 November 2013 and the cash journals for December 2013 with the bank statement of the entity for December 2013, the following was established

(a) Balances and totals:

(i) Balances:	R
Bank account – 30 November 2013 (dr)	26 860
Bank statement – 31 December 2013 (dr)	15 746
(ii) Totals at 31 December 2013.	
Cash receipts journal	49 352
Cash payments journal	44 475
(b) Items appearing on the bank reconciliation statement as at 30 November 2013 but not on the bank statement for December 2013:	
Cheque no 431 – dated 30/6/2012 (Whispers Dealers)	990
Cheque no 698 – dated 3/11/2013 (Walti Stationers)	1 020
(c) Items appearing in the cash journals for December 2013 but not on the bank statement for December 2013:	
A deposit on 31 December 2013	46 945
Cheque no 756 – dated 28/12/2013 (Creditor F Fire)	3 200
Cheque no 759 – dated 30/12/2013 (Creditor K Kalabi)	3 085
(d) Items appearing on the bank statement for December 2013 but not in the cash journals for December 2013.	
A direct deposit from Brown Dwellers for rent	1 250
Interest on overdraft	160
Ledger fees	48
Cash handling fee	70
Refer to drawer (R/D) cheque received from debtor, PQ Solomuns	305
A deposit to another client of the bank was incorrectly deposited into Sibasa Traders' account	1 500
A stop order for the monthly insurance premium	1 300
A cheque drawn by another client of the bank was incorrectly debited to the account of Sibasa Traders	10 000

Additional information

- (a) Cheque no 431 got lost and was subsequently cancelled.
 (b) Cheque no 736 for R1 535, issued to Hanarins Furnishers for furniture purchased was incorrectly recorded in the cash payments journal for December 2013 as R1 835

REQUIRED:

- 4 1 Complete the cash receipts and cash payments journals of Sibasa Traders, bank columns only, for December 2013 (9)
 4 2 Prepare the bank account in the general ledger of Sibasa Traders, properly balanced, on 31 December 2013 (5)
 4 3 Prepare the bank reconciliation statement of Sibasa Traders as at 31 December 2013 Begin with the balance as per the bank statement (11)
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QUESTION 5 (19 marks)(22 minutes)

Commence this question on a new (separate) page.

The following information was extracted from the trial balance of Jumbo Traders for the years ended 30 September 2012 and 30 September 2013

	30 September 2013 R	30 September 2012 R
Inventory	165 000	155 000
Debtors control	203 000	159 000
Allowances for credit losses	25 000	18 000
Creditors control	120 000	68 000

Additional information

- (a) Cash received from customers during the year ended 30 September 2013, amounted to R950 000 and credit losses of R8 000 had been written off
- (b) Cash payments to suppliers during the year ended 30 September 2013, amounted to R560 000
- (c) The perpetual inventory system is in use

REQUIRED:

Calculate the **gross profit** of Jumbo Traders for the year ended 30 September 2013, by preparing the following general ledger accounts

5 1	Inventory	(5)
5 2	Debtors control	(6)
5 3	Creditors control	(5)
5 4	Trading account	(3)
		[19]