

ACN 101

**ANNEXURE D: ASSIGNMENT 01:  
SECOND SEMESTER**

**THIS ASSIGNMENT IS COMPULSORY**

**STUDENTS REGISTERED:**

- **FOR THE SECOND SEMESTER**  
**Due date: 15 August 2007**  
**Unique Number: 111545**

**SECOND SEMESTER ONLY****ASSIGNMENT 01 (60 marks)(70 minutes)****(MULTIPLE CHOICE QUESTIONS)**

**Do this assignment on a mark reading sheet or can be submitted via myUnisa.**

1. The following statements relate to the nature and function of accounting:
- (a) Financial information is required only by enterprises aiming to maximize profits.
  - (b) An accounting entity is an independently existing economic unit, the financial transactions of which must be dealt with separately from those of any other unit.
  - (c) Management accounting deals with the reporting of the financial achievements of an entity as a whole.
  - (d) All liabilities redeemable within one year must be treated as current liabilities.

Which one of the following groups correctly reflects all the statements that are true?

- 1 (a), (b), (c)
  - 2 (a), (b), (d)
  - 3 (c), (d)
  - 4 (b), (d)
  - 5 All of the above
2. During March 20.2 Mkhulushane Dealers purchased goods to the value of R3 000, one third of which was sold for R1 200 during March. Rental and electricity for the month amounted to R200 and R30 respectively.

Which one of the following amounts represents the total costs to be taken into account against income according to the matching principle for March 20.2?

- 1 R3 230
  - 2 R1 230
  - 3 R1 000
  - 4 R1 200
  - 5 None of the above
3. Graeme is the proprietor of an enterprise trading as Simunye General Dealers. At 31 May 20.7 the enterprise had the following assets and liabilities:

	R
Delivery truck.....	135 000
Inventory.....	45 000
Bank (favourable).....	22 550
Creditors.....	105 000
Debtors.....	90 000

Which one of the following amounts reflects the equity at 31 May 20.7?

- 1 R217 500
- 2 R187 500
- 3 R307 500
- 4 R292 500
- 5 None of the above

**ASSIGNMENT 1 (continued)**

4. Alpha Limited sold merchandise, originally costing R1 000, to Omega Limited for R1 500 cash.

Which one of the following alternatives correctly reflects the influence of the above transaction on the accounting equation of Alpha Limited if the perpetual inventory system is in use?

	Assets	=	Equity	+	Liabilities
1	- R1 500		-		+ R1 500
2	- R1 500 + R1 500		- -		- -
3	+ R1 500		+ R500		+ R1 000
4	+ R1 500 - R1 000		+ R500 -		- -
5	- -		+ R1 500 - R1 000		- -

5. Which one of the following errors will be revealed by a trial balance?
- 1 A transaction was completely omitted from the books.
  - 2 Posting to the right side of the wrong account.
  - 3 Posting of a debit from a journal was omitted.
  - 4 Applying a faulty principle on recording a transaction.
  - 5 All of the above
6. The following information was extracted from the accounting records of Check Stores on 28 February 20.4:

<u>Balances at 31 January 20.4:</u>	R
Debtors control account .....	16 200
Creditors control account .....	12 600
Inventory account .....	15 000

<u>Balances at 28 February 20.4:</u>	
Debtors control account .....	12 000
Creditors control account .....	14 580
Inventory account .....	18 000

<u>Extract from cash payments journal at 28 February 20.4:</u>	
Payments to creditors.....	43 020

**ASSIGNMENT 1 (continued)**Additional information:

- (a) Gross profit mark-up is 20% on cost
- (b) Inventory is kept on the perpetual system
- (c) All purchases and 80% of sales are on credit

Which one of the following alternatives represents purchases during February 20.4?

- 1 R42 000
- 2 R43 020
- 3 R45 000
- 4 R48 000
- 5 None of the above

7. Use the same information as for Question 6.

If the purchases during February 20.4 were R42 000, which one of the following alternatives represents the cost of sales for February 20.4?

- 1 R39 000
- 2 R40 020
- 3 R42 000
- 4 R45 000
- 5 None of the above

8. Use the same information as for Question 6.

If the cost of sales for February 20.4 were R42 000, which one of the following alternatives represents credit sales during February 20.4?

- 1 R36 960
- 2 R40 320
- 3 R43 680
- 4 R50 400
- 5 None of the above

9. The following steps all form part of the accounting cycle:

- (a) Completion of source documents
- (b) Reporting in financial statements
- (c) Transactions taking place
- (d) Recording of transaction in subsidiary journals and ledgers
- (e) Decision making by the management
- (f) Analysis and interpretation of financial statements

**ASSIGNMENT 1 (continued)**

Which one of the following alternatives represents the correct sequence in which the above steps usually take place in the accounting cycle?

- 1 (c), (a), (d), (b), (f), (e)
- 2 (a), (c), (e), (d), (b), (f)
- 3 (e), (a), (c), (d), (b), (f)
- 4 (c), (a), (e), (d), (b), (f)
- 5 None of the above

10. Which of the following are correct?

	Transaction	Account to be debited	Account to be credited
(a)	Vehicle purchased for cash	Vehicles	Bank
(b)	A debtor, G Force, paid us by cheque	Bank	G Force
(c)	The owner increased his capital contribution with a cash cheque	Capital	Bank
(d)	Paid a creditor, J Simms, by cheque	J Simms	Bank

- 1 (a), (b) and (c)
- 2 (b), (c) and (d)
- 3 (a), (b) and (d)
- 4 (a) and (d)
- 5 All of the above

11. If prepaid salaries of R1 350 was inadvertently treated as accrued salaries in the books of SA Traders, the profit would be . .

- 1 overstated by R1 350.
- 2 understated by R1 350.
- 3 overstated by R2 700.
- 4 understated by R2 700.
- 5 unchanged

12. In the balance sheet, at the end of the financial year, prepaid advertising will be shown as ...

- 1 a decrease in liabilities
- 2 an increase in assets
- 3 a decrease in equity
- 4 an increase in equity
- 5 an increase in liabilities

**ASSIGNMENT 1 (continued)**

13. During February 20.2 the following transactions were incurred by AA Savage Services:

20.2

- Feb 2 Paid a capital instalment on the loan from Real Bank, R3 600  
 15 Services rendered to a client on credit - R1 800  
 28 Paid creditor PLA Services R2 400 cash

Which one of the following alternatives correctly reflects the net influence of the above transactions on the extended accounting equation of AA Savage Services?

	Assets		=	Equity		+	Liabilities	
	Debtors	Bank		Capital	Profit		Loans	Creditors
	R	R		R	R		R	R
1	-	- 4 200		-	+ 1 800		-	- 6 000
2	-	- 6 000		-	+ 1 800		- 3 600	- 4 200
3	+ 1 800	- 6 000		-	+ 1 800		- 3 600	- 2 400
4	+ 1 800	- 3 600		- 2 400	-		- 1 800	- 1 200
5	- 1 800	+ 6 000		-	- 1 800		+3 600	+ 2 400

14. Which of the following items will be entered in the general journal of an enterprise when all applicable subsidiary journals are in use?

- (a) Merchandise purchased on credit.  
 (b) Merchandise purchased for cash.  
 (c) Tyres for the delivery vehicle purchased on credit.  
 (d) Refreshments and stamps purchased for cash.  
 (e) Office furniture purchased on credit.  
 (f) Motor vehicle purchased for cash.  
 (g) Merchandise sold on credit.

- 1 All of the above  
 2 None of the above  
 3 (a), (b), (d)  
 4 (c), (d), (e)  
 5 (c), (e)

**ASSIGNMENT 1 (continued)**

15. The following account appeared on 28 February 20.2 in the general ledger of Yammy in respect of an office that was sub-let:

Rent income			
		Bank (total for the year)	R 12 000

It was established that:

- (a) The relevant office was occupied by the tenant for the full financial year.
- (b) The monthly rental was increased by 20% with effect from 1 September 20.1.
- (c) The rent for February 20.2 has not yet been received.

Which one of the following amounts will appear in the income statement for the year ended 28 February 20.2 in respect of rent income?

- 1 R12 000
  - 2 R13 000
  - 3 R13 090
  - 4 R13 200
  - 5 None of the above
16. Which one of the following statements is correct?
- 1 Input VAT is paid to the Receiver of Revenue.
  - 2 Output VAT is repaid by the Receiver of Revenue.
  - 3 VAT on goods sold and services rendered is input VAT.
  - 4 The balance on the VAT control account indicates what amount should be paid to or to be claimed from the Receiver of Revenue.
  - 5 None of the above
17. Which one of the following transactions will result in a change in the equity of an enterprise operating on a bank overdraft?
- 1 A cheque issued in payment of a creditor's account.
  - 2 A cheque issued for payment of salaries.
  - 3 A cheque issued for payment of assets purchased for cash.
  - 4 Property bought on credit.
  - 5 None of the above.

**ASSIGNMENT 1 (continued)**

18. Which one of the following statements is correct?

A posting to the debit side of a ledger account will, where applicable, always have the effect of .....

- 1 a decrease in the balance of an asset account.
- 2 an increase in the balance of a liability account.
- 3 a decrease in the amount of a nominal account.
- 4 an increase in the balance of a personal account.
- 5 a decrease in the amount of an income account.

19. In the process of assisting the bookkeeper of Swift Services to rectify the trial balance at 28 February 20.2, the following errors, which resulted in the disequilibrium of the totals of the trial balance, were traced. Control accounts are in use.

- (a) The total of the February 20.2 cash payments journal amounting to R29 800, has not been transferred to the bank account in the general ledger. The business operated on a bank overdraft.
- (b) A payment of R300 to a creditor was entered in the cash payments journal and posted to the creditor's personal account, but it has not been analysed in the creditors column of the cash payments journal.
- (c) Rent amounting to R600, paid for February 20.2, was correctly entered in the cash payments journal, but posted to the credit side of the rent account in the general ledger.

Which one of the following amounts represents the difference in the totals of the trial balance, before the above mistakes were rectified?

- 1 R28 000
- 2 R28 300
- 3 R29 500
- 4 R29 800
- 5 None of the above

20. Flotana uses control accounts. Which one of the following alternatives will cause the trial balance not to balance?

- 1 The discount column in the cash payments journal was debited to the discount allowed account in the general ledger.
- 2 A credit purchase invoice was correctly entered as R325 in the purchases journal, but the amount was incorrectly posted as R235 to the personal account of the creditor.
- 3 The bank overdraft appears as a credit balance in the trial balance.
- 4 A credit sales invoice of R1 090 was incorrectly entered as R190 in the sales journal and posted as such to the personal account of the debtor.
- 5 None of the above