



# FAC1502 RFA1502

May/June 2012

## FINANCIAL ACCOUNTING PRINCIPLES, CONCEPTS AND PROCEDURES

Duration 2 Hours

100 Marks

EXAMINERS .  
FIRSTMS A DU PLESSIS  
MRS KA NKOME  
MR D VON WELLMR P MARAISANE  
PROF D SCOTT

SECOND

PROF JS JANSEN VAN RENSBURG

Use of a non-programmable pocket calculator is permissible.

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 6 pages.

**PLEASE NOTE:**

- 1 Ensure that you are writing the correct examination paper
- 2 Ensure that you are handed the correct examination answer book (BLUE) by the invigilator
- 3 All questions must be answered
- 4 Basic calculations, where applicable, must be shown
- 5 The answer to each question must be commenced on a new (separate) page
- 6 Please do not answer the paper in pencil
- 7 PROPOSED TIMETABLE (try not to deviate from this)

QUESTION	TOPIC	MARKS	TIME (minutes)
1	Financial statement	28	34
2	Property, plant and equipment	36	43
3	Incomplete records	7	8
4	Bank reconciliation	13	16
5	General ledger accounts	16	19
	TOTAL	100	120

**[TURN OVER]**

**QUESTION 1** (28 marks) (34 minutes)

At 31 March 2011 the accountant of Moon Traders had the following balances of accounts from the general ledger before any adjustments

<b>PRE- ADJUSTMENT BALANCES OF MOON TRADERS AT 31 MARCH 2011</b>	
	<b>R</b>
Rent income	64 000
Stationery	3 350
Capital	149 000
Drawings	6 084
Accumulated depreciation on Equipment	15 000
Commission income	2 700
Credit losses	1 600
Property (at fair value)	350 000
Equipment (at cost)	34 000
Bank (favourable)	24 208
Debtors control	26 100
Interest on mortgage bond	23 870
Municipality levy	4 333
Insurance	2 405
Loan on property@10 50% interest (mortgage)	248 000
Water and electricity	2 750

**Additional information (errors and problems identified):**

- 1 Moon had 5 tenants, each paying different rental amounts. Monthly rental of R1 750 for one of the tenants was still due for two months at the end of March 2011.
- 2 Stationery on hand at 31 March 2011 amounted to R1 550.
- 3 R750 commission was earned for April and May 2011.
- 4 Dr D Persue disappeared. Management decided to write his debt of R2 650 off as irrecoverable.
- 5 Provision should still be made for depreciation on equipment at 10% per annum on the diminishing balance method.
- 6 The water and electricity account for March 2011 of R310, has not yet been paid.
- 7 The insurance premium for April 2011 was paid in advance.
- 8 Interest on the loan for the month of March 2011 is still to be provided for.

**REQUIRED:**

- 1 Calculate the total comprehensive income or loss for the current financial year (NB! Show all your calculations) (12)
- 2 Prepare the statement of financial position as at 31 March 2011 (16)

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**QUESTION 2** (36 marks) (43 minutes)**PECCO SCRAP DEALERS  
GENERAL LEDGER  
FURNITURE AT COST**

Dr				Cr					
Date		Details	Fol	R	Date		Details	Fol	R
2009					2010				
Sept	01	Bank	CPJ	250 000	Aug	31	Balance	c/d	385 000
2010									
May	31	Creditors Bank (Installation)	GJ CPJ	120 000 15 000					
				385 000					385 000
2010					2011				
Sept	01	Balance	b/d	385 000	June	30	Asset realisation (bought 01 Sept 2009)	GJ	123 000
2011									
June	30	Bank	CPJ	66 000	Aug	31	Balance	c/d	328 000
				451 000					451 000
2011									
Sept	01	Balance	b/d	328 000					

Dr				Cr					
ACCUMULATED DEPRECIATION: FURNITURE									
Date		Details	Fol	R	Date		Details	Fol	R
					2010				
					Sept	01	Balance	b/d	48 250

Dr				Cr					
VEHICLES AT COST									
Date		Details	Fol	R	Date		Details	Fol	R
2009					2009				
Sept	01	Bank	CPJ	400 000	Nov	30	Asset realisation	GJ	78 000
2010					2010				
July	31	Bank	CPJ	30 000	Aug	31	Balance	c/d	352 000
				430 000					430 000
2010					2011				
Sept	01	Balance	b/d	352 000	Aug	31	Asset realisation (bought 01 Sept 2009 and 31 July 2010 )*	GJ	255 000
2011									
Mar	01	Bank	CPJ	65 000			Balance	c/d	255 000
2011									510 000
July	31	Creditors	GJ	93 000					
				510 000					
2011									
Sept	01	Balance	b/d	255 000					

\*Bought 1 Sept 2009 = R225 000 + 31 Jul 2010 = R30 000

Dr				Cr					
ACCUMULATED DEPRECIATION: VEHICLES									
Date		Details	Fol	R	Date		Details	Fol	R
					2010				
					Sept	01	Balance	b/d	68 800

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**Additional information:**

Depreciation is provided at 20% p a (straight line) on both Furniture and Vehicles

**REQUIRED:**

- 1 Show all the depreciation calculations for the year ending 31 August 2011 (12)
- 2 Prepare the property, plant and equipment note to the financial statements as at 31 August 2011 (Notes on accounting policy are not required) (24)

**QUESTION 3** (7 marks) (8 minutes)

The following information relates to Tottenham Traders

Assets and liabilities as at 31 January 2012

	<b>R</b>
Land and building (at cost)	120 000
Capital-1 February 2011	78 000
Furniture and equipment (at cost)	65 000
Accumulated depreciation	
- Furniture and equipment	18 000
Creditors	15 000
Inventories	30 000
Accrued income	7 500
Bank (favourable)	13 500
Debtors	35 000
Prepaid expenses	28 000
Long-term loan	75 000

**Additional information:**

The owner made no additional capital contribution but took inventory to the value of R34 800 as a gift for his daughter's wedding during the year

**REQUIRED:**

Calculate the profit or loss for the year ended 31 January 2012

(Show all calculations)

(7)

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**QUESTION 4** (13 marks) (16 minutes)

On comparing the bank statement with the cash journals of Pompei Traders, the following information and differences were found at 31 July 2011

<b>Balances at 30 June 2011</b>	<b>R</b>
Bank account (favourable)	7 950
Bank statement (favourable)	900
<b>Balances at 31 July 2011</b>	
Bank account (favourable)	?
Bank statement (favourable)	4 756

**Additional information:**

1 The total of the bank column on the cash receipts journal	15 960
2 The total of the bank column on cash payment journal	12 750
3 The bank statement showed charges to the amount of	650
4 A debtor 's cheque was marked R/D by the bank	2 354
5 A cheque no 004 for Rompi appeared as a debit entry on the bank statement of Pompei Traders	2 350
6 Cash deposited on 31 July 2011 did not appear on the bank statement for July 2011	3 600
7 The following cheques did not appear on the bank statement	
Cheque number 324	300
Cheque number 329	1 300
Cheque number 333	950

**REQUIRED:**

Prepare the bank account and the bank reconciliation statement for the month ending 31 July 2011  
(Do not prepare the cash journals) (13)

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**QUESTION 5** (16 marks) (19 minutes)

Extract from the General Journal of DUDU TRADERS - 31 March 2012

GENERAL JOURNAL			
NO.	DETAILS	DR	CR
1	Credit losses Debtors control Credit losses written off	2 450	2 450
2	Debtors control Bank Settlement discount allowed Vat output Reversal of the settlement discount allowed from an R/D cheque from debtor PJ More	6 600	5 600 877 123
3	Bank Vat output Credit loss recovered, Debtor J Jody A debtor's amount previously written off, was recovered	1 150	141 1 009
4	Allowance for credit losses Credit losses A decrease in the allowance for credit losses for the year	150	150

The following were the balances as at 31 March 2012: (Before the above journals were taken into consideration)

	<b>R</b>
Debtors control	24 000
Allowance for credit losses	1 900
Bank (favourable)	36 500
Credit losses	0
Credit losses recovered	0
Settlement discount allowed	2 546
Vat output	3 489

**REQUIRED:**

Prepare the general ledger accounts applicable from the above general journal, **excluding** bank and settlement discount allowed (NB! Balance the accounts) (16)