


FAC1502
RFA1502

October/November 2012

FINANCIAL ACCOUNTING PRINCIPLES, CONCEPTS AND PROCEDURES

Duration 2 Hours

100 Marks

EXAMINERS :

FIRST

MS A DU PLESSIS

MR P MARAISANE

MRS KA NKOME

PROF D SCOTT

MR D VON WELL

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 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 use blue or black ink only
- 7 PROPOSED TIMETABLE (try not to deviate from this)

Question	Topic	Marks	Time in minutes
1	Cash transactions and bank reconciliation	26	30
2	Statement of financial position and general ledger accounts (final)	27	32
3	The adjusting journal and statement of profit or loss and other comprehensive income	27	32
4	Property, plant and equipment	20	26
	TOTAL	100	120

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QUESTION 1 (26 marks) (30 minutes)

The following bank reconciliation statement was prepared at 30 June 2012 in the books of Grey Services

Bank reconciliation statement as at 30 June 2012		
	Debit	Credit
	R	R
Credit balance as per bank statement	-	1 749
Credit outstanding deposit	-	1 010
Credit incorrect entry on bank statement	-	254
Debit outstanding cheques	-	-
No 558	410	-
No 813	152	-
No 821	249	-
Debit balance as per bank account	2 202	-
	3 013	3 013

The following is a summary of the deposits and cheque payments recorded in the cash receipts journal and the cash payments journal for July 2012

Cash receipts journal				Cash payments journal			
Doc No	Date	Details	Bank (Amount deposited)	Doc No	Date	Details	Bank (Amount paid)
			R				R
	7	Deposit	982	823	3	Telephone	410
	16	Deposit	2 042	824	6	Purchases	4 600
	20	L Good	470	825	11	Insurance	294
	27	Deposit	2 202	826	16	Wages	302
	30	Deposit	1 152	827	20	F Andy	376
				SO	25	Salaries	2 000
				828	27	Water and electricity	84
				CU		K Dandy	142
				829	30	G Bush	685

Abbreviations

SO = Stop order

CU = Cheque previously deposited, unpaid (R/D).

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QUESTION 1 (continued)

The bank statement received on 31 July 2012 was as follows:

Bank statement Grey Services – July 2012				
Date	Details	Debit	Credit	Balance
		R	R	R
1	Balance	-	-	1 749 Cr
	Error corrected	-	254	2 003 Cr
2	Deposit	-	1 010	3 013 Cr
	Cash deposit fee	21	-	2 992 Cr
7	Cheque no 821	249	-	2 743 Cr
	Deposit	-	982	3 725 Cr
	Cash deposit fee	21	-	3 704 Cr
12	Deposit (rent)	-	290	3 994 Cr
	Cash deposit fee	6	-	3 988 Cr
16	Cheque no 823	410	-	3 578 Cr
20	Cheque no 824	4 400	-	822 Dr
	Deposit	-	2 042	1 220 Cr
	Cash deposit fee	40	-	1 180 Cr
	Deposit	-	470	1 650 Cr
	Cash deposit fee	6	-	1 644 Cr
	MF	90	-	1 554 Cr
25	Cheque no 825	294	-	1 260 Cr
27	Cheque no 826	302	-	958 Cr
	Stop order	2 000	-	1 042 Dr
	Deposit	-	2 202	1 160 Cr
	Cash deposit fee	75	-	1 085 Cr
	Unpaid cheque (K Dandy)	142	-	943 Cr
	Cheque fees	25	-	918 Cr
	IN	12	-	906 Cr

Additional information:

- 1 Abbreviations
MF = Management Fee
IN = Interest on overdraft
- 2 Cheque no 558 was drawn on 25 November 2011 in favour of K Kara for repairs to the building
The cheque is stale and must be cancelled
- 3 The correct amount of cheque no 824 is R4 400 and not R4 600
- 4 Cheque no 828 was mislaid by the municipality and the bank was notified to stop payment No entries were made to record this

REQUIRED:

- 1.1 Finalise the cash receipts journal and the cash payments journal for July 2012 (14)
(begin your answer with the totals)
- 1.2 Open and complete the bank account for July 2012 in the general ledger of Grey Services (4)
- 1.3 Prepare the bank reconciliation statement as at 31 July 2012 (8)

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QUESTION 2 (27 marks) (32 minutes)

The following information was obtained from the books of Khulong Traders

POST-ADJUSTMENT TRIAL BALANCE OF KHULONG TRADERS AS AT 30 JUNE 2012		
	Debit	Credit
	R	R
Capital	-	100 000
Drawings	2 695	-
Land and buildings at cost	200 000	-
Vehicles at cost	122 000	-
Furniture and fittings at cost	65 000	-
Accumulated depreciation on vehicles (30 June 2012)	-	54 700
Accumulated depreciation on furniture and fittings (30 June 2012)	-	22 700
Debtors control	9 280	-
Inventory Trading (01 July 2011)	13 800	-
Bank	8 025	-
Petty cash	750	-
Mortgage loan	-	150 000
Loan from Africa Bank (final instalment on 28 February 2013)	-	50 000
Creditors control	-	4 500
VAT control	-	1 500
Sales	-	257 070
Carriage on purchases	760	-
Commission income	-	15 000
Credit losses	349	-
Depreciation	15 400	-
Insurance	2 750	-
Packing materials	4 300	-
Purchases	155 130	-
Purchases returns	-	1 130
Rent income	-	3 800
Sales returns	1 338	-
Credit losses recovered	-	2 500
Loss on sale of an asset	5 700	-
Settlement discount granted	303	-
Settlement discount received	-	405
Wages	51 325	-
Water and electricity	4 400	-
	663 305	663 305

Additional information:

On 30 June 2012 trading inventory had a balance of R15 335

REQUIRED:

- 2 1 Prepare the following general ledger accounts for the year ended 30 June 2012
- | | |
|-----------------|-----|
| Inventory, | (3) |
| Profit or loss, | (9) |
| Capital | (3) |
- 2 2 Prepare the statement of financial position as at 30 June 2012 (show all necessary calculations) (12)

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QUESTION 3 (27 marks)(32 minutes)

The following information was obtained from the books of Orange Traders

TRIAL BALANCE OF ORANGE TRADERS AS AT 29 FEBRUARY 2012		
	Debit R	Credit R
Capital	-	100 000
Drawings	2 445	-
Land and Buildings (at cost)	200 000	-
Vehicles (at cost)	120 000	-
Furniture and fittings (at cost)	65 000	-
Accumulated depreciation on vehicles (1 March 2011)	-	54 700
Accumulated depreciation on furniture and fittings (1 March 2011)	-	22 700
Debtors control	6 780	-
Inventory: Trading (1 March 2011)	13 550	-
Bank	7 775	-
Cash float	500	-
Mortgage loan	-	150 000
Loan from Africa Bank (@ 12% p a)	-	50 000
Creditors control	-	3 200
Sales	-	243 645
Carriage on purchases	660	-
Commission income	-	15 000
Credit losses	244	-
Insurance	2 400	-
Packing materials	3 300	-
Purchases	154 880	-
Purchases returns	-	245
Rent income	-	3 300
Sales returns	1 338	-
Settlement discount granted	553	-
Settlement discount received	-	155
Stationery	2 345	-
Wages	56 775	-
Water and electricity	4 400	-
	642 945	642 945

Additional information:

- (a) Inventory on hand at 29 February 2012
 - Trading inventory – R12 800
 - Stationery – R345
- (b) The insurance amount of R2 400 includes a premium of R200 for March 2012
- (c) The loan was obtained from Africa Bank on 1 September 2011. The interest on the loan has still to be paid
- (d) Rent income for February 2012 is still outstanding
- (e) Provision must be made for depreciation as follows
 - Vehicles – 20% per annum on the diminishing balance method
 - Furniture and fittings – 10% per annum on the cost price

REQUIRED:

- 3.1 Record the adjustments in the general journal of Orange Traders (Ignore narrations) (6)
- 3.2 Prepare the statement of profit or loss and other comprehensive income of Orange Traders for the year ended 29 February 2012 (21)

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QUESTION 4 (20 marks) (26 minutes)

Pride Sales had the following information in respect of its property, plant and equipment for the year ending 30 September 2012

Machines	Purple	Aqua
Date of purchase	1 April 2009	1 July 2010
Purchase price	R250 000	R570 000
Estimated lifespan	10	3

- 1 The entity uses the straight line method of calculating depreciation
- 2 On 31 December 2011 management decided to increase capacity and bought the Green machine on credit from Spring Color Machinery worth R525 000. The Aqua machine was traded in for the purchase of the Green machinery, and the balance payable to Spring Color Machinery with regard to the purchase is R175 000.
- 3 The estimated lifespan of the Green machine is 7 years.

REQUIRED:

Prepare the following general ledger accounts for the year ended 30 September 2012

- | | |
|-------------------------------|-------|
| 4.1 Accumulated depreciation, | (11) |
| 4.2 Depreciation, | (3 ½) |
| 4.3 Machinery realisation | (5 ½) |

(Show all calculations where necessary, marks are also allocated for calculations)