

SCHOOL OF ACCOUNTING SCIENCES

DEPARTMENT OF FINANCIAL ACCOUNTING

ACCOUNTING COURSE ACN101M

TUTORIAL LETTER 202 FOR FAC1502
SOLUTION ASSIGNMENT 02/1/2010
(FIRST SEMESTER)

Dear Student

Enclosed you will find the solution to assignment 02/1/2010.

It is in your own interest to work through the assignment in conjunction with the solution and your answer.

Refer to par 9 of tutorial letter 101/3/2010 for more information regarding the examination. The examination paper is a two-hour paper and consists of "long type" questions.

TELEPHONE NUMBERS

Please replace the telephone numbers listed in paragraph 3.2 of Tutorial Letter 101/3/2010 with the following list:

Dialing code for Pretoria - 012.

◆ The telephone numbers of lecturers assigned to FAC1502:

	<u>Tel nr</u>	<u>E-mail</u>
Mr P Mariasane	429-4426	maraip1@unisa.ac.za
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PLEASE NOTE

We are available for telephone enquiries from 08:00 to 16:00 on weekdays.

ANNEXURE A: EXAMINATION INFORMATION

ANNEXURE B: SOLUTION ASSIGNMENT 02/1/2010 (FIRST SEMESTER)

ANNEXURE A: EXAMINATION INFORMATION (TIPS)

A. Your examination paper will start with the following information and/or instructions:

Use of a non-programmable pocket calculator is permissible.

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. Each question must be commenced on a new (separate) page.
 6. Please do not answer the paper in pencil.
- B. 1. Do the calculations in your examination answer book (not on the exam paper).
2. It is not necessary to answer the questions in number sequence.
 3. The examination script consist of a book with 12 pages. Every page has three columns on the right hand side. If you don't want or cannot use the columns, ignore them and draw your own columns or T-accounts. You may open the book and use the lefthand (Dr-side) as well as the right hand (Cr-side) page.

Make sure that you **indicate** what is being debited and what is being credited. No marks will be allocated if you swop the debit and credit sides. Thus ensure that you know what must be debited and what must be credited.
 4. When it is required of you to prepare one of the cash journals, please use a double page (eg page 2 and 3) to prepare the journals. Use the given columns, which will avoid the time consuming to draw several lines.
 5. Ensure that you apply the correct format of the Statement of comprehensive income, Statement of financial position and Statement of changes in equity.
 6. **NB:**
Do your calculations on the page opposite to your actual answers. Marks are sometimes allocated for calculations.
 7. Please commence each question on a new (separate) page. Basic calculations, where applicable, must be shown.
 8. The paper will consist of FIVE (5) questions.

ANNEXURE B: SOLUTION ASSIGNMENT 02/1/2010
(FIRST SEMESTER)

1. **Option 2:** R42 000

Comment:

				R
<u>Vehicle 1:</u>	1/1/2008 – 30/6/2008	= 20% x 6/12 x 150 000	=	<u>15 000</u>
	1/7/2008 – 30/6/2009	= 20% x (150 000 - 15 000)	=	27 000
<u>Vehicle 2:</u>	1/7/2008 – 1/10/2008	= 20% x 200 000 x 3/12	=	<u>15 000</u>
<u>Total</u>	30/6/2009	= R27 000 + R15 000	=	<u><u>42 000</u></u>

2. **Option 2:** R27 000

Comment:

				R
<u>Equipment:</u>	R30 000 x 15%		=	4 500
<u>Vehicle:</u>	R150 000 x 20% x 9/12		=	<u>22 500</u>
				<u><u>27 000</u></u>

3. **Option 1:** R 783

Credit losses

Balance	b/d	R 650	Allowance for credit losses		R 67
Debtors		200	Profit and loss		783
		<u>850</u>			<u>850</u>

Allowance for credit losses

Credit losses		R 67	Balance	b/d	R 675
Balance	c/d	608			
		<u>675</u>			<u>675</u>
			Balance	b/d	<u>608</u>

4. **Option 4:** Non-current liabilities R35 000, Current liabilities R5 000,
Current assets: R nil

Comment:

Option 1: The bond is for R50 000, two instalments of R5 000 were paid on 31 March 2009, and the next must be shown as a current liability: R50 000 – R10 000 – R5 000 = R35 000 (Non-current liabilities).

Option 2: As above: Non-current liabilities must be R35 000.

Option 3: As above: Non-current liabilities must be R35 000. The current portion of the bond is furthermore not a Current asset.

5. **Option 2:** R17 000 (R20 000 x 85%)

ASSIGNMENT 02 (continued)6. **Option 1:** R250 000

	R	R
Sales		400 000
Less: Cost of Sales		(150 000)
Opening inventory	8 000	
Purchases	155 000	
Rillage on purchases	5 000	
	168 000	
Closing inventory	18 000	
Gross Profit		250 000

7. **Option 4:** R975

Credit losses

		R		R
Balance	b/d	600	Allowance for credit losses	125
Debtors		500	Profit and loss	975
		1 100		1 100

$$R(18\ 000 - 500) \times 5\% = R875$$

Allowance for credit losses

		R		R
Credit losses		125	Balance	1 000
Balance	c/d	875		
		1 000		1 000
			Balance	875

8. **Option 2**9. **Option 3**

Depreciation calculation:

1/3/07 – 28/2/08:	R12 000 x 30%	=	R 3 600
1/3/08 – 28/2/09:	R(12 000 – 3 600) x 30%	=	2 520
1/3/09 – 30/4/09:	R(12 000 – 6 120) x 30% x 2/12	=	294
			6 414
Carrying amount:	R(12 000 – 6 414)	=	R5 586
Loss on claim:	R(5 586 – 5 000)	=	R 586

10. **Option 3**

ASSIGNMENT 02 (continued)**11. Option 1**

Membership fees

		R				R	
2007 Jan 1	Balance R(150x8)	b/d	1 200	2007 Jan 1	Fees in advance R(180x5)	b/d	900
	Income & Expenditure*	J	21 450	Dec 31	Bank	CRJ	21 720
Dec 31	In advance	J	1 230		Balance R(180x7)	c/d	1 260
			<u>23 880</u>				<u>23 880</u>
2008 Jan 1	Balance	b/d	1 260	2008 Jan 1	In advance	b/d	1 230

*Balancing figure

12. Option 2: R180 000

$$R280\ 000 - R30\ 000 = R250\ 000$$

$$\text{Depreciation} = R250\ 000/5 = R50\ 000 \text{ p.a.}$$

$$R280\ 000 - (2 \times R50\ 000) = R180\ 000$$

13. Option 4: -R6 000 (only transaction (b) effects the equity)**14. Option 1****15. Option 2:** R136 200

<u>Current assets</u>	R
Inventory	78 720
Debtors control	39 000
Bills receivable	12 000
Accrued income	2 880
Prepaid expenses	3 600
	<u>136 200</u>

16. Option 2: R177 000Calculation:

Equity at 30 April 2009:

<u>Assets</u>	R
Property, plant and equipment at carrying amount: R(150 000 – 50 000)	100 000
Debtors	30 000
Inventory	18 000
Bank	6 000
	<u>154 000</u>
<u>Liabilities – Creditors</u>	(38 000)
	<u>116 000</u>

ASSIGNMENT 02 (continued)

Equity at 30 April 2008:

	R
<u>Assets</u>	
Property, plant and equipment at carrying amount: R(120 000 – 30 000)	90 000
Debtors	20 000
Inventory	7 000
	154 000
<u>Liabilities</u>	
Long-term liability	(58 000)
Bank overdraft	(8 000)
	59 000

Net profit for the year = R57 000 (116 000 - 59 000) + Withdrawals R120 000
= R177 000

17. **Option 4**18. **Option 2:** R46 800 (unfavourable)

Pre-closing trial balance of Foxtrot Services as at 31 March 2009

	Dr	Cr
	R	R
Capital		300 000
Creditors		20 000
Debtors	40 000	
Long-term loan (liability)		50 000
Bank		*46 800
Salaries and wages	300 000	
Rent expense	2 400	
Interest income		7 600
Water and electricity	22 000	
Cost of sales	300 000	
Land and buildings	240 000	
Vehicles	180 000	
Accumulated depreciation: Vehicles		60 000
Sales		600 000
	1 084 400	1 084 400

*Balancing figure

ASSIGNMENT 02 (continued)19. **Option 3:** R90 000Calculation:

First calculate the total purchases for the year as follows:

		R
<u>Gross profit:</u>		
50% x R180 000	=	90 000
Therefor		
Cost of sales	=	180 000 – R90 000
	=	90 000
<u>Credit purchases:</u>		
Cost of sales	=	90 000
Closing inventory	=	55 000
Available for sale	=	145 000
Opening inventory	=	(43 000)
Total purchases	=	102 000
Cash purchases	=	(20 000)
Credit purchases	=	<u>82 000</u>

Calculation of payment to creditors:

Creditors control account					
Bank *		R			R
Balance	c/d	90 000	Balance	b/d	24 000
		16 000	Purchases		82 000
		<u>106 000</u>			<u>106 000</u>
			Balance	b/d	16 000

*Balancing figure

20. **Option 1:** R63 (favourable)

Bank account					
Balance	b/d	R	Bank charges		R
Wages		108	Balance	c/d	72
		27			63
		<u>135</u>			<u>135</u>
Balance	b/d	63			