

Tutorial Letter 101/3/2016

Financial Accounting for Companies

FAC2601

Semesters 1 and 2

Department of Financial Accounting

IMPORTANT INFORMATION:

Please activate your *myUnisa* and *myLife* email addresses and ensure that you have regular access to the *myUnisa* module site FAC2601-2016-S1/S2 as well as your group site.

Note: This is an online module, and therefore your module is available on *myUnisa*. However, in order to support you in your learning process, you will also receive study material in printed format.

BAR CODE

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ANNEXURE A: COMPULSORY ASSIGNMENT 01 (MCQ) – FIRST SEMESTER

ANNEXURE B: COMPULSORY ASSIGNMENT 02 (WRITTEN) – FIRST SEMESTER

ANNEXURE C: COMPULSORY ASSIGNMENT 01 (MCQ) – SECOND SEMESTER

ANNEXURE D: COMPULSORY ASSIGNMENT 02 (WRITTEN) – SECOND SEMESTER

1 INTRODUCTION

Dear Student

We are pleased to welcome you to FAC2601 (Financial Accounting for Companies). We trust that you will find the module both interesting and rewarding. We will do our best to make your study of this module successful. You will be well on your way to success if you start studying early in the semester and resolve to do the assignments properly.

You will receive a number of tutorial letters during the year. A tutorial letter is our way of communicating with you about teaching, learning and assessment.

This tutorial letter also contains important information about the scheme of work, resources and assignments for this module. We urge you to read it carefully and to keep it at hand when working through the study material, preparing the assignments, preparing for the examination and addressing questions to your lecturers.

In this Tutorial Letter 101, you will find the assignments as well as instructions on the preparation and submission of the assignments. It also provides all the information you need with regard to the prescribed study material and other resources, and how to obtain them. Please study this information carefully and make sure that you obtain the prescribed material as soon as possible.

Right from the start we would like to point out that **you must read all the tutorial letters** you receive during the semester **immediately and carefully**, as they always contain important and sometimes urgent, information.



Please note:

Because this is a fully online module, you need to use *myUnisa* to study and to complete the learning activities for this module. You need to visit the websites on *myUnisa* for FAC2601 frequently. The website for the module is:
FAC2601-16-S1 for first semester students;
FAC2601-16-S2 for second semester students.

Because this is a fully online module, you need to go online to see your study material and to read what to do for the module. Go to the website: <https://my.unisa.ac.za> and login with your student number and password. You will see FAC2601 in the row of modules in the orange blocks at the top of the web page. Also remember to check in the “more-tab” if you cannot find it in the orange blocks. Click on the module you want to open.

We trust that you will enjoy this module and wish you all the best!

2 MODULE FORMAT: FAC2601

2.1 Fully online module

Please note that this module is offered fully online.

All study material for this module will be available on *myUnisa*. It is thus very important that you register on *myUnisa* and access the module site on a regular basis.

You must be registered on *myUnisa* to be able to access your learning material, submit your assignments, gain access to various learning resources, “chat” with your lecturer and fellow students about your studies and the challenges that you might encounter and to participate in online discussion forums. Importantly, *myUnisa* contains the **Learning Units** tool with which you will be able to access the study material for this module if you have registered and have access to *myUnisa*.

2.2 Printed material to support the online module

The tutorial matter for this module can be accessed via the University’s online campus, *myUnisa*, at <http://my.unisa.ac.za> after you have registered as a *myUnisa* user.

Because we want you to be successful in this online module, we also provide you with the study material in printed format. This will allow you to read the study material, even if you are not online.

In addition to this tutorial letter you will receive a printed copy of the online study material from *myUnisa*. While this printed material may appear slightly different from the online study material, it is exactly the same and has been duplicated from the online *myUnisa* website.

The printed support material is a back-up to everything that is found online, on *myUnisa*. **In other words, you should NOT wait for the printed support material to arrive before you start studying.**

Please consult the *myStudies@Unisa* publication for more information on the activation of your *myLife* e-mail address as well as obtaining access to the *myUnisa* module site.

You will receive the following tutorial letters for this module (which will also be available online):

Tutorial Letter	Content
MO001	Learning units (There is NO study guide for this module)
101	Important information, including compulsory assignments
102	Questions and suggested solutions
201	Suggested solution to compulsory Assignment 01
202	Suggested solution to compulsory Assignment 02

PLEASE NOTE: If any tutorial letters, in addition to the above-mentioned, are posted to you, an announcement to inform you thereof will be made via *myUnisa*.

3 PURPOSE OF AND OUTCOMES FOR THE MODULE

3.1 Purpose

The purpose of this module is to provide students with the knowledge and skills to enable them to prepare a set of annual financial statements for companies in accordance with International Financial Reporting Standards (IFRS), with specific reference to:

- Preface to International Financial Reporting Standards (IFRS)
- Conceptual Framework for Financial Reporting

- Presentation of Annual Financial Statements (IAS 1)
- Inventory (IAS 2)
- Property, Plant and Equipment (IAS 16)
- Investment Property (IAS 40)
- Leases (IAS 17)
- Financial Instruments: Presentation, Recognition and Measurement (IFRS 9; IAS 32 & IAS 39)
- Revenue (IFRS 15)

3.2 Outcomes

Learning outcome 1

Students should understand the scope and authority of International Financial Reporting Standards (IFRS), as well as the accounting standard-setting process.

Students should be able to:

- Define the objectives of the International Accounting Standards Board (IASB).
- Define the scope and authority of International Financial Reporting Standards (IFRS).
- Understand the legal requirements for International Financial Reporting Standards (IFRS).
- Understand the harmonisation of International Financial Reporting Standards (IFRS).
- Define and identify the different categories of companies in terms of the Companies Act 71 of 2008 as amended by the Companies Amendment Act 3 of 2011.

Learning outcome 2

Students should be able to prepare annual financial statements according to the objectives and concepts which underlie the preparation and presentation of annual financial statements.

Students should be able to:

- Define the purpose and status of the Conceptual Framework for Financial Reporting 2010, as well as the objectives behind the preparation of the Conceptual Framework for Financial Reporting 2010.
- Define the objectives and assumptions which underlie the preparation and presentation of annual financial statements.
- List the qualitative and quantitative characteristics of annual financial statements.
- Identify the elements of the annual financial statements.
- Define and measure the elements of the annual financial statements.
- Discuss the recognition of an item in the annual financial statements as an asset, liability, income or expense.

Learning outcome 3

Students should be able to prepare general-purpose annual financial statements using the structure and contents of IAS 1 in order to improve comparability with the entity's own annual financial statements of previous periods and with annual financial statements of other entities.

Students should be able to:

- State the purpose of and responsibility for, preparing annual financial statements.
- Explain and describe the overall considerations to be taken into account during the preparation of the annual financial statements.
- Prepare a comprehensive set of annual financial statements from given information in accordance with the requirements of IAS 1.

Learning outcome 4

Students should be able to account for and disclose inventory in the annual financial statements in accordance with *IAS 2, Inventories*.

Students should be able to:

- Apply the definitions.
- Calculate the historical cost of inventories.
- Apply the different cost formulas in order to measure the cost of inventories.
- Calculate the net realisable value of inventories.
- Present and disclose inventories in the annual financial statements.

Learning outcome 5

Students should account for property, plant and equipment and disclose it in the annual financial statements in accordance with *IAS 16, Property, plant and equipment*.

Students should be able to:

- Calculate the cost of property, plant and equipment and the depreciation as well as disclose these in the annual financial statements of an entity.
- Disclose revaluations of property, plant and equipment in the annual financial statements of an entity.

Learning outcome 6

Students should account for investment property and disclose it in the annual financial statements in accordance with *IAS 40, Investment property*.

Students should be able to:

- Identify investment property and disclose it in the annual financial statements of an entity.

Learning outcome 7

Students should account for and disclose leases in the statements of lessees in accordance with *IAS 17, Leases*.

Students should be able to:

- Explain the difference between instalment sale agreements, finance leases and operating leases.
- Calculate the finance costs in respect of instalment sale agreements and finance leases in accordance with the effective interest rate method.
- Measure, record, present and disclose finance leases and operating leases in the annual financial statements of lessees.

Learning outcome 8

Students should account for and disclose financial instruments in the annual financial statements in accordance with *IFRS 9, Financial instruments*, *IAS 32, Financial instruments: disclosure and presentation*, and *IAS 39, Financial instruments: recognition and measurement*.

Students should be able to:

- Describe financial instruments and how they should be treated in the annual financial statements.
- Correctly distinguish between financial assets and liabilities.
- Correctly record fair value adjustments.
- Apply the theory in practice.

Learning outcome 9

Students should account for and disclose revenue from the sale of goods, the rendering of services and the use of the entity's assets in terms of *IFRS 15, Revenue*.

Students should be able to:

- Calculate revenue accurately and determine when revenue should be recognised in the annual financial statements.
- Record revenue in the annual financial statements of companies in compliance with *IFRS 15, Revenue*.

4 LECTURERS AND CONTACT DETAILS

4.1 Lecturers

You may contact your lecturers by post, e-mail, telephone or on *myUnisa*.



Lecturers

Mr F Montgomery
Mr C Mkefa
Mr C Els
Ms F Aboo

Personal appointment

Please make an appointment, in advance, with your lecturers should you wish to see them personally with specific problem areas in your studies. Lecturers are available from 07:45 to 16:00 on weekdays.

Telephonic enquiries

You can contact your lecturers telephonically, by making use of the course contact number provided below. An available lecturer will take your call and assist you as promptly as they can.

The course telephone number is: (012) 429-4238



E-mail

You can also communicate with the lecturers via e-mail. Please make use of the following **e-mail address** which is specific to the FAC2601 module, to ensure a prompt reply:

Semester 1 **FAC2601@unisa.ac.za**

Semester 2 **FAC2601@unisa.ac.za**



Owing to the high volumes of e-mails received by lecturers from students, it is not always possible to reply to these e-mails immediately. Please be patient, as your e-mails will be attended to as soon as possible.

myUnisa

You can also communicate with the lecturers via *myUnisa*.

Online address: <http://my.unisa.ac.za>



Postal address:

Name of lecturer
Department of Financial Accounting
University of South Africa
P O Box 392
Unisa
0003

4.2 Department

The Department of Financial Accounting contact numbers are as follows:

- Telephone: (012) 429-4459 (departmental secretary).
- Fax: (012) 429-3335 (and marked for a specific lecturer's attention).

Ensure that your student number, address and telephone numbers are included with your enquiries. Always have your student number at hand when contacting the University.

4.3 University

You can contact Unisa as follows:

Unisa website: (<http://www.unisa.ac.za> & <http://mobi.unisa.ac.za>)

All study-related information is now available on the new Unisa corporate website in both web and mobi formats.

myUnisa: (<https://my.unisa.ac.za/portal> & <https://my.unisa.ac.za/portal/pda>)

Students can access their own information via the *myUnisa* website or mobi site.

E-mail: info@unisa.ac.za

Students may send an e-mail to info@unisa.ac.za for information on how to contact Unisa via e-mail.

SMS: 32695 (only for students in South Africa)

Students may send an SMS to 32695 for more information on how to contact Unisa via SMS. The sender will receive an auto-response SMS with the various SMS options. The cost to the student per SMS is R1,00.

Fax: (012) 429-4150

Students will be able to fax their enquiries to (012) 429-4150, after which such enquiries will be distributed to, and processed by, the relevant department.

College Information Coordinators:

Jabulani Chauke: (012) 429-2982

Christine Tuge: (012) 429-2233

E-mail: CASenquiries-Undergraduate@unisa.ac.za

College Information Hub:(012) 429-4211

Always have your student number at hand when contacting the University.

5 MODULE-RELATED RESOURCES

5.1 Registering on *myUnisa*

If you have access to a computer that is linked to the internet, you can quickly and easily access resources and information at Unisa. The *myUnisa* learning management system is Unisa's online campus that will help you to communicate with your lecturers, other students and the administrative departments of Unisa – via your computer and the internet.

You can start at the main Unisa website, <http://www.unisa.ac.za>, and then click on the orange block with “*myUnisa*”. This will take you to the *myUnisa* website. To go to the *myUnisa* website directly, go to <https://my.unisa.ac.za>. On the *myUnisa* website, you need to click on the “Claim Unisa Login” on the right-hand side of the screen. You will then be prompted to give your student number to claim your initial *myUnisa* as well as *myLife* login details.

Please consult the publication *my Studies @ Unisa* for more information on *myUnisa*.

It is very important that you log into *myUnisa* regularly. We recommend that you do this at least every seven to ten days to:

- **check for new announcements** (You can also set up your *myLife* e-mail account to receive e-mails about new announcements on your cellphone.)
- **participate in the discussion-forum activities** (You will have activities or tutorial questions for every study unit in this module. You are welcome to discuss any challenges you face with fellow students and us.)

All study material for FAC2601 will be available on *myUnisa*. Therefore, it is very important that you register on *myUnisa* and access the module site on a regular basis. You must be registered on *myUnisa* to be able to access your learning material and various learning resources, submit your assignments and "chat" with us and fellow students about your studies and any challenges you encounter, by participating in online discussion forums. Importantly, *myUnisa* contains the "**Learning Units**" tool with which you will be able to access the study material for this module.

Unisa also offers online tutoring (e-tutoring) to students. Once you have been registered for FAC2601, you will be allocated to a group of students with whom you can interact during the tuition period, as well as an e-tutor who will be your tutorial facilitator. You will receive an SMS informing you about your group, and the name of your e-tutor as well as instructions about on how to log onto *myUnisa* in order to receive further information on the e-tutoring process.

Online tutoring is conducted by qualified e-tutors who are appointed by Unisa. This service is offered free of charge. All you need in order to be able to participate in e-tutoring is a computer with an internet connection. If you live close to a Unisa regional centre or a telecentre contracted with Unisa, please feel free to visit any of these to access the internet. E-tutoring takes place on *myUnisa*, where you can connect with other students in your allocated group. The e-tutor will guide you through your study material during this interaction process. In order to get the most out of online tutoring, you need to participate in the online discussions that the e-tutor will be facilitating. The e-tutor site on *myUnisa* will look just like your site for FAC2601, except that the group of students will be smaller and the e-tutor will provide helpful guidance.

5.2 What it means to study online

FAC2601 is offered online, and therefore differs totally from some of your other modules at Unisa. This means the following:

- All your study material and some learning activities are designed to be studied and completed online, on *myUnisa*. Even though we provide printed copies to support your studies, the module is designed for online use.
- The communication between you and Unisa also takes place online – by e-mail or through discussion forums. You can use all of these methods to ask questions and get in contact with us. This also means that we will communicate with you in the same ways, namely, through e-mails, announcements and discussions.

5.3 The *myUnisa* tools you will use

- **Discussions.** You will find the online discussion forums here. You will be able to share your ideas and insights with other students or ask questions that fellow students or we can answer.
- **Assignments.** You can submit your assignments online. Assignments will be routed to us, and we will then mark them. Please submit written assignments as a **PDF** document using the online "**Assignments**" tool on *myUnisa*.

5.4 Prescribed books



The study material as such is not exhaustive for purposes of tuition, and it is essential that you have at your disposal the following prescribed book:

Introduction to IFRS (latest edition) by Koppeschaar, ZR, et al
LexisNexis: Durban.

Please refer to the list of official booksellers and their addresses in the ***myStudies@Unisa*** brochure. Prescribed books can be obtained from the University's official booksellers. Should you have any difficulties obtaining books from the official booksellers, please contact the Prescribed Book Section as soon as possible at telephone number (012) 429-4152 or e-mail vospresc@unisa.ac.za

5.5 Recommended books

There are no recommended books for this module.

5.6 Electronic reserves (e-reserves)

There are no electronic reserves for this module.

6 STUDENT SUPPORT SERVICES FOR THE MODULE

Important information appears in your ***myStudies@Unisa*** brochure.



6.1 Tutor assistance

The Department of Financial Accounting provides tutorial classes to students at various learning centres in collaboration with the Department of Tutorial Support, Discussion Classes and Work Integrated Learning. These classes are usually on a Saturday. Tutorial classes are also offered free of charge, but it is important for you to register at your nearest Unisa Regional Centre to secure attendance of these classes.

Students who are interested in tutor assistance can obtain the telephone numbers and details from the learning centres as listed below.

REGION: PHYSICAL ADDRESS	CONTACT DETAILS: TUTORIAL SERVICES
LIMPOPO	
POLOKWANE	
Tutorial Services Office 23A Landros Mare Street Polokwane, 0742	Contact Persons: Mr M Rakoma ☎ (015) 290-3443 E-mail: mrakoma@unisa.ac.za

REGION: PHYSICAL ADDRESS	CONTACT DETAILS: TUTORIAL SERVICES
Physical Address Office no 11 Masingita Complex Giyani Road	For more information: ☎ (015) 812-2005 Fax: (015) 812-2405 E-mail: Giyani@unisa.ac.za
Physical Address 87 Krogh Street Louis Trichardt 0920	For more information: ☎ (015) 516-3334, Fax: (015) 516-3414 E-mail: makhado@unisa.ac.za
MPUMALANGA	
NELSPRUIT	
Tutorial Services Office Standard Bank Centre: 1st Floor 31 Brown Street Nelspruit, 1201	Contact Person: Mr V Mkhwanazi ☎ (013) 755-2476 Fax: (013) 755-2489 / 086 519-6153 E-mail: vmkhwana@unisa.ac.za
MIDDLEBURG	
Tutorial Services Office Town Square Building Corner of Walter Sisulu & Bhimy Damane Streets Middleburg, 1055	Contact Person: Mr F Serogole ☎ (013) 282-4115 Fax: (013) 282-6221 E-mail: pserogole@unisa.ac.za
GAUTENG	
THUTONG (Pretoria)	
Tutorial Services Office Building 14, Sunnyside Campus Corner of Justice Mahomed & Steve Biko Streets Sunnyside	Contact Person: Ms K Prithipaul ☎ (011) 441-5723 E-mail: prithk@unisa.ac.za
BENONI	
Tutorial Services Office Corner of R51 and Brazil Road Daveyton 1500	Contact Persons: Dr L Molepo ☎ (011) 845-9306 Fax: 086 5084 359 E-mail: lmolepo@unisa.ac.za
FLORIDA	
Tutorial Services Office Phapha Building, 2 nd Floor, Science Campus Corner of Christiaan de Wet & Pioneer Avenue Florida, 1709	Contact Person: Ms T Zililo ☎ (011) 471-2082 E-mail: zililot@unisa.ac.za
JOHANNESBURG	
Tutorial Services Office Bram Fischer Building 29 Rissik Street, Johannesburg, 2000	Contact Person: Mr N Mnguni ☎ (011) 630-4504 E-mail: bmnguni@unisa.ac.za
VAAL	
Tutorial Services Office 1 st Floor Hangar Building Corner of Rhodes & Voortrekker Streets Vereeniging	Contact Person: Mr TP Modibedi ☎ (016) 455-6304 Fax: 086 6342 233 E-mail: modibtp@unisa.ac.za

REGION: PHYSICAL ADDRESS	CONTACT DETAILS: TUTORIAL SERVICES
KWA-ZULU NATAL	
DURBAN	
Tutorial Services Office Unisa Kwa-Zulu Natal 230 Stalwart Simelane Street Durban, 4001	Contact Person: <u>Dr MV Ndlovu</u> ☎ (031) 335-8132 Fax: (031) 337-2026 E-mail: ndlovv@unisa.ac.za
RICHARDS BAY	
Tutorial Services Office Lot 11637, Block C Via Verbana, Veldenvlei Richards Bay	Contact Person : Mr T Miya ☎ (035) 789-8350 Fax: (035) 789-2587 E-mail: miyatn@unisa.ac.za
WILD COAST/MBIZANA	
Tutorial Services Office UNISA - Wild Coast Sun R51 Wild Coast Main Road Bizana	Contact Person: Mr ZE Cebisa ☎ (031) 335-8130 Fax: (031) 337-2026 E-mail: cebisze@unisa.ac.za
PIETERMARITZBURG	
Tutorial Services Office 1 Langalibalele Street Pietermaritzburg 3201	Contact Person: Mrs P Shezi ☎ (033) 355-1734 E-mail: Pshezi@unisa.ac.za Fax: (033) 394-3626
NEWCASTLE	
Tutorial Services Office Corner of Sutherland and Harding Streets Newcastle, 2940	Contact Person: Mr MB Ndaba ☎ (034) 326-3105 E-mail: ndabamb@unisa.ac.za Fax: (034) 312-4015
WESTERN CAPE	
PAROW	
Tutorial Services Office 15 Jean Simonis Street Parow, 7499	Contact Person: Mr JJ Abrahams ☎ (021) 936-4161 E-mail: abrahjj@unisa.ac.za
GEORGE	
Tutorial Services Office 1 Joubert Plaza 100 Meade Street George, 6530	Contact Person: Mrs P Mphasane ☎ Tel: (044) 884-1300 Fax: (044) 884-1303 E-mail: mphaspi@unisa.ac.za
EASTERN CAPE	
EAST LONDON	
Tutorial Services Office 10 St Lukes Road Southernwood East London, 5201	Contact Person: Ms N Kenqu ☎ (043) 743-9246 Fax: (043) 743-9273 E-mail: kenqun@unisa.ac.za
MTHATHA	
Tutorial Services Office Corner of 32 Victoria & York Road Economic Affairs Building Umtata, 5100	Contact Person: Mrs NE Msengana ☎ (047) 531-5002/6 Fax: (047) 531-5120 E-mail: msengne@unisa.ac.za

PORT ELIZABETH	
Tutorial Services Office Greyville House Corner of Cape, Greyville and Ring Roads, Green Acres Port Elizabeth, 6057	Contact Person: Ms N Lallie ☎ (041) 363-1070 Fax: (041) 363-1071 E-mail: nomes@unisa.ac.za
MIDLANDS	
RUSTENBURG	
Tutorial Services Office Forum Building (1 st Floor) Corner of OR Tambo & Steen Street Rustenburg, 0300	Contact Person: Mr M Khorombi ☎ (014) 594-8800/8856 Fax: (014) 594-8863/086 518-5508 E-mail: mkhoro@unisa.ac.za
MAFIKENG	
Tutorial Services Office 29 Main Street Corner of Warren & Main Streets Opposite ABSA Bank, Mafikeng Mafikeng, 2745	Contact Person: Prof S Shole ☎: (018) 381-6617/7318 Fax: (018) 381-7926 E-mail: sholejss@unisa.ac.za
POTCHEFSTROOM	
Tutorial Services Office 12 Stil street Corner of Stil and Goedtz Streets Potchefstroom, 2531	Contact Person: Mr MF Mavhungu ☎ (018) 294-3362/41 Fax: (018) 297-2107 E-mail: mavhumf@unisa.ac.za
BLOEMFONTEIN	
Tutorial Services Office 2 nd Floor, NRE House 161 Zastron Street Bloemfontein, 9301	Contact Person: Dr S Nhlapo ☎ (051) 430-4353 Fax: (051) 430-3822 E-mail: snnhlapo@unisa.ac.za
KIMBERLEY	
Tutorial Services Office Suite 61A Northern Cape Mall Memorial Road Kimberley, 8301	Contact Person: Mrs M Louw ☎ (053) 832-6391 Fax: 086 5187125 E-mail: mmlouw@unisa.ac.za
KROONSTAD	
Tutorial Services Office NFS Building 1 st Floor 36 Brand Street Kroonstad, 9500	Contact Person: Ms K Thantsha ☎ (056) 213-2053/4 Fax: (056) 213-1867 E-mail: thantkm@unisa.ac.za

6.2 Contact with fellow students

6.2.1 Study groups

Many students have found that they benefit immensely from joining a study group consisting of students who are enrolled for the same module(s). It is advisable to have contact with fellow students. One way to do this is to form study groups.

6.2.2 *myUnisa*

If you have access to a computer that is linked to the internet, you can quickly access resources and information at the University. The *myUnisa* learning management system is Unisa's online campus that will help you to communicate with your lecturers, with other students and with the administrative departments of Unisa – all via the computer and the internet.

To get to the *myUnisa* website, start at the main Unisa website, <http://www.unisa.ac.za>, and then click on the “Login to *myUnisa*” link on the right-hand side of the screen. This should take you to the *myUnisa* website. You can also go there directly by typing in <http://my.unisa.ac.za>.

Please consult the publication ***myStudies@Unisa*** which you received with your study material, for more information on *myUnisa*.

6.2.3 Group discussions

Currently we have **NO** group discussions for this module, but this can change in the future.

6.3 Unisa Library services information

6.3.1 Unisa Library login

You will be required to provide your login details, that is, your student number and your *myUnisa* password, in order to access the Library's online resources and services. This will enable you to:

- view or print your electronic course material
- request library material
- view and renew your library material
- use the Library's e-resources

6.3.2 Requesting books from the Library

Students are expected to purchase their own copies of **prescribed books**. A limited number of copies are housed in the Unisa libraries, subject to each branch library's lending regulations. Problems experienced in obtaining copies from booksellers should be directed to the Prescribed Book Section at email vospresc@unisa.ac.za or telephone +27 (0)12 429-4152.

6.3.3 Electronic requests

The preferred way of requesting **recommended or additional books** is **online** via the Library's catalogue. Go to <http://oasis.unisa.ac.za> or via *myUnisa*, go to <http://my.unisa.ac.za> > Login > Library > Library catalogue, or for mobile access (AirPAC), go to <http://oasis.unisa.ac.za/airpac>.

6.3.4 Telephonic book requests

This can be done by dialling +27 (0)12 429-3133. Please supply the reservation order number (RON).

6.3.5 Postal requests

Books may also be requested by completing a library book **request card** for each book. Request cards are included in your study material package.

These should be mailed to:

The Head: Request Services
Department of Library Services
P O Box 392
Pretoria 0003

or faxed to +27 (0)12 429-8128.

Enquiries about requested books should be addressed to bib-circ@unisa.ac.za. Note that requests should not be sent to this email address.

Telephonic enquiries can be made at +27 (0)12 429-3133/3134. An after-hour voicemail service is also available on these numbers.

7 MODULE-SPECIFIC STUDY PLAN

7.1 Study programme

Use your **myStudies@Unisa** brochure for information on general time management and planning skills.

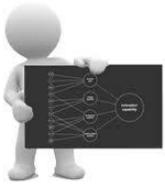
Experience has shown that students often fail to plan their studies properly so as to achieve specific study goals on predetermined dates. This leads to a haphazard approach to their studies and the use of ineffective study techniques.

We assume the following:

Studies should commence in January (first semester) and July (second semester) and the full module should be completed by approximately the end of April (first semester) and the end of September (second semester). This will leave sufficient time for revision.

NB: Those of you who register late should endeavour to put in extra effort in order to make up the lost time.

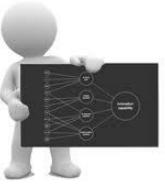
The table that follows can be used as a **guideline** on how to plan your studies for FAC2601. In normal circumstances we assume that it will take seven working days for an assignment to reach us via the post. If you submit your assignment online, submit it on or before the closing date, thus allowing you additional study time.



SEMESTER 1

The following table is a suggested study programme for completing the syllabus for this module:

Week	Learning unit	Week commences on	Assignment no	Due date
1	Introduction to company annual financial statements	25 January		
2	Conceptual Framework	1 February		
3 - 5	Presentation of annual financial statements	8 February		
6	Inventory	29 February	01	7 March
7 - 8	Property, plant and equipment & Investment property	7 March		
9 - 10	Leases	21 March	02	1 April
11 - 12	Financial instruments	4 April		
13	Revenue	18 April		
14 - 15	Revision of all learning units	25 April		



SEMESTER 2

The following table is a suggested study programme for completing the syllabus for this module:

Week	Learning unit	Week commences on	Assignment no	Due date
1	Introduction to company annual financial statements	11 July		
2	Conceptual Framework	18 July		
3 - 5	Presentation of annual financial statements	25 July		
6	Inventory	15 August	01	22 August
7 - 8	Property, plant and equipment & Investment property	22 August		
9 - 10	Leases	6 September	02	16 September
11 - 12	Financial instruments	19 September		
13	Revenue	3 October		
14 - 15	Revision of all learning units	10 October		

We believe that at this point a word of warning would not be amiss. Please do not allow yourself to get behind with your study programme. Regaining lost time is seldom possible.

7.2 Suggested study approach



Firstly work through the relevant sections of Tutorial Letter MO001 pertaining to the assignment to be attempted. Ensure that you **understand** the work and do the examples on your own, without looking at the answers. Compare your answer with the one in the tutorial letter and pinpoint where you have made mistakes. Restudy the relevant section and ensure that you now understand the solution to the example. If you still do not understand it, write the page reference and the problem on your “queries list” so that you can phone one of the lecturers for an explanation.

Before attempting an assignment, ensure that you have prepared the work to an examination standard. **Only thereafter** should you attempt answering the assignment questions under examination conditions, that is, in the time allowed and for sittings of two hours at a time.

The assignment must in effect constitute your first revision of the study material which you have studied. In other words, the assignment should not serve as a checklist of the work required to be studied for the completion of the assignment, but should, when the assignment is attempted, serve as a **test of the knowledge** that you have acquired by studying the work.

Compare your attempt which was answered **in the time allowed** with the suggested solution and determine the differences. In respect of every error, determine why the error was made for example, careless reading of the question, lack of knowledge, question not answered, carelessness in the answering of the question, ability to complete the question owing to time constraints, calculations not shown, etc. You have now revised the work for a second time and you have been exposed to the type of errors that you are prone to make. You can now work on correcting them.

If you persevere with this proposed approach to studying this module, you will reap the benefit of sustained practice in answering questions and will undoubtedly enjoy success in the examination.

8 MODULE PRACTICAL WORK AND WORK-INTEGRATED LEARNING

There are no practicals for this module.

9 ASSESSMENT

9.1 Assessment plan

The management of the University has taken a decision to introduce compulsory assignments to be submitted in all modules by set due dates. Submission of compulsory Assignment 01 by its due date will give a student **admission** to the examination in the particular module and the marks obtained for **both** compulsory Assignments 01 and 02 will contribute 20% to the final mark for that module.



Please note that the assignment questions for the first and second semester are different and that the assignments have different unique numbers.

There are two assignments for this module.

- **Assignment 01** is a **compulsory** multiple-choice question (MCQ) assignment and contributes 5% to your final mark. **If you do not submit this assignment, you will not be admitted to the examination.**
- **Assignment 02** is a **compulsory** written assignment and contributes 15% to your final mark.

Please keep copies of your submitted assignments as well as proof that you have submitted them if submitted through *myUnisa*.

You need a final mark of 50% to pass the module. This final mark is electronically calculated as follows:

$(5\% \times \text{mark obtained for compulsory Assignment 01}) + (15\% \times \text{mark obtained for compulsory Assignment 02}) + (80\% \times \text{mark obtained in the examination})$. This only applies if you have a subminimum of 40% or more in the examination.

Subminimum requirements

A subminimum of **40%** in the examination is required.

Although you need a final mark of at least 50% to pass this module, you require a subminimum of 40% in the examination before your year mark is taken into account.

Paragraph 5.4 of the Assessment Policy of Unisa provides that your final mark is a combination of the year mark and the examination mark, in the ratio as explained above. In the case where a student does not obtain the required subminimum of 40% in the examination, the year mark does not count. The final mark will then be the examination mark obtained.

Please ensure that the first compulsory assignment reaches Unisa **before** the due date. Late submission of the assignment will result in you **not** being admitted to the examination.

The electronic (computerised) marking of the MCQ assignments **relies totally** on the use of mark-reading sheets or online submission via *myUnisa*.

Results of supplementary examination

In terms of paragraph 5.7 of the Assessment Policy of Unisa, the year mark obtained in the semester that student was initially registered for will **contribute 20%** to the final mark of the student who writes the supplementary examination.

9.2 General assignment numbers

Assignments are numbered consecutively per module, starting from 01.

9.2.1 Unique assignment numbers

Each assignment has its **own unique assignment number**. The following are the unique assignment numbers:

SEMESTER 1			SEMESTER 2		
Assignment	Type	Unique number	Assignment	Type	Unique number
Assignment 01	MCQ	815388	Assignment 01	MCQ	806607
Assignment 02	Written	812896	Assignment 02	Written	870197

9.2.2 Due dates for assignments



PLEASE NOTE THAT SUBMISSION OF ASSIGNMENT 01 IS COMPULSORY IN ORDER TO OBTAIN EXAMINATION ADMISSION. ASSIGNMENT 01 AND ASSIGNMENT 02 TOGETHER WILL COUNT 20% TOWARDS YOUR FINAL MARK FOR THIS MODULE.

Assignment number	Unique Number	Due date
Compulsory 01/2016 – FIRST SEMESTER	815388	7 March 2016
Compulsory 02/2016 – FIRST SEMESTER	812896	1 April 2016
Compulsory 01/2016 – SECOND SEMESTER	806607	22 August 2016
Compulsory 02/2016 – SECOND SEMESTER	870197	16 September 2016

9.2.3 Finality of due dates

The receipt of assignments after the due date disrupts our marking programme and as the uncontrolled submission of assignments furthermore creates administrative problems, **no extension will be granted** for the submission of assignments.



IMPORTANT: IF COMPULSORY ASSIGNMENT 01 ARE RECEIVED AFTER THE DUE DATE, YOU WILL NOT GET ADMISSION TO THE EXAMINATION.

9.3 Submission of assignments

- Students may submit written assignments and MCQ assignments by post or mobile MCQ submission or electronically via *myUnisa*, **but preferably via *myUnisa***. Assignments may **not be submitted by fax or e-mail**.
- For detailed information on assignments please refer to the ***myStudies@Unisa*** brochure, which you have received with your study material.

To submit an assignment via *myUnisa*:

- Go to *myUnisa*.
- Log in with your student number and password.
- Select the module.
- Click on “Assignments” in the menu on the left-hand side of the screen.
- Click on the assignment number you wish to submit.
- Follow the instructions.

- c) **Assignments received after the due date will not be marked. No exceptions in this regard will be made. It is your responsibility to ensure that the correct assignment is submitted in the correct format.**



PLEASE NOTE:

It is important that you keep a copy of your submitted assignment as well as the submission reference number, in order to facilitate enquiries at a later date.

All enquiries regarding assignments not marked or outstanding marks should be made at least one week before the examination.

9.4 Assignments

All assignments, self-assessment questions and additional questions form an integral part of the tutorial matter and must also be studied for examination purposes.

It is in your own interest to complete all the above mentioned as:

- the questions provide practice which is essential in your study of accounting;
- valuable revision material is contained in the questions.

Please note that it is not possible to cover every aspect of the study material in the assignments.

9.5 Plagiarism

Plagiarism is the act of taking words, ideas and thoughts of others and passing them off as your own. It is a form of theft which involves a number of dishonest academic activities.

The Disciplinary Code for Students is given to all students at registration. Students are advised to study the code. Kindly read the University Policy on Copyright Infringement and Plagiarism as well.

You are not allowed to copy another student's assignment. The University will take stern actions against such students. We urge you once again to refrain from such malpractices. Although students may work together when preparing for assignments, each student must prepare and submit his or her own individual assignment.

10 OTHER ASSESSMENT METHODS

No other assessment methods are currently used for this module.

11 EXAMINATION

Use the **myStudies@Unisa** brochure for information on general examination guidelines and examination preparation guidelines.

You will write a two hour examination for this module in May/June (first semester) or October/November (second semester).

11.1 Examination admission



SUBMISSION OF COMPULSORY ASSIGNMENT 01 IS A PREREQUISITE IN ORDER TO OBTAIN EXAMINATION ADMISSION. ASSIGNMENT 01 AND ASSIGN-MENT 02 TOGETHER WILL COUNT 20% TOWARDS YOUR FINAL MARK FOR THIS MODULE.

ONLY STUDENTS WHO COMPLY WITH THE REQUIREMENTS WILL BE ADMITTED TO THE EXAMINATION FOR FAC2601.

Please note: The compulsory assignments (Assignment 01 and 02) count 20% towards your final mark. The mark obtained by you in the examination will determine the remaining 80% of your final mark for this module. Please be advised that a sub-minimum of 40% is required in the examination in order for the assignment mark to contribute to the final mark.

11.2 Examination period

This module is offered in a semester period of 15 weeks. This means that if you are registered for the first semester, you will write the examination in May/June 2016 and the supplementary examination will be written in October/November 2016. If you are registered for the second semester you will write the examination in October/November 2016 and the supplementary examination will be written in May/June 2017.

During the semester, the Examination Section will provide you with information regarding the examination in general, examination venues, examination dates and examination times.

11.3 Previous examination papers

The University Rules (paragraph 32) have been amended to specifically provide that the University will **not** make previous years examination papers and memorandums and so-called “model answers” available to students.

11.4 Information regarding the examination

To help you in your preparation for the examination, the lecturers will make available, information that will explain the format of the examination paper as well as general advice the lecturers want to share with students.

11.5 Calculator policy

STUDENTS ARE REQUIRED TO USE A NON-PROGRAMMABLE FINANCIAL CALCULATOR FOR THIS MODULE.

Candidates may only use silent, electronic, battery-driven pocket calculators subject to the following conditions:

- Calculators must be cordless, and may **not** have printout facilities or alpha keys.
- Any financial calculator will be allowed, as the following tables will **not** be provided:
 - tables of present value factors for various discount rates for varying periods,
 - tables of future value factors for various interest rates for varying periods.
- The calculator function on mobile telephones or any electronic device (i.e. laptops and/or any smartphone) may **not** be used,
- Candidates may **not** share a calculator with another candidate in the examination room.

12 FREQUENTLY ASKED QUESTIONS

The *myStudies@Unisa* brochure contains an A-Z guide of the most relevant study information.

13 CONCLUSION

Please do not hesitate to contact us by e-mail if you are experiencing problems with the content of this tutorial letter or any aspect of the module.

In spite of the care taken to ensure that the study material, assignments and solutions are comprehensive and free of errors and omissions, discrepancies may occur. Should you come across such matters, or matters which are not clearly expressed, kindly let us know to enable us to make the necessary corrections.

Best wishes,

Mr F Montgomery
Mr C Mkefa
Mr C Els
Ms F Aboo

LECTURERS: FAC2601

ANNEXURE A: ASSIGNMENT 01 FOR FAC2601 (COMPULSORY FOR FIRST SEMESTER REGISTRATION)



SUBMISSION OF ASSIGNMENT 01 IS COMPULSORY TO OBTAIN EXAMINATION ADMISSION. ASSIGNMENT 01 TOGETHER WITH ASSIGNMENT 02 COUNT 20% TOWARDS YOUR FINAL MARK.

SEMESTER 1

UNIQUE NUMBER: 815388

DUE DATE: 7 March 2016

PLEASE NOTE:

1. This assignment consists of 10 multiple choice questions.
2. This assignment covers learning units 1 – 4 of tutorial letter MO001. Carefully work through the relevant tutorial matter before attempting the assignment.
3. No extension will be granted for the late submission of this assignment and no correspondence or telephone conversations will be conducted in this regard.
4. It is preferred that the assignment is submitted via *myUnisa*.

INSTRUCTIONS FOR SUBMISSION ON MARK-READING SHEETS:

Only mark-reading sheets provided may be used.

Colour in the correct block with a HB pencil.

Fill in your student number correctly.

Fill in the assignment number correctly.

Fill in the unique number of the assignment **for the specific module and semester** correctly. Every assignment which is marked by the computer is given a unique number. The number contains information about the module code and assignment number. When the computer reads the mark-reading sheet with, say, the unique number 815388, it identifies that it is Assignment 01 for that specific module.

Make sure that you answer each numbered question in the correct line opposite the question number.

Send **only** your mark-reading sheet to the Assignment Section in the appropriate envelope.

DO NOT:

mark more than one option per question;

tear or fold the mark-reading sheet;

staple the mark reading sheet to another piece of paper;

colour outside the block;

colour the block with a pen;

make corrections with Tippex;

submit answers on a written sheet of paper, or

try to repair a torn mark-reading sheet with sticky tape – use another one.

ASSIGNMENT 01 (20 marks) (24 minutes)

FIRST SEMESTER 2016

MULTIPLE CHOICE QUESTION ASSIGNMENT

Answer the following multiple choice questions. Indicate your choice by selecting only **one** option from the four options given for each question answered.

1. Which one of the following measurement bases are **not** identified in the Conceptual Framework?
 1. Historical cost
 2. Current cost
 3. Fair value
 4. Present value

2. Which one of the following aspects should be considered in the assessment of the materiality of an element in the financial statements?
 1. Material items affect the evaluation of, or decisions made, regarding the financial statements
 2. The disclosure of material items increases the usefulness of the financial statements
 3. The materiality of an item is assessed in terms of the financial statements as a whole
 4. All of the above

3. Which one of the following options is **not** a criteria for a liability to be classified as a current liability?
 1. It is expected to be settled in the entity's normal operating cycle
 2. It is held primarily for the purpose of being traded
 3. It is due to be settled within 12 months after the end of the reporting period
 4. The entity does have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period

4. Which one of the following options will **not** be considered as a sacrifice of resources which holds economic benefits?
 1. Payment of cash
 2. Replacement of one liability with another
 3. Rendering of a service
 4. Conversion of equity into obligation

5. On 28 December 2015, a company accounted for an invoice received from the municipality, amounting to R15 000. The company's year-end is 31 December. An electronic transfer to the municipality in settlement of this account was only made on 3 January 2016.

ASSIGNMENT 01 (First semester) (continued)

5. Which one of the following elements will be recognised on the financial year-end?
1. Asset and liability
 2. Income and expense
 3. Expense and liability
 4. No transaction recorded
6. Goose Ltd provided a loan to Chicken Ltd on 1 November 2012 of which the capital portion is repayable in ten equal annual instalments starting on 1 July 2013. Interest on the loan is calculated at 12% per annum and is payable at the end of each financial year.

The year-end of Goose Ltd is 31 December.

The outstanding balance on the loan, as at 31 December 2015, amounts to R70 000.

Which one of the following options represents the amount of interest received by Goose Ltd for the year ended 31 December 2015?

1. R 8 400
 2. R 8 820
 3. R 9 000
 4. R12 000
7. Dodge Ltd has the following equipment:

Cost of equipment (1 July 2013)	R750 000
Residual value	R30 000
Useful life	4 years
End of financial year	31 December

The asset was available for use on 1 September 2013 as intended by management. If depreciation is provided according to the diminishing balance method at a rate of 25% per annum, what will the depreciation amount for the financial year ended 31 December 2015 amount to?

1. R128 906
 2. R101 250
 3. R123 750
 4. R180 000
8. Rambo Ltd's issued share capital has not changed since incorporation on 1 January 2014, and consists of:

200 000 Ordinary shares issued at R1 each
 20 000 9% Preference shares issued at R2 each
 15 000 10% Cumulative preference shares issued at R3 each

No dividends were declared in the previous financial year, but at the end of the current financial year on 31 December 2015, a dividend of 10c per ordinary share was declared.

ASSIGNMENT 01 (First semester) (continued)

8. Which one of the following amounts will be the total dividend expense on 31 December 2015?
1. R23 300
 2. R24 800
 3. R28 100
 4. R32 600

9. The following list of balances appears, amongst others, in the accounting records of Samba Ltd on 31 December 2015:

	R
Ordinary share capital (shares issued at R0,50 each)	2 000 000
Proceeds of 900 000 ordinary shares issued on 31 October 2015	730 000

The following decision that must still be recorded was ratified by the directors, on 31 December 2015:

Capitalisation shares must be issued to the ordinary shareholders that are registered in the share register on 31 December 2015, in the ratio of one ordinary share for every seven ordinary shares held at R0,85 per share.

Which one of the following options represents the amount of the shares that have to be capitalised?

1. R 595 000
 2. R2 000 000
 3. R3 675 000
 4. R 331 500
10. Which one of the following statements with regards to inventories (IAS 2) is correct?
1. IAS 2 is an application of the prudence concept.
 2. Standard costing and the retail method are the most commonly used methods to value inventories.
 3. Normal spillage of raw materials during the production process is excluded from the cost of closing inventories.
 4. Abnormal spillage of raw materials during the production process are included in the cost of closing inventories but excluded from the cost of sales.

ANNEXURE B: ASSIGNMENT 02 FOR FAC2601 (COMPULSORY FOR FIRST SEMESTER)

ASSIGNMENT 01 TOGETHER WITH ASSIGNMENT 02 COUNT 20% TOWARDS YOUR FINAL MARK.

SEMESTER 1

UNIQUE NUMBER: 812896

DUE DATE: 1 April 2016

PLEASE NOTE:

1. This assignment consists of only one (1) question with subsections.
2. All subsections of this question must be answered.
3. All calculations must be shown.
4. Please follow the instructions in the required part of the question carefully to ensure that you obtain the maximum marks for the subsections of the question.
5. This assignment covers learning units 1 – 7 of the tutorial letter MO001. Carefully work through the relevant tutorial matter before you attempt the assignment.
6. No extension will be granted for the late submission of this assignment and no correspondence or telephone conversations will be conducted in this regard.
7. Please follow the instructions for the submission of the written assignment carefully.

INSTRUCTIONS FOR SUBMISSION OF WRITTEN ASSIGNMENTS

Written assignments can be submitted as follows:

- mailed by using ordinary post using the envelope supplied; or
- placed in the assignment envelope in a UNISA assignment post box; or
- electronically submitted via myUnisa.

➤ **THE PREFERRED METHOD OF SUBMISSION IS ELECTRONICALLY VIA MYUNISA.**

PLEASE NOTE:

If you submit the written assignment electronically via myUnisa the file must be converted to or scanned in **PDF-format**. The assignment must be scanned and submitted as **only one** PDF file. **The PDF file must not be “read only”**.

A coversheet consisting of your name, student number, postal address, module code and assignment number must be completed and included in the scanned document. Please ensure that you do not only submit a coversheet, you must also attach your assignment.

Any format other than PDF or more than one scanned PDF file will not be accepted and will also be returned unmarked.

ASSIGNMENT 02

FIRST SEMESTER 2016

WRITTEN ASSIGNMENT

QUESTION (30 marks) (36 minutes)

The following information was taken on 31 December 2013 from the accounting records of Khumalo Ltd:

	R
Land at cost	250 000
Office building at cost	750 000
Equipment at cost	220 000
Accumulated depreciation	
- Office building	75 000
- Equipment	22 000

Additional information

1. Land and buildings are owner occupied and consist of erf 104, Randburg with an office building thereon. The building was revalued on 1 January 2014 at market value of R900 000 by mr. J McKaiser, a sworn appraiser.
2. On 1 July 2014, equipment with a cost price of R25 000 and on which R5 000 depreciation has been written of on 1 January 2014, was sold for R16 000. New equipment costing R34 200 (VAT at 14% included) was purchased at the same date to replace the old equipment. Khumalo Ltd is registered as a VAT vendor.
3. Non-current assets are depreciated as follows:
 - Office building: 5% per annum using the straight-line method.
 - Equipment: 10% per annum using the reducing balance method.

REQUIRED:

Prepare the "asset" section of the statement of financial position as well as all the relevant note to the annual financial statements of Khumalo Ltd at 31 December 2014. Your answer should comply with the requirements of International Financial Reporting Standards (IFRS).

Disclose all calculations.

ANNEXURE C: ASSIGNMENT 01 FOR FAC2601 (COMPULSORY FOR SECOND SEMESTER REGISTRATION)



SUBMISSION OF ASSIGNMENT 01 IS COMPULSORY TO OBTAIN EXAMINATION ADMISSION. ASSIGNMENT 01 TOGETHER WITH ASSIGNMENT 02 COUNT 20% TOWARDS YOUR FINAL MARK.

SEMESTER 2

UNIQUE NUMBER: 806607

DUE DATE: 22 August 2016

PLEASE NOTE:

1. This assignment consists of 10 multiple choice questions.
2. This assignment covers learning units 1 – 4 of tutorial letter MO001. Carefully work through the relevant tutorial matter before you attempt the assignment.
3. No extension will be granted for the late submission of this assignment and no correspondence or telephone conversations will be conducted in this regard.
4. It is preferred that the assignment is submitted via *myUnisa*.

INSTRUCTIONS FOR SUBMISSION ON MARK-READING SHEETS:

Only mark-reading sheets provided may be used.

Colour in the correct block with a HB pencil.

Fill in your student number correctly.

Fill in the assignment number correctly.

Fill in the unique number of the assignment **for the specific module and semester** correctly. Every assignment which is marked by the computer is given a unique number. The number contains information about the module code and assignment number. When the computer reads the mark-reading sheet with, say, the unique number 806607, it identifies that it is Assignment 01 for that specific module.

Make sure that you answer each numbered question in the correct line opposite the question number.

Send **only** your mark-reading sheet to the Assignment Section in the appropriate envelope.

DO NOT:

mark more than one option per question;

tear or fold the mark-reading sheet;

staple the mark reading sheet to another piece of paper;

colour outside the block;

colour the block with a pen;

make corrections with Tippex;

submit answers on a written sheet of paper, or

try to repair a torn mark-reading sheet with sticky tape - use another one.

ASSIGNMENT 01 (20 marks) (24 minutes)

SECOND SEMESTER 2016

MULTIPLE CHOICE QUESTION ASSIGNMENT

Answer the following multiple choice questions. Indicate your choice by selecting only **one** option from the four options given for each question answered.

1. Companies as a form of entity were established in order to provide the following needs:
 1. Procedure to limit the financial liabilities of the owners
 2. The acquisition of more capital
 3. Easy way to exchange owners
 4. All of the above

2. The issued share capital of XYZ Ltd on date of incorporation consisted of the following:

100 000 Ordinary shares issued at R2,50 each

40 000 8% Preference shares issued at R3,20 each

30 000 10% Cumulative preference shares issued at R1,50 each

XYZ Ltd was incorporated on 1 March 2014. The issued share capital has not changed since the date of incorporation.

No dividends were declared during the previous financial year, but during the current financial year ended on 28 February 2016 an ordinary dividend of 5c per share were declared.

Which one of the following represents the total dividend expense disclosed in the financial statements on 28 February 2016?

1. R 24 240
2. R 60 240
3. R 14 200
4. R 11 200

3. The issued share capital of ABC (Pty) Ltd on 01 March 2015, consists of:

Ordinary share capital	R 600 000
------------------------	---------------------

All the ordinary shares were originally issued at R2,50 each and no additional shares were issued up to the beginning of the current financial year.

During the current financial year ended on 28 February 2016, a further 5 000 ordinary shares were issued. At the end of the current financial year the directors decided to make a capitalisation issue of one ordinary share for every 5 ordinary shares held at R1,50 per share.

What is the number of capitalisation shares issued during the 2016 financial year?

1. 121 000
2. 49 000
3. 121 500
4. None of the above

ASSIGNMENT 01 (Second semester) (continued)

4. Share capital of a company represents:
 1. Donations received from directors
 2. Capital contributed by the shareholders
 3. Dividends declared by the company
 4. None of the above

5. Which one of the following statements regarding the qualitative characteristics of annual financial statements according to the Conceptual Framework for Financial Reporting is correct?
 1. The fundamental qualitative characteristics of annual financial statements are relevance and materiality
 2. Faithful representation implies that information is accurate in all respects.
 3. Materiality and relevance will ensure faithful representation.
 4. Materiality plays an important role when evaluating the relevance of information.

6. Which one of the following statements is true relating to dividends?
 1. Dividends are a portion of the profit of a company divided amongst the shareholders.
 2. Dividends need not be declared solely from the profit of the current year and can include profits from previous trading periods, included in retained income.
 3. Dividends need not necessarily be paid out in cash; they can be in the form of capitalisation shares.
 4. All of the above.

7. Which one of the following elements measure the financial performance that is reflected in the statement of profit or loss and other comprehensive income?
 1. Income and expenses
 2. Assets and liabilities
 3. Equity
 4. None of the above

8. Which one of the following is not included in determining the cost price of inventory?
 1. Purchase cost
 2. Transport costs
 3. Import duties
 4. Selling expenses

9. According to IAS2, inventory must be reflected at the lower of cost and net realisable value. Which one of the following is **not** an indicator of possible adjustments to the net realisable value?
 1. A decline in selling prices
 2. Decrease in selling costs
 3. Damaged inventories
 4. All of the above

ASSIGNMENT 01 (Second semester) (continued)

10. During a fire that broke out just before the year end of ABC Ltd, some of the inventory has been damaged. The accountant of the company provided you with the following information:

	Cost	Net realisable value
	R	R
Raw material:		
Purchase cost	25 000	
Trade discount	(5 000)	
Transport cost	7 000	
Storage cost	2 000	
		30 000
Work in progress:	40 000	32 000
Finished goods:		
Total cost price	50 000	
Selling price		75 000
Packaging cost		5 000
Advertising costs		10 000
Sales commission		15 000
		?

What will the total value of inventory be that should be disclosed in the annual financial statements of ABC Ltd at year end:

1. R117 000
2. R107 000
3. R104 000
4. R120 000

ANNEXURE D: ASSIGNMENT 02 FOR FAC2601 (COMPULSORY FOR SECOND SEMESTER)

ASSIGNMENT 01 TOGETHER WITH ASSIGNMENT 02 COUNT 20% TOWARDS YOUR FINAL MARK.

SEMESTER 2

UNIQUE NUMBER: 870197

DUE DATE: 16 September 2016

PLEASE NOTE:

1. This assignment consists of only one (1) question with subsections.
2. All subsections of this question must be answered.
3. All calculations must be shown.
4. Please follow the instructions in the required part of the question carefully to ensure that you obtain the maximum marks for the subsections of the question.
5. This assignment covers learning units 1 – 7 of tutorial letter MO001. Carefully work through the relevant tutorial matter before you attempt the assignment.
6. No extension will be granted for the late submission of this assignment and no correspondence or telephone conversations will be conducted in this regard.
7. Please follow the instructions for the submission of the written assignment carefully.

INSTRUCTIONS FOR SUBMISSION OF WRITTEN ASSIGNMENTS

Written assignments can be submitted as follows:

- mailed by using ordinary post using the envelope supplied; or
- placed in the assignment envelope in a UNISA assignment post box; or
- electronically submitted via myUnisa.

➤ **THE PREFERRED METHOD OF SUBMISSION IS ELECTRONICALLY VIA MYUNISA.**

PLEASE NOTE:

If you submit the written assignment electronically via myUnisa the file must be converted to or scanned in **PDF-format**. The assignment must be scanned and submitted as **only one** PDF file. **The PDF file must not be “read only”**.

A coversheet consisting of your name, student number, postal address, module code and assignment number must be completed and included in the scanned document. Please ensure that you do not only submit a coversheet, you must also attach your assignment.

Any format other than PDF or more than one scanned PDF file will not be accepted and will also be returned unmarked.

ASSIGNMENT 2

SECOND SEMESTER 2016

WRITTEN ASSIGNMENT

QUESTION (30 marks) (36 minutes)

Purchase of motorcycles

Kelebogile Ltd, a motorcycle retailer which operates in Johannesburg, ordered 40 new top-of-the-range motorcycles from China on 1 November 2013.

The motorcycles were received in Durban on 1 January 2014. The invoice price of the motorcycles was R50 000 each (before a trade discount of 20%) and is payable on 28 February 2015.

The following cash costs regarding the purchase were:

	R
Freight and insurance	70 000
Customs duty	170 000
Cartage to Johannesburg	100 000

Sale of motorcycles

1. During the year ended 31 December 2014, 50% of the motorcycles were sold on credit by a salesman at R100 000 each. Sales commission of 5% was paid to the salesman.
2. On 1 January 2014 two motorcycles were withdrawn from inventory and brought into use by Kelebogile Ltd in the ordinary course of the business. The two motorcycles are depreciated at 20% per annum on a straight line basis.

Additional information

Inventory is valued at the lower of cost and net realisable value on a first-in-first-out basis.

REQUIRED:

- a) Prepare the "asset" section of the statement of financial position as well as the statement of profit or loss and other comprehensive income of Kelebogile Ltd as at 31 December 2014 in accordance with the requirements of International Financial Reporting Standards (IFRS).
- b) Prepare the following notes in the annual financial statements of Kelebogile Ltd as at 31 December 2014, in accordance with the requirements of International Financial Reporting Standards (IFRS).
 - Plant and equipment (motorcycles) (PPE note)
 - Inventory
 - Profit before tax

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