

Tutorial letter 101/3/2018

**Elementary Financial Accounting and
Reporting**

FAC1602

Semesters 1 & 2

Department of Financial Accounting

IMPORTANT INFORMATION:

This tutorial letter contains important information
about your module.

CONTENTS

	<i>Page</i>
1 INTRODUCTION	3
2 PURPOSE OF AND OUTCOMES FOR THE MODULE	3
2.1 Purpose	3
2.2 Outcomes for this module.....	3
3 LECTURER(S) AND CONTACT DETAILS.....	4
4. COMMUNICATION WITH THE UNIVERSITY	4
5. MODULE-RELATED RESOURCES	4
5.1 Inventory letter	4
6 STUDENT SUPPORT SERVICES FOR THE MODULE.....	5
6.1 Contact with fellow students	5
7. ASSESSMENT	6
7.1 Assignments and learning	6
7.2 Submission of assignments	6
7.3 Unique assignment numbers	6
7.4 Due dates for assignments	7
7.5 Feedback on assignments.....	7
7.6 Study process.....	7
7.7 Important aspects regarding assignments.....	8
7.8 Plagiarism	8
8. PROPOSED STUDY PROGRAMME FOR 2018	9
8.1 First semester.....	9
8.2 Second semester.....	9
ADDENDUM A: COMPULSORY ASSIGNMENT 01 (FIRST SEMESTER).....	10
ADDENDUM B: COMPULSORY ASSIGNMENT 02 (FIRST SEMESTER).....	16
ADDENDUM C: COMPULSORY ASSIGNMENT 01 (SECOND SEMESTER).....	22
ADDENDUM D: COMPULSORY ASSIGNMENT 02 (SECOND SEMESTER).....	28

1 INTRODUCTION

Dear Student

We are pleased to welcome you to this module and hope that you will find it 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 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.

Please read Tutorial Letter 301 in combination with this tutorial letter as it gives you an idea of generally important information when studying distance education and information within a particular College.

In this tutorial letter, you will find the assignments and assessment criteria 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. You will also find useful information of a general nature in Tutorial Letter 301 and in the booklet *mySTUDIES@Unisa*. Having read through these, you should be well prepared to start.

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

2 PURPOSE OF AND OUTCOMES FOR THE MODULE

2.1 Purpose

The purpose of this module is to introduce students to financial accounting and reporting referring to some of the International Accounting Standards issued by the International Accounting Standards Board. In this module, the focus will be on basic financial reporting and the preparation of financial statements of partnerships and close corporations. You must also be able to record the accounting entries for the formation of, admittance to and retirement or death of a partner.

2.2 Outcomes for this module

After studying the material of this module, students should be able to:

- 2.2.1 Demonstrate knowledge and an understanding of the nature and functions of financial statements;
- 2.2.2 Demonstrate knowledge and an understanding of the nature and composition of the financial statements of a sole proprietor; partnerships and close corporations according to certain of the requirements of International Accounting Standards 1 (IAS 1);
- 2.2.3 Demonstrate knowledge and an understanding on the accounting procedures to record changes in the ownership structure of partnerships on the admittance, retirement or death of partners; and
- 2.2.4 Demonstrate knowledge and an understanding of the nature and composition of the statement of cash flows.

3 LECTURER(S) AND CONTACT DETAILS

The following lecturers are responsible for this module:

Mr BT Khanyeza
Mr S Mnguni
Mrs B Ceki
Mr LA Visagie

Module Telephone Number: 012 429 4176
Module E-mail Address: fac1601@unisa.ac.za

All queries that are not of a purely administrative nature **but** are **about the content of this module** should be directed to us. Please have your study material with you when you contact us.

NB: Letters to lecturers may not be enclosed with or inserted into assignments.

4. COMMUNICATION WITH THE UNIVERSITY

The following contact details may be used for any enquiries within the College of Accounting Sciences (CAS)

College e-mail Addresses:

- CASenquiries-Postgraduate@unisa.ac.za
- CASenquiries-Undergraduate@unisa.ac.za
- CASenquiries-CTA@unisa.ac.za
- College telephone number: 012 429 2982/2233

If you need to contact the university about matters not related to the content of this module, please consult the publication *mySTUDIES@Unisa*, which you have received with your study material. This brochure contains information on how to contact the university (e.g. to whom you can write for different queries, important telephone and fax numbers, addresses and details of the times certain facilities are open).

5. MODULE-RELATED RESOURCES

5.1 Inventory letter

You should have received an inventory letter indicating what you have received in your study package and also showing items that are still outstanding. Also see the brochure entitled *mySTUDIES@Unisa*.

Check the study material that you have received against the inventory letter. You should have received all the items listed in the letter, unless there is a statement such as "out of stock" or "not available". If any item is missing, follow the instructions on the back of the inventory letter without delay.

PLEASE NOTE

Your lecturers cannot help you with missing study material. For any enquiries about your study material, please contact the UNISA despatch department by sending a SMS to 43579 or by e-mailing despatch@unisa.ac.za.

5.2 Study material

The despatch department should supply you with the following study material for this module:

- One study guide
- Tutorial Letters 101 and 301 at registration and others later

Apart from Tutorial Letters 101 and 301, you will also receive other tutorial letters during the semester. These tutorial letters will not necessarily be available at the time of registration, but will be dispatched to you as soon as they are available or needed (for instance, for feedback on assignments).

If you have access to the internet, you can view the study guides and tutorial letters for the modules for which you are registered on the university's online campus, myUnisa, at <http://myunisa.ac.za>.

- Prescribed book

Your prescribed book for this module is:

About Financial Accounting, Volume 2, 6th Edition by Doussy F, et al. LexisNexis Butterworths. Durban. 2016.

Please consult the list of official booksellers and their addresses listed in *mySTUDIES@Unisa*. If you have any difficulty obtaining books from these bookshops, please contact the Prescribed Books Section.

6 STUDENT SUPPORT SERVICES FOR THE MODULE

For information on the various student support systems and services available for students at Unisa (e.g. student counselling, tutorial classes, language support), please consult the publication *mySTUDIES@Unisa*, which you have received with your study material.

6.1 Contact with fellow students

6.1.1 Study groups

It is advisable to have contact with fellow students. One way to do this is to form study groups. The **addresses of students** in your area may be obtained from the following department:

Directorate: Student Administration and Registration
PO Box 392
UNISA
0003

6.1.2 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 through the computer and the internet.

To go 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 <http://my.unisa.ac.za>.

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

7. ASSESSMENT

7.1 Assignments and learning

Compulsory assignments for all modules should be submitted by students at set due dates. Assignments are seen as part of the learning process for this module. As you do the assignment, study the reading text, consult other resources, discuss the work with fellow students or tutors or do research, you are actively engaged in learning. The assessment criteria included in your study guide at the end of each study unit will help you to understand what is required of you when doing your assignment.

7.2 Submission of assignments

Enquiries about assignments (e.g. whether or not the university has received your assignment or the date on which an assignment was returned to you) must be directed to the assignments department. This department can be reached by sending an SMS to 43584 or by e-mail at assign@unisa.ac.za. You might also find information on myUNISA. To gain access to the myUnisa website, start at the main Unisa website, <http://www.unisa.ac.za>, and then click on the 'login to myUnisa link under the myUnisa heading on the screen. This should take you to the myUnisa website. You can also go there directly by typing <http://my.unisa.ac.za>.

Assignments should be addressed to:
The Registrar (Assignments)
PO Box 392
UNISA
0003

You may submit written assignments and assignments done on mark-reading sheets either by post or electronically via myUNISA. Assignments may not be submitted by fax or email. For detailed information and requirements for assignments refer to the brochure *mySTUDIES@Unisa*, which you have received with your study material.

To submit an assignment **through myUNISA**:

- Go to myUnisa.
- Log in with your student number and password.
- Select the module.
- Click on assignments in the menu on the left.
- Click on the assignment number you want to submit.
- Follow the instructions on the screen.

7.3 Unique assignment numbers

In addition to the general assignment number (e.g. 02), assignments to be completed by means of a mark-reading sheet (multiple choice questions) or by means of a written assignment must also have their unique assignment number. The following are the unique assignment numbers for 2018:

Semester 1	Type	Unique number
Assignment 01	Multiple choice	650783
Assignment 02	Multiple choice	808565

Semester 2	Type	Unique number
Assignment 01	Multiple choice	815281
Assignment 02	Multiple choice	719606

7.4 Due dates for assignments

The two compulsory assignments for this module are attached as Addendum A and Addendum B for the first semester and Addendum C and Addendum D for the second semester.

Assignments must reach the university not later than the dates specified below:

Assignment number	Semester 1 Due dates	Semester 2 Due dates
01/2018 Compulsory – Addendum A 02/2018 Compulsory – Addendum B	12 March 2018 9 April 2018	
01/2018 Compulsory – Addendum C 02/2018 Compulsory – Addendum D		20 August 2018 10 September 2018

The receipt of assignments after the due date disrupts our marking programme and the uncontrolled submission of assignments creates administrative problems. **No** extension or requests for extension of assignments will be considered.

7.5 Feedback on assignments

You will automatically receive the correct answers for multiple-choice questions. Feedback on compulsory assignments **will be sent to all students registered for this module** in a follow-up tutorial letter, and not only to those students who submitted the assignments. The tutorial letter numbers will be 201, 202, etc.

As soon as you have received the feedback, please work through it. The assignments and the feedback on these assignments constitute an important part of your learning and should help you to be better prepared for the next assignment and the examination.

7.6 Study process

You may encounter fewer problems when you work as follows:

Point 9 of this tutorial letter sets out the suggested study programme for semester 1 and 2. **First semester students:** refer to paragraph 9.1 and **second semester students:** refer to paragraph 9.2.

- **Study** the relevant study units of the Study Guide for assignment 01. Do all the exercises in the Study Guide and make sure that you understand the contents of the study material.
- **Do** assignment 01 and send it to UNISA for marking. Remember, the submission of assignment 01 is **compulsory for examination admission and contributes to your year mark** (refer to points 7.7 and 8.2).
- **Study** the relevant study units of the Study Guide for assignment 02 and do the assignment. Remember, the submission of assignment 02 is **compulsory** and contributes to your year mark (refer to points 7.7 and 8.2).
- After completing an assignment, **carry on** with the study programme. **Do not wait** for the suggested solution or for the return of the marked assignment.

Students often fail to plan their studies properly in order to achieve specific study goals at predetermined dates. This leads to a haphazard approach to studying and the use of ineffective study techniques.

The study programme for each semester is included in this tutorial letter under point 9 to assist you in this regard. The programme indicates the dates during which certain sections of the study material should be studied, as well as the dates by which the compulsory assignments should be completed.

The study programme is based on the following assumptions:

- That study will commence on either 08 January 2018 for the first semester or 25 June 2018 for the second semester and that the full course should be completed leaving sufficient time for revision.
- That you should study at least 6 hours per week. We are of the opinion that this is within your reach.

We are convinced that, if you adhere to the suggested programme, you should be able to master the subject. It is very important that the subject matter covered in each study unit be **mastered** and not just be skimmed. If you happen to register late or fall behind with this programme, extra effort on your part will be necessary.

Addendums A and B contain the compulsory assignment 01 and 02 for students who are registered for FAC1602 in the first semester.

Addendums C and D contain the compulsory assignment 01 and 02 for students who are registered for FAC1602 in the second semester.

Please note that these assignments are not the same. You must ensure that you submit the assignments which pertain to the semester that you are registered in for FAC1602.

IF YOU ARE REGISTERED FOR FAC1602 IN THE SECOND SEMESTER YOU CANNOT SUBMIT ANY ASSIGNMENTS DURING THE FIRST SEMESTER. ASSIGNMENTS INCORRECTLY SUBMITTED, WILL BE RETURNED UNMARKED

7.7 Important aspects regarding assignments

There are 4 assignments for this module:

- Assignment 01 is a multiple-choice assignment that is compulsory and contributes 50% towards your year mark. **It is important to note that if you do not submit this assignment you will not be admitted to the examination;**
- Assignment 02 is a multiple-choice assignment that is also compulsory and contributes 50% towards your year mark;
- Assignments 03 and 04 are long question assignments. These assignments must NOT be submitted to UNISA for marking but forms an important part of your study material and exam questions will definitely be set on these sections.

Please keep copies of assignments submitted to UNISA through myUnisa or manually as this is proof that you submitted the assignment.

Assignments constitute an integral part of the tutorial material. Study material on which assignment 01 is based is given in Addendum A (for students registered for the first semester) or Addendum C (for students registered for the second semester). Assignments and tutorial letters must also be studied for examination purposes.

7.8 Plagiarism

Although students may work together when preparing assignments, each student must submit his or her own individual assignment. It is unacceptable for students to discuss the answers on **myUnisa**. That is considered as copying (a form of plagiarism) and you may be penalised or subjected to disciplinary proceedings by the university.

8. PROPOSED STUDY PROGRAMME FOR 2018

8.1 First semester

DATE	STUDY MATERIAL AND ASSIGNMENTS
± 08/1 to 09/2	Study: Study units 1 to 3
± 12/2 to 16/2	Do Assignment 01 (compulsory assignment): Due date 12/03/2018
± 16/2	Submit Assignment 01 (NB: DO NOT WAIT UNTIL 12/03/2018)
± 17/2 to 23/3	Study: Study units 4 to 6
± 23/3 to 27/3	Do Assignment 02 (compulsory assignment): Due date 09/04/2018
± 27/3	Submit Assignment 02 (NB: DO NOT WAIT UNTIL 09/04/2018)
± 28/3 to 03/4	Do and mark Assignment 03 (do <u>not</u> submit this assignment)
± 04/4 to 09/4	Do and mark Assignment 04 (do <u>not</u> submit this assignment)
	The solutions to Assignments 03 and 04 are provided in the same tutorial letter
10/4 to examination	Revision
During May/June 2018: EXAMINATION	

8.2 Second semester

DATE	STUDY MATERIAL AND ASSIGNMENTS
± 25/6 to 27/7	Study: Study units 1 to 3
± 29/7 to 02/8	Do Assignment 01 (compulsory assignment): Due date 20/08/2018
± 02/8	Submit Assignment 01 (NB: DO NOT WAIT UNTIL 20/08/2018)
± 03/8 to 24/8	Study: Study units 4 to 6
± 25/8 to 27/8	Do Assignment 02 (compulsory assignment): Due date 10/09/2018
± 27/8	Submit Assignment 02 (NB: DO NOT WAIT UNTIL 10/09/2018)
± 28/8 to 03/9	Do and mark Assignment 03 (do <u>not</u> submit this assignment)
± 04/9 to 09/9	Do and mark Assignment 04 (do <u>not</u> submit this assignment)
	The solutions to Assignments 03 and 04 are provided in the same tutorial letter
11/9 to examination	Revision
During October/November 2018: EXAMINATION	

We trust that you will enjoy this module and we wish you success with your studies.

Kind regards

Mr BT Khanyeza

Mr S Mnguni

Mrs B Ceki

Mr LA Visagie

Module Telephone Number: 012 429 4176

Module E-mail Address: fac1601@unisa.ac.za

LECTURERS: FINANCIAL ACCOUNTING REPORTING (FAC1602)

ADDENDUM A: COMPULSORY ASSIGNMENT 01 (FIRST SEMESTER)

ASSIGNMENT 01 (FIRST SEMESTER)

UNIQUE NO: 650783

DUE DATE: 12 MARCH 2018

1. This assignment must be answered on a mark-reading sheet if submitted by post. It can also be submitted electronically through myUnisa.
2. Before answering this assignment, please read paragraphs 7 of this tutorial letter.
3. This assignment covers study units 1 – 3 of the study guide.
4. We **cannot grant any extension for the late submission of this assignment** since the due date is set in accordance with the marking date of this assignment. No correspondence or telephone conversations will be conducted in this regard.
5. **Important aspects regarding multiple-choice assignments answered on a mark-reading sheet:**
 - For detailed information and requirements as far as assignments are concerned, see *mySTUDIES@Unisa* which you received with your study package.
 - Work carefully through the relevant tutorial matter before you do the assignment.
 - Calculate your answer on a separate piece of paper before completing the mark-reading sheet.

REMEMBER:

- There is only **one** correct answer for each question. Do not make more than one mark per question.
- All questions are equal in value.
- Indicate your student number correctly.
- Indicate the assignment number correctly.
- Indicate the **unique** assignment number for Assignment 01 correctly. Every assignment which is marked by the computer is given a unique number. The number contains information on the course code and the assignment number. When the computer reads the unique number, it identifies it as Assignment 01 for FAC1602 – first semester.

FOR HARD COPY SUBMISSION:

- Only the provided mark-reading sheets may be used.
- Colour in the correct block clearly with a HB pencil.
- Do not colour outside the block, or colour in the block with a pen.
- Do not make corrections with correction fluid.
- Do not tear or fold the mark-reading sheet. Do not try to repair a torn mark-reading sheet with sticky tape – use another one.
- Do not staple the mark-reading sheet to another piece of paper.
- Do not submit answers on a written sheet of paper.
- Send **only** your mark-reading sheet to the Assignments Division in the appropriate envelope.

ASSIGNMENT 01 – FIRST SEMESTER (continued)**QUESTION 1**

Consider the following statements:

- (a) According to the Conceptual Framework, an asset is recognised in the statement of financial position when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.
- (b) All financial statements of an entity must be prepared according to the accrual basis of accounting.
- (c) An entity with an intention to liquidate its operations may prepare its financial statements according to the going concern basis.
- (d) Equity is the residual interest in the assets of the entity after deducting all its liabilities.
- (e) Some companies listed on the Johannesburg Stock Exchange (JSE) are required to comply with International Financial Reporting Standards (IFRS).

Which one of the following alternatives represents the correct statement(s)?

- 1. (d)
- 2. (a) and (d)
- 3. (a), (b) and (d)
- 4. (a), (b), (c) and (d)

QUESTION 2

The following statements relate to the nature and function of accounting:

- (a) To be a perfectly faithful representation, a depiction of accounting information must be complete and neutral.
- (b) The future economic benefit embodied in an asset is the potential to contribute mainly directly to the flow of cash and cash equivalents to the entity.
- (c) Accrual accounting depicts the effects of transactions and other events on a reporting entity's resources in the periods in which those effects occur.
- (d) Qualitative characteristics are the attributes that make the financial information useful.

Which one of the following alternatives represents the correct statement(s)?

- 1. (a) and (b)
- 2. (b) and (c)
- 3. (c) and (d)
- 4. (a) and (d)

QUESTION 3

During February 2018 KK Dealers purchased goods to the value of R30 000, one third of which was sold for R12 000 during March. Rental and electricity for March amounted to R2 000 and R300 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 2018?

- 1. R10 000
- 2. R12 000
- 3. R12 300
- 4. R32 300

ASSIGNMENT 01 – FIRST SEMESTER (continued)

Given information for questions 4:

The following information relates to the financial year of Echo shoes that ended at 28 February 2018:

	R
Sales	150 000
Purchases	137 500
Settlement discount received	3 500
Inventory: Merchandise 1 March 2017	12 500
Purchases returns	25 000
Carriage on sales	20 000
Customs and import duties.....	2 500

Additional information:

1. On 28 February 2018, inventory on hand amounted to R22 500.
2. An invoice amounting to R2 000, in respect of transportation cost relating to purchases above, was received on 2 March 2018.
3. An amount of R1 500 for commission to sales representative for February 2018 must still be accounted for.

QUESTION 4

Which one of the following alternatives represents the gross profit for the year ended 28 February 2018?

1. R25 000
2. R26 500
3. R46 500
4. R47 500

QUESTION 5

Consider the following statements:

- (a) A partnership is a separate legal entity.
- (b) A close corporation can continue to operate under its registered name when the membership thereof changes.
- (c) If there is no written agreement between the partners of a partnership regarding the appropriation of a profit/loss, it is assumed that the profit/loss will be apportioned to the partners equally.
- (d) According to the "legal approach" towards accounting for partnerships, salaries to partners are an appropriation of the profit of a partnership and not an operating expense.
- (e) A close corporation has an independent juristic personality and the taxable income of a close corporation is subject to normal income tax at the rate which is applicable to a company.

QUESTION 5

Which one of the following alternatives represents the correct statement(s)?

1. (b)
2. (a) and (c)
3. (b), (d) and (e)
4. (b), (c), (d) and (e)

ASSIGNMENT 01 – FIRST SEMESTER (continued)**Given information for questions 6 to 10:**

Baleka and Msana are in the partnership trading as Baleka-Msana. The partners have approached you to assist in the preparation of the financial statements. The following information appeared in the accounting records of the partnership on 28 February 2018, the end of the financial year:

List of balances of Baleka-Msana as at 28 February 2018:

	R
Capital: Baleka	300 000
Capital: Msana	300 000
Current account: Baleka (Dr) (1 March 2017)	17 500
Current account: Msana (Dr) (1 March 2017)	25 000
Mortgage: ABASA Bank	872 000
Trade receivables control	75 000
Trade payables control	32 500
Bank	33 350
Land and buildings at cost.....	2 000 000
Vehicle at cost - (1 March 2017)	168 000
Equipment at cost (1 March 2017)	48 000
Accumulated depreciation: Vehicle	27 900
Accumulated depreciation: Equipment.....	8 000
Sales	1 925 000
Purchases	570 420
Advertising expenses	7 800
Settlement discount granted.....	1 800
Bank charges	3 250
Stationery consumed.....	2 500
Administrative expenses	17 000
Vehicle maintenance costs.....	34 500
Salaries	165 000
Insurance expenses	24 080
Inventory.....	60 420
Carriage on purchases	5 000
Inventory 1 March 2016.....	40 000

Additional information:

While you were in the office of Baleka-Msana, you were informed of the following:

1. During the year Shosholozza Computers CC, one of the debtors owing the business R16 500, was declared insolvent. On 28 February 2018, the partners deemed the amount owing by this debtor as irrecoverable as it was unclear if there will be any settlement of this debt. This transaction is yet to be recorded in the books of the business.
2. Salaries amounting to R60 000 were paid out in cash during the year to partners and are included in the salaries amount above.
3. Stationery consumed relates to stationery used by partner Mr Msana for his FAC1602 studies.
4. On 28 February 2018, a customer returned faulty inventory which he had purchased (at the selling price) for R500, cash. The cashier refunded him R500 in cash. The bookkeeper was unaware of this sales return and did not record this transaction.
5. The partners decided to make a provision for credit losses at 8% of the balance of the outstanding trade receivables account.

ASSIGNMENT 01 – FIRST SEMESTER (continued)

6. Depreciation for the year is still to be provided for as follows:

- **Vehicles:** According to the straight-line method, at 20% per annum. Estimated scrap value after 5 years is R75 000.
- **Equipment:** At 25% per annum, according to the diminishing-balance method.

7. The mortgage loan from ABASA Bank was obtained on 1 June 2017 at 10% interest per annum and is secured by a first mortgage over land and buildings. The capital amount of the loan is repayable in total on 28 February 2020. Interest on the loan is payable in cash on 31 March every year.

QUESTION 6

Which one of the following alternatives represents the correct amount that must be disclosed as **revenue** in the statement of profit or loss and other comprehensive income of Baleka-Msana for the year ended 28 February 2018?

1. R1 908 000
2. R1 908 500
3. R1 922 700
4. R1 925 000

QUESTION 7

Which one of the following alternatives represents the correct amount that must be disclosed as **gross profit** in the statement of profit or loss and other comprehensive income of Baleka-Msana for the year ended 28 February 2018?

1. R1 353 000
2. R1 353 500
3. R1 367 700
4. R1 372 700

QUESTION 8

Which one of the following alternatives represents the correct amount that must be disclosed as **distribution, administrative and other expenses** in the statement of profit or loss and other comprehensive income of Baleka-Msana for the year ended 28 February 2018?

1. R239 230
2. R242 730
3. R245 230
4. R299 230

QUESTION 9

Which one of the following alternatives represents the correct amount that must be disclosed as **finance costs** in the statement of profit or loss and other comprehensive income of Baleka-Msana for the year ended 28 February 2018?

1. R58 133
2. R65 400
3. R72 667
4. R87 200

ASSIGNMENT 01 – FIRST SEMESTER (continued)**QUESTION 10**

Which one of the following alternatives represents the correct amount that must be disclosed as **drawings** in the statement of changes in equity of Baleka-Msana for the year ended 28 February 2018?

1. R2 500
2. R60 000
3. R62 500
4. R67 800

END OF ASSIGNMENT 01 – FIRST SEMESTER

ADDENDUM B: COMPULSORY ASSIGNMENT 02 (FIRST SEMESTER)

ASSIGNMENT 02 (FIRST SEMESTER)

UNIQUE NO: 808565

DUE DATE: 9 APRIL 2018

1. This assignment must be answered on a mark-reading sheet if submitted by post. It can also be submitted electronically through myUnisa.
2. Before answering this assignment, please read paragraphs 7 of this tutorial letter.
3. This assignment covers study units 1 – 4 of the study guide.
4. We **cannot grant any extension for the late submission of this assignment** since the due date is set in accordance with the marking date of this assignment. No correspondence or telephone conversations will be conducted in this regard.
5. **Important aspects regarding multiple-choice assignments answered on a mark-reading sheet:**
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- Do not tear or fold the mark-reading sheet. Do not try to repair a torn mark-reading sheet with sticky tape – use another one.
- Do not staple the mark-reading sheet to another piece of paper.
- Do not submit answers on a written sheet of paper.
- Send **only** your mark-reading sheet to the Assignments Division in the appropriate envelope.

ASSIGNMENT 02 – FIRST SEMESTER (continued)**QUESTION 1**

Tiger, Woods and Eline were in a partnership with a profit-sharing ratio of 2:2:1 respectively. Eline decided to leave the partnership. Tiger and Woods decided to admit Kristin to the partnership the day after Eline left the partnership. Tiger, Woods and Kristin agreed that Kristin will take over half of Eline's profit share, and that Tiger and Woods will take over the remaining half of Eline's profit share equally.

Which one of the following alternatives represents the profit-sharing ratio of the partners of the new partnership?

1. 2:2:1
2. 4:4:2
3. 5:5:1
4. 9:9:2

Given information for questions 2 – 4:

Malva and her neighbour, Pudding, are in a partnership, trading as MalvaPudding Confectioneries. The partnership share profits or losses of the partnership in the ratio of 3:2 respectively. Recently they signed a contract with a chain store to supply packed baked products. They urgently needed an additional partner to join the partnership who could assist with the preparation of the food and who could provide additional capital to help sustain the growth of the business. Berry offered to join the partnership.

On 31 December 2017, the following list of balances were extracted from the books of MalvaPudding Confectioneries:

	R
Capital: Malva.....	181 050
Capital: Pudding.....	123 000
Current account: Malva (Cr).....	18 750
Current account: Pudding (Dr).....	24 300
Revaluation surplus.....	37 500
Vehicle at carrying amount.....	90 000
Equipment at carrying amount.....	14 250
Furniture and fittings at carrying amount.....	210 000
Trade payables control.....	32 800
Inventory.....	25 950
Trade receivables control (trade debtors).....	9 750
Bank (Overdraft).....	13 162
Allowance for credit losses.....	788

Additional information:

1. It was agreed that Berry will join the partnership on 1 January 2018 and that the new partnership will trade as Scrumptious Confectioneries. Berry will acquire a third share in the profits/losses of the new partnership. Malva and Pudding will relinquish a third share to Berry according to their existing profit-sharing ratio. On 1 January 2018, Berry will contribute a vehicle with a value of R150 000 as well as cash to the amount of R112 500 for her third share in the net assets of the new partnership.
2. In preparation of the change in the ownership structure of MalvaPudding Confectioneries, Malva and Pudding decided to record the following valuations:

	R
Vehicle.....	67 500
Equipment.....	6 000
Furniture and fittings.....	333 150
Inventory.....	23 250

ASSIGNMENT 02 - FIRST SEMESTER (continued)

3. The allowance for credit losses must be adjusted to 5% of the trade debtors.
4. Creditors offered an 8% discount for payments made on or before 31 January 2018. MalvaPudding Confectioneries will settle 60% of its creditors on 15 January 2014 and 20% on 30 January 2018.

QUESTION 2

Which one of the following alternatives represents the balance in the valuation account in the general ledger of MalvaPudding Confectioneries on 31 December 2017? (All amounts should be rounded up to the nearest Rand)

1. R90 000
2. R92 099
3. R92 700
4. R98 250

QUESTION 3

Which one of the following alternatives represents the balance transferred to the capital account of Pudding as a result of the revaluation of the partnerships assets and liabilities on 31 December 2017? (All amounts should be rounded up to the nearest Rand)

1. R35 880
2. R36 000
3. R36 840
4. R37 080

QUESTION 4

Which one of the following alternatives represents the goodwill of MalvaPudding Confectioneries as at 31 December 2017? (All amounts should be rounded up to the nearest Rand)

1. R94 502
2. R96 901
3. R99 000
4. R136 500

Given information for questions 5 to 6:

Sphenge and Fanezi are the only members of Bayafanelwa Travel CC. They have an equal interest in the corporation and distribute profits accordingly.

The following information is extracted from the accounting records of the CC as at 28 February 2018, the financial year-end of the corporation.

	R
Member's contribution: Sphenge.....	80 000
Member's contribution: Fanezi	60 000
Retained earnings (1 March 2017).....	285 817
Loan from member: Sphenge (1 March 2017)	46 900
Loan to member: Fanezi	35 250
Inventory (1 March 2017)	33 006
Trade receivables control	45 900

Continued on the next page

ASSIGNMENT 02 - FIRST SEMESTER (continued)

	R
Trade payables control	252 050
Bank (Dr)	36 200
Sales	552 262
Investment (Lion Ltd).....	130 000
Interim profit distribution paid to members	40 000
Income received in advance.....	7 330
Prepaid expenses.....	5 500
Rental income	36 650
Purchases	300 090
Administrative, distribution and other expenses.....	57 900
Settlement discount on granted.....	5 700
SARS (Income tax) (Dr).....	36 348

Additional information:

1. An invoice relating to carriage on purchases amounting to R9 450 was received on 28 February 2018 and must still be taken into account.
2. The closing inventory amounted to R40 500.
3. The investment in Qabaqongo Ltd consist of 80 000 shares bought for R130 000 and was acquired in February 2016. The investment was acquired for trade purposes, on 15 February 2018 Qabaqongo Ltd declared a dividend of 20 cents per share payable on April 2018. On 28 February 2018, the fair value of the investment amounted to R170 000.
4. Each member received a monthly salary of R4 500 paid in cash. Fanezi the managing member of Bayafanelwa Travel CC is entitled to a bonus of R10 000 payable in March 2018. These transactions were not recorded in the books of the close corporation.
5. The actual income tax for the financial year amounted to R68 900 and must still be recorded.
6. Interest must be recorded on the loan accounts to members at 11% per annum on the opening balance of any existing loans as well as on any additional loans granted. On 30 September 2017, an additional loan of R18 800 was granted to Fanezi and was correctly accounted for in the books of the close corporation. Interest on the loans to members is capitalised.
7. Interest on loans from members is calculated at 10% per annum and is not capitalised.

QUESTION 5

Which one of the following alternatives represents the correct amount of the profit for the year of Bayafanelwa Travel CC for the year ended 28 February 2018?

1. R90 347
2. R129 748
3. R139 128
4. R139 182

ASSIGNMENT 02 - FIRST SEMESTER (continued)

QUESTION 6

Which one of the following alternatives represents the correct amount that must be disclosed as **retained earnings** in the statement of financial position of Bayafanelwa Travel CC as at 28 February 2018?

1. R336 164
2. R375 565
3. R384 945
4. R384 999

QUESTION 7

Which one of the following alternatives represents the correct amount to be disclosed as **trade and other payables** in the statement of financial position of Bayafanelwa Travel CC as at 28 February 2018?

1. R226 800
2. R259 330
3. R276 190
4. R283 520

Given information for questions 8 to 10:

The following information was extracted from the accounting records of Batsheleni CC:

BATSHELENI CC EXTRACT OF BALANCES AS AT 28 FEBRUARY 2018

	2018	2017
	R	R
Property, plant and equipment	154 300	129 300
Investment in SAN.....	135 000	-
Inventories	18 000	12 000
Trade and other receivables.....	30 000	10 000
Prepayments (Rent)	900 400	-
Other financial assets	14 000	12 000
Cash and cash equivalents	80 000	4 000
Members' contributions	52 000	52 000
Retained earnings	142 500	100 000
Long-term borrowings	55 200	129 700
Trade and other payables	30 000	8 000
Current tax payable	17 500	13 000

BATSHELENI CC EXTRACT FROM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2018

	R
Revenue	191 000
Cost of sales.....	70 000
Dividend income	3 300
Profit on sale of investment	15 000
Depreciation	5 000

Continued on the next page

ASSIGNMENT 02 - FIRST SEMESTER (continued)

	R
Credit losses.....	5 500
Rent expenses	6 000
Water and electricity	2 500
Salaries and wages	40 550
Interest on long-term loan	3 000
Income tax expense	34 250

Additional information:

1. All sales and purchases are on credit.
2. Other financial assets consist of shares purchased in Mbhiqani Ltd.
3. An interim profit distribution of R6 000 was paid during the year.
4. Batsheleni CC uses the indirect method to prepare their statement of cash flows.
5. The allowance for credit losses increased from R10 000 in 28 February 2017 to R15 500 in February 2018.

QUESTION 8

Which one of the following alternatives represents the amount that must be disclosed as **net cash generated from/(used in) operating activities** in the statement of cash flows of Batsheleni CC for the year ended 28 February 2018?

1. R24 500
2. R31 700
3. R37 700
4. R40 700

QUESTION 9

Which one of the following alternatives represents the correct amount that must be disclosed as **proceeds from sale of investments** in investing activities in the statement of cash flows of Batsheleni CC for the year ended 28 February 2018?

1. R15 000
2. R64 500
3. R135 000
4. R150 000

QUESTION 10

Which one of the following alternatives represents the correct amount that must be disclosed as **net cash from/used in financing activities** in the statement of cash flows of Batsheleni CC at 28 February 2018?

1. R55 500
2. R71 400
3. R74 500
4. R129 700

END OF ASSIGNMENT 02 – FIRST SEMESTER

ADDENDUM C: COMPULSORY ASSIGNMENT 01 (SECOND SEMESTER)

ASSIGNMENT 01 (SECOND SEMESTER)

UNIQUE NO: 815281

DUE DATE: 20 AUGUST 2018

1. This assignment must be answered on a mark-reading sheet if submitted by post. It can also be submitted electronically through myUnisa.
2. Before answering this assignment, please read paragraphs 7 of this tutorial letter.
3. This assignment covers study units 1 – 3 of the study guide.
4. We **cannot grant any extension for the late submission of this assignment** since the due date is set in accordance with the marking date of this assignment. No correspondence or telephone conversations will be conducted in this regard.
5. **Important aspects regarding multiple-choice assignments answered on a mark-reading sheet:**
 - For detailed information and requirements as far as assignments are concerned, see *mySTUDIES@Unisa* which you received with your study package.
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 - Calculate your answer on a separate piece of paper before completing the mark-reading sheet.

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- Indicate the **unique** assignment number for Assignment 01 correctly. Every assignment which is marked by the computer is given a unique number. The number contains information on the course code and the assignment number. When the computer reads the unique number, it identifies it as Assignment 01 for FAC1602 – first semester.

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ASSIGNMENT 01 – SECOND SEMESTER (continued)**QUESTION 1**

Consider the following enhancing qualitative characteristics of useful financial information in terms of the Conceptual Framework?

- (a) Understandability
- (b) Timeliness
- (c) Going concern
- (d) Verifiability
- (e) Comparability

Which one of the following alternatives represent(s) the **incorrect** characteristic(s)?

- 1. (c)
- 2. (a) and (b)
- 3. (c), (d) and (e)
- 4. (a), (b), (d) and (e)

QUESTION 2

The following information is extracted from the accounting records of Yammy Traders on 28 February 2018, the end of the financial year:

- Rent received R16 500

Additional information:

- 1. The relevant office was occupied by the tenant for the full financial year.
- 2. The rental contract stipulates that the monthly rental is increased by 10% in September every year.
- 3. The rent for February 2018 has not yet been received.

Which one of the following alternatives represents the correct amount that will be disclosed as rent income in the statement of profit or loss and other comprehensive income of Yammy Traders for the year ended 28 February 2018?

- 1. R16 500
- 2. R17 325
- 3. R18 150
- 4. R18 900

QUESTION 3

At the beginning of a financial year, a business acquired equipment at a cost of R300 000 with an expected useful life of 5 years. The expected residual value at the end of the useful life of the equipment is R40 000. The business applies the straight line method to calculate the depreciation on equipment.

Which one of the following alternatives represents the carrying amount of equipment at the end of the third financial year after the purchase of the equipment?

- 1. R104 000
- 2. R120 000
- 3. R144 000
- 4. R173 120

ASSIGNMENT 01 – SECOND SEMESTER (continued)

Given information for question 4:

The following information appeared in the accounting records of Msengane Traders on 30 June 2018, the end of the financial year:

	2018	2017
	R	R
Plant and equipment (at cost)	150 000	120 000
Accumulated depreciation	50 000	30 000
Trade receivables	30 000	20 000
Inventory	18 000	7 000
Long-term loan	38 000	50 000
Bank	-	8 000
Bank overdraft	6 000	-

The owner did not make any capital contributions but withdrew R120 000 cash during the year.

QUESTION 4

Which one of the following alternatives represents the correct amount of total comprehensive income of Msengane Traders for the year ended 30 June 2018?

1. R57 000
2. R116 000
3. R149 000
4. R177 000

QUESTION 5

A partnership is formed between Ted, Baker and Gaap, each contributing R50 000 capital. The financial year of the partnership ends on 31 May. On 30 November 2017, Ted contributed a further R25 000 as capital and on the same date Baker withdrew R10 000 of his capital. On 31 May 2018 Gaap contributed a vehicle with a value of R20 000 as additional capital. Interest is calculated at 8% per annum on a monthly basis, and is not capitalised.

Which one of the following alternatives represents the correct amount of total interest expense in respect of capital for the financial year ended 31 May 2018?

1. R12 000
2. R12 600
3. R13 200
4. R15 200

Given information for question 6:

Jakes and Wodumo recently concluded an agreement to form a partnership which will trade as JakesWodumo Entertainment. According to the partnership agreement, the two will in future share profits and losses of the partnership equally. Jakes contributed a vehicle that was purchased three years ago for R250 000 and which is currently valued at R175 000 as well as cash amounting to R50 000. On the other hand, Wodumo joined the partnership with his business expertise he acquired from his BCompt studies, which cost him R25 000 to complete and office furniture and equipment valued at R45 000.

ASSIGNMENT 01 – SECOND SEMESTER (continued)**QUESTION 6**

Which of the following alternatives represents the correct balances of partners' capital accounts?

1. Capital: Jakes R300 000; Capital: Wodumo R70 000
2. Capital: Jakes R225 000; Capital: Wodumo R70 000
3. Capital: Jakes R225 000; Capital: Wodumo R45 000
4. Capital: Jakes R 50 000; Capital: Wodumo R25 000

QUESTION 7

Consider the following statements:

- (a) The withdrawal of capital in cash by a partner must be recorded by debiting the drawings account of the partner and by crediting the bank account of the partnership.
- (b) The drawings of partners are expenses of the partnership which must be disclosed in the income statement of the partnership.
- (c) At the end of a financial year, the salary of a partner for the year is provided for by debiting the salary account of the partner and by crediting the current account of the partner.
- (d) At the end of a financial year, the salary account of a partner is closed off to the appropriation account.
- (e) Cash drawn by a partner during a financial year as his salary is recorded by debiting the drawings account (or the current account if no drawings account was opened) of the partner and crediting the bank account of the partnership.

Which one of the following alternatives represents the **correct** statements?

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

Given information for questions 8 to 10:

You are approached to assist in the preparation of the financial statements of a partnership, trading as Lidoda-Duvha.

List of balances of Lidoda-Duvha as at 28 February 2018

	R
Capital: Tshanduko	300 000
Capital: Tshiananeo	300 000
Current account: Tshanduko (Dr) (1 March 2017)	17 500
Current account: Tshiananeo	25 000
Drawings: Tshanduko.....	48 000
Drawings: Tshianoaneo.....	80 200
Mortgage: Taki Bank	872 000
Trade receivables control	75 000
Trade payables control.....	32 500
Bank	33 350
Land and buildings at cost.....	2 000 000
Vehicles at cost (1 March 2017).....	180 000
Equipment at cost (1 March 2017)	48 000
Accumulated depreciation: Vehicles	30 000
Accumulated depreciation: Equipment.....	8 000

Continued on the next page

ASSIGNMENT 01 – SECOND SEMESTER (continued)

	R
Sales	1 925 000
Cost of sales.....	745 000
Advertising expenses	7 800
Bank charges	3 200
Telephone expenses	23 800
Salaries and wages	160 000
Insurance expenses	24 000
Interest expenses	2 000
Inventory.....	60 420

Additional information:

1. Thinavhuy' CC, one of the trade debtors of the partnership, was liquidated and no cash was received to settle the outstanding balance of the CC, which amounts to R14 500. The bookkeeper forgot to take this event into account.
2. An order for inventory with a cost price of R32 000 was placed via e-mail on 15 February 2017. The invoice and inventory were received on 27 February 2018. The bookkeeper did not record this credit purchase by the partnership.
3. On 28 February 2018, a customer returned faulty inventory which he had purchased (at the selling price) for R500, credit. The bookkeeper forgot to record this sales return. An adjustment to cost of sales and inventory was already done.
4. The partners decided to provide for allowance for credit losses at 6% of the balance of the outstanding trade receivables control account.
5. Depreciation for the year was not yet provided for. It is the accounting policy of the partnership to provide for depreciation as follows:
 - Vehicles: According to the straight-line method, at 20% per annum. Estimated scrap value after 5 years: R75 000.
 - Equipment: At 15% per annum, according to the diminishing-balance method.
6. The partnership agreement stipulates that the partners are entitled to R8 000 each per month as salaries. Included in salaries to employees amount above is R30 000 paid out in cash to Tshanduko during the year.

QUESTION 8

Which one of the following alternatives represents the correct amount that must be disclosed as **profit for the year** in the statement of profit or loss and other comprehensive income of Lidoda-Duvha for the year ended 28 February 2018?

1. R909 200
2. R930 200
3. R937 400
4. R1 173 000

QUESTION 9

Which one of the following alternatives represents the correct closing balance of **Tshanduko's current account** in the statement of changes in equity of Lidoda-Duvha for the year ended 28 February 2018?

1. R309 850
2. R339 850
3. R345 850
4. R375 850

ASSIGNMENT 01 – SECOND SEMESTER (continued)

QUESTION 10

Which one of the following alternatives represents the correct amount of **total assets** in the statement of financial position of Lidoda-Duvha as at 28 February 2018?

1. R2 228 000
2. R2 000 000
3. R2 326 270
4. R2 332 270

END OF ASSIGNMENT 01 – SECOND SEMESTER

ADDENDUM D: COMPULSORY ASSIGNMENT 02 (SECOND SEMESTER)

ASSIGNMENT 02 (SECOND SEMESTER)

UNIQUE NO: 719606

DUE DATE: 10 SEPTEMBER 2018

1. This assignment must be answered on a mark-reading sheet if submitted by post. It can also be submitted electronically through myUnisa.
2. Before answering this assignment, please read paragraphs 7 and 8 of this tutorial letter.
3. This assignment covers study units 1 – 4 of the study guide.
4. We **cannot grant any extension for the late submission of this assignment** since the due date is set in accordance with the marking date of this assignment. No correspondence or telephone conversations will be conducted in this regard.
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ASSIGNMENT 02 – SECOND SEMESTER (continued)**QUESTION 1**

Mandla and Nduna are in partnership and they share profits and losses in the ratio of 3:2, respectively. They decided to admit Msholozzi as a partner and a 20% interest in the partnership was sold to him. Mandla and Nduna relinquished Msholozzi's interest to him in the proportion of 2:1, respectively.

Which one of the following alternatives indicates the correct new profit-sharing ratio?

1. Mandla, Nduna and Msholozzi's new profit-sharing ratio is 3:2:1, respectively
2. Mandla, Nduna and Msholozzi's new profit-sharing ratio is 3:4:3, respectively
3. Mandla, Nduna and Msholozzi's new profit-sharing ratio is 7:5:3, respectively
4. Mandla, Nduna and Msholozzi's new profit-sharing ratio is 8:4:3, respectively

QUESTION 2

Bally and Paul are in partnership, rendering their services as DuoTrainers, and share profits and losses in the ratio of 3:1, respectively. For the purpose of the admission of Shark to the partnership, equipment with a carrying amount of R320 000 was revalued at R350 000, and credit losses were provided for at R500. The goodwill of R12 000 was revalued as R15 000. The new partnership will trade as Excellence Runners and Bally, Paul and Shark will share profits and losses in the ratio of 2:1:1, respectively.

Which one of the following alternatives indicates the correct amounts that must be debited or credited to the capital accounts of the partners of Duo Trainers in order to record the revaluation of the assets?

1. Credit the capital accounts as follows:
Bally - R16 250; Paul - R8 125; and Shark - R8 125
2. Credit the capital accounts as follows:
Bally - R24 375; and Paul - R8 125
3. Debit the capital accounts as follows:
Bally - R16 250; Paul - R8 125; and Shark - R8 125
4. Debit the capital accounts as follows:
Bally - R24 375; and Paul - R8 125

QUESTION 3

The annual financial statements of a close corporation must disclose separately the total amounts at the end of the year and the movements in these amounts during the year of the following items:

- (a) contributions by members
- (b) retained earnings
- (c) loans to and from members
- (d) accounting officer's remuneration
- (e) percentage interest of members

Which one of the following alternatives represents the correct items?

1. (a), (b), (d) and (e)
2. (a), (b), (c) and (d)
3. (b), (c), (d) and (e)
4. (a), (b), (c) and (e)

ASSIGNMENT 02 – SECOND SEMESTER (continued)

Given information for questions 4 - 5:

The following information relates to Ramatla CC for the year ended 30 September 2017:

1. R80 000 loan was granted to Liseho, a member of the CC on 1 May 2017. Interest is calculated at 10% per annum and is capitalised at the end of the financial period. The loan is unsecured and immediately callable.
2. Investments consist of:
 - 30 000 ordinary shares in Naleli Ltd, purchased on 1 April 2015 for R50 000. On 30 September 2017, the fair value of shares held in Naleli Ltd was determined at R90 000. These shares were purchased for speculative purposes.
 - 25 000 ordinary shares in Sizwe-Sethu (Pty) Ltd purchased at a cost of R55 000. On 30 September 2017, these shares were valued at R40 000.
 - Fixed deposit of R50 000 at BASA Bank made on 31 December 2013 for 60 months at 12% interest per annum.

QUESTION 4

Which of the following alternatives represents the correct amount to be disclosed as other financial assets in the current assets section of the statement of financial position of Ramatla CC as at 30 September 2017?

1. R173 333
2. R220 000
3. R222 667
4. R223 333

QUESTION 5

Which of the following alternatives represents the correct amount to be disclosed as financial assets in the non-current assets section of the statement of financial position of Ramatla CC as at 30 September 2017?

1. R40 000
2. R55 000
3. R90 000
4. R180 000

QUESTION 6

Basabile and Dlamini are only members of the Bushveld CC, a game farm operating in Hazyview, Mpumalanga. As members, they hold 60% and 40% interest, respectively, in the CC. On 30 June 2017, the financial year-end of the close corporation, the following information appeared in the books of Bushveld CC:

	R
Members' contributions: Basabile	10 000
Dlamini.....	12 800
Retained earnings	16 400

ASSIGNMENT 02 – SECOND SEMESTER (continued)

On 1 July 2017, Basabile increased her contribution with a R8 000 cash deposit. On 31 August 2017, Dlamini made a loan of R21 000 to the CC which is repayable in three equal annual instalments from 1 September 2018.

The profit for the current financial year ended 30 June 2018 amounted to R34 800. During this financial year, Basabile and Dlamini each received a salary of R68 000 that was taken into account in the calculation of the profit for the year. The members decided on a profit distribution of R36 000.

Which one of the following alternatives represents the correct amount of the total of the members' interest at 30 June 2018?

1. R15 200
2. R30 800
3. R46 000
4. R67 000

Given information for question 7:

The following information is extracted from the accounting records of Tshelete CC as at 30 June 2018, the end of current financial year of the CC:

Statement of profit or loss and other comprehensive income items:

	R
Sales	75 000
Purchases	35 000
Credit losses	1 500
Profit on sale of furniture and equipment	2 000

Statement of financial position items:

	30 June 2018	30 June 2017
	R	R
Furniture and equipment (at cost)	88 000	100 000
Accumulated depreciation: Furniture and equipment	52 000	45 000
Trade receivables control (Debtors)	80 000	93 000
Trade payables control (Creditors)	35 000	20 000

Additional information:

1. The allowance for credit losses amounted to R800 on 30 June 2017 and R1 300 on 30 June 2018.
2. All sales and purchases are on credit.
3. During the year office furniture with a cost price of R12 000 and accumulated depreciation of R8 000 on the date of sale was sold for cash.

QUESTION 7

Which one of the following alternatives represents the correct amount that must be disclosed as cash received from customers in the statement of cash flows of Tshelete CC on 30 June 2018?

1. R81 000
2. R87 000
3. R88 000
4. R94 000

ASSIGNMENT 02 – SECOND SEMESTER (continued)

Given information for questions 8 - 10:

The following information pertains to Tse'hlanyane CC:

1. Selected items from the statement of financial position as at 30 June:

	2018	2017
	R	R
Member's contribution: Dee.....	300 000	200 000
Member's contribution: Sam.....	400 000	350 000
Trade payables control (Trade creditors)	30 560	59 400
Non-current portion of long-term loan (Mbhovu Bank)	80 000	120 000
Current portion of long term loan (Mbhovu Bank)	40 000	80 000
Retained earnings	80 760	65 700
Current tax payable	8 900	4 400
Land and buildings at cost.....	259 050	153 600
Furniture and equipment at carrying amount	23 200	33 600
Fixed deposit	90 000	-
Accrued expense (Water and electricity).....	10 040	5 100
Inventory.....	39 400	40 600
Investment: Shares in Wengweni Limited	105 000	-

2. Selected items from the statement of profit or loss and other comprehensive income of Tse'hlanyane CC for the year ended 30 June 2018:

	R
Profit on sale of furniture and equipment	800
Depreciation (furniture and equipment).....	4 800
Cost of sales.....	68 400
Water and electricity	25 000
Insurance.....	8 000
Salaries	33500

Additional information:

1. No land and buildings were sold during the year; it is the policy of the company to only sell fixed assets for cash. Land with a cost of R50 000 was bought on credit.
2. The fixed deposit and additional member's contribution was made in cash.
3. Tse'hlanyane CC uses the direct method when preparing the cash flow statement.
4. All purchases of inventory are on credit.

QUESTION 8

Which one of the following alternatives represents the correct amount to be disclosed as proceeds from sale of furniture and equipment in investing activities section of the statement of cash flows of Tse'hlanyane CC for the year ended 30 June 2018?

1. R 5 600
2. R 6 400
3. R11 200
4. R24 000

ASSIGNMENT 02 – SECOND SEMESTER (continued)**QUESTION 9**

Which one of the following alternatives represents the correct amount to be disclosed as additions to land and buildings in investing activities section of the statement of cash flows of Tse'hlangane CC for the year ended 30 June 2018?

1. R 50 000
2. R 55 450
3. R105 450
4. R216 500

QUESTION 10

Which one of the following alternatives represents the correct amount relating to the net cash from financing activities, which is to be disclosed in the statement of cash flows of Tse'hlangane CC for the year ended 30 June 2018?

1. R 60 000
2. R 70 000
3. R110 000
4. R100 000

END OF ASSIGNMENT 02 – SECOND SEMESTER