

Tutorial Letter 102/3/2018

Introductory Financial Accounting FAC1501

Semesters 1 and 2

Department of Financial Accounting

This tutorial letter contains important information
about additional questions and solutions.

BARCODE

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1 INTRODUCTION

This tutorial letter contains:

- the solution to activity 1 in learning unit 11 of the study guide (MO001); and
- additional questions with solutions, grouped by related topics as follows:

Annexure A: The accounting equation and general ledger.

Annexure C: Journals and general ledger.

Annexure E: Bank reconciliation.

Annexure G: Inventory and inventory systems.

Annexure I: Final accounts and financial statements with adjustments.

NB! The more you practice the easier it will be to identify the topics and issues in the question. You will also become familiar with the application of principles and improve your speed when answering the questions.

2 INFORMATION REGARDING THE EXAMINATION

You must be able to demonstrate your knowledge by preparing, recording, reconciling and completing the books of prime entry and financial statements of an entity.

The examination will be a two hour paper and will consist of 100 marks.

The examination paper will consist of **MULTIPLE CHOICE QUESTIONS AND PRACTICAL APPLICATION TYPE QUESTIONS**. Please note that the self-assessment assignment will give you an idea of how an examination paper in FAC1501 may be compiled. It is thus questions on the practical application of financial accounting.

It is important to note that questions can be asked in different ways. You should still be able to answer these questions if you understand the principles that are tested. For example, journals can be prepared either by recording the information directly from a source document as per the questions in your study guide or it can be recorded from a list of transactions as per question two of the self-assessment assignment.

It is therefore very important that you study **ALL** the study material in order to master the different ways questions can be asked.

The examination guidelines are in tutorial letter 103 which will follow later during the semester. We would like to encourage you to keep these tutorial letters close when you answer questions from this tutorial letter. We suggest, that after you have worked through a question, you must read the examination guidelines for the topic which the question covered and check that in your answer you were able to avoid or address the common errors as identified.

3 LECTURERS' CONTACT DETAILS

The lecturers responsible for this module are as follows:

Mr C Modise

Mr HT Nshalati

Ms GM Nkomo

Ms T Mehlomakhulu

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SOLUTION TO ACTIVITY 1 IN LEARNING UNIT 11 OF THE STUDY GUIDE

Activity 1 on page 365 in learning unit 11 of your study guide required you to answer the question on your own. The suggested solution to this activity is as follows:

(1)

LUCKY TRADERS**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 20.4**

	R	R
Revenue R(415 000 - 15 000 - 1 500)		398 500
Cost of sales R(250 000 - 330)		(249 670)
Gross profit		148 830
Other income		5 560
Interest on fixed deposit	5 200	
Credit losses recovered	360	
Distribution, administrative and other expenses		154 390
Wages and salaries	71 400	(102 120)
Telephone expenses	12 300	
Credit losses	5 800	
Insurance	1 200	
Advertising	4 800	
Traffic fines	850	
Rates and taxes	3 770	
Repairs and maintenance	2 000	
Finance costs		(21 000)
Interest on long term loan	21 000	
Profit for the year		31 270
Other comprehensive income for the year		-
Total comprehensive income for the year		<u>31 270</u>

(2)

LUCKY TRADERS**STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 20.4**

	R	R
ASSETS		
Non-current assets		200 000
Property, plant and equipment	120 000	
Fixed deposit	80 000	
Current assets		266 270
Inventories	46 000	
Trade and other receivables	20 000	
Cash and cash equivalents	200 270	
TOTAL ASSETS		<u>466 270</u>
EQUITY AND LIABILITIES		
Equity		291 270
Capital	291 270	
Non-current liabilities		140 000
Long-term borrowings	140 000	
Current liabilities		35 000
Trade and other payables	35 000	
TOTAL EQUITY AND LIABILITIES		<u>466 270</u>

SOLUTION ACTIVITY 1 (continued)

(3)

LUCKY TRADERS**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 20.4**

	Capital R
Balance at 1 May 20.3	300 000
Total comprehensive income for the year	31 270
Drawings	(40 000)
Balance at 30 April 20.4	291 270

(4) From 1 January 20.4 until 30 April 20.4 = 4 months.

Therefore $R1\ 200 \div 4 = R300$ per month

(5) P : is the principal amount invested

R : is the interest rate per year

T : is the time in years

$$\begin{aligned}
 \text{Time} &= \frac{\text{Interest}}{P \times R} \\
 &= \frac{R5\ 200}{R80\ 000 \times 0,13} \\
 &= \frac{R5\ 200}{R10\ 400} \\
 &= 0,50 \text{ years} \\
 &= 6 \text{ months}
 \end{aligned}$$

The investment was thus made on 1 November 20.3.

$$\begin{aligned}
 (6) \quad \text{Mark-up percentage on cost} &= \frac{\text{Gross profit} \times 100\%}{\text{Cost of sales}} \\
 &= \frac{R148\ 830 \times 100\%}{R249\ 670} \\
 &= 59,61\%
 \end{aligned}$$

4 ANNEXURE A: THE ACCOUNTING EQUATION AND GENERAL LEDGER QUESTIONS

QUESTION 1 (16 marks)(15 minutes)

The following transactions by JT Traders occurred during January 2011. JT Traders is a general dealer. JT Traders applies the perpetual stock method. Ignore any VAT implications on applicable transactions.

1. The owner increased his capital contribution by depositing an additional R50 000 into the entity's current bank account.
2. Stationery was purchased on credit from XYZ Stationers for R6 000.
3. Goods to the value of R6 800 were sold on credit. Cost price is R5 440.
4. The water and electricity account of R1 000 was paid with a business cheque.
5. A debtor paid R500 in part settlement of his account.
6. XYZ Stationers, a creditor, was paid with a business cheque to the amount of R1 800.
7. A tenant paid R4 500 for renting a part of the premises and a receipt was issued to her.

REQUIRED:

For each of the transactions listed above, indicate the effect of the transaction on the accounting equation, by using a table with the format indicated in the example below.

Use a “+” sign to indicate an increase and a “-” sign to indicate a decrease in the elements of the accounting equation. You must also indicate the amount of the increase or the decrease.

Where applicable assume that the bank balance is positive.

Example: Paid R4 500 for insurance with a business cheque.

No	Assets =	Equity +	Liabilities
Example	- R4 500	- R4 500	0

QUESTION 2 (18 marks)(22 minutes)

The following transactions were entered into by Letjatjana Traders during December 2010:

1. Letjatjana Traders paid the telephone account of R250 with a business cheque.
2. Received interest on fixed deposit of R1 500 from UNI Bank.
3. Sold goods to Mr Sekole for R9 000 and received his payment.
4. The owner took goods to the value of R2 000 (cost price) for his own personal use.
5. Letjatjana Traders purchased goods valued at R70 000 and paid with a business cheque.

Note The entity uses the perpetual inventory system with a mark-up percentage of 20% on cost.

REQUIRED:

Prepare a table similar to the example below. Analyse the above transactions by indicating which **account** must be **debited** and which **account** must be **credited** in the general ledger. Indicate the effect of each transaction on the accounting equation. Use a “+” sign for an **increase** and “-” sign for a

decrease in the elements of the accounting equation. VAT can be ignored. Where applicable, assume that the bank balance is positive.

Example: Purchased inventory on credit for R10 000.

Transaction	General ledger		A =	E +	L
	Account debited	Account credited			
Example	Inventory	Creditors control	+ R10 000	0	+ R10 000

QUESTION 3 (28 marks)(34 minutes)

On 1 March 2012, Mrs Rose started a business as a florist. The entity is not registered as a VAT vendor and keeps a periodic inventory system. The following transactions took place during the first month of business:

March

- 1 Mrs Rose deposited R50 000 in the business's bank account as opening capital.
- 2 The entity bought a delivery vehicle on credit for R150 000. To finance this vehicle, Finance Bank approved a loan to the value of R150 000 at 10% interest per annum. The loan is repayable in 60 monthly instalments of R3 187. The first payment is due on 1 April 2012.
- 3 Equipment purchased from Gardenhouse and paid by cheque – R12 000.
- 4 Flowers purchased for cash – R5 000.
- 6 Cash sales – R7 500.
- 8 Flowers purchased for cash – R8 000.
- 10 Credit card sales – R2 500.
Cash sales – R7 500.
- 15 Flowers purchased on account from Mr Elkins – R15 000.
- 20 Credit card sales – R8 000.
Cash sales – R12 000.
- 22 Water and electricity consumed was paid by cheque to the municipality – R3 000.
- 28 Cheque cashed to pay wages – R4 000.
- 30 Partial payment of the account from Mr Elkins – R6 000.
- 31 Inventory on hand – R2 000.

REQUIRED:

Prepare the appropriate general ledger accounts for March 2012 reflecting the above transactions in the accounting records of Rose Florist. You are required to balance and close off the bank account, **only**.

Note: Ignore any VAT implications on applicable transactions.

QUESTION 4 (20 marks)(24 minutes)

General Traders is a business run by Mr P Naidoo. The business is not registered for VAT. The periodic inventory system and control accounts are in use. The following transactions were entered into by General Traders during June 2012:

June

- 3 Purchased goods on credit from Masemola Ltd – R12 000.
- 5 Paid carriage on the goods purchased on 3 June 2012 with a business cheque – R300.
- 8 Sold goods on credit to Mr Ferguson – R5 600.
- 13 Issued a credit note to Mr Ferguson for damaged goods returned by him – R400.
- 17 Bought stationery for office use and paid with a business cheque – R200.
- 21 Mr P Naidoo took goods for his own personal use – R720.
- 23 Mr Ferguson paid his account by cheque – R5 100.
Settlement discount was granted to him on this payment – R100.
- 25 Received a cheque from T Modise for the rent of part of the building – R1 500.
- 28 Paid the City Council for water and electricity by cheque – R1 320.

REQUIRED:

For each of the transactions listed above, indicate the effect of the transaction on the accounting equation. Use a “+” sign to indicate an increase and a “-” sign to indicate a decrease in the elements of the accounting equation. Also indicate the amount of the increase or the decrease.

Your answer must be in the format indicated in the example below.

Where applicable, assume that the bank balance is positive.

Example: Purchased furniture for R4 500 on credit.

No	Assets =	Equity +	Liabilities
Example	+ R4 500	0	+ R4 500

QUESTION 5 (18 marks)(21 minutes)

Mr T Moleleng runs a small stationery business, Everydayneeds Traders. The entity is not registered as a VAT vendor and uses a perpetual (continuous) inventory control system. A mark-up percentage of 20% on cost is applicable. The following transactions by Everydayneeds Traders took place during January 2013:

2013**January**

- 4 Purchased stationery for resale from Large Wholesalers, on credit - R5 000.
- 10 Paid the carriage on purchases for the stationery purchased on 4 January 2013, with a business cheque - R62.
- 12 Purchased stationery (receipt books) to be used by the entity and paid with a business cheque - R120.

QUESTION 5 (continued)

- 14 Cash sales of merchandise - R2 040.
 15 Paid Everydayneeds Traders' telephone account with a business cheque - R250.

REQUIRED:

Prepare a table similar to the format below. Analyse the above transactions by indicating **which account** must be **debited** and **which account** must be **credited** in the general ledger. Also indicate the effect of each transaction on the accounting equation by using a "+" sign to indicate an increase and a "-" sign to indicate a **decrease**. Where applicable, assume that the bank balance is positive.

Example: The owner took stationery to the value of R150 (cost price) for his own personal use.

Transaction	General ledger		A =	E +	L
	Account debited	Account credited			
Example	Drawings	Inventory	- R150	- R150	-

QUESTION 6 (20 marks)(24 minutes)**J J TRADERS****List of general ledger accounts as at 30 April 2013**

Accumulated depreciation: Vehicles
 Advertising
 Bank charges
 Bank overdraft
 Electricity deposit paid
 Cost of sales
 Credit losses
 Debtors control
 Creditors control
 Land and buildings
 Prepaid expenses
 Interest on overdraft
 Inventory (Merchandise)
 Petty cash
 Income received in advance
 Sales
 SARS – VAT payable
 Telephone expenses
 Mortgage bond
 Vehicles at cost

QUESTION 6 (continued)**REQUIRED:**

List each of the above general ledger accounts under one of the categories in the table below.

Example: The machinery ledger account would be inserted under.....

ASSETS		EQUITY		LIABILITIES	
Non-current assets	Current assets	Income	Expenses	Non-current liabilities	Current liabilities
Machinery					

QUESTION 7 (28 marks)(34 minutes)

Professional Plumbers is a service entity. The entity is not registered for VAT. Professional Plumbers uses the perpetual inventory system. The following transactions were entered into by Professional Plumbers during June 20.7:

June

- 3 Professional Plumbers purchased furniture for cash – R20 000.
- 9 Inventory was purchased on credit from a supplier – R10 000.
- 16 The telephone expenses for the month was paid with a cheque – R6 000.
- 20 Received money for plumbing services rendered for cash – R5 000.
- 23 Sold inventory on credit to a debtor – R3 000. The cost price of the inventory – R2 000.
- 28 The owner transferred money from the entity's bank account to his personal bank account – R15 000.

REQUIRED:

	Marks
<p>For each of the transactions listed above, indicate the effect of the transaction on the accounting equation. Use a “+” sign to indicate an increase and a “-” sign to indicate a decrease in the elements of the accounting equation. Also indicate the General Ledger Accounts affected.</p> <p>Where applicable assume that the bank balance is positive.</p>	[28]

Example: The owner transferred R100 000 to the entity's bank account from his personal bank account.

Date	Assets = R	Equity + R	Liabilities R	General Ledger Accounts	
				Dr	Cr
Example	+ 100 000	+ 100 000	0	Bank	Capital

QUESTION 8 (22 marks)(26 minutes)

Mapungubwe Traders uses a perpetual inventory system. All goods are sold at a mark-up of 40% on cost. The following information and transactions of Mapungubwe Traders are for August 2017:

Date	Transaction
5	Purchased goods on credit from a supplier to the value of R7 000.
7	Sold goods to a customer for R2 000 on credit.
14	On 26 July 2017 packing material was purchased for R2 500 by cheque and entered in the column for inventory in the cash payments journal and posted as such. Correct the error.
23	A debtor settled his account of R3 000 with a cheque for R2 800.
26	The owner took goods to the value of R3 500 for his own use.
31	On 31 July 2017 a cheque for R8 000 was issued to the insurance brokers for the payment of the insurance for the financial year.

REQUIRED:

	Marks
Indicate for each of the above transactions which accounts in the general ledger must be debited and credited. Indicate the subsidiary journal where the transaction will first be recorded.	[22]

Use the following table to answer this question.

General ledger			Subsidiary journal
Date	Account to be debited	Account to be credited	
Example	Advertising	Bank	Cash payments journal

6. ANNEXURE B: SOLUTIONS TO ANNEXURE A QUESTIONS**QUESTION 1****JT TRADERS**

No	Assets	=	Equity	+	Liabilities
1.	+ R50 000		+ R50 000		0
2.	0		- R6 000		+ R6 000
3.	+ R6 800		+ R6 800		0
	- R5 440		- R5 440		0
4.	- R1 000		- R1 000		0
5.	+ R500		0		0
	- R500				
6.	- R1 800		0		- R1 800
7.	+ R4 500		+ R4 500		0

(16)**QUESTION 2****Letjatjana Traders**

No	Account debited	Account credited	A =	E +	L
1.	Telephone expenses	Bank	- R250	- R250	0
2.	Bank	Interest income	+ R1 500	+ R1 500	0
3. (a)	Bank	Sales	+ R9 000	+ R9 000	0
(b)	Cost of sales	Inventory	- R7 500	- R7 500	0
4.	Drawings	Inventory	- R2 000	- R2 000	0
5.	Inventory	Bank	+ R70 000 - R70 000	0	0

Calculation of cost of sales:

Mark-up percentage on cost	=	20%		
Selling price	=	Cost price + Mark-up percentage on cost		
Cost price	=	100%	=	???
Selling price	=	120%	=	R9 000
Therefore cost price	=	R9 000	x	$\frac{100}{120}$
	=	R7 500		

(18)

QUESTION 3

**ROSE FLORIST
GENERAL LEDGER
FINANCIAL POSITION SECTION**

Dr	Capital					B1	Cr
				R			R
					2012 March 1	Bank	50 000
							(1)

Dr	Bank					B2	Cr	
				R			R	
2012 March	1	Capital		50 000	2012 March	3	Equipment	12 000
	6	Sales		7 500		4	Purchases	5 000
	10	Sales				8	Purchases	8 000
		R(2 500 + 7 500)		10 000		22	Water & Electricity	3 000
	20	Sales				28	Wages	4 000
		R(8 000 + 12 000)		20 000		30	Creditors	6 000
				87 500		31	Balance	49 500
				87 500			c/d	87 500
April	1	Balance	b/d	49 500				
							(12)	

Dr	Vehicles					B3	Cr
				R			
2012 March	2	Long term loan: Finance Bank		150 000			
							(1)

Dr	Long term loan: Finance Bank					B4	Cr	
							R	
					2012 March	2	Vehicles	150 000
							(1)	

Dr	Equipment					B5	Cr
				R			
2012 March	3	Bank		12 000			
							(1)

Dr	Inventory					B6	Cr
				R			
2012 March	31	Purchases		2 000			
							(1)

QUESTION 3 (continued)

Dr			Creditors				B7		Cr
			R					R	
2012 March	30	Bank	6 000	2012 March	15	Purchases		15 000	

(2)

NOMINAL ACCOUNTS SECTION

Dr			Sales				N1		Cr
								R	
				2012 March	6	Bank		7 500	
					10	Bank			
						R(2 500 + 7 500)		10 000	
					20	Bank			
						R(8 000 + 12 000)		20 000	

(3)

Dr			Purchases				N2		Cr
			R					R	
2012 March	4	Bank	5 000	2012 March	31	Inventory		2 000	
	8	Bank	8 000						
	15	Creditors	15 000						

(4)

Dr			Water and Electricity				N3		Cr
			R						
2012 March	22	Bank	3 000						

(1)

Dr			Wages				N4		Cr
			R						
2012 March	28	Bank	4 000						

(1)

QUESTION 4**General Dealers**

Date	Assets =	Equity +	Liabilities
3	0	- R12 000	+ R12 000
5	- R300	- R300	0
8	+ R5 600	+ R5 600	0
13	- R400	- R400	0
17	- R200	- R200	0
21	0	- R720 + R720	0
23	+ R5 100 - R5 100	0	0
	- R100	- R100	0
25	+ R1 500	+ R1 500	0
27	- R1 320	- R1 320	0

(20)

QUESTION 5**Everydayneeds Traders**

Date:	General ledger		A =	E +	L
	Account debited	Account credited			
January					
4	Inventory	Creditors control	+ R5 000		+ R5 000
10	Inventory	Bank	+ R62 - R62		
12	Stationery	Bank	- R120	- R120	
14 (a)	Bank	Sales	+ R2 040	+ R2 040	
(b)	Cost of sales	Inventory	- R1 700	- R1 700	
15	Telephone expenses	Bank	- R250	- R250	

(18)

QUESTION 5 (continued)**Calculation of cost of sales**

Mark-up percentage on cost =	20%
Selling price =	Cost price + Mark-up percentage on cost
Cost price =	100% = R???
Selling price =	120% = R2 040
Therefore cost price =	R2 040 x $\frac{100}{120}$
	= R1 700

QUESTION 6**Analysis of general ledger accounts for JJ Traders as at 30 April 2013**

ASSETS		EQUITY		LIABILITIES	
Non-current assets	Current assets	Income	Expenses	Non-current liabilities	Current liabilities
Accumulated depreciation: Vehicles			Advertising Bank charges		Bank overdraft
	Electricity deposit paid		Cost of sales Credit losses		Creditors control
	Debtors control				
Land and buildings	Prepaid expenses		Interest on overdraft		
	Inventory Petty cash	Sales	Telephone expenses		Income received in advance SARS-Vat payable
Vehicles at cost				Mortgage bond	

(20)

QUESTION 7**Professional Plumbers**

Date	Assets = R	Equity + R	Liabilities R	General Ledger Accounts	
				Dr	Cr
3	- 20 000 + 20 000	0	0	Furniture	Bank
9	+10 000	0	+ 10 000	Inventory	Creditors control
16	-6 000	-6 000	0	Telephone expenses	Bank
20	+5 000	+ 5 000	0	Bank	Services rendered
23	+3 000 -2 000	+ 3 000 -2 000	0	Debtors control Cost of sales	Sales Inventory
28	-15 000	-15 000	0	Drawings	Bank

[28]

QUESTION 8**Mapungubwe Traders**

General ledger			Subsidiary journal
Date	Account to be debited	Account to be credited	
5	Inventory	Creditors control	Purchases journal
7	Debtors control	Sales	Sales journal
	Cost of sales	Inventory	
14	Packing material	Inventory	General journal
23	Bank	Debtors control	Cash receipts journal
	Settlement discount granted	Debtors control	
26	Drawings	Inventory	General journal
31	Insurance	Bank	Cash payments journal

[22]

7 ANNEXURE C: JOURNALS AND GENERAL LEDGER QUESTIONS

QUESTION 1 (28 marks)(33 minutes)

The following transactions were entered into by AD Traders for February 2011. Assume that VAT is calculated at 10% on all transactions where applicable.

Transactions:

- 01 Bought postage stamps for R150, cash. Payment is supported by petty cash voucher no 006.
- 04 The owner, L James, increased his capital contribution with a direct deposit of R10 000 into the entity's current bank account. Receipt no 228 was issued.
- 07 Bought stationery from YZ Stationers for R3 300 and paid with cheque no 176.
Paid the City Council with cheque no 177 for water and electricity amounting to R2 750.
- 08 The total cash sales as per cash register roll no 31 were R6 600.
Sold goods on credit to J. Singh. Invoice no 151 for R3 500 was issued.
- 09 Bought furniture on credit from CVR Furnishers for R10 000. Invoice no CVR 19 was received.
- 11 Drew a cash cheque no 178 to pay for wages of R5 000.
- 14 The total cash sales as per cash register roll no 32 were R16 500.
Received a cheque from P Ngcobo for R4 000 in payment of his account of R4 440. A settlement discount of R440 was granted to him on this payment. Receipt no 229 was issued.
- 18 Drew a cash cheque no 179 to pay for wages of R5 000.
- 23 Received R6 050 from a tenant, Mr K Smith for subletting part of the building and issued receipt no 230.
- 25 Paid CVR Furnishers per cheque no 180, for R9 450 after receiving a settlement discount of R550. Received receipt no 632 from CVR Furnishers.

REQUIRED:

- a) Complete the cash receipts journal of AD Traders for February 2011, using the format provided below:

AD Traders

CASH RECEIPTS JOURNAL – FEBRUARY 2011

CRJ02

Doc no	Day	Details	Analysis of receipts	Bank	Sales	VAT output	Debtors	Settlement discount granted (Dr)	VAT input (Dr)	Sundry accounts		
										Amount	Fol	Details
				R	R	R	R	R	R	R		

(14½)

- b) Complete the cash payments journal of AD Traders for February 2011, using the format provided below:

AD Traders

CASH PAYMENTS JOURNAL – FEBRUARY 2011

CPJ02

Doc no	Day	Details	Fol	Bank	Creditors	Settlement discount received (Cr)	Wages	VAT input	VAT output (Cr)	Sundry accounts		
										Amount	Fol	Details
				R	R	R	R	R	R	R		

(13½)

QUESTION 2 (30 marks)(36 minutes)

On 1 December 2010, R Kekana opened a material shop, Kekana Traders which is registered as a VAT vendor (The applicable VAT rate is 14%). The periodic inventory system and control accounts are in use. The following transactions took place during January 2011:

Duplicate receipt

No. 0003		Date: 3 January 2011	
Received from: <i>R Kekana</i>			
		R	c
Amount:			
Rand	<i>Sixty thousand rand only</i>		
Cent:	<i>None</i>	60 000	00
For:	<i>Capital contribution by the owner (cheque)</i>	Kekana Traders	
Signature:	<i>V Kgobe</i>		

Duplicate deposit slip

Positive Bank Limited		Cheque Account Deposit Slip	
Positiewe Bank Beperk		Tjekrekeningdepositostrokie	
Credit Krediteer	Acc no Rek nr	5 0 0 0 - 7 2 4 4 9 6	Date Datum
			3 January 2011
Name/Naam	<i>Kekana Traders</i>		R
Bank notes	Banknote		C
Nickel	Nikkel		
Bronze	Brons		
Money and postal orders	Poswissels en posorders		
SUBTOTAL/SUBTOTAAL			
	Drawer's name Trekker se naam	Bank	Branch no Taknr
1	<i>R Kekana</i>	<i>Positive Bank Limited</i>	<i>50-00-00</i>
2			
3			
4			
5			
6			
7			
	Total/Totaal		60 000 00
Cheques etc, as above, for collection to be available as cash when paid. While acting in good faith and exercising responsible care, the Bank will not accept responsibility for ensuring that depositors/account holders have lawful title to cheques etc collected. Tjeks ens, soos bo, ingehandig vir invordering wat na betaling as kontant beskikbaar sal wees. Alhoewel die Bank in goeie trou handel en alle redelike voorsorgmaatreëls tref, sal die Bank nie die verantwoordelikheid aanvaar om te verseker dat deposante/rekeninghouers regmatige titel op ingevorderde tjeks, ens het nie.			* For bank use * Vir bank gebruik
Deposited by/Gedeponeer deur: <i>V Kgobe</i>			

QUESTION 2 (continued)

On 7 January 2011, the total cash sales as per cash register roll number 5 were R28 530,80. The amount of R28 530,80 includes credit card payments to the value of R12 320,15.

Duplicate deposit slip

Positive Bank Limited Positiewe Bank Beperk											Cheque Account Deposit Slip Tjekrekeningdepositostrokio				
Credit Krediteer	Acc no Rek nr	5	0	0	0	-	7	2	4	4	9	6	Date Datum	7 January 2011	
Name/Naam <i>Kekana Traders</i>											R	C			
Bank notes		Banknote												16 020	00
Nickel		Nikkel												190	00
Bronze		Brons													65
Money and postal orders		Poswissels en posorders													
SUBTOTAL/SUBTOTAAL											16 210	65			
	Drawer's name Trekker se naam	Bank		Branch no Taknr											
1															
2															
3															
4															
5															
6															
7															
		Total/Totaal												16 210	65
Cheques etc, as above, for collection to be available as cash when paid. While acting in good faith and exercising responsible care, the Bank will not accept responsibility for ensuring that depositors/account holders have lawful title to cheques etc collected. Tjeks ens, soos bo, ingehandig vir invordering wat na betaling as kontant beskikbaar sal wees. Alhoewel die Bank in goeie trou handel en alle redelike voorsorgmaatreëls tref, sal die Bank nie die verantwoordelikheid aanvaar om te verseker dat deposante/rekeninghouers regmatige titel op ingevorderde tjeks, ens het nie.											* For bank use * Vir bank gebruik				
Deposited by/Gedeponeer deur: <i>V Kgobe</i>															

QUESTION 2 (continued)**Original tax invoice**

MEGA COTTON MATERIALS				
433 Church street Pretoria Tel (012) 335-6955 E-mail: accounts@Megacotton.co.za			P O Box 3333 PRETORIA 0001 Fax (012) 335-6965	
			VAT registration number 6910416681	
Date: 10 January 2011		TAX INVOICE		No: 5369
To: Kekana Traders 399 Hope Drive Pretoria VAT registration number: 8960225750			<u>Payment method</u> Cheque/debit card Cash Credit card Account	
Code	Description	Qty	Unit price (R)	Total price (R)
FLCT1550	Floral cotton material	500 m	12-99	6 495-00
PLCT2556	Plain cotton material	1 000 m	9-99	9 990-00
Subtotal				16 485-00
VAT @ 14%				2 307-90
Total				18 792-90
Amount tendered				0-00
Amount due				18 792-90
E & OE				

Original tax invoice

SILKS LTD				
201 Nelson Mandela Drive Pretoria Tel (012) 335-6955			P O Box 2231 PRETORIA 0001 Fax (012) 333-7253	
			VAT registration number 7511417285	
Date: 11 January 2011		TAX INVOICE		No: BP0013
To: Kekana Traders 399 Hope Drive Pretoria VAT registration number: 8960225750			<u>Payment method</u> Cheque/debit card Cash Credit card Account	
Code	Description	Qty	Unit price (R)	Total price (R)
PSLP2600	Pure silk fabrics -10% discount	600 m	39-99	23 994-00
				(2 399-40)
	VAT @ 14%			
Invoice total				24 617-84
Amount tendered				24 617-84
Change				0-00
Vat included @ 14%				3 023-24
E & OE				

QUESTION 2 (continued)**Cheque counterfoil**

Date	11/01/2011
To	Silks Ltd
For	Merchandise
Balance	R
Deposit	R
Subtotal	R
This cheque	R24 617-84
Balance	R
0019	

Original credit note

MEGA COTTON MATERIALS				
433 Church street Pretoria Tel (012) 335-6955 E-mail: accounts@Megacotton.co.za		VAT registration number 6910416681		P O Box 3333 PRETORIA 0001 Fax (012) 335-6965
Date:	13 January 2011	CREDIT NOTE		No: CN1153
To:	Kekana Traders 399 Hope Drive Pretoria			
Product no	Description	Qty	Unit price (R)	Amount credited (R)
FLCT1550	Floral cotton material	50 m	12-99	649-50
Total				649-50
VAT @ 14%				90-93
Total credit due				740-43
E & OE				

Cheque counterfoil

Date	14/01/2011
To	Telkom
For	Telephone
Balance	R
Deposit	R
Subtotal	R
This cheque	R435-80
Balance	R
0020	

QUESTION 2 (continued)**Cheque counterfoil**

Date	14/01/2011
To	Cash
For	Wages
Balance	R
Deposit	R
Subtotal	R
This cheque	R530-00
Balance	R
0021	

Duplicate receipt

No. 0004	Date: 17 January 2011	
Received from: <i>P Rapoo</i>		
	R	c
Amount: Rand	<i>Three thousand six hundred rand only</i>	
Cent:	<i>None</i>	<i>3 600 00</i>
For:	<i>Rental income (cheque)</i>	
Signature: <i>V Kgobe</i>	Kekana Traders	

Cheque counterfoil

Date	19/01/2011
To	Cash
For	<i>R Kekana (owner)</i>
Balance	R
Deposit	R
Subtotal	R
This cheque	<i>R1 500-00</i>
Balance	R
0022	

Original receipt

No. 9350	Date: 20 January 2011	
Received from: <i>Kekana Traders</i>		
	R	c
Amount: Rand	<i>Eighteen thousand and fifty-two rand</i>	
Cent:	<i>Forty-seven cents</i>	<i>18 052 47</i>
For:	<i>Cheque – R16 247,22 Settlement discount – R 1 805,25</i>	
Signature: <i>S Khan</i>	MEGA COTTON MATERIALS	

QUESTION 2 (continued)**Cheque counterfoil**

Date	20/01/2011
To	Mega Cotton Materials
For	Account
Balance	R
Deposit	R
Subtotal	R
This cheque	R16 247-22
Balance	R
0023	

On 21 January 2011 the total cash sales as per cash register roll number 6 were R28 936,40. The amount of R28 936,40 includes credit card payments to the value of R12 636,40.

Duplicate deposit slip

Positive Bank Limited		Cheque Account Deposit Slip	
Positiewe Bank Beperk		Tjekrekeningdepositostrokio	
Credit Krediteer	Acc no Rek nr	5 0 0 0 - 7 2 4 4 9 6	Date Datum
			21 January 2011
Name/Naam	Kekana Traders		R c
Bank notes	Banknote		16 000 00
Nickel	Nikkel		300 00
Bronze	Brons		
Money and postal orders	Poswissels en posorders		
SUBTOTAL/SUBTOTAAL			16 300 00
Drawer's name Trekker se naam	Bank	Branch no Taknr	
1 P Rapoo	Big Bank Ltd	48-10-00	3 600 00
2			
3			
4			
5			
6			
7			
Total/Totaal			19 900 00
Cheques etc, as above, for collection to be available as cash when paid. While acting in good faith and exercising responsible care, the Bank will not accept responsibility for ensuring that depositors/account holders have lawful title to cheques etc collected. Tjeks ens, soos bo, ingehandig vir invordering wat na betaling as kontant beskikbaar sal wees. Alhoewel die Bank in goeie trou handel en alle redelike voorsorgmaatreëls tref, sal die Bank nie die verantwoordelikheid aanvaar om te verseker dat deposante/rekeninghouers regmatige titel op ingevorderde tjeks, ens het nie.			* For bank use * Vir bank gebruik
Deposited by/Gedeponeer deur: V Kgobe			

QUESTION 2 (continued)**Cheque counterfoil**

Date	24/01/2011
To	Municipality
For	- Water and electricity, R3 100-00 - Rates and taxes, R500-00
Balance	R
Deposit	R
Subtotal	R
This cheque	R3 600-00
Balance	R
0024	

Cheque counterfoil

Date	25/01/2011
To	V Kgobe
For	Salary
Balance	R
Deposit	R
Subtotal	R
This cheque	R8 500-00
Balance	R
0025	

Cheque counterfoil

Date	28/01/2011
To	Cash
For	Wages
Balance	R
Deposit	R
Subtotal	R
This cheque	R530-00
Balance	R
0026	

REQUIRED:

Record the above transactions in the following subsidiary journals of Kekana Traders for January 2011:

- Cash receipts journal (columns for analysis of receipts, bank, sales, VAT output, debtors, settlement discount granted [Dr], VAT input [Dr] and sundry accounts). **(10)**
- Cash payments journal (columns for bank, purchases, creditors, settlement discount received [Cr], wages, VAT input, VAT output [Cr] and sundry accounts). **(17)**
- Purchases journal (columns for VAT input, purchases and creditors). **(1½)**
- Purchases returns journal (columns for VAT input, purchases returns and creditors). **(1½)**

**Note: You do not have to close off the journals at the end of the month.
Show all your calculations.**

QUESTION 3 (23 marks)(25 minutes)

During December 2011 the following transactions, inclusive of 14% VAT, took place at Big Builders:

December

- 3 Purchased merchandise for R8 778 on credit from Lion Ltd. Received invoice no AD 25.
Sold trading inventory on credit to White Birdie. Issued invoice no 173 for R13 110.
- 11 Sold goods on credit to Brown Eagle. Issued invoice no 174 for R4 332.
- 12 Issued credit note no 122 to White Birdie for an overcharge of R228 on 3 December 2011.
- 18 Purchased roof tiles on credit from Penguin Ltd. Received invoice no 352 for R28 500.
- 20 Returned damaged roof tiles to Penguin Ltd. Received credit note no 97 for R1 710.
- 23 Received damaged goods returned by Brown Eagle and issued credit note no 123 for R342.

REQUIRED:

Record the above transactions in the following subsidiary journals of Big Builders for December 2011:

- a) Sales journal (columns for Doc no, Day, Details, Fol, VAT output, Sales and Debtors). **(6½)**
- b) Purchases journal (columns for Doc no, Day, Details, Fol, VAT input, Purchases and Creditors). **(6½)**
- c) Sales returns journal (columns for Doc no, Day, Details, Fol, VAT output, Sales returns and Debtors). **(6½)**
- d) Purchases returns journal (columns for Doc no, Day, Details, Fol, VAT input, Purchases returns and Creditors) **(3½)**

**Note: You do not have to close off the journals.
Show all your calculations.**

QUESTION 4 (35 marks)(42 minutes)

Maponya Traders is registered as a VAT vendor. The applicable VAT rate is 14%. The periodic inventory system and control accounts are used by the entity.

The following transactions took place in Maponya Traders for June 2012.

- 6 Mr Kekana was declared insolvent and his outstanding account of R2 200,00 must be written off as irrecoverable.
- 7 Mr ZK Legodi's account of R3 330,00 was five months overdue and simple interest was charged at 10% per annum,
- 8 It was discovered that repairs done to the delivery vehicle for R800,00 was incorrectly debited to the stationery account. This error must still be corrected.
- 9 Printing done by ZK Printers for R2 200,00, was paid for by cheque no 19.
- 10 The owner, J Maponya, increased his capital contribution with R15 000,00. Receipt no 101 was issued to him.
- 11 Cleaning material was purchased from TP Cleaners for R1 500,00 and paid for by cheque no 20.
- 12 The total cash sales as per cash register roll no 15 amounted to R7 800,00.
- 13 Merchandise was purchased from GD Traders for R8 000,00 and paid for by cheque no 21.
- 14 Cheque no 22 cashed for R2 500,00 to pay the week's wages.
- 15 Received a cheque from D Maluleka in payment of his account of R5 600,00. Receipt no 104 was issued.
- 16 Issued cheque no 23 for R7 000,00 to settle the account of BP Suppliers.
- 17 The total cash sales as per cash register roll no 16 amounted to R9 800,00.

REQUIRED:

Record the above transactions in the following subsidiary journals of Maponya Traders for June 2012:

- a) Cash receipts journal (columns for analysis of receipts, bank, sales, VAT output, debtors and sundry accounts). (11^{1/2})
- b) Cash payments journals (columns for bank, purchases, creditors, wages, VAT input and sundry accounts). (12^{1/2})
- c) General journal (11)

**Note: You do not have to close off the journals at the end of the month.
Show all your calculation.**

QUESTION 5 (30 marks)(36 minutes)

Joe Blob runs a property development business, Big Builders. The entity is registered as a VAT vendor and uses a periodic inventory control system. The following cash transactions by Big Builders took place during March 2013:

BIG BUILDERS**CASH RECEIPTS JOURNAL – MARCH 2013****CRJ01**

Doc no	Day	Details	Fol	Bank	Debtors	Settlement discount granted	VAT input	VAT output	Sundry accounts		
									Amount	Fol	Details
R01	3	Joe Blob		R 20 000	R	R	R	R	R 20 000		Capital
R02	11	Fish Takeaways		5 700				700	5 000		Rental income
R03	30	Housing Development		20 000	20 570	(500)	(70)				
				45 700	20 570	(500)	(70)	700	25 000		

BIG BUILDERS**CASH PAYMENTS JOURNAL – MARCH 2013****CPJ01**

Doc no	Day	Details	Fol	Bank	Purchases	Creditors	Settlement discount received	Wages	Vat input	Vat output	Sundry accounts		
											Amount	Fol	Details
173	3	Cash		R 700	R	R	R	R 700	R	R	R		
174	11	Buildaway		1 140	1 000				140				
175	15	ME Builders		10 000		10 285	(250)			(35)			
176	30	Cash		700				700					
				12 540	1 000	10 285	(250)	1 400	140	(35)			

On 1 March 2013 the balances of the debtors control account and the creditors control account in the general ledger were R30 000 and R15 000 respectively.

REQUIRED:

Open the relevant ledger accounts in the general ledger of Big Builders and post the amounts in the above cash receipts journal and cash payments journal to these accounts in the general ledger of Big Builders for March 2013.

Properly balance/close off the bank account for March 2013 in the general ledger of Big Builders.

QUESTION 6 (25 marks)(30 minutes)

Sport Traders, which is buying and selling sport equipment, is registered as a VAT vendor. The applicable VAT rate is 14%.

On 1 August 2013, the following debtors' balances appeared in the accounting records of Sport Traders:

	R
Pretoria Soccer Club (Folio number - DL1)	5 000
Pretoria Tennis Club (Folio number - DL2)	8 000
Pretoria Rugby Club (Folio number - DL3)	4 000
Pretoria Golf Club (Folio number - DL4)	7 000

The following transactions were entered into by sport Traders during August 2013:

Duplicate tax invoice

SPORT TRADERS				
111 Super Sport Street PRETORIA Tel (012) 341-5555		VAT registration number 4310203040		P O Box 123 PRETORIA 0001 Fax (012) 341-6666
Date:	<i>3 August 2013</i>	TAX INVOICE		No: 270
To: <i>Pretoria Rugby Club 400 Loftus Street Pretoria VAT registration number: 4312345678</i>			<u>Payment method</u> Cheque/debit card Cash Credit card Account	
Code	Description	Qty	Unit price (R)	Total price (R)
RB10	Rugby balls -10% discount	15	550-00	8 250-00 (825-00)
Subtotal				7 425-00
VAT @ 14%				1 039-50
Total				8 464-50
Amount tendered				0-00
Amount due				8 464-50
E & OE				

QUESTION 6 (continued)**Original credit note**

GILBERT STORES				
40 Burger Street PRETORIA Tel (012) 350-4455		VAT registration number 4311223344		P O Box 321 PRETORIA 0001 Fax (012) 350-4456
Date:	4 August 2013	CREDIT NOTE		No: 125
To: Sport Traders 111 Super Sport Street Pretoria VAT registration number: 4310203040				
Product no	Description	Qty	Unit price (R)	Amount credited (R)
RB150	Rugby balls	20	450-00	9 000-00
Subtotal				9 000-00
VAT @ 14%				1 260-00
Total credit due				10 260-00
E & OE				

Duplicate tax invoice

SPORT TRADERS				
111 Super Sport Street PRETORIA Tel (012) 341-5555		VAT registration number 4310203040		P O Box 123 PRETORIA 0001 Fax (012) 341-6666
Date:	8 August 2013	TAX INVOICE		No: 271
To: Pretoria Tennis Club 20 Federer Street Pretoria VAT registration number: 4387654321			<u>Payment method</u> Cheque/debit card Cash Credit card	Account
Code	Description	Qty	Unit price (R)	Total price (R)
TB30	Tennis balls	90	70-00	6 300-00
Subtotal				6 300-00
VAT @ 14%				882-00
Total				7 182-00
Amount tendered				0-00
Amount due				7 182-00
E & OE				

QUESTION 6 (continued)**Original tax invoice**

SLAZENGER TRADERS				
83 Nadal Street PRETORIA Tel (012) 645-2040		VAT registration number 4378945612		P O Box 888 PRETORIA 0001 Fax (012) 645-2041
Date:	9 August 2013	TAX INVOICE		No: 1345
To: Sport Traders 111 Super Sport Street Pretoria VAT registration number: 4310203040			Payment method Cheque/debit card Cash Credit card Account	
Code	Description	Qty	Unit price (R)	Total price (R)
TB250	Tennis balls	100	50-00	5 000-00
Subtotal				5 000-00
VAT @ 14%				700-00
Total				5 700-00
Amount tendered				0-00
Amount due				5 700-00
E & OE				

Duplicate credit note

SPORT TRADERS				
111 Super Sport Street PRETORIA Tel (012) 341-5555		VAT registration number 4310203040		P O Box 123 PRETORIA 0001 Fax (012) 341-6666
Date:	9 August 2013	CREDIT NOTE		No: 55
To: Pretoria Tennis Club 20 Federer Street Pretoria VAT registration number: 4387654321				
Product no	Description	Qty	Unit price (R)	Amount credited (R)
TB30	Tennis balls	20	70-00	1 400-00
Subtotal				1 400-00
VAT @ 14%				196-00
Total credit due				1 596-00
E & OE				

QUESTION 6 (continued)**Duplicate tax invoice**

SPORT TRADERS				
111 Super Sport Street PRETORIA Tel (012) 341-5555		VAT registration number 4310203040		P O Box 123 PRETORIA 0001 Fax (012) 341-6666
Date:	12 August 2013	TAX INVOICE		No: 272
To: Pretoria Soccer Club 75 Radebe Street Pretoria VAT registration number: 4398745601			Payment method Cheque/debit card Cash Credit card Account	
Code	Description	Qty	Unit price (R)	Total price (R)
SB20	Soccer balls	20	400-00	8 000-00
Subtotal				8 000-00
VAT @ 14%				1 120-00
Total				9 120-00
Amount tendered				0-00
Amount due				9 120-00
E & OE				

Duplicate credit note

SPORT TRADERS				
111 Super Sport Street PRETORIA Tel (012) 341-5555		VAT registration number 4310203040		P O Box 123 PRETORIA 0001 Fax (012) 341-6666
Date:	13 August 2013	CREDIT NOTE		No: 56
To: Pretoria Soccer Club 75 Radebe Street Pretoria VAT registration number: 4398745601				
Product no	Description	Qty	Unit price (R)	Amount credited (R)
SB20	Soccer balls	5	400-00	2 000-00
Subtotal				2 000-00
VAT @ 14%				280-00
Total credit due				2 280-00
E & OE				

QUESTION 6 (continued)**Original tax invoice**

NIKE STORES				
645 Khumalo Street PRETORIA Tel (012) 988-0070		VAT registration number 4390807060		P O Box 186 PRETORIA 0001 Fax (012) 988-0071
Date:	18 August 2013	TAX INVOICE		No: 1120
To: Sport Traders 111 Super Sport Street Pretoria VAT registration number: 4310203040			Payment method Cheque/debit card Cash Credit card Account	
Code	Description	Qty	Unit price (R)	Total price (R)
SB650	Soccer balls -10% discount	40	300-00	12 000-00 (1 200-00)
Subtotal				10 800-00
VAT @ 14%				1 512-00
Total				12 312-00
Amount tendered				0-00
Amount due				12 312-00
E & OE				

Duplicate tax invoice

SPORT TRADERS				
111 Super Sport Street PRETORIA Tel (012) 341-5555		VAT registration number 4310203040		P O Box 123 PRETORIA 0001 Fax (012) 341-6666
Date:	22 August 2013	TAX INVOICE		No: 273
To: Pretoria Golf Club 1 Woods Street Pretoria VAT registration number: 4321324354			Payment method Cheque/debit card Cash Credit card Account	
Code	Description	Qty	Unit price (R)	Total price (R)
GB40	Golf balls	30	250-00	7 500-00
Subtotal				7 500-00
VAT @ 14%				1 050-00
Total				8 550-00
Amount tendered				0-00
Amount due				8 550-00
E & OE				

QUESTION 6 (continued)**Duplicate credit note**

SPORT TRADERS				
111 Super Sport Street PRETORIA Tel (012) 341-5555		VAT registration number 4310203040		P O Box 123 PRETORIA 0001 Fax (012) 341-6666
Date:	<i>25 August 2013</i>	CREDIT NOTE		No: 57
To: <i>Pretoria Golf Club 1 Woods Street Pretoria VAT registration number: 4321324354</i>				
Product no	Description	Qty	Unit price (R)	Amount credited (R)
GB40	Golf balls	4	250-00	1 000-00
Subtotal				1 000-00
VAT @ 14%				140-00
Total credit due				1 140-00
E & OE				

REQUIRED:

- a) Record the appropriate above transactions in the following subsidiary journals of Sport Traders for August 2013:
- (i) Sales journal (columns for Doc no, Day, Details, Fol, VAT output, Sales and Debtors) **(12)**
 - (ii) Sales returns journal (columns for Doc no, Day, Details, Fol, VAT output, Sales returns and Debtors) **(9)**
- b) Prepare the debtors list of Sport Traders as at 31 August 2013 from the above mentioned balances and transactions. **(4)**

**Note: You do not have to close off the journals at the end of the month.
Show all your calculations**

8 ANNEXURE D: SOLUTIONS TO ANNEXURE C QUESTIONS

QUESTION 1**AD TRADERS****CASH RECEIPTS JOURNAL – FEBRUARY 2011****CRJ02**

Doc no	Day	Details	Analysis of receipts	Bank	Sales	VAT output	Debtors	Settlement discount granted (Dr)	VAT input (Dr)	Sundry accounts		
										Amount	Fol	Details
R228	04	L James	R 10 000	R 10 000	R	R	R	R	R	R 10 000	B7	Capital
CRR31	08	Cash	6 600	6 600	6 000	600						
CRR32	14	Cash	16 500		15 000	1 500						
R229		P Ngcobo	4 000	20 500			4 440	(400)	(40)			
R230	23	K Smith	6 050	6 050		550				5 500	N3	Rental income
				43 150	21 000	2 650	4 440	(400)	(40)	15 500		
				B5	N1	B10	B4	N7	B9			

(14½)**AD TRADERS****CASH PAYMENTS JOURNAL – FEBRUARY 2011****CPJ02**

Doc no	Day	Details	Fol	Bank	Creditors	Settlement discount received (Cr)	Wages	VAT input	VAT output (Cr)	Sundry accounts		
										Amount	Fol	Details
176	07	YZ Stationers		R 3 300	R	R	R	R 300	R	R 3 000	N5	Stationery
177	07	City Council		2 750				250		2 500	N7	Water & electricity
178	11	Cash		5 000			5 000					
179	18	Cash		5 000			5 000					
180	25	CVR Furnishers		9 450	10 000	(500)			(50)			
				25 500	10 000	(500)	10 000	550	(50)	5 500		
				B5	B6	N8	N9	B9	B10			

(13½)**QUESTION 2****KEKANA TRADERS****CASH RECEIPTS JOURNAL – JANUARY 2011****CRJ1**

Doc no	Day	Details	Fol	Analysis of receipts	Bank	Sales	VAT output	Debtors	Settlement discount granted (Dr)	VAT input (Dr)	Sundry accounts		
											Amount	Fol	Details
R0003	03	R Kekana		R 60 000,00	R 60 000,00	R	R	R	R	R	R 60 000,00		Capital
CRR5	07	Credit card sales		12 320,15		10 807,15	1 513,00						
		Cash sales		16 210,65	28 530,80	14 219,87	1 990,78						
R0004	17	P Rapoo		3 600,00	3 600,00		442,11				3 157,89		Rental income
CRR6	21	Credit card sales		12 636,40		11 084,56	1 551,84						
		Cash sales		16 300,00	28 936,40	14 298,25	2 001,75						

(10)

QUESTION 2 (continued)**KEKANA TRADERS****CASH PAYMENTS JOURNAL – JANUARY 2011****CPJ1**

Doc no	Day	Details	Fol	Bank	Purchases	Creditors	Settlement discount received (Cr)	Wages	VAT input	VAT output (Cr)	Sundry accounts			
											Amount	Fol	Details	
				R	R	R	R	R	R	R	R			
0019	11	Silks Ltd		24 617,84	21 594,60				3 023,24					
0020	14	Telkom		435,80					53,52			382,28		Telephone expenses
0021		Cash		530,00				530,00						
0022	19	Cash		1 500,00								1 500,00		Drawings
0023	20	Mega Cotton Materials		16 247,22		18 052,47	(1 583,55)					(221,70)		
0024	24	Municipality		3 600,00					380,70			2 719,30		Water and electricity
												500,00		Rates and taxes
0025	25	V Kgobe		8 500,00								8 500,00		Salaries
0026	28	Cash		530,00				530,00						

(17)**KEKANA TRADERS****PURCHASES JOURNAL – JANUARY 2011****PJ1**

Doc no	Day	Details	Fol	VAT input	Purchases	Creditors
				R	R	R
5369	10	Mega Cotton Materials		2 307,90	16 485,00	18 792,90

(1½)**KEKANA TRADERS****PURCHASES RETURNS JOURNAL – JANUARY 2011****PRJ1**

Doc no	Day	Details	Fol	VAT input	Purchases returns	Creditors
				R	R	R
CN1153	13	Mega Cotton Materials		90,93	649,50	740,43

(1½)

QUESTION 3**BIG BUILDERS****SALES JOURNAL – DECEMBER 2011****SJ01**

Doc no	Day	Details	Fol	VAT output	Sales	Debtors
				R	R	R
173	3	White Birdie		1 610	11 500	13 110
174	11	Brown Eagle		532	3 800	4 332

(6¹/₂)

$R13\ 110 \times \frac{100}{114} = R11\ 500$ $R13\ 110 - R11\ 500 = R1\ 610$ or
 $R13\ 110 \times \frac{14}{114} = R1\ 610$ $R13\ 110 - R1\ 610 = R11\ 500$
 $R4\ 332 \times \frac{100}{114} = R3\ 800$ $R4\ 332 - R3\ 800 = R532$ or
 $R4\ 332 \times \frac{14}{114} = R532$ $R4\ 332 - R532 = R3\ 800$

BIG BUILDERS**PURCHASES JOURNAL – DECEMBER 2011****PJ01**

Doc no	Day	Details	Fol	VAT input	Purchases	Creditors
				R	R	R
AD 25	3	Lion Ltd		1 078	7 700	8 778
352	18	Penquin Ltd		3 500	25 000	28 500

(6¹/₂)

$R8\ 778 \times \frac{100}{114} = R7\ 700$ $R8\ 778 - R7\ 700 = R1\ 078$ or
 $R8\ 778 \times \frac{14}{114} = R1\ 078$ $R8\ 778 - R1\ 078 = R7\ 700$
 $R28\ 500 \times \frac{100}{114} = R25\ 000$ $R28\ 500 - R25\ 000 = R3\ 500$ or
 $R28\ 500 \times \frac{14}{114} = R3\ 500$ $R28\ 500 - R3\ 500 = R25\ 000$

BIG BUILDERS**SALES RETURNS JOURNAL – DECEMBER 2011****SRJ01**

Doc no	Day	Details	Fol	VAT output	Sales returns	Debtors
				R	R	R
CN 122	12	White Birdie		28	200	228
CN 123	23	Brown Eagle		42	300	342

(6¹/₂)

$R228 \times \frac{100}{114} = R200$ $R228 - R200 = R28$ or
 $R228 \times \frac{14}{114} = R28$ $R228 - R28 = R200$
 $R342 \times \frac{100}{114} = R300$ $R342 - R300 = R42$ or
 $R342 \times \frac{14}{114} = R42$ $R342 - R42 = R300$

BIG BUILDERS**PURCHASES RETURNS JOURNAL – DECEMBER 2011****PRJ01**

Doc no	Day	Details	Fol	VAT input	Purchases returns	Creditors
				R	R	R
CN 97	20	Penquin Ltd		210	1 500	1 710

(3¹/₂)

$R1\ 710 \times \frac{100}{114} = R1\ 500$ $R1\ 710 - R1\ 500 = R210$ or
 $R1\ 710 \times \frac{14}{114} = R210$ $R1\ 710 - R210 = R1\ 500$

QUESTION 4**MAPONYA TRADERS****CASH RECEIPTS JOURNAL – JUNE 2012****CRJ6**

Doc no	Day	Details	Fol	Analysis of receipts R	Bank R	Sales R	VAT output R	Debtors R	Sundry accounts		
									Amount R	Fol	Details
R101	10	J Maponya		15 000,00	15 000,00				15 000,00	B1	Capital
CRR15	12	Cash		7 800,00	7 800,00	6 842,11	957,89				
R104	15	D Maluleka		5 600,00	5 600,00			5 600,00			
CRR16	17	Cash		9 800,00	9 800,00	8 596,49	1 203,51				
					38 200,00	15 438,60	2 161,40	5 600,00	15 000,00		

(11½)

MAPONYA TRADERS**CASH PAYMENTS JOURNAL – JUNE 2012****CPJ6**

Doc no	Day	Details	Fol	Bank R	Creditors R	Purchases R	Wages R	VAT input R	Sundry accounts		
									Amount R	Fol	Details
19	9	ZK Printers		2 200,00				270,18	1 929,82		Printing
20	11	TP Cleaners		1 500,00				184,21	1 315,79		Consumable stores
21	13	GD Traders		8 000,00		7 017,54		982,46			
22	14	Cash		2 500,00			2 500,00				
23	16	BP Suppliers		7 000,00	7 000,00						
				21 200,00	7 000,00	7 017,54	2 500,00	1 436,85	3 245,61		

(12½)

MAPONYA TRADERS**GENERAL JOURNAL – JUNE 2012****GJ6**

Day	Details	Fol	Debit R	Credit R
6	Credit losses VAT input Mr Kekana (Debtors) Wrote off account as irrecoverable.	N3 B4 B2	1 929,82 270,18	2 200,00
7	Mr ZK Legodi (Debtors) Interest income Interest charged at 10% per annum for five months on outstanding amount.	B3 N4	138,75	138,75
8	Repairs Stationery Correction of error.	N5 N6	800,00	800,00

(11)

QUESTION 5

BIG BUILDERS

Dr		CAPITAL							Cr
					2013 March	3	Bank	CRJ01	R 20 000

(2)

Dr		BANK							Cr
2013 March	31	Total receipts	CRJ01	R 45 700	2013 March	31	Total payments	CPJ01	R 12 540
				45 700			Balance	c/d	33 160
April	1	Balance	b/d	33 160					45 700

(6)

Dr		RENT INCOME							Cr
					2013 March	11	Bank	CRJ01	R 5 000

(2)

Dr		DEBTORS CONTROL							Cr
2013 March	1	Balance	b/d	R 30 000	2013 March	31	Bank	CRJ01	R 20 000
							Settlement discount granted	CRJ01	500
							Vat input	CRJ01	70

(3)

Dr		SETTLEMENT DISCOUNT GRANTED							Cr
2013 March	31	Debtors control	CRJ01	R 500					

(2)

Dr		SETTLEMENT DISCOUNT RECEIVED							Cr
					2013 March	31	Creditors control	CPJ01	R 250

(2)

QUESTION 5 (continued)

Dr				CREDITORS CONTROL					Cr	
2013 March	31	Bank Settlement discount received Vat output	CPJ01 CPJ01 CPJ01	R 10 000 250 35	2013 March	1	Balance	b/d	R 15 000	
(3)										

Dr				PURCHASES					Cr	
2013 March	31	Bank	CPJ01	R 1 000						
(1)										

Dr				VAT INPUT					Cr	
2013 March	31	Bank Debtors control	CPJ01 CRJ01	R 140 70						
(4)										

Dr				VAT OUTPUT					Cr	
					2013 March	31	Bank Creditors control	CRJ01 CPJ01	R 700 35	
(4)										

Dr				WAGES					Cr	
2013 March	31	Bank	CPJ01	R 1 400						
(1)										

QUESTION 6**SPORT TRADERS****SALES JOURNAL – AUGUST 2013****SJ8**

Doc no	Day	Details	Fol	VAT output	Sales	Debtors
				R	R	R
270	3	Pretoria Rugby Club	DL3	1 039,50	7 425,00	8 464,50
271	8	Pretoria Tennis Club	DL2	882,00	6 300,00	7 182,00
272	12	Pretoria Soccer Club	DL1	1 120,00	8 000,00	9 120,00
273	22	Pretoria Golf Club	DL4	1 050,00	7 500,00	8 550,00

(12)**SPORT TRADERS****SALES RETURNS JOURNAL – AUGUST 2013****SRJ8**

Doc no	Day	Details	Fol	VAT output	Sales returns	Debtors
				R	R	R
55	9	Pretoria Tennis Club	DL2	196,00	1 400,00	1 596,00
56	13	Pretoria Soccer Club	DL1	280,00	2 000,00	2 280,00
57	25	Pretoria Golf Club	DL4	140,00	1 000,00	1 140,00

(9)**SPORT TRADERS****DEBTORS LIST AS AT 31 AUGUST 2013**

Debtors	Fol	R
Pretoria Soccer Club (5 000 + 9 120 - 2 280)	DL1	11 840,00
Pretoria Tennis Club (8 000 + 7 182 - 1 596)	DL2	13 586,00
Pretoria Rugby Club (4 000 + 8 464,50)	DL3	12 464,50
Pretoria Golf Club (7 000 + 8 550 - 1 140)	DL4	14 410,00
		52 300,50

(4)

9 ANNEXURE E: BANK RECONCILIATION QUESTIONS

QUESTION 1 (25 marks)(30 minutes)

You are given the following information for PG Traders for the month ended 31 January 2011:

1. **Bank reconciliation statement as at 31 December 2010**

	Debit	Credit
	R	R
Credit balance as per bank statement		10 000
Credit outstanding deposit.....		5 000
Debit outstanding cheques: 212	1 500	
221	900	
223	2 000	
Debit balance as per bank account.....	10 600	
	15 000	15 000

2. The bank statement had a favourable balance of R12 000 on 31 January 2011.
3. The total for the cash receipts journal was R10 200 and the total for the cash payments journal was R9 800 on 31 January 2011, before the bank statement was received.
4. After a comparison of the bank statement with the bank reconciliation statement as at 31 December 2010 and the cash journals for January 2011, the following differences were identified:
- A deposit for R5 000 appeared on 3 January 2011 in the bank statement only.
 - The following cheques appeared in the bank statement only:

cheque no: 223	R2 000
cheque no: 212	R1 500
 - Bank charges for the month of January 2011, amounted to R150.
 - A cheque for R700 which was previously received from a debtor, was dishonoured due to insufficient funds in his account and therefore returned by the bank.
 - A customer deposited R6 000 directly into the entity's bank account.
5. The following items appeared in the cash journals only:
- A deposit on 29 January 2011 for R6 500.
 - Cheque no: 230 R1 000
 234 R450

REQUIRED:

- a) Complete the cash receipts journal and the cash payments journal of PG Traders for January 2011. (Details and bank column only) **(7)**
- b) Prepare the properly balanced/closed off bank account for January 2011 in the general ledger of PG Traders. **(8)**
- c) Prepare the bank reconciliation statement of PG Traders as at 31 January 2011. **(10)**

QUESTION 2 (22 marks)(26 minutes)

The following information for April 2011 relates to NP Glassworks:

Bank Statement of NP Glassworks for April 2011 Address: 21 Third Road; Durban; 4000				
Date	Details	Debit R	Credit R	Balance R
01/04/2011	Balance			7 000,00(Cr)
04/04/2011	Cheque no:1651	2 500,00		4 500,00(Cr)
	Deposit		15 000,00	19 500,00(Cr)
07/04/2011	Deposit		30 000,00	49 500,00(Cr)
08/04/2011	Cheque no:1653	1 000,00		48 500,00(Cr)
	Cheque no:1654	650,00		47 850,00(Cr)
12/04/2011	Deposit		6 000,00	53 850,00(Cr)
	Unpaid cheque	500,00		53 350,00(Cr)
15/04/2011	Deposit		650,00	54 000,00(Cr)
	Cheque no:1656	6 000,00		48 000,00(Cr)
18/04/2011	Direct deposit : Mrs A Ngcobo		2 000,00	50 000,00(Cr)
21/04/2011	Cheque no:1657	250,00		49 750,00(Cr)
29/04/2011	Service fees.....	300,00		49 450,00(Cr)
	Debit order: WM Insurers.....	3 500,00		45 950,00(Cr)
	Interest		459,50	46 409,50(Cr)

NP GLASSWORKS**CASH RECEIPTS JOURNAL (BANK COLUMN ONLY) – APRIL 2011****CRJ04**

Day	Details	Analysis R	Bank R
04/04/2011	Cash sales.....	15 000,00	15 000,00
07/04/2011	Cash sales.....	30 000,00	30 000,00
12/04/2011	Mr K Thomas.....	6 000,00	6 000,00
15/04/2011	Cash sales.....	650,00	650,00
29/04/2011	Cash sales.....	10 000,00	
	Miss M Meyer	4 000,00	14 000,00
			65 650,00

NP GLASSWORKS**CASH PAYMENTS JOURNAL (BANK COLUMN ONLY) – APRIL 2011****CPJ04**

Cheque No	Day	Name of payee	Bank R
1651	04	DBN Municipality	2 500,00
1652	06	AKR Wholesalers	1 900,00
1653	08	Mr R Maverick	1 000,00
1654		Cash.....	650,00
1655	13	PR Stationers	1 500,00
1656	15	HS Vehicles.....	6 000,00
1657	21	Cash.....	250,00
1658	29	Mrs V Khumalo	2 000,00
			15 800,00

QUESTION 2 (continued)**Additional information**

1. The 'unpaid cheque', for R500,00, which was originally received from Miss K Moodley was dishonoured due to insufficient funds in her bank account.
2. NP Glassworks sublets part of its building to Mrs A Ngcobo who pays the monthly rental via online banking.

REQUIRED:

- a) Complete the cash receipts journal and the cash payments journal of NP Glassworks for April 2011. (Details and bank column only) **(7)**
- b) Prepare the bank account for April 2011 in the general ledger of NP Glassworks. Properly close the account at the end of the month. **(5)**
- c) Prepare the bank reconciliation statement as at 30 April 2011. **(10)**

QUESTION 3 (28 marks)(36 minutes)

Mrs T Smith, the owner of TS Stores, supplied you with the following information for the month ended 31 January 2012:

1. The bank account in the general ledger of TS Stores had a favourable balance of R4 250 on 31 January 2012 whilst the bank statement of TS Stores had a credit balance of R15 000. On 31 January 2012, before any of the under-mentioned transactions were taken into account, the cash receipts journal had a total of R19 750 and the cash payments journal had a total of R9 000 in their respective bank columns.
2. The above difference in the bank balances of the general ledger and the bank statement of TS Stores can be attributed to the following differences that were noted when the cash journals and the bank statement of TS Stores for January 2012 were compared:
 - A direct deposit of R7 000 was made by Mrs P Thomas, a customer of TS Stores on 15 January 2012.
 - The following cheques were not presented for payment during January 2012:

	R
cheque no: 071	3 900
cheque no: 079	1 000
cheque no: 081	500
cheque no: 082	4 000
cheque no: 083	6 500
 - A customer, Mr K Govender's cheque of R2 500 was dishonoured due to insufficient funds in his bank account and was returned by the bank marked "R/D".
 - The accountant of TS Stores only deposited the R22 725 received from cash sales made on 29 and 30 January 2012 on 1 February 2012.
 - A debit order of R3 000 to the local municipality for the payment of the monthly water and electricity consumed did not appear in the cash payments journal of TS Stores.
 - A cheque deposit of R1 500 was erroneously credited by the bank to the account of TS Stores.

QUESTION 3 (continued)

- Bank charges for the month amounted to R175.
- A tenant of TS Stores, Mr S Samuels, deposited R4 000 directly into the business's bank account.

REQUIRED:

- a) Complete the cash receipts journal and the cash payments journal of TS Stores for January 2012. (Open the details and bank columns only) **(7)**
- b) Prepare the properly balanced/closed off bank account for January 2012 in the general ledger of TS Stores. **(7)**
- c) Prepare the bank reconciliation statement for TS Stores as at 31 January 2012. **(14)**

QUESTION 4 (22 marks)(26 minutes)

Miss A Sunday provided you with the following information regarding her business, AS Uniforms, for the month ended 31 August 2012:

1. **AS UNIFORMS**
BANK RECONCILIATION STATEMENT AS AT 31 JULY 2012

	Debit	Credit
	R	R
Debit balance as per bank statement	12 000	
Credit outstanding deposit.....		15 000
Debit outstanding cheques: 910.....	1 700	
915.....	950	
917.....	670	
Credit balance as per bank account		320
	15 320	15 320

2. The totals in the cash receipts journal and the cash payments journal for the month ended 31 August 2012 were R16 900 and R9 000 respectively.
3. When Miss A Sunday compared her cash receipts journal and cash payments journal for the month ended 31 August 2012 with her bank statement for the month ended 31 August 2012, she noted the following differences:
- A deposit for R15 000 appeared in the bank statement only.
 - The following cheques appeared in the bank statement only:

	R
cheque no: 910	1 700
cheque no: 917	670

QUESTION 4 (continued)

- The following cheques only appeared in the cash payments journal for the month ended 31 August 2012:

	R
cheque no: 925	750
cheque no: 928	1 000
cheque no: 931	4 300

- A deposit made by Miss A Sunday on 31 August 2012 for R10 500 did not appear in the bank statement.
- Miss A Sunday sublets part of the business premises to Mr T Mickey for R3 500 per month. Mr T Mickey pays his rent every month via a direct deposit into the bank account of AS Uniforms.
- The following debit orders appeared in the bank statement only:
 - A debit order in favour of RS Insurers for R3 300 which is the monthly insurance premium.
 - A debit order in favour of VAL Cars for R2 500 which is the monthly repayment for the delivery vehicle.
- A school, ARK Schools, ordered uniforms to the value of R5 000. The amount was paid via a direct deposit into the bank account of AS Uniforms.
- Bank charges for the month amounted to R300.
- Interest on the bank overdraft amounted to R90.
- The cheque of Mr E Summer for R700 was dishonoured due to insufficient funds in his bank account.
- The bank statement shows a favourable balance of R5 690.

REQUIRED:

- Complete the cash receipts journal and the cash payments journal of AS Uniforms for August 2012. (Details and bank column only.) **(9)**
- Prepare the bank account for August 2012 in the general ledger of AS Uniforms. This account must be properly balanced at the end of the month. **(4)**
- Prepare the bank reconciliation statement of AS Uniforms as at 31 August 2012. **(9)**

QUESTION 5 (24 marks)(29 minutes)

PG Traders appointed you as an accountant. Your first task as accountant is to compare the cash journals of January 2013 with the current month's bank statement and to prepare a bank reconciliation statement.

Whilst doing the above you noted the following differences between the current month's bank statement and cash journals:

1. On 31 January 2013, before any of the under mentioned transactions were taken into account, the cash receipts journal had a total of R27 500 and the cash payments journal had a total of R13 750 in their respective bank columns.
2. The bank account in the general ledger of PG Traders had a favourable balance of R14 500 on 31 January 2013.
3. The bank statement of PG Traders had an unfavourable balance of R11 700 on 31 January 2013.
4. A customer of PG Traders from Cape Town, Mr S Stevens, deposited R15 000 directly into PG Traders' bank account.
5. Due to the balance on the bank statement of PG Traders' being unfavourable, the bank charged interest of R350.
6. A cheque of R1 720 was received from Mrs K Osman, a customer of PG Traders. The amount was entered in the cash receipts journal and the cheque was deposited into the entities bank account. The cheque was however dishonoured due to insufficient funds in her account and was returned by the bank marked "R/D".
7. The following cheques did not appear on the bank statement of PG Traders:

	R
Cheque number: 1213	1 800
Cheque number: 1218	350
Cheque number: 1220	2 700
Cheque number: 1221	3 100

8. The owner, Mr P Govender increased his capital contribution by depositing R25 000 directly into the bank account of PG Traders.
9. Two deposits of R60 000 and R26 410 respectively did not appear on the bank statement of PG Traders as the previous accountant did not deposit it in the bank account. It was deposited on 4 February 2013.
10. The bank charges for the month were R170.
11. The following cheques were listed as outstanding cheques on the December 2012 bank reconciliation statement:

	R
Cheque number: 1207	750
Cheque number: 1208	1 000
Cheque number: 1210	600

Cheque numbers 1208 and 1210 have now appeared on the January 2013 bank statement.
Cheque number 1207 is however still outstanding.

REQUIRED:

- a) Complete the cash receipts journal and the cash payments journal of PG Traders for January 2013. (Show only the details and bank column). **(7)**
- b) Prepare the bank account for January 2013 in the general ledger of PG Traders. Properly close off the bank account at the end of the month. **(6)**
- c) Prepare the bank reconciliation statement of PG Traders as at 31 January 2013. **(11)**

QUESTION 6 (25 marks)(30 minutes)

You have been employed as an assistant accountant at RG Traders as from 1 July 2013. The accountant of RG Traders provided you with the following information on 31 July 2013:

BANK STATEMENT OF RG TRADERS FOR JULY 2013				
			Address :123 Bank Street Tshwane 0003	
Date	Details	Debits R	Credits R	Balance R
01/07/2013	Balance	-	-	56 000
02/07/2013	Debit order : PG Insurers.....	2 000	-	54 000
	Debit order : Tshwane Municipality.....	6 500	-	47 500
05/07/2013	Deposit.....	-	17 000	64 500
	Direct deposit : Mr P Davids.....	-	20 000	84 500
08/07/2013	Cheque no : 219.....	500	-	84 000
	Deposit.....	-	10 000	94 000
09/07/2013	Service fees.....	100	-	93 900
12/07/2013	Cheque no : 220.....	1 600	-	92 300
	Cheque no : 221.....	3 000	-	89 300
15/07/2013	Direct deposit : Mrs C Peters.....	-	15 000	104 300
	Deposit.....	-	30 000	134 300
17/07/2013	Unpaid cheque : Mrs S Singh.....	800	-	133 500
19/07/2013	Cheque no : 224.....	3 700	-	129 800
	Deposit.....	-	16 000	145 800
22/07/2013	Service fees.....	100	-	145 700
24/07/2013	Deposit.....	-	10 000	155 700
26/07/2013	Cheque no : 226.....	500	-	155 200
29/07/2013	Deposit.....	-	6 000	161 200
	Cheque no : 228.....	900	-	160 300
31/07/2013	Interest.....	-	190	160 490

RG TRADERS
CASH RECEIPTS JOURNAL (Bank column only) – JULY 2013

CRJ07

Date	Details	Bank R
05/07/2013	Cash sales.....	17 000
08/07/2013	Cash sales.....	10 000
09/07/2013	Mr P Fenn.....	5 000
12/07/2013	Mrs O Khumalo.....	4 000
15/07/2013	Cash sales.....	30 000
19/07/2013	Cash sales.....	16 000
24/07/2013	Cash sales.....	10 000
29/07/2013	Cash sales.....	6 000
		98 000

QUESTION 6 (continued)**RG TRADERS****CASH PAYMENTS JOURNAL (Bank column only) – JULY 2013****CPJ07**

Date	Cheque number	Name of payee	Bank R
08/07/2013	219	AP Stationers.....	500
12/07/2013	220	DG Stores.....	1 600
	221	Tellycome.....	3 000
15/07/2013	222	COG Stores.....	9 000
16/07/2013	223	Petro Traders.....	2 500
19/07/2013	224	XWY Wholesalers.....	3 700
22/07/2013	225	HR Steelworks.....	5 000
26/07/2013	226	KS Sweets.....	500
29/07/2013	227	Cash.....	200
	228	ST Garden Maintenance.....	900
			26 900

Additional Information

- 1) The unpaid cheque in the bank statement on 17 July 2013 is a dishonoured cheque. The cheque was dishonoured due to insufficient funds in Mrs S Singh's, a customer of RG Traders, account.
- 2) The balance of the bank account in the general ledger of RG Traders as at 1 July 2013 had a favourable balance of R56 000.

REQUIRED:

- a) Complete the cash receipts journal and the cash payments journal for July 2013. (Details and bank column only) **(9)**
- b) Prepare the properly balanced/closed off bank account for July 2013 in the general ledger of RG Traders. **(6)**
- c) Prepare the bank reconciliation statement of RG Traders as at 31 July 2013. **(10)**

QUESTION 7 (30 marks)(36 minutes)

Aries Traders prepared the following bank reconciliation statement on 31 March 2017:

ARIES TRADERS
BANK RECONCILIATION STATEMENT AS AT 31 MARCH 2017

	Debit R	Credit R
Credit balance as per bank statement.....		10 500
Credit outstanding deposit		10 000
Debit outstanding cheques: 274.....	4 750	
275.....	3 300	
277.....	14 000	
283.....	3 000	
Credit balance as per bank account.....		4 550
	25 050	25 050

Aries Traders received the following bank statement for April 2017:

Bank statement of Aries Traders for April 2017				
Address: 25 Katrene Street Johannesburg 0001				
Date	Details	Debits R	Credits R	Balance R
01/04/2017	Balance			10 500
	Deposit		10 000	20 500
	Deposit		4 200	24 700
	Cheque no: 292	3 500		21 200
02/04/2017	Cheque no: 274	4 750		16 450
	Cheque no: 275	3 300		13 150
07/04/2017	Deposit		1 500	14 650
08/04/2017	Cheque no: 293	6 600		8 050
10/04/2017	Deposit		3 850	11 900
	Debit order: Your Way Insurers	4 500		7 400
12/04/2017	Cheque no: 294	800		6 600
	Cheque no: 283	3 000		3 600
13/04/2017	Deposit (direct): Mr T Stevens		41 000	44 600
	Cheque unpaid: Ms B Badu	1 700		42 900
14/04/2017	Deposit		1 100	44 000
15/04/2017	Cheque no: 295	5 000		39 000
25/04/2017	Debit order: Wealth Investments.....	6 000		33 000
	Deposit (direct): Mr M Khumalo		4 000	37 000
	Interest income		535	37 535
30/04/2017	Bank fees	655		36 880

QUESTION 7 (continued)**ARIES TRADERS****CASH RECEIPTS JOURNAL (BANK COLUMN ONLY) – APRIL 2017****CRJ04**

Day	Details	Bank R
01	Cash sales	4 200
07	Mr H Small	1 500
10	Cash sales	3 850
14	Cash sales	1 100
30	Ms D Smitten	1 900
	Cash sales	700
		13 250

ARIES TRADERS**CASH PAYMENTS JOURNAL (BANK COLUMN ONLY) – APRIL 2017****CPJ04**

Cheque number	Day	Details	Bank R
292	01	Cash	3 500
293	08	AJ Whole Dealers	6 600
294	12	Cash	800
295	15	Cash	5 000
296	23	Vailcom	4 450
297	30	Vossel Distributors	7 800
			28 150

Additional information

- The unpaid cheque in the bank statement on 13 April 2017 is a dishonoured cheque. The cheque was dishonoured due to insufficient funds in Ms B Badu's, a customer of Aries Traders, account.

REQUIRED:

	Marks
(a) Complete the cash receipts journal and the cash payments journal of Aries Traders for April 2017. (Details and bank column only).	13½
(b) Prepare the properly balanced/closed off bank account for April 2017 in the general ledger of Aries Traders.	7½
(c) Prepare the bank reconciliation statement of Aries Traders as at 30 April 2017.	9
	[30]

QUESTION 8 (30 marks)(36 minutes)

Marakele Traders provided you with the following information for November 2017:

MARAKELE TRADERS
BANK RECONCILIATION STATEMENT AS AT 31 OCTOBER 2017

	Debit R	Credit R
Credit balance as per bank statement		285 000
Credit outstanding deposits		51 000
		30 000
Debit outstanding cheque no's: 686	18 000	
690	6 000	
700	27 000	
701	2 250	
702	4 500	
Debit an incorrect credit made by the bank	75 000	
Debit balance as per bank account	233 250	
	366 000	366 000

A comparison of the current month's bank statement with the previous month's bank reconciliation statement, current month's cash receipts and cash payments journal showed the following differences:

1. On 30 November 2017, the bank statement of Marakele Traders had a favourable balance of R670 350. On 30 November 2017, before any of the abovementioned transactions were taken into account, the cash receipts journal had a total of R1 089 000 and the cash payments journal had a total of R319 800 in their respective bank columns.
2. The following transactions did not appear in the cash journals for November 2017:
 - 2.1 A debit order for R15 000 for the monthly insurance premium.
 - 2.2 Interest received on a fixed deposit, R9 000.
 - 2.3 A debtor of Marakele Traders paid his account of R16 500 in full (this was recorded in the cash receipts journal). However, the bank dishonoured his cheque due to insufficient funds in his bank account.
 - 2.4 Bank charges, R2 400.
 - 2.5 A customer of Marakele Traders, from Durban, deposited R48 000 directly into the business bank account.
 - 2.6 A debit order for R7 500 which is for the monthly security services.
 - 2.7 A tenant of Marakele Traders, deposited R19 500 into the business bank account of Marakele Traders.
3. The following items only appeared in the bank statement of Marakele Traders for November 2017:
 - 3.1 Deposits for R51 000 and R30 000 respectively.
 - 3.2

	R
Cheque no's: 686	18 000
700	27 000
702	4 500

QUESTION 8 (continued)

- 3.3 A debit entry for R75 000 to correct an incorrect credit entry which was made previously.
- 3.4 A deposit of R120 000 appeared incorrectly in the bank statement of Marakele Traders.
4. The following items only appeared in the cash journals of Marakele Traders for November 2017:
- | | R |
|----------------------|----------|
| 4.1 Cheque no's: 807 | 1 800 |
| 810 | 8 250 |
| 815 | 21 000 |
| 816 | 28 500 |
- 4.2 Deposits made on 29 and 30 November 2017 for R345 000 and R210 000 respectively.

REQUIRED:

	Marks
(a) Complete the cash receipts journal and the cash payments journal of Marakele Traders for November 2017 (Details and bank column only).	9
(b) Prepare the properly balanced/closed off bank account for November 2017 in the general ledger of Marakele Traders.	7½
(c) Prepare the bank reconciliation statement of Marakele Traders as at 30 November 2017.	13½
	[30]

10 ANNEXURE F: SOLUTIONS TO ANNEXURE E QUESTIONS

QUESTION 1

a)

**PG TRADERS
CASH RECEIPTS JOURNAL – JANUARY 2011****CRJ01**

Details	Bank R
Totals	10 200
Direct deposit	6 000
	16 200

(2)

**PG TRADERS
CASH PAYMENTS JOURNAL – JANUARY 2011****CPJ01**

Details	Bank R
Totals	9 800
Unpaid cheque	700
Bank charges	150
	10 650

(5)

b)

**PG TRADERS
GENERAL LEDGER**

Dr				Bank				Cr			
				R					R		
2011					2011						
Jan	1	Balance	b/d	10 600	Jan	31	Total payments	CPJ01	10 650		
	31	Total receipts	CRJ01	16 200			Balance	c/d	16 150		
				26 800					26 800		
Feb	1	Balance	b/d	16 150							

(8)

c)

**PG TRADERS
BANK RECONCILIATION STATEMENT AS AT 31 JANUARY 2011**

	Debit R	Credit R
Credit balance as per bank statement		12 000
Credit outstanding deposit		6 500
Debit outstanding cheques: 221	900	
230	1 000	
234	450	
Debit balance as per bank account	16 150	
	18 500	18 500

(10)

QUESTION 2

a)
NP GLASSWORKS
CASH RECEIPTS JOURNAL (BANK COLUMN ONLY) – APRIL 2011

CRJ4

Day	Details		Bank
30	Total Direct deposit Interest income	b/d	R 65 650,00 2 000,00 459,50 <u>68 109,50</u>

NP GLASSWORKS
CASH PAYMENTS JOURNAL (BANK COLUMN ONLY) – APRIL 2011

CPJ4

Day	Details		Bank
30	Total Unpaid cheque: Miss K Moodley Bank charges Debit order: WM Insurers	b/d	R 15 800,00 500,00 300,00 3 500,00 <u>20 100,00</u>

(7)

b)

NP GLASSWORKS
GENERAL LEDGER

Dr				Bank				Cr			
				R						R	
2011						2011					
April	1	Balance	b/d	7 000	00	April	30	Total payments	CPJ4	20 100	00
	30	Total receipts	CRJ4	68 109	50			Balance	c/d	55 009	50
				75 109	50					75 109	50
May	1	Balance	b/d	55 009	50						

(5)

c)
NP GLASSWORKS
BANK RECONCILIATION STATEMENT AS AT 30 APRIL 2011

	Debit	Credit
	R	R
Credit balance as per bank statement		46 409,50
Credit outstanding deposit		14 000,00
Debit outstanding cheques: 1652	1 900,00	
1655	1 500,00	
1658	2 000,00	
Debit balance as per bank account	55 009,50	
	<u>60 409,50</u>	<u>60 409,50</u>

(10)

QUESTION 3

a)

TS STORES
CASH RECEIPTS JOURNAL (BANK COLUMN ONLY) – JANUARY 2012 **CRJ1**

Day	Details		Bank
31	Total	b/d	R 19 750
	Direct deposit - (Mrs P Thomas)		7 000
	Direct deposit - Rent (Mr S Samuels)		4 000
			<u>30 750</u>

(3)

TS STORES
CASH PAYMENTS JOURNAL (BANK COLUMN ONLY) – JANUARY 2012 **CPJ1**

Day	Details		Bank
31	Total	b/d	R 9 000
	Unpaid cheque: Mrs K Govender		2 500
	Bank charges		175
	Debit order : Water and electricity		3 000
			<u>14 675</u>

(4)

b)

TS STORES
GENERAL LEDGER

Dr				Bank				Cr			
				R					R		
2012					2012						
Jan	1	Balance	b/d	4 250	Jan	31	Total payments	CPJ1	14 675		
	31	Total receipts	CRJ1	30 750			Balance	c/d	20 325		
				<u>35 000</u>					<u>35 000</u>		
Feb	1	Balance	b/d	20 325							

(7)

c)

TS STORES
BANK RECONCILIATION STATEMENT AS AT 31 JANUARY 2012

	Debit	Credit
	R	R
Credit balance as per bank statement		15 000
Credit outstanding deposit		22 725
Debit outstanding cheque no's: 071	3 900	
079	1 000	
081	500	
082	4 000	
083	6 500	
Debit deposit erroneously credited	1 500	
Debit balance as per bank account	20 325	
	<u>37 725</u>	<u>37 725</u>

(14)

QUESTION 4**a) AS UNIFORMS****CASH RECEIPTS JOURNAL (BANK COLUMN ONLY) – AUGUST 2012****CRJ10**

Day	Details		Bank
30 B/S	Total Direct deposit : Mr T Mickey (rent) Direct deposit: ARK Schools	b/d	R 16 900,00 3 500,00 5 000,00 <u>25 400,00</u>

(3)**AS UNIFORMS****CASH PAYMENTS JOURNAL (BANK COLUMN ONLY) – AUGUST 2012****CPJ10**

Day	Details		Bank
30 B/S	Total Debit order: RS Insurers Debit order: VAL Cars Bank charges Interest on overdraft Unpaid cheque: Mr E Summers	b/d	R 9 000,00 3 300,00 2 500,00 300,00 90,00 700,00 <u>15 890,00</u>

(6)**b)**

**AS UNIFORMS
GENERAL LEDGER**

Dr				Bank				Cr			
				R						R	
2012 Aug	31	Total receipts	CRJ10	25 400	00	2012 Aug	31	Balance	b/d	320	00
								Total payments	CPJ10	15 890	00
								Balance	c/d	9 190	00
				25 400	00					25 400	00
Sep	1	Balance	b/d	9 190	00						

(4)**c)****AS UNIFORMS****BANK RECONCILIATION STATEMENT AS AT 31 AUGUST 2012**

	Debit	Credit
	R	R
Credit balance as per bank statement		5 690,00
Credit outstanding deposit		10 500,00
Debit outstanding cheques:		
915	950,00	
925	750,00	
928	1 000,00	
931	4 300,00	
Debit balance as per bank account	9 190,00	
	<u>16 190,00</u>	<u>16 190,00</u>

(9)

QUESTION 5

a)

PG TRADERS
CASH RECEIPTS JOURNAL (BANK COLUMN ONLY) – JANUARY 2013 **CRJ01**

Day	Details		Bank
31	Total	b/d	R 27 500
B/S	Direct deposit: Mr S Stevens		15 000
B/S	Direct deposit: Mr P Govender (owner)		25 000
			<u>67 500</u>

(3)

PG TRADERS
CASH PAYMENTS JOURNAL (BANK COLUMN ONLY) – JANUARY 2013 **CPJ01**

Day	Details		Bank
31	Total	b/d	R 13 750
B/S	Interest on overdraft		350
	Mrs K Osman (R/D cheque)		1 720
	Bank charges		170
			<u>15 990</u>

(4)

b)

PG TRADERS
GENERAL LEDGER

Dr				Bank				Cr			
				R					R		
2013					2013						
Jan	31	Balance	b/d	14 500	Jan	31	Total payments	CPJ01	15 990		
		Total receipts	CRJ01	67 500			Balance	c/d	66 010		
				<u>82 000</u>					<u>82 000</u>		
Feb	1	Balance	b/d	66 010							

(6)

c)

PG TRADERS
BANK RECONCILIATION STATEMENT AS AT 31 JANUARY 2013

	Debit	Credit
	R	R
Debit balance as per bank statement	11 700	
Credit outstanding deposits		60 000
		<u>26 410</u>
Debit outstanding cheques : 1207	750	
1213	1 800	
1218	350	
1220	2 700	
1221	3 100	
Debit balance as per bank account	66 010	
	<u>86 410</u>	<u>86 410</u>

(11)

QUESTION 6

a)

**RG TRADERS
CASH RECEIPTS JOURNAL (BANK COLUMN ONLY) – JULY 2013**

CRJ07

Day	Details		Bank
31	Total	b/d	R 98 000
B/S	Direct deposit: Mr P Davids		20 000
B/S	Direct deposit: Mrs C Peters		15 000
B/S	Interest income		190
			133 190

(4)

CASH PAYMENTS JOURNAL (BANK COLUMN ONLY) – JULY 2013

CPJ07

Day	Details		Bank
31	Total	b/d	R 26 900
B/S	Debit order: PG Insurers		2 000
B/S	Debit order: Tshwane Municipality		6 500
B/S	Bank charges (100 + 100)		200
B/S	Mrs S Singh (dishonoured cheque)		800
			36 400

(5)

b)

**RG TRADERS
GENERAL LEDGER**

Dr		Bank				Cr			
				R			R		
2013 July	31	Balance	b/d	56 000	2013 July	31	Total payments	CPJ07	36 400
		Total receipts	CRJ07	133 190			Balance	c/d	152 790
				189 190					189 190
Aug	1	Balance	b/d	152 790					

(6)

c)

**RG TRADERS
BANK RECONCILIATION STATEMENT AS AT 31 JULY 2013**

	Debit	Credit
	R	R
Credit balance as per bank statement		160 490
Credit outstanding deposits		5 000
		4 000
Debit outstanding cheques: 222	9 000	
223	2 500	
225	5 000	
227	200	
Debit balance as per bank account	152 790	
	169 490	169 490

(10)

QUESTION 7**ARIES TRADERS****CASH RECEIPTS JOURNAL (BANK COLUMN ONLY) – APRIL 2017****CRJ04**

Day	Details	Bank
		R
30	Total b/d	13 250
B/S	Direct deposit: Mr T Stevens	41 000
B/S	Direct deposit: Mr M Khumalo	4 000
B/S	Interest income	535
		58 785

(6)**ARIES TRADERS****CASH PAYMENTS JOURNAL (BANK COLUMN ONLY) – APRIL 2017****CPJ04**

Day	Details	Bank
		R
30	Total b/d	28 150
B/S	Debit order: Your Way Insurers	4 500
B/S	Dishonoured cheque: Ms B Badu	1 700
B/S	Debit order: Wealth Investments	6 000
B/S	Bank charges	655
		41 005

(7½)**ARIES TRADERS
GENERAL LEDGER**

Dr		Bank				Cr		
2017				R	2017			R
April	30	Total receipts	CRJ04	58 785	April	1	Balance	4 550
						30	Total payments	41 005
							Balance	13 230
				58 785				58 785
May	1	Balance	b/d	13 230				

(7½)**ARIES TRADERS****BANK RECONCILIATION STATEMENT AS AT 30 APRIL 2017**

	Debit R	Credit R
Credit balance as per bank statement		36 880
Credit outstanding deposits		1 900
		700
Debit outstanding cheques: 277	14 000	
296	4 450	
297	7 800	
Debit balance as per bank account	13 230	
	39 480	39 480

(9)

QUESTION 8**MARAKELE TRADERS****CASH RECEIPTS JOURNAL (BANK COLUMN ONLY) – NOVEMBER 2017 CRJ11**

Day	Details		Bank R
30	Total	b/d	1 089 000
	Interest received on fixed deposit		9 000
	Direct deposit – customer		48 000
	Rental income – tenant		19 500
			<u>1 165 500</u>

(4)

MARAKELE TRADERS**CASH PAYMENTS JOURNAL (BANK COLUMN ONLY) – NOVEMBER 2017 CPJ11**

Day	Details		Bank R
28	Total	b/d	319 800
	Insurance – debit order		15 000
	Dishonoured cheque – debtor		16 500
	Bank charges		2 400
	Security services – debit order		7 500
			<u>361 200</u>

(5)

**MARAKELE TRADERS
GENERAL LEDGER**

Dr		Bank account				Cr	
2017				2017			
Nov 1	Balance	b/d	233 250	Nov 30	Total payments	CPJ11	361 200
30	Total receipts	CRJ11	1 165 500		Balance	c/d	1 037 550
			<u>1 398 750</u>				<u>1 398 750</u>
Dec 1	Balance	b/d	1 037 550				

(7½)

MARAKELE TRADERS**BANK RECONCILIATION STATEMENT AS AT 30 NOVEMBER 2017**

	Debit R	Credit R
Credit balance as per bank statement		670 350
Credit outstanding deposits		345 000
		210 000
Debit outstanding cheque no's :		
690	6 000	
701	2 250	
807	1 800	
810	8 250	
815	21 000	
816	28 500	
Debit incorrect credit made by the bank	120 000	
Debit balance as per bank account	1 037 550	
	<u>1 225 350</u>	<u>1 225 350</u>

(13½)

11 ANNEXURE G: INVENTORY AND INVENTORY SYSTEMS QUESTIONS

QUESTION 1 (10 marks)(12 minutes)

The following information was obtained from the accounting records of Letty Stores for the financial year ended 30 June 2015:

	R
Inventory (1 July 2014)	100 000
Sales	600 000
Purchases	400 000
Sales returns	2 000
Purchases returns	3 000
Drawings: Inventory	20 000
Bank	1 000
Inventory (30 June 2015).....	120 000

The entity uses the periodic inventory control system.

REQUIRED:

Use the information provided above to calculate the cost of sales for the year ended 30 June 2015.

QUESTION 2 (11 marks)(13 minutes)

The following information was obtained from the accounting records of Cool Limited for the year ended 28 February 2011:

	R
Inventory (1 March 2010)	149 500
Sales	750 000
Purchases	540 000
Sales returns	1 500
Purchases returns	2 000
Freight charges on purchases	650
Freight charges on sales	1 700
Settlement discount granted	350

A physical inventory count on 28 February 2011 indicated that the value of the closing inventory on hand amounted to R400 000.

REQUIRED:

Use the information provided above to calculate the gross profit/loss of Cool Limited for the year ended 28 February 2011. The entity uses the periodic inventory control system.

12 ANNEXURE H: SOLUTIONS TO ANNEXURE G QUESTIONS**QUESTION 1**

	R
Inventory (1 July 2014)	100 000
Add: *Net purchases	377 000
	477 000
Less: Inventory (30 June 2015)	(120 000)
Cost of sales	357 000

*Net purchases = Purchases - purchases returns - drawings
= R400 000 - R3 000 - R20 000
= R377 000

(10)**QUESTION 2**

	R	R
Turnover (750 000 - 1 500 - 350)		748 150
Less: Cost of sales		(288 150)
Inventory (1 March 2010)	149 500	
Purchases (540 000 - 2 000)	538 000	
Freight charges on purchases	650	
	688 150	
Less: Inventory (28 February 2011)	(400 000)	
Gross profit		460 000

(11)

13 ANNEXURE I: FINAL ACCOUNTS AND FINANCIAL STATEMENTS WITH ADJUSTMENTS QUESTIONS

QUESTION 1 (21 marks)(30 minutes)

PG TRADERS

PRE-ADJUSTMENT TRIAL BALANCE AS AT 28 FEBRUARY 2011

		Debit	Credit
		R	R
Financial position section			
Capital	B1	-	619 900
Drawings	B2	12 000	-
Vehicles.....	B3	125 000	-
Accumulated depreciation : Vehicles	B4	-	25 000
Trading inventory	B5	350 000	-
Debtors control	B6	65 000	-
Creditors control	B7	-	90 000
Long-term loan: AB Bank (10% p.a.).....	B8	-	360 000
Bank	B9	700 000	-
Petty cash.....	B10	1 000	-
Nominal accounts section			
Sales	N1	-	950 000
Cost of sales.....	N2	760 000	-
Sales returns	N3	650	-
Rental income.....	N4	-	48 000
Wages and salaries	N5	12 000	-
Interest on loan.....	N6	33 000	-
Telephone expenses	N7	2 500	-
Credit losses.....	N8	1 600	-
Settlement discount received.....	N9	-	1 700
Insurance.....	N10	13 350	-
Settlement discount granted	N11	500	-
Water and electricity	N12	3 000	-
Sundry expenses	N13	15 000	-
		2 094 600	2 094 600

Additional information

- According to the physical inventory count, the following items were on hand at 28 February 2011: Inventory, R300 000.
- Depreciation on vehicles must be provided for at 20% per annum using the reducing (diminishing) balance method.
- Mrs J Johnson's account of R800 must be written off as irrecoverable.
- The insurance premium was prepaid from 1 March 2011 to 31 May 2011.
- The long-term loan was entered into on 1 March 2010.

REQUIRED:

Prepare the statement of profit or loss and other comprehensive income of PG Traders for the year ended 28 February 2011. Your answer should comply with the International Financial Reporting Standards (IFRS)

(21)

Note: Show all your calculations.

QUESTION 2 (19 marks)(23 minutes)

Trionics Business Solutions is an entity that sells electronic equipment. The entity is not registered as a VAT vendor. The financial year-end of Trionics Business Solutions is 28 February of each year. The following trial balance was extracted from the financial records of Trionics Business Solutions:

TRIONICS BUSINESS SOLUTIONS
PRE-ADJUSTMENT TRIAL BALANCE AS AT 28 FEBRUARY 2011

	Debit	Credit
	R	R
Financial position section		
Capital	-	320 000
Drawings	20 000	-
Land and buildings.....	500 000	-
Mortgage	-	400 000
Vehicles at cost	200 000	-
Equipment at cost.....	50 000	-
Accumulated depreciation: Vehicles	-	80 000
Accumulated depreciation: Equipment.....	-	9 500
Inventory.....	67 500	-
Debtors control	19 500	-
Creditors control	-	41 000
Allowance for credit losses	-	800
Accrued expenses	-	1 500
Bank	10 000	-
Petty cash.....	6 000	-
Total comprehensive income for the year	-	20 200
	873 000	873 000

Additional information

The mortgage with an interest rate of 9% p.a. is repayable over a period of 20 years. The capital that will be repaid from 1 March 2011 to 28 February 2012 will amount to R20 000. No interest was due at the end of the 2011 financial year.

REQUIRED:

Prepare the statement of financial position of Trionics Business Solutions for the year ended 28 February 2011. Your answer should comply with the requirements of International Financial Reporting Standards (IFRS) **(19)**

Comparative figures are **not** required.

The notes to the statement of financial position are **not** required.

Note: Show all your calculations

QUESTION 3 (21 marks)(25 minutes)

The following balances and totals appeared in the accounting records of Nkome Traders at 28 February 2011:

BALANCES AND TOTALS AT 28 FEBRUARY 2011

	R
Capital.....	87 450
Drawings.....	3 750
Land and buildings (at cost price)	80 000
Equipment (at cost price).....	40 000
Vehicles (at cost price)	60 000
Accumulated depreciation: Equipment (1 March 2010).....	8 000
Accumulated depreciation: Vehicles (1 March 2010)	15 000
Inventory (1 March 2010).....	10 200
Debtors control	13 800
Bank (Dr)	12 600
Creditors control	6 600
Sales.....	246 860
Sales returns	1 200
Purchases.....	109 000
Purchases returns.....	800
Settlement discount granted	420
Water and electricity	10 450
Telephone expenses	5 040
Salaries.....	20 400
Stationery.....	2 350
Rental income.....	4 500

Additional information

- A physical inventory count indicated the value of closing inventory to be R9 550 on 28 February 2011.
- An outstanding debt of R500 is irrecoverable and must be written off.
- Depreciation must be provided as follows:

Equipment	:	10% per annum according to the straight-line method.
Vehicles	:	20% per annum according to the diminishing balance method.
- The amount paid for water and electricity above excludes an amount of R950 still payable for February 2011.
- The entity rented out an office in their building to a lawyer for R1 500 per month. The lawyer took occupation on 2 January 2011 and paid an amount of R4 500, being the rent for January, February and March 2011.

REQUIRED:

Prepare the following final accounts in the general ledger of Nkome Traders:

- The trading account to calculate the gross profit/loss for the year ended 28 February 2011. **(8)**
- The profit or loss account to calculate the net profit/loss for the year ended 28 February 2011. **(13)**

Note: Show all your calculations.

QUESTION 4 (23 marks)(28 minutes)

Jobbies Internet Advertising is an online job recruitment agency. The entity is registered as a VAT vendor. The financial year end of Jobbies Internet Advertising is the end of February every year. The following totals and balances were extracted from the financial records of Jobbies Internet Advertising:

JOBBIES INTERNET ADVERTISING
EXTRACT OF TOTALS AND BALANCES AS AT 28 FEBRUARY 2012

	Debit amount	Credit amount
	R	R
Financial position section		
Capital	-	300 000
Drawings	100 000	-
Land and buildings.....	450 000	-
Long term loan.....	-	350 000
Software at cost price	50 000	-
Computer equipment at cost price	66 000	-
Debtors control	50 000	-
Creditors control	-	75 000
Bank	-	21 000
Petty cash.....	5 000	-
Nominal accounts section		
Revenue from advertising	-	522 000
Internet access costs (cost of sales)	300 000	-
Advertising expenses.....	50 000	-
Interest on long term loan	28 000	-
Salaries	120 000	-
Insurance.....	44 000	-
Stationery	5 000	-

Additional information

1. Depreciation must still to be provided for as follows:
 - software at 25% on the straight-line method and
 - computer equipment at 33,3% on the straight-line method.
2. The business started its operations on 1 March 2011.

REQUIRED:

- a) Prepare the statement of profit or loss and other comprehensive income for Jobbies Internet Advertising for the year ended 28 February 2012. **(13)**
- b) Prepare the statement of changes in equity for Jobbies Internet Advertising for the year ended 28 February 2012. **(5)**
- c) Calculate the non-current asset amount that will be shown in the statement of financial position of Jobbies Internet Advertising as at 28 February 2012. **(5)**

Your answers should comply with International Financial Reporting Standards (IFRS).

QUESTION 5 (28 marks)(34 minutes)

The following balances and totals appeared in the accounting records of PureSurprise Traders as at 28 February 2013, the end of the entity's accounting period:

	R
Capital	97 500
Drawings	30 450
Land and buildings.....	107 826
Equipment	60 000
Vehicles.....	30 000
Accumulated depreciation: Equipment (1 March 2012).....	6 000
Accumulated depreciation: Vehicles (1 March 2012)	10 800
Debtors control	15 000
Bank (Dr)	14 350
Creditors control	5 500
Cost of sales.....	200 000
Sales returns	1 500
Settlement discount granted	600
Water and electricity	7 500
Telephone expenses	5 000
Salaries	21 000
Insurance.....	11 050
Stationery	2 500
Rental income.....	45 500
Advertising.....	8 524

Additional information

- The following transactions were included in the above balances:
 - PureSurprise Traders applies a mark-up of 75% on cost to determine their selling prices.
 - The entity charged rental of R3 500 per month for the year.
 - The insurance account includes an amount of R850, which is the insurance premium for March 2013.
- Depreciation must still be provided for as follows:

Equipment	:	10% according to the straight-line method
Vehicles	:	20% according to the reducing balance method

 No equipment or vehicles were purchased or sold during the current financial year.

REQUIRED:

- Calculate the revenue (sales) amount of PureSurprise Traders for the year ended 28 February 2013. **(3½)**
- Prepare the statement of profit or loss and other comprehensive income of PureSurprise Traders for the year ended 28 February 2013. Your answer should comply with International Financial Reporting Standards (IFRS) **(24½)**

Show all your calculations.

QUESTION 6 (30 marks)(40 minutes)**SELEPE TRADERS
PRE-ADJUSTMENT TRIAL BALANCE AS AT 31 JULY 2013**

	Debit	Credit
	R	R
Capital.....	-	500 000
Drawings.....	25 000	-
Mortgage: ABC Bank.....	-	300 000
Land and buildings at cost.....	350 000	-
Vehicles at cost.....	145 000	-
Equipment at cost.....	85 000	-
Accumulated depreciation: Vehicles.....	-	29 000
Accumulated depreciation: Equipment.....	-	17 000
Inventory (Merchandise) (1 August 2012).....	125 000	-
Debtors control.....	115 450	-
Bank.....	49 600	-
Petty cash.....	5 000	-
Creditors control.....	-	95 690
SARS – VAT.....	14 235	-
Allowance for credit losses.....	-	7 300
Sales.....	-	732 615
Purchases.....	365 000	-
Freight on purchases.....	45 000	-
Sales returns.....	35 415	-
Import tariffs.....	9 300	-
Custom duties.....	6 750	-
Salaries.....	225 000	-
Advertisements.....	12 300	-
Rental income.....	-	21 450
Settlement discount received.....	-	5 210
Settlement discount granted.....	3 300	-
Interest on fixed deposit.....	-	3 410
Profit on sale of non-current asset.....	-	15 500
Motor expenses.....	18 945	-
Credit losses recovered.....	-	9 300
Interest on mortgage.....	28 750	-
Consumable stores (Purchased during the year).....	16 000	-
Telephone expenses.....	19 600	-
Insurance.....	9 000	-
Water and electricity.....	27 830	-
	1 736 475	1 736 475

Additional information

- Selepe Traders is a sole proprietor and uses the periodic inventory system.
- Inventories on hand at 31 July 2013 according to actual physical inventory count was:
Merchandise, R185 000
Consumable stores, R 8 300
- Selepe Traders determined that the allowance for credit losses should amount to R8 500 as at 31 July 2013.

QUESTION 6 (continued)

4. The credit losses to be written off amounted to R1 500 for the year.
5. Selepe Traders paid R9 000 for insurance on 1 August 2012 covering a period of 18 months.
6. The total amount of rental income received amounted to R21 450 during the year. The rent amounts to R1 650 per month.
7. Provide for depreciation as follows:
Vehicles : 20% on the reducing/diminishing balance method
Equipment : 20% on the straight-line method
8. The water and electricity account amounting to R2 756 for July 2013 was paid during August 2013.

REQUIRED:

- a) Calculate the cost of sales of Selepe Traders for the year ended 31 July 2013. **(7)**
(In your answer please show all calculations, **not** just one final figure)
- b) Prepare the statement of profit or loss and other comprehensive income of Selepe Traders for the year ended 31 July 2013. Your answer should comply with International Financial Reporting Standards (IFRS) **(23)**

QUESTION 7 (34 marks)(41 minutes)

The following information was obtained from the records of HSD Traders for the year ended 28 February 20.2. The bookkeeper of HSD Traders prepared the statement of profit and loss and other comprehensive income for the year ended 28 February 20.2 as well as some notes to the statement of financial position before taking ill.

HSD TRADERS**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 20.2**

	R	R
Revenue		291 044
Cost of sales		(152 835)
Gross profit		138 209
Other income		14 400
Rental income	14 400	
Distribution, administrative and other expenses		152 609 (63 730)
Packing materials	200	
Salaries	24 480	
Insurance	1 100	
Depreciation	5 640	
Wages	28 820	
Advertising	1 700	
Water and electricity	700	
Telephone	850	
Stationery	240	
Finance costs		(3 000)
Interest on loan	3 000	
Profit for the year		85 879
Other comprehensive income for the year		-
Total comprehensive income for the year		85 879

HSD TRADERS**NOTES FOR THE YEAR ENDED 28 FEBRUARY 20.2****Inventories**

	R
Trading inventory	20 000
Packing materials	700
	20 700

Trade and other receivables

	R
Debtors control	4 000

Prepayments

	R
Prepaid expense – salaries	2 040
Prepaid expense – insurance	180
	2 220

QUESTION 7 (continued)**Cash and cash equivalents**

Bank	R 6 640
Cash float	160
Petty cash.....	120
	6 920

Trade and other payables

Creditors control	R 1 020
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Income received in advance

Rental income.....	R 1 200
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The following information was taken from the pre-adjustment trial balance of HSD Traders as at 28 February 20.2:

HSD TRADERS**PRE-ADJUSTMENT TRIAL BALANCE AS AT 28 FEBRUARY 20.2**

	Fol	Debit	Credit
		R	R
Financial position section			
Capital	B1	-	109 581
Drawings	B2	24 000	-
Land and buildings.....	B3	145 200	-
Office equipment	B4	20 800	-
Accumulated depreciation: Office equipment.....	B5	-	8 320
Vehicles.....	B6	36 440	-
Accumulated depreciation: Vehicles	B7	-	18 640
Long-term loan	B8	-	30 000

Depreciation must be provided as follows:

Vehicles : 20% per annum on the reducing balance method.
Office equipment : 10% per annum on a straight-line method.

No property, plant and equipment were purchased or sold during the year ended 28 February 20.2. (The depreciation calculation was done to prepare the statement of profit or loss and other comprehensive income.)

REQUIRED:

- Prepare the statement of changes in equity of HSD Traders for the year ended 28 February 20.2. **(4)**
- Prepare the property, plant and equipment note for the year ended 28 February 20.2. **(15)**
- Prepare the statement of financial position of HSD Traders as at 28 February 20.2. **(15)**

Show all your calculations.

QUESTION 8 (22 marks)(26 minutes)

The following balances/totals were taken from the accounting records of Profit Traders for the year ended 31 July 20.7:

	R
Capital	150 000
Drawings	75 000
Land and buildings.....	740 000
Vehicles.....	420 000
Inventory (1 August 2016).....	90 000
Debtors control	70 000
Bank (Dr)	115 000
Creditors control	60 000
Sales	325 000
Sales returns	40 000
Purchases	160 000
Purchases returns.....	27 500
Settlement discount granted	20 000
Settlement discount received.....	10 000
Water and electricity	39 250
Telephone expenses	42 150
Salaries	157 700
Interest income	15 000
Rental income.....	56 000

Additional information

1. A physical inventory count showed the value of closing inventory to be R310 000 on 31 July 20.7.
2. The entity uses the periodic inventory system.

REQUIRED:

	Marks
(a) Prepare the trading account in the general ledger of Profit Traders for the year ended 31 July 20.7.	11½
(b) Prepare the profit or loss account in the general ledger of Profit Traders for the year ended 31 July 20.7.	10½
	[22]

QUESTION 9 (28 marks)(34 minutes)

The following information appeared in the accounting records of Mokala Traders for the financial year ended 30 September 2017:

Balances/totals as at 30 September 2017

	R
Purchases	795 150
Purchases returns.....	15 900
Settlement discount received.....	11 100
Water and electricity	34 800
Salaries and wages	135 450
Sales	1 350 600
Sales returns	13 050
Telephone expenses	23 850
Stationery	10 200
Settlement discount granted	13 800
Fixed deposit	105 000
Furniture at cost.....	75 000
Plant and equipment at cost	1 125 000
Accumulated depreciation: Furniture	22 500
Accumulated depreciation: Plant and equipment	225 000
Repairs and maintenance	2 850
Insurance.....	19 800
Credit losses.....	17 250
Debtors control	435 150
Allowance for credit losses	19 200
Drawings	37 500
Inventory (1 October 2016)	217 950
Interest received on fixed deposit	6 000
Capital (1 October 2016).....	525 000
Bank overdraft	158 550
Mortgage	720 000

Additional information

- The physical inventory count at 30 September 2017 indicated that inventory amounted to R128 100 and stationery to R3 750.
- A debtor that owes R1 800 must be written off as irrecoverable.
- Provide depreciation as follows:
Furniture, R11 250
Plant and equipment, R112 500
- It was determined that the allowance for credit losses account should amount to R21 450 at 30 September 2017.
- Wages, amounting to R3 000, must still be paid.
- The fixed deposit was made on 1 October 2016 at Investment Bank at an interest rate of 8% per annum.
- The mortgage agreement was entered into on 1 August 2017 and bears interest at a rate of 10% per annum. The interest for the current financial year must still be accounted for.

QUESTION 9 (continued)**REQUIRED:**

Prepare the statement of profit or loss and other comprehensive income of Mokala Traders for the year ended 30 September 2017.	Marks
	[28]

14 ANNEXURE J: SOLUTIONS TO ANNEXURE I QUESTIONS

QUESTION 1

PG TRADERS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2011

	R	R
Revenue R(950 000 - 650 - 500)		948 850
Cost of sales R(760 000 - 1 700)		(758 300)
Gross profit		190 550
Other income		48 000
Rental income	48 000	
		238 550
Distribution, administrative and other expenses		(115 580)
Trading inventory deficits (350 000 - 300 000)	50 000	
Depreciation R[(125 000 - 25 000) x 20%]	20 000	
Credit losses R(1 600 + 800)	2 400	
Insurance R(13 350 ÷ 15 x 12)	10 680	
Wages and salaries	12 000	
Telephone expenses	2 500	
Water and electricity	3 000	
Sundry expenses	15 000	
Finance charges		(36 000)
Interest on loan R(33 000 + 3 000) or R(360 000 x 10%)	36 000	
Profit for the year		86 970
Other comprehensive income for the year		-
Total comprehensive income for the year		86 970

(21)

QUESTION 2

TRIONICS BUSINESS SOLUTIONS

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2011

	R	R
ASSETS		
Non-current assets		660 500
Property, plant and equipment R(500 000 + 200 000 + 50 000 - 80 000 - 9 500)	660 500	
Current assets		102 200
Inventory	67 500	
Trade and other receivables R(19 500 - 800)	18 700	
Cash and cash equivalents R(10 000 + 6 000)	16 000	
TOTAL ASSETS		762 700
EQUITY AND LIABILITIES		
Equity		320 200
Capital R(320 000 - 20 000 + 20 200)	320 200	
Non-current liabilities		380 000
Long-term borrowings R(400 000 - 20 000)	380 000	
Current liabilities		62 500
Trade and other payables R(41 000 + 1 500)	42 500	
Current portion of long-term borrowings	20 000	
TOTAL EQUITY AND LIABILITIES		762 700

(19)

QUESTION 3

**NKOME TRADERS
GENERAL LEDGER
NOMINAL ACCOUNTS SECTION**

Dr		Trading account				Cr	
		R				R	
2011			10 200	2011			
Feb	28	Inventory		Feb	28	Sales	
		Purchases	108 200			(246 860 - 1 200 - 420)	245 240
		(109 000 - 800)				Inventory	9 550
		Profit or loss account	136 390				
		(Gross profit)	254 790				254 790

(8)

Dr		Profit or loss account				Cr	
		R				R	
2011			11 400	2011			136 390
Feb	28	Water and electricity		Feb	28	Trading account	
		(10 450 + 950)	20 400			(Gross profit)	
		Salaries	2 350			Rental income	3 000
		Stationery	500			($\frac{4\,500}{3} \times 2$)	
		Credit losses	13 000				
		Depreciation	5 040				
		Telephone expenses	86 700				
		Capital (Profit for the year)	139 390				139 390

(13)**Calculation**

Depreciation		R
Equipment :	R40 000 x 10%	4 000
Vehicles :	R(60 000 - 15 000) x 20% = R45 000 x 20%	9 000
		13 000

QUESTION 4

a)

**JOBBIES INTERNET ADVERTISING
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 28 FEBRUARY 2012**

	R	R
Revenue		522 000
Cost of sales		(300 000)
Gross profit		222 000
Distribution, administrative and other expenses		(253 500)
Advertising	50 000	
Depreciation R(12 500 + 22 000)	34 500	
Salaries	120 000	
Insurance	44 000	
Stationery	5 000	
Finance costs		(28 000)
Interest on long term loan	28 000	
Loss for the year		(59 500)
Other comprehensive income for the year		-
Total comprehensive loss for the year		(59 500)

(13)

b)

**JOBBIES INTERNET ADVERTISING
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2012**

	R
Balance at 1 March 2011	Nil
Capital contribution during the year	300 000
Total comprehensive loss for the year	(59 500)
Drawings	(100 000)
Balance at 28 February 2012	140 500

(5)

c)

**JOBBIES INTERNET ADVERTISING
STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2012**

ASSETS	R	R
Non-current assets		531 500
Land and buildings	450 000	
Computer equipment R(66 000 - 22 000)	44 000	
Software R(50 000 - 12 500)	37 500	

(5)

Calculations

Depreciation on software	=	R50 000 x 25%	=	R12 500
Depreciation on computer equipment	=	R66 000 x 33,33%	=	R22 000

QUESTION 5

a)

PURESURPRISE TRADERS**CALCULATION:****Revenue**

	R
Sales	
R[(200 000 x $\frac{175}{100}$) - 1 500 - 600]	347 900
	(3½)

b)

PURESURPRISE TRADERS**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2013**

	R	R
Revenue		347 900
Cost of sales		(200 000)
Gross profit		147 900
Other income		42 000
Rental Income R(3 500 x 12) or R(45 500 - 3 500)	42 000	
Distribution, administration and other expenses		189 900
Insurance R(850 x 12)	10 200	(64 564)
Depreciation		
Equipment: R(60 000 x 10%)	6 000	
Vehicle: R[(30 000 - 10 800) x 20%]	3 840	
Water and electricity	7 500	
Telephone expenses	5 000	
Salaries	21 000	
Advertising	8 524	
Stationery	2 500	
Profit for the year		125 336
Other comprehensive income for the year		-
Total comprehensive income for the year		125 336
		(24½)

QUESTION 6**a) Calculation of cost of sales**

	R
Opening inventory	125 000
plus: Purchases (365 000 - 5 210)	359 790
plus: Freight on purchases	45 000
plus: Import tariffs	9 300
plus: Custom duties	6 750
less: Closing inventory	<u>(185 000)</u>
	<u>360 840</u>

(7)

QUESTION 6 (continued)

b)

SELEPE TRADERS**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2013**

	R	R
Revenue (732 615 - 35 415 - 3 300)		693 900
Cost of sales		(360 840)
Gross profit		333 060
Other income		48 010
Rental income (1 650 x 12) or (21 450 - 1 650)	19 800	
Profit on sale of non-current asset	15 500	
Interest on fixed deposit	3 410	
Credit losses recovered	9 300	
		381 070
Distribution, administrative and other expenses		(363 031)
Salaries	225 000	
Telephone expenses	19 600	
Credit losses (1 500 + 1 200)	2 700	
Insurance (9 000 x 12/18) or (9 000 - 3 000)	6 000	
Advertising	12 300	
Motor expenses	18 945	
Consumable stores (16 000 - 8 300)	7 700	
Water and electricity (27 830 + 2 756)	30 586	
Depreciation (17 000 + 23 200)	40 200	
Finance costs		(28 750)
Interest on mortgage	28 750	
Loss for the year		(10 711)
Other comprehensive income for the year		-
Total comprehensive loss for the year		(10 711)

(23)**QUESTION 7**

a)

HSD TRADERS**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 20.2**

	Capital R
Balance at 1 March 20.1	109 581
Total comprehensive income for the year	85 879
Drawings	(24 000)
Balance at 28 February 20.2	171 460

(4)

QUESTION 7 (continued)

b)

HSD TRADERS**NOTES FOR THE YEAR ENDED 28 FEBRUARY 20.2**

Property, plant and equipment	Land and buildings R	Office Equipment R	Vehicles R	Total R
Carrying amount at 1 March 20.1	145 200	12 480	17 800	175 480
Cost price	145 200	20 800	36 440	202 440
Accumulated depreciation	-	(8 320)	(18 640)	(26 960)
Depreciation for the year		(2 080)	(3 560)	(5 640)
Carrying amount at 28 February 20.2	145 200	10 400	14 240	169 840
Cost price	145 200	20 800	36 440	202 440
Accumulated depreciation	-	(10 400)	(22 200)	(32 600)

(15)

c)

HSD TRADERS**STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 20.2**

	Notes	R	R
ASSETS			
Non-current assets			169 840
Property, plant and equipment		169 840	
Current assets			33 840
Inventories		20 700	
Trade and other receivables		4 000	
Prepayments		2 220	
Cash and cash equivalents		6 920	
TOTAL ASSETS			203 680
EQUITY AND LIABILITIES			
Equity			171 460
Capital		171 460	
Non-current liabilities			30 000
Long-term borrowings		30 000	
Current liabilities			2 220
Trade and other payables		1 020	
Income received in advance		1 200	
TOTAL EQUITY AND LIABILITIES			203 680

(15)

QUESTION 8

**Profit Traders
General ledger**

Dr				Cr			
Trading account							
Date		Details	Fol	R	Date		R
2017					2017		
July	31	Inventory		90 000	July	31	310 000
		Purchases					
		R(160 000 - 27 500 -		122 500			265 000
		10 000)		362 500			
		Profit or loss account		575 000			575 000

(11½)

Dr				Cr			
Profit or loss account							
Date		Details	Fol	R	Date		R
2017					2017		
July	31	Water and electricity		39 250	July	31	362 500
		Telephone expenses		42 150			15 000
		Salaries		157 700			56 000
		Capital account		194 400			
				433 500			433 500

(10½)

[22]

QUESTION 9**MOKALA TRADERS****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	R	R
Revenue R1 350 600 - R13 050 - R13 800)		1 323 750
Cost of sales (*1)		858 000
Gross profit		465 750
Other income		8 400
Interest received on fixed deposit (R6 000 + R2 400)	8 400	
		474 150
Distribution, administrative and other expenses		(371 250)
Water and electricity	34 800	
Salaries and wages (R135 450 + R3 000)	138 450	
Telephone expenses	23 850	
Stationery (R10 200 - R3 750)	6 450	
Repairs and maintenance	2 850	
Insurance	19 800	
Credit losses (R17 250 + R1 800 + R2 250)	21 300	
Depreciation (R11 250 + R112 500)	123 750	
Finance costs		(12 000)
Interest on mortgage loan (R720 000 x 10% x 2/12)	12 000	
Profit for the year		90 900
Other comprehensive income for the year		-
Total comprehensive income for the year		90 900

* 1 Calculation of cost of sales

Opening inventory	217 950
Purchases (R795 150 - R15 900 - R11 100)	768 150
Closing inventory	(128 100)
	858 000

[28]