UNIVERSITEITSEKSAMENS

FAC1502

## FINANCIAL ACCOUNTING PRINCIPLES, CONCEPTS AND PROCEDURES

| Duration $: 2$ Hours |  | 100 Marks |
| :--- | :--- | :--- |
| EXAMINERS : |  |  |
| FIRST : | MS A DU PLESSIS |  |
|  | MRS KA NKOME | MR P MARAISANE |
| SECOND : | MR D VON WELL |  |

Use of a non-programmable pocket calculator is permissible.
This examination question paper remains the property of the University of South Africa and may not be removed from the examination venue.

This question paper consists of 5 pages.

## PLEASE NOTE:

1. Ensure that you are writing the correct examination paper.
2. Ensure that you are handed the correct examination answer book (BLUE) by the invigilator.
3. All questions must be answered.
4. Basic calculations, where applicable, must be shown.
5. The answer to each question must be commenced on a new (separate) page.
6. Please do not answer the paper in pencil.
7. PROPOSED TIMETABLE (try not to deviate from this):

| QUESTION | TOPIC | MARKS | TIME <br> (minutes) |
| :---: | :--- | :---: | :---: |
| 1 | Closing entries | 27 | 32 |
| 2 | Financial statements | 25 | 30 |
| 3 | General ledger accounts | 31 | 38 |
| 4 | Incomplete records | 17 | 20 |
|  | TOTAL | 100 | 120 |

QUESTION 1 (27 marks) (32 minutes)
Commence this question on a new (separate) page.
The following information was obtained from the books of XYZ Traders.

| POST-ADJUSTMENT TRIAL BALANCE OF XYZ TRADERS AS AT 30 JUNE 2011 |  |  |
| :---: | :---: | :---: |
|  | Debit | Credit |
|  | R | R |
| Capital .................................................................................. |  | 100000 |
| Drawings | 2445 |  |
| Land and buildings at cost. | 200000 |  |
| Vehicles at cost . | 120000 |  |
| Furniture and fittings at cost | 65000 |  |
| Accumulated depreciation on vehicles (30 June 2011) .................... |  | 54700 |
| Accumulated depreciation on furniture and fittings (30 June 2011)... |  | 22700 |
| Debtors control ....................................................................... | 6780 |  |
| Inventory: Trading (30 June 2010). | 13550 |  |
| Bank. | 7775 |  |
| Petty cash. | 500 |  |
| Mortgage loan |  | 150000 |
| Loan from Africa Bank |  | 50000 |
| Creditors control |  | 3200 |
| Sales |  | 256400 |
| Carriage on purchases | 660 |  |
| Commission income |  | 15000 |
| Credit losses. | 244 |  |
| Depreciation. | 15400 |  |
| Insurance | 2400 |  |
| Packing materials . | 3300 |  |
| Purchases. | 154880 |  |
| Purchases returns |  | 245 |
| Rent income |  | 3600 |
| Sales returns | 1338 |  |
| Settlement discount granted ...................................................... | 553 |  |
| Settlement discount received. |  | 155 |
| Wages . | 56775 |  |
| Water and electricity . | 4400 |  |
|  | 656000 | 656000 |

## Additional information:

On 1 July 2011 trading inventory had a balance of R14 885.

## REQUIRED:

1.1 Show the journal entries for bringing the closing inventory at 30 June 2011 into account.
1.2 Show the journal entries for the closing of the applicable accounts (closing entries) at 30 June 2011.
1.3 Complete the trading account and the profit or loss account in the general ledger of XYZ Traders for the year ending 30 June 2011.

QUESTION 2 (25 marks) (30 minutes)
Commence this question on a new (separate) page.
The following list of balances was extracted from the general ledger of M\&S, a general dealer at 28 February 2011:

|  | R |
| :--- | ---: |
| Creditors control | 28900 |
| Fixed deposit (36 month) | 5000 |
| Debtors control | 19200 |
| Bank (Dr) | 6000 |
| Furniture and equipment (at carrying amount) | 24300 |
| Land and buildings | 108000 |
| Mortgage loan (repayable over 20 years) | 78000 |
| Vehicles (at carrying amount) | 51000 |
| Inventories | 30400 |
| Capital (1 March 2010) | 150000 |
| Profit/(Loss) for the year ending 28 February 2011 | $?$ |

## REQUIRED:

2.1 Prepare the trial balance of M\&S as at 28 February 2011.
2.2 Prepare the statement of changes in equity of M\&S for the year ended 28 February 2011.
2.3 Prepare the statement of financial position of M\&S as at 28 February 2011.

QUESTION 3 (31 marks) (38 minutes)
Commence this question on a new (separate) page.

## ABC DEALERS <br> TRIAL BALANCE AS AT 1 FEBRUARY 2011

|  | R |
| :---: | :---: |
| Bank (Debit balance) | 2150 |
| Cost of sales. | 192000 |
| Trading inventory . | 52000 |
| Sales | 400000 |
| VAT Input.. | 1600 |
| VAT Output. | 1800 |

The following subsidiary journals, with only the totals of the analysis columns, appeared in the books of ABC Dealers at 28 February 2011:

QUESTION 3 (continued)
Cash receipts journal

| Bank | Sales | Cost of <br> sales | Debtors <br> control | Settlement <br> Discount granted | VAT <br> Output | VAT <br> Input | Sundry <br> amounts |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| R | R | R | R | R | R | R | R |
| ${ }^{*} ?$ | 18600 | 9300 | 6550 | $(150)$ | 2604 | $(20)$ | - |

*Total to be calculated

## Cash payments journal

| Bank | Purchases | Creditors | VAT Input | VAT Output | Settlement Discount <br> received | Sundry <br> amounts |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| R | R | R | R | R | R | R |
| ${ }^{* *} ?$ | 7200 | 6400 | 1008 | $(25)$ | $(100)$ | 3395 |

**Total to be calculated

## Sales journal

| Debtors | Sales | Cost of sales | VAT Output |
| :---: | :---: | :---: | :---: |
| $R$ | $R$ | $R$ | $R$ |
| 15960 | 14000 | 7000 | 1960 |

Purchases journal

| Creditors | Purchases | VAT Input |
| :---: | :---: | :---: |
| $R$ | $R$ | $R$ |
| 10488 | 9200 | 1288 |

## Sales returns journal

| Debtors | Sales returns | Cost of sales | VAT Output |
| :---: | :---: | :---: | :---: |
| $R$ | $R$ | $R$ | $R$ |
| 285 | 250 | 125 | 35 |

## Purchases return journal

| Creditors | Purchases returns | VAT Input |
| :---: | :---: | :---: |
| R | R | R |
| 969 | 850 | 119 |

## REQUIRED:

Prepare the following general ledger accounts for ABC Dealers for February 2011:
3.1 Bank
3.2 Cost of sales
3.3 Trading inventory
3.4 Sales
(3)
3.5 VAT Input
(6)
3.6 VAT Output
(6)

QUESTION 4 (17 marks) (20 minutes)
Commence this question on a new (separate) page.
F Focus runs a small business, F Focus Services, from home and does not keep proper accounting records. He needs to calculate the entity's profit/loss for income tax purposes and requests your assistance. You establish the following:


Additional information:
(a) F Focus drew R100 000 during the year for own use.
(b) Depreciation at $20 \%$ per annum on the cost price of furniture, as well as tools and equipment must still be provided for.

## REQUIRED:

Calculate the estimated profit or loss of F Focus Services for the year ended 30 April 2011.

QUESTION 1 (27 marks) (32 minutes)

### 1.1 Trading Inventory brought into account

|  |  | Trading acc <br> Inventory: Trading (opening) <br> Closing transfer of opening inventory | Debit |
| :--- | :--- | :--- | :--- |
|  | 13550 | 13550 |  |
|  | Inventory: Trading (closing) <br> Trading acc <br> Closing transfer of closing inventory | 14885 | 14885 |

### 1.2 Closing entries

|  | Debit | Credit |
| :---: | :---: | :---: |
| Sales Settlement discount granted Closing transfer of settlement discount | 553 | 553 |
| Settlement discount received Purchases Closing transfer of settlement discount | 155 | 155 |
| Trading acc Carriage on purchases Purchases Sales returns Closing transfers | 156723 | $\begin{array}{r} 660 \\ 154725 \\ 1338 \end{array}$ |
| Sales <br> Purchases returns <br> Trading acc <br> Closing transfers | $\begin{array}{r} 255847 \\ 245 \end{array}$ | 256092 |
| Trading acc Profit or loss <br> Transfer of gross profit | 100704 | 100704 |
| Profit or Loss <br> Credit losses <br> Depreciation <br> Insurance <br> Packing materials <br> Wages <br> Water and electricity <br> Closing transfers | 82519 | $\begin{array}{r} 244 \\ 15400 \\ 2400 \\ 3300 \\ 56775 \\ 4400 \end{array}$ |
| Commission income Rent income Profit or Loss Closing transfers | $\begin{array}{r} 15000 \\ 3600 \end{array}$ | 18600 |
| Profit or Loss Capital <br> Closing transfer of profit | 36785 | 36785 |
| Capital Drawings <br> Closing transfer of drawings | 2445 | 2445 |


| Dr | Trading account |  |  |  | Cr |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Jun 30 |  | R |  |  | R |
|  | Inventory (1-7-2010) | 13550 | Jun 30 | Inventory (30-6-2011) | 14885 |
|  | Carriage on purchases | 660 |  | Sales (256 400-553) | 255847 |
|  | Purchases (154 880-155) | 154725 |  | Purchases returns | 245 |
|  | Sales returns | 1338 100704 |  |  |  |
|  | Profit or Loss (gross) | 100704 |  |  |  |
|  |  | 270977 |  |  | 270977 |
|  |  |  |  |  |  |


| Dr | Profit or Loss account |  |  |  | Cr |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Jun 30 |  |  |  |  | R |
|  | Credit losses <br> Depreciation Insurance Packing materials Wages Water and electricity Capital (net profit) | 244 | Jun 30 | Trading account Commission income Rent income | 100704 |
|  |  | 15400 |  |  | 15000 |
|  |  | 2400 |  |  | 3600 |
|  |  | 3300 |  |  |  |
|  |  | 56775 |  |  |  |
|  |  | 4400 |  |  |  |
|  |  | 36785 |  |  |  |
|  |  | 119304 |  |  | 119304 |
|  |  |  |  |  |  |

QUESTION 2 (25 marks)(30 minutes)
2.1

M\&S
TRIAL BALANCE AS AT 28 FEBRUARY 2011

|  | $\begin{gathered} \mathrm{Dr} \\ \mathrm{R} \\ \hline \end{gathered}$ | $\begin{aligned} & \mathrm{Cr} \\ & \mathrm{R} \\ & \hline \end{aligned}$ |
| :---: | :---: | :---: |
| Creditors control |  | 28900 |
| Fixed deposit | 5000 |  |
| Debtors control | 19200 |  |
| Bank | 6000 |  |
| Furniture and equipment | 24300 |  |
| Land and buildings | 108000 |  |
| Mortgage loan |  | 78000 |
| Vehicles | 51000 |  |
| Inventory | 30400 |  |
| Capital: Mica (1 March 2010) |  | 150000 |
|  | 243900 | 256900 |
| Loss for the year | 13000 |  |
|  | 256900 | 256900 |
|  |  | (11) |

## 2.2 <br> M\&S

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2011

|  | Capital |
| :--- | :---: |
| Balance as at 1 March 2010/Capital | $\mathbf{R}$ |
| Loss for the year | 150000 |
| Balance as at 28 February 2011 | $(13000)$ |

2.3

M\&S
STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2011

| ASSETS | R | $\begin{gathered} \text { R } \\ 188300 \end{gathered}$ |
| :---: | :---: | :---: |
| NON-CURRENT ASSETS |  |  |
| Property, plant and equipment (24 $300+$ $108000+51000)$ | 183300 |  |
| Financial assets | 5000 |  |
| CURRENT ASSETS |  | 55600 |
| Inventories | 30400 |  |
| Trade and other receivables | 19200 |  |
| Cash and cash equivalents | 6000 |  |
| TOTAL ASSETS |  | 243900 |
| EQUITY AND LIABILITIES |  |  |
| EQUITY |  | 137000 |
| Capital | 137000 |  |
| NON-CURRENT LIABILITIES |  | 78000 |
| Long-term borrowings | 78000 |  |
| CURRENT LIABILITIES |  | 28900 |
| Trade and other payables | 28900 |  |
| TOTAL EQUITY AND LIABILITIES |  | 243900 |

QUESTION 3 (31 marks) (38 minutes)

## ABC Dealers GENERAL LEDGER


(4)

| Dr |  |  | Cost of sales |  |  |  | Cr |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 2011 |  |  | R | 2011 |  |  | R |
| Feb 1 | Total/Balance | b/d | 192000 | Feb 28 | Trading inventory | SRJ | 125 |
| 28 | Trading inventory | CRJ | 9300 |  | Total/Balance | c/d | 208175 |
|  | Trading inventory | SJ | 7000 |  |  |  |  |
|  |  |  | 208300 |  |  |  | 208300 |
| Mrch 1 | Total/Balance | b/d | 208175 |  |  |  |  |

(5)

(7)


QUESTION 3 (continued)

(6)

| Dr VAT Output Cr |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\begin{array}{\|c\|} \hline 2011 \\ \text { Feb } 28 \end{array}$ | Debtors control Balance/VAT Control | $\begin{aligned} & \text { SRJ } \\ & \mathrm{c} / \mathrm{d} \end{aligned}$ | $\begin{array}{rr} \hline R & \\ \hline & 35 \\ 6354 \end{array}$ | $\begin{array}{r} 2011 \\ \text { Feb } 1 \\ 28 \end{array}$ | Balance <br> Bank <br> Creditors control <br> Debtors control | b/d <br> CRJ <br> CPJ <br> SJ | R |
|  |  |  |  |  |  |  | 1800 |
|  |  |  |  |  |  |  | 2604 |
|  |  |  |  |  |  |  | 25 |
|  |  |  |  |  |  |  | 1960 |
|  |  |  | 6389 |  |  |  | 6389 |
|  |  |  |  | Mrch 1 | Balance/VAT Control | b/d | 6354 |
|  |  |  |  |  |  |  | (6) |

QUESTION 4 (17 marks) (20 minutes)

### 4.1 Calculation of profit/loss

## F FOCUS SERVICES <br> STATEMENT OF ASSETS AND LIABILITIES AS AT 30 APRIL 2010

| ASSETS | R |
| :--- | ---: |
|  |  |
| Furniture | 25000 |
| Tools and equipment | 46500 |
| Inventory | 9800 |
| TOTAL ASSETS | 81300 |
| LIABILITIES |  |
| Long-term borrowing | 14000 |
| Creditors | 5200 |
| Income received in advance | 3800 |
| Accrued expenses | 1600 |
| Bank overdraft | 6500 |
| TOTAL LIABILITIES | 31100 |

Calculation of equity at the beginning of the period
Equity = Assets - Liabilities
= R81 300 - R31 100
= R50 200
F FOCUS SERVICES
STATEMENT OF ASSETS AND LIABILITIES AS AT 30 APRIL 2011

## ASSETS

Furniture
Tools and equipment
Inventory
Bank
TOTAL ASSETS
LIABILITIES
Long-term borrowing
Creditors
Income received in advance
Accrued expenses
TOTAL LIABILITIES

| $R$ | $R$ <br> Alternative |
| ---: | ---: |
| 25000 | 20000 |
| 46500 | 37200 |
| 10200 | 10200 |
| 2480 | 2480 |
| 84180 | 69880 |
|  |  |
| 9200 | 9200 |
| 6120 | 6120 |
| 5000 | 5000 |
| 1300 | 1300 |
| 21620 | 21620 |

Calculation of equity at the end of the period
Equity = Assets - Liabilities

$$
\begin{array}{lll}
=\text { R84 180 - R21 } 620 & \text { or } & =\text { R69 } 880-\text { R21 } 620 \\
=\text { R62 } 560 & \text { or } & =\text { R48 } 260 \tag{71/2}
\end{array}
$$

QUESTION 4 (continued)

| Estimated profit/loss: | $\begin{gathered} R \\ 62560 \end{gathered}$ | Alternative |
| :---: | :---: | :---: |
|  |  | R |
| Capital at the end of the financial period |  | 48260 |
| Capital at the beginning of the period | (50 200) | (50 200) |
|  | 12360 | (1940) |
| Drawings | 100000 | 100000 |
| Adjustments: Depreciation | $(14300)$ |  |
| Furniture | 5000 |  |
| Tools and fittings | 9300 |  |
| Estimated profit for the year | 98060 | 98060 |
|  | (6) | (4) |
|  |  | [17] |



FAC1502
RAC101B
RFA1502
FINANCIAL ACCOUNTING CONCEPTS, PRINCIPLES AND PROCEDURES

Duration : 2 Hours
EXAMINERS :
FIRST:

PROF D SCOTT MRS KA NKOME
PROF JS JANSEN VAN RENSBURG
MISS A DU PLESSIS
MR P MARAISANE

Use of a non-programmable pocket calculator is permissible.

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3. All questions must be answered.
4. Basic calculations, where applicable, must be shown.
5. The answer to each question must be commenced on a new (separate) page.
6. Please do not answer the paper in pencil.
7. PROPOSED TIMETABLE (try not to deviate from this):

| QUESTION | TOPIC | MARKS | TIME <br> (minutes) |
| :---: | :--- | :---: | :---: |
| 1 | Bank reconciliation | 13 | 16 |
| 2 | Control accounts | 15 | 18 |
| 3 | Adjustments journals, trial balance and statement of <br> comprehensive income | 49 | 58 |
| 4 | Depreciation and asset realisation | 23 | 28 |
|  | TOTAL | 100 | 120 |

QUESTION 1 (13 marks) (16 minutes)
The bookkeeper of OSSO Traders posted the cash receipts journal and the cash payments journal to the general ledger for January 2011, before he received the bank statement for the same month. The totals posted to the general ledger were:

- Total cash receipts: R74700
- Total cash payments: R49 260

On comparing the bank statement with the cash receipts journal and the cash payments journal, the following differences were noted:

1. On 1 January 2011 the bank account in the general ledger had a favourable balance of R540.
2. On 31 January 2011 the bank statement revealed a favourable balance of R10 170.
3. The following charges appeared on the bank statement:

|  | R |
| :--- | :---: |
| Service fees | 305 |
| Cheque and deposit books | 137 |

4. The following cheques in the cash payments journal have not yet been presented at the bank:

|  | R |
| :--- | ---: |
| 401 | 1683 |
| 405 | 137 |
| 407 | 5367 |
| 415 | 1571 |
| 480 | 2700 |
| 491 | 1072 |

5. Cheques 401,405 and 407 were all written out during July 2010 . They are all stale now and must be cancelled. These cheques were in favour of D Banks as payment for money owing to him.
6. An investigation of the cash receipts journal revealed that deposits totalling R28 920 had not yet gone through the current account at the bank.
7. The bank statement showed a deposit of R1 980 which was made by another client and erroneously entered on OSSO Traders bank statement.
8. The cash receipts journal showed a deposit of R15 850 (a receipt from J Bronko, a debtor) while the correct figure of R15 170 appeared on the bank statement.
9. A cheque for R3 020 drawn by ROSSO Traders appeared on the bank statement.
10. A receipt of $R 6540$ from B Crux was incorrectly entered in the cash receipts journal as R5 640.
11. Cheque no 483 in favour of A Randwell for R1 842 was issued, but subsequently cancelled and never mailed to the creditor. The bookkeeper, however, recorded the payment in the cash payments journal.

Question 1 (continued)

## Required:

1.1 Prepare the properly balanced/closed off bank account for January 2011 as it will appear in the general ledger of OSSO Traders.
1.2 Prepare the bank reconciliation statement of OSSO Traders as at 31 January 2011.

QUESTION 2 (15 marks) (18 minutes)
The following details were obtained from the accounting records of S GLOW for January 2011:

|  | R |
| :--- | ---: |
| Balances in the debtors ledger (1 January 2011) | 22556 |
| Balances in the creditors ledger (1 January 2011) | 37452 |
| Receipts issued to debtors | 35036 |
| Cheques received from debtors, returned by the bank marked "R/D" | 860 |
| Credit losses | 400 |
| Cash received from G McDermot (his account was already closed and debt written off) | 160 |
| Credit sales | 65636 |
| Credit purchases | 59724 |
| Cheques issued to creditors | 25724 |
| Returns on purchases | 400 |
| Settlement discount granted to debtors | 1804 |
| Returns on sales | 110 |
| Interest charged on overdue debtors accounts | 60 |
| Cash purchases | 17544 |
| Interest collected by creditors | 336 |

Additional information:

1. Credit sales of R48 were incorrectly posted to B Ball's account as R84.
2. An invoice of R40 for goods sold was not recorded in the sales journal.

## Required:

Prepare the following properly balanced/closed off accounts in the general ledger of S GLOW for January 2011:
2.1 Debtors control account
2.2 Creditors control account

QUESTION 3 (49 marks) (58 minutes)
N\&N ENTERPRISES
TRIAL BALANCE AS AT 31 DECEMBER 2010

|  | Dr <br> $\mathbf{R}$ | $\mathbf{C r}$ |
| :--- | ---: | ---: |
| Capital |  | 130000 |
| Drawings | 11000 |  |
| Mortgage loan (8\%) |  | 50000 |
| Land and buildings | 81000 |  |
| Furniture and equipment | 14000 |  |
| Bank | 14000 |  |
| Inventory (1 January 2010) | 100000 |  |
| Debtors control | 82000 |  |
| Fixed deposit | 37200 |  |
| Creditors control |  | 90000 |
| Sales |  | 500000 |
| Purchases | 283000 |  |
| Interest income |  | 800 |
| Rent income | 5000 | 2400 |
| Freight charges on purchases | 9800 |  |
| Advertising | 5000 |  |
| Insurance | 2600 |  |
| Credit losses | 30000 |  |
| Administration expenses | 9600 |  |
| Property rates and taxes | 3000 |  |
| Interest expenses | 10000 |  |
| Water, electricity and telephone | 76000 |  |
| Salaries | 773200 | 773200 |
|  |  |  |

Additional information relating to the year-end adjustments is as follows:

1. On 1 August 2010 N\&N Enterprises rent out a part of their premises to Oli Traders for 12 months. A cheque for R2 400 was received on that date for the entire year's rent.
2. The interest earned on the fixed deposit amounted to R1 060, but was not yet received.
3. An amount of R3 500 of the insurance expenses was prepaid for next year.
4. The advertising expense includes a payment of R2 400 made to the Count News Magazine for advertisements to be published from January 2011.
5. Salaries earned by the employees but not yet paid at 31 December 2010 amounts to R800.
6. Interest on the mortgage loan is payable quarterly in arrears on the first day of January, April, July and October. The loan was negotiated on 1 March 2010. No repayment of the capital amount was made during the year.

## Question 3 (continued)

7. Furniture and equipment should be depreciated at $10 \%$ per annum using the straight-line method.
8. The closing inventory on 31 December 2010 was R72 000.

## Required:

3.1 Using the information given above, record the necessary year-end adjustments in the general journal of N\&N Enterprises as at 31 December 2010.
3.2 Prepare a post adjustment trial balance for N\&N Enterprises as at 31 December 2010.
3.3 Prepare the statement of comprehensive income of N\&N Enterprises for the year ended 31 December 2010.

QUESTION 4 (23 marks) (28 minutes)
On 1 March 2007 WOW Traders started doing business and on the same date equipment costing R120 000 was purchased for cash.

On 1 September 2008 new equipment costing R30 000 was purchased for cash.
On 1 June 2009 WOW Traders sold used equipment to B Bouwer on credit for R15 750. This equipment was purchased on 1 March 2007 at a total cost of R24 000.

On 1 July 2009, WOW Traders purchased new equipment on credit from OB Distributors for R54 000. On this date WOW Traders issued cheque no. 9123 for R3 000 to Equipment Installers for installing the equipment.

Provision for depreciation on equipment is made at $20 \%$ per annum using the diminishing balance method.

The accounting period of WOW Traders ends annually on the last day of February.

## Required:

Use the information given above to prepare the following accounts in the general ledger of WOW Traders for the period 1 March 2009 to 29 February 2010:
4.1 Equipment
4.2 Accumulated depreciation: Equipment
4.3 Asset realisation

## 7. MAY/JUNE EXAM 2011 - SUGGESTED SOLUTION

QUESTION 1 (13 marks) (16 minutes)

| 1.1 Dr |  | OSSO TRADERS GENERAL LEDGER |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Date |  | Details | R | Date |  | Details | R |
| 2011 |  |  |  | 2011 |  |  |  |
| Jan | 1 | Balance b/d | $\checkmark 540$ | Jan | 31 | Total payments | $\checkmark 49260$ $\wedge \wedge 442$ |
|  | 31 | Total receipts | $\checkmark 74700$ |  |  | Bank charges (305 + 137) | ^^442 |
|  |  | D. Banks (cancelled cheque 401) | $\text { ^1 } 683$ |  |  | J Bronko (wrong figure on deposit) | $\wedge 680$ |
|  |  | D. Banks (cancelled |  |  |  | Balance c/d | $\wedge 34787$ |
|  |  | cheque 405) | $\wedge 137$ |  |  |  |  |
|  |  | D. Banks (cancelled |  |  |  |  |  |
|  |  | cheque 407) | $\wedge 5367$ |  |  |  |  |
|  |  | B Crux (incorrect deposit) | ^900 |  |  |  |  |
|  |  | A Randwell (cheque |  |  |  |  |  |
|  |  | cancelled) | $\wedge 1842$ |  |  |  |  |
|  |  |  | 85169 |  |  |  | 85169 |
| Feb | 1 | Balance b/d | $\wedge 34787$ |  |  |  |  |

### 1.2 OSSO TRADERS

BANK RECONCILIATION STATEMENT AS AT 31 JANUARY 2011

|  | $\begin{gathered} \mathrm{Dr} \\ \mathrm{R} \end{gathered}$ | $\begin{gathered} \mathrm{Cr} \\ \mathrm{R} \end{gathered}$ |
| :---: | :---: | :---: |
| Credit balance as per bank statement |  | $\wedge 10170$ |
| Outstanding cheques: No 415 | $\wedge 1571$ |  |
| 480 | $\wedge 2700$ |  |
| 491 | $\wedge 1072$ |  |
| Outstanding deposits |  | ^28 920 |
| Incorrect deposit | $\checkmark 1980$ |  |
| Incorrect cheques drawn |  | $\checkmark 3020$ |
| Debit balance as per bank account | $\wedge 34787$ |  |
|  | 42110 | 42110 |
|  |  |  |

QUESTION 2 (15 marks) (18 minutes)

## S GLOW <br> GENERAL LEDGER

2.1

| Dr |  | Debtors control |  |  |  |  | Cr |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Date |  | Details | R | Date |  | Details | R |
| 2011 |  |  |  | 2011 |  |  |  |
| Jan | 31 | Balance b/d | ^22 556 | Jan | 31 | Bank | $\checkmark 35036$ |
|  |  | Bank (R/D) | $\checkmark 860$ |  |  | Credit losses | $\checkmark 400$ |
|  |  | Sales | $\checkmark 65636$ |  |  | Settlement |  |
|  |  | Interest income | $\checkmark 60$ |  |  | discount granted | $\checkmark 1804$ |
|  |  | Sales | $\checkmark 40$ |  |  | Sales returns | $\checkmark 110$ |
|  |  |  |  |  |  | Balance c/d | $\wedge 51802$ |
|  |  |  | 89152 |  |  |  | 89152 |
| Feb | 1 | Balance b/d | $\wedge 51802$ |  |  |  |  |

2.2

| Dr | Creditors control |  |  |  |  |  | Cr |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Date |  | Details | R | Date |  | Details | R |
| 2011 |  |  |  | 2011 |  |  |  |
| Jan | 31 | Bank | $\checkmark 25724$ | Jan | 1 | Balance b/d | ^37452 |
|  |  | Purchases returns | $\checkmark 400$ |  | 31 | Purchases | $\checkmark 59724$ |
|  |  | Balance c/d | $\wedge 71388$ |  |  | Interest expense | $\checkmark 336$ |
|  |  |  | 97512 |  |  |  | 97512 |
|  |  |  |  | Apr | 1 | Balance b/d | ^71388 |

QUESTION 3 (49 marks) ( 58 minutes)

## 3.1

N\&N ENTERPRISES JOURNAL FOR DECEMBER 2010

| Details | $\begin{gathered} \mathrm{Dr} \\ \mathrm{R} \end{gathered}$ | $\begin{gathered} \mathrm{Cr} \\ \mathrm{R} \end{gathered}$ |
| :---: | :---: | :---: |
| 1. Rent income Income received in advance <br> (Amount received in advance ( $7 / 12 \times$ R2 $400=$ R1 400) | ^1400 | $\wedge 1400$ |
| 2. Accrued income Interest income | ^1 060 | ^1060 |
| 3. Prepaid expenses Insurance | ^3500 | ^3500 |
| 4. Prepaid expenses Advertising (The advertisements will be placed from Jan 2011) | ^2 400 | ^2400 |
| 5. Salaries <br> Accrued expenses | $\wedge 800$ | $\wedge 800$ |
| 6. Interest expenses Accrued expenses <br> (Interest payable for the year: (R50 $000 \times 8 \% \times 10 / 12=$ R3 $333-$ R3 000 (paid) $=$ R333 (outstanding)) | $\wedge 333$ | ^333 |
| 7. Depreciation <br> Accumulated depreciation: Furniture and equipment (R14 $000 \times 10 \%=$ R1 400) | $\wedge 1400$ | $\wedge 1400$ |

## 3.2

N\&N ENTERPRISES
POST-ADJUSTMENT TRIAL BALANCE AS AT 31 DECEMBER 2010

|  | $\begin{gathered} \mathrm{Dr} \\ \mathrm{R} \end{gathered}$ | $\begin{aligned} & \mathrm{Cr} \\ & \mathrm{R} \end{aligned}$ |
| :---: | :---: | :---: |
| Capital |  | ^130 000 |
| Drawings | ^11000 |  |
| Mortgage loan (8\%) |  | ^^50 000 |
| Land and buildings | ^81 000 |  |
| Furniture and equipment | ^14000 |  |
| Accumulated depreciation: Furniture and equipment |  | ^1400 |
| Bank | ^14000 |  |
| Fixed deposit | ^37200 |  |
| Inventory | ^100 000 |  |
| Debtors control | ^82 000 |  |
| Creditors control |  | ^90 000 |
| Income received in advance |  | $\wedge 1400$ |
| Accrued income | ^1 060 |  |
| Prepaid expenses (^2 $400+\sqrt{3} 500$ ) | $\wedge 5900$ |  |
|  |  | $\wedge 1133$ |
| Sales |  | ^500 000 |
| Purchases | ^283 000 |  |
| Interest income (^800 + 1 1 060) |  | ^1 860 |
| Rent income (^2 $400-\checkmark 1400$ ) |  | ^1000 |
| Freight charges on purchases | $\wedge 5000$ |  |
| Advertising (^9 $800-\sqrt{2} 400$ ) | ^7400 |  |
| Insurance (^5000-マ3 500) | ^1 500 |  |
| Credit losses | ^2 600 |  |
| Depreciation | $\wedge 1400$ |  |
| Administration expenses | ^30 000 |  |
| Property rates and taxes | ^9 600 |  |
| Interest expenses (^3 000 + ${ }^{\text {333 }}$ ) | $\wedge 3333$ |  |
| Water, electricity and telephone | ^10 000 |  |
| Salaries (^76 000 + ${ }^{\text {800 }}$ ) | ^76 800 |  |
|  | 776793 | 776793 |

## 3.3

N\&N ENTERPRISES
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

| Revenue ${ }^{\wedge}$ | R | R |
| :---: | :---: | :---: |
|  |  | ^ 500000 |
| Cost of sales^ (* 1 ) |  | (4) (316000) |
| Gross profit^ |  | ^184000 |
| Other income ${ }^{\wedge}$ |  | ^2 860 |
| Rent income | $\wedge 1000$ |  |
| Interest income | ^1 860 |  |
| Distribution, administrative and other expenses ^ |  | $\begin{array}{r} 186860 \\ \wedge(139300) \end{array}$ |
| Advertising | ^7400 |  |
| Salaries | ^76800 |  |
| Administrative expenses | ^30 000 |  |
| Property rates and taxes | ^9 600 |  |
| Water, electricity \& telephone | ^10 000 |  |
| Credit losses | ^2 600 |  |
| Insurance expense | $\wedge 1500$ |  |
| Depreciation | $\wedge 1400$ |  |
| Finance costs Interest expenses | ^3333 | (3 333) |
| Profit / total comprehensive income for the year^ |  | ^44227 |

(* 1) Calculation of cost of sales

| Opening inventory | $\checkmark 100000$ |
| :--- | ---: |
| Purchases | $\checkmark 283000$ |
| Freight charges on purchases | $\checkmark 5000$ |
| Closing inventory | $\checkmark(72000)$ |
| $\quad$ Cost of sales | 316000 |

QUESTION 4 (23 marks) (28 minutes)

## WOW TRADERS <br> GENERAL LEDGER

## 4.1

| Dr | Equipment Cr |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Date |  | Details | Fol. | R | Date |  | Details | Fol. | R |
| 2009 |  |  |  |  | 2009 |  |  |  |  |
| Mch |  | Balance | b/d | $\checkmark 150000$ | Jun | 1 | Asset realisation |  | $\checkmark 24000$ |
| Jul | 1 | Creditors control |  |  | 2010 |  |  |  |  |
|  |  | (OB Distributors) |  | $\checkmark 54000$ | Feb | 29 | Balance | c/d | $\wedge 183000$ |
|  |  | Bank |  | $\checkmark 3000$ |  |  |  |  |  |
|  |  |  |  | 207000 |  |  |  |  | 207000 |
| $\begin{aligned} & 2010 \\ & \text { Mch } \end{aligned}$ | 1 | Balance | b/d | ^183 000 |  |  |  |  |  |

(5)

## 4.2

| Dr | Accumulated depreciation: Equipment |  |  |  |  |  |  |  | Cr |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Date |  | Details | Fol. | R | Date |  | Details | Fol. | R |
| 2009 |  |  |  |  | 2009 |  |  |  |  |
| Jun | 1 | Asset realisation |  | (4112) 9408 | Mch | 1 | Balance | b/d | (31⁄2) 46200 |
| 2010 |  |  |  |  | Jun | 1 | Depreciation |  | $\checkmark 768$ |
| Feb | 29 | Balance | c/d | ^62 848 | 2010 |  |  |  |  |
|  |  |  |  |  | Feb | 29 | Depreciation |  | (4) 25288 |
|  |  |  |  | 72256 |  |  |  |  | 72256 |
|  |  |  |  |  | Mch | 1 | Balance | b/d | $\wedge 182848$ |

## 4.3

| Dr | Asset realisation Cr |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Date |  | Details | Fol. | R | Date |  | Details | Fol. | R |
| 2009 |  |  |  |  | 2009 |  |  |  |  |
| Jun | 1 | Equipment |  | $\checkmark 24000$ | Jun | 1 | Accumulated |  |  |
|  |  | Profit on sale of assets |  | $\checkmark 1158$ |  |  | depreciation: <br> Equipment |  | $\checkmark 9408$ |
|  |  |  |  |  |  |  | Debtors control |  |  |
|  |  |  |  |  |  |  | (B Bouwer) |  | $\checkmark 15750$ |
|  |  |  |  | 25158 |  |  |  |  | 25158 |
|  |  |  |  |  |  |  |  |  |  |

## Calculations:

1. Balance of accumulated depreciation on 1 March 2009:

R

1 March 2007 - 28 February 2008:
1 March 2008-28 February 2009:
1 September 2008 - 28 February 2009:

| $\wedge R 120000 \times \wedge 20 \%$ | $=$ | 24000 |
| :--- | :--- | ---: |
| $(\wedge R 120000-\wedge R 24000) \times 20 \%$ | $=$ | 19200 |
| ^R30 $000 \times 20 \% \times \sqrt{\wedge} / 12$ | $=$ | 3000 |

46200
"New" equipment:
[(^R150 000 - ^R24 000) -
(^R46 200 - ^R8 640)] $\times{ }^{\wedge} 20 \%=17688$
R^57 $000 \times 20 \% \times$ •8/12

R

| ^R24 $000 \times{ }^{\text {^20\% }}$ | = | 4800 |
| :---: | :---: | :---: |
| (^R24 000 - ^R4 800) $\times 20 \%$ |  | 3840 |
|  |  | $\wedge 8640$ |
| $\left(R^{\wedge} 24000-\wedge R 8640\right) \times 20 \%$ |  |  |
| x $\sqrt{3 / 12}$ | = | 768 |
|  |  | 9408 |

R
"Old" equipment:
2. Vehicle sold:

1 March 2007 - 28 February 2008:
1 March 2008 - 28 February 2009:

1 March 2009 - 1 June 2009:
(R^24 000 - ^R8 640) x 20\% $x \sqrt{3 / 12}$ $\qquad$
3. Depreciation at year-end:
$\begin{array}{r}7600 \\ \hline 25288\end{array}$

## OCTOBER/NOVEMBER 2010 EXAMINATION PAPER



FAC1502

# ACCOUNTING CONCEPTS, PRINCIPLES AND PROCEDURES 

Duration : 2 Hours
100 Marks
EXAMINERS :
FIRST:
PROF D SCOTT
MISS A DU PLESSIS
MRS KA NKOME
MR P MARAISANE
SECOND
PROF JS JANSEN VAN RENSBURG
Use of a non-programmable pocket calculator is permissible.

This question paper consists of 6 pages.

## PLEASE NOTE:

1. Ensure that you are writing the correct examination paper.
2. Ensure that you are handed the correct examination answer book (BLUE) by the invigilator.
3. All questions must be answered.
4. Basic calculations, where applicable, must be shown.
5. The answer to each question must be commenced on a new (separate) page.
6. Please do not answer the paper in pencil.
7. PROPOSED TIMETABLE (try not to deviate from this):

| QUESTION | TOPIC | MARKS | TIME <br> (minutes) |
| :---: | :--- | :---: | :---: |
| 1 | Short questions | 32 | 38 |
| 2 | Accounting equation | 18 | 22 |
| 3 | Asset realisation | 15 | 18 |
| 4 | Financial statements | 35 | 42 |
|  | TOTAL | 100 | 120 |

QUESTION 1 (32 marks) (38 minutes)
This question consists of six (6) short questions.
1.1 During January 2010 Mogan Dealers purchased goods to the value of R6 000, one third of which was sold for R3 500 during January. Rental and electricity for the month amounted to R500 and R80 respectively.

## Required:

Calculate the total costs to be taken into account against income for January 2010.
1.2 The following information relates to the 2010 financial year of Black Bird CC:

## R

Sales ................................................................................................ 300000
Purchases ......................................................................................... 275000
Inventory on hand at 28 February 2009............................................. 25000
Inventory on hand at 28 February 2010.............................................. 55000
Purchases returns............................................................................. 50000
Carriage on sales............................................................................. 4000
Customs duties ................................................................................. 5000

## Required:

Calculate the gross profit percentage on sales for the year ended 28 February 2010.
1.3 The following information was taken from the accounting records of Midway Traders at 31 March 2010 before any adjustments or closing entries had been made: $\quad \mathbf{R}$

Trade debtors (31 March 2010) ........................................................ 18000
Allowance for credit losses (balance at 1 April 2009) ......................... 1000
Credit losses written off during the year............................................. 600
Additional information:
An amount of R500 must still be written off as irrecoverable.
The allowance for credit losses must be maintained at $5 \%$ of outstanding debtors.

## Required:

Calculate the amount to be disclosed as credit losses in the statement of comprehensive income of Midway Traders for the year ended 31 March 2010.
1.4 Medicall started business on 1 March 2008 and purchased two delivery motorbikes at R12 000 each. The financial year of the entity ends at 28 February of every year and depreciation on the motorbikes is calculated at $30 \%$ per annum according to the diminishing balance method.
One of the motorbikes was involved in an accident on 30 April 2010 and was completely written off. R5 000 was received from the insurance company.

## Required:

Calculate the profit or loss on the scrapping of the motorbike.
1.5 The membership fees of the Claysville Club was R150 for 2008 and R180 for 2009 per member per annum. At 31 December 2008, the end of the financial year, the membership fees of 5 members was received in advance for the 2009 financial year (at the new rate for membership fees applicable to 2009). On the same date the membership fees of 8 members were still outstanding for 2008.

## QUESTION 1 (continued)

During 2009 membership fees received amounted to R21 720, including R1 200 in respect of 2008 and R1 230 in respect of 2010 . The membership fees of 7 members were still outstanding at 31 December 2009.

## Required:

Calculate the amount to be credited to the income and expenditure account of the club at 31 December 2009 in respect of membership fees. Hint: Prepare the membership fees ledger account.
1.6 You must prepare a bank reconciliation statement at 30 April 2010. A comparison with the bank account and other financial information reveals the following differences that must be taken into consideration:
Cheques not appearing on the bank statement:

- Cheque 197: R2 000
- Cheque 212: R1 000
- Cheque 213: R5 000

Receipts not appearing on the bank statement:

- P Muller paid R14 000 in settlement of his account.


## Additional information:

- The balance on the bank statement for the month ended 30 April showed a balance of R36 000 (CR).
- The balance in the bank account showed a balance of R22 000 (DR) at 1 April 2010.
- The totals of the bank columns in the subsidiary journals had the following balances:
- Cash receipts journal, R 60000
- Cash payments journal, R 40000.


## Required:

Prepare a bank reconciliation statement for the month ended 30 April 2010.

QUESTION 2 (18 marks) (22 minutes)
The following transactions took place in the business of Haricool Air Conditioners during September 2010:

1. Harold, the owner of Haricool Air Conditioners, deposited R50 000 as additional capital into the bank account of the entity.
2. Harold bought a light utility vehicle (LUV) for the business from Auto Motors at a total price of R28 000 and paid a deposit of R5 000 by cheque.
3. Install an air conditioner and received R4 000 cash.
4. Purchase four new air conditioners to be installed at a client during the next week, and paid R8 000 by cheque.
5. Invoice a corporate client for the installation of 10 air conditioners to the value of R42 000.
6. Harold had his private motor vehicle serviced and paid R1 750 with a business cheque.
7. Charged interest of R150 to the overdue account of a debtor, D Cooldare
8. An amount of R5 600 was written off as depreciation on the LUV.

## Note: Haricool Air Conditioners uses a periodic inventory recording system.

## QUESTION 2 (continued)

## Required:

For each of the transactions listed above, indicate what account must be debited and what account must be credited in the general ledger, as well as the overall effect of each transaction on the elements of the accounting equation. Accept in all cases that the bank has a favourable balance. Present your answer in the following format:

| ASSETS | $=2$ | EQUITY + LIABILITIES | ACCOUNT DEBITED | ACCOUNT CREDITED |
| :---: | :---: | :---: | :---: | :---: |
| +200 | +200 | 0 | Bank | Interest received |

QUESTION 3 (15 marks) (18 minutes)
Total Scrap Dealers had, amongst others, the following balances in their books at 1 September 2009:

|  | R |
| :--- | ---: |
| Vehicles | 200000 |
| Accumulated depreciation: Vehicles | 40000 |

During the year ended 31 August 2010, the following transactions took place pertaining to vehicles:

1. On 28 February 2010 a new vehicle was bought for R66 000 cash.
2. On 1 June 2010 an old vehicle, which was bought on 1 December 2007 for R80 000, was sold on credit for R45 000.
Total Scrap Dealers provides for depreciation on all their assets at a rate of $20 \%$ using the straight-line method.

## Required:

Prepare the following accounts in the general ledger of Total Scrap Dealers for the financial year ended 31 August 2010. (Show all your calculations):
3.1 Vehicles
3.2 Accumulated depreciation: Vehicles
3.3 Asset realisation.

QUESTION 4 (35 marks) (42 minutes)
The following information was obtained from the accounting records of WS Dealers on the last day of the financial year of the business:

WS DEALERS
TRIAL BALANCE AS AT 31 MARCH 2010

|  | $\begin{gathered} \hline \mathbf{D r} \\ \mathbf{R} \end{gathered}$ | $\begin{gathered} \hline \mathbf{C r} \\ \mathbf{R} \\ \hline \end{gathered}$ |
| :---: | :---: | :---: |
| Capital |  | 207300 |
| Drawings | 23000 |  |
| Office equipment at cost | 24000 |  |
| Accumulated depreciation: Office equipment |  | 8400 |
| Bank | 102700 |  |
| Fixed deposit | 80000 |  |
| Petty cash | 2000 |  |
| Inventory | 22000 |  |
| Debtors control | 21300 |  |
| Creditors control |  | 12100 |
| Allowance for credit losses |  | 1200 |
| Sales |  | 208550 |
| Cost of sales | 114000 |  |
| Advertisements | 800 |  |
| Salaries and wages | 34800 |  |
| Interest on fixed deposit |  | 8800 |
| Rent income |  | 3600 |
| Administrative expenses | 2600 |  |
| Repairs and maintenance | 3600 |  |
| Water and electricity | 8650 |  |
| Insurance | 4200 |  |
| Stationery | 2300 |  |
| Depreciation | 4000 |  |
|  | 449950 | 449950 |

## Additional information:

1. The entity took out a fire insurance policy on 2 January 2010 and paid the annual premium of R2 880 for coverage until 31 December 2010.
2. On 31 March 2010 stationary to the value of R1 500 was still on hand.
3. Employee salaries of R4 500 were outstanding (not paid) on 31 March 2010.
4. A tenant moved into office space available for rent on 30 November 2009 and prepaid the rent for 12 months. No deposit was required.
5. The fixed deposit was invested a few years ago. Interest on the investment is provided for at $12 \%$ per annum.

## QUESTION 4 (continued)

## Required:

4.1 Prepare the statement of comprehensive income of WS Dealers for the year ended 31 March 2010.
4.2 Prepare the statement of changes in equity of WS Dealers for the year ended
31 March 2010 .
4.3 Prepare the statement of financial position of WS Dealers as at 31 March 2010.

## 7. SUGGESTED SOLUTION

## QUESTION 1 (32marks)

## Question 1.1



## Question 1.2



Gross profit percentage: $100000 / 300000 \times 100=33.3 \%$ or $33 \%$

## Question 1.3

Allowance for credit losses

| Credit losses* | $\checkmark 125$ | Balance | 1000 |
| :--- | ---: | :--- | ---: |
| Balance | $\checkmark 875$ |  |  |
|  | 1000 |  | 1000 |
|  |  |  |  |

Allowance for credit losses 31 March 2010 (R18 000 - R500) x 5\% = R875
Balancing figure*

| Balance | b/d | $\checkmark 600$ | Allowance for Credit Losses | $\checkmark 125$ |
| :--- | ---: | ---: | :--- | ---: |
| Debtors | $\mathrm{c} / \mathrm{d}$ | $\checkmark 500$ | Profit or loss (Statement of <br> Comprehensive income | $\checkmark \mathbf{\checkmark 9 7 5}$ |
|  |  | 1100 |  | 1100 |
|  |  |  | $(6)$ |  |

Alternative: R600 + R500-R125 (R1 000 - R875) = R975

## QUESTION 1 (continued)

## Question 1.4

Depreciation calculation:

$$
\begin{array}{lr}
1 / 3 / 08-28 / 2 / 09: R 12000 \times 30 \%= & R 3600 \checkmark \\
1 / 3 / 09-28 / 2 / 10: R(12000-3600) \times 30 \%= & 2520 \checkmark \\
1 / 3 / 10-30 / 4 / 10: R(12000-6120) \times 30 \% \times 2 / 12= & \underline{294} \sqrt{\boxed{6414}}
\end{array}
$$



Carrying amount: $R(12000-6414)=\Lambda \wedge$ R5 586 $\checkmark$
Loss on scrapping of motorbike: $\mathrm{R}(5586-5000)=\quad$ R 586

## Question 1.5

|  |  |  | Membership fees |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 2009 |  |  | R 2009 |  |  | R |
| Jan 1 | Fees accrued (150x8) | $\mathrm{b} / \mathrm{d}$ | $\checkmark 1200$ Jan 1 | Fees in advance (180x5) | b/d | $\checkmark \quad 900$ |
|  | Income \& | J | 21450 | Bank | CRJ | - 21720 |
| Dec 31 | Expenditure $\checkmark$ | J | $\checkmark 230$ Dec 31 | Fees accrued (180x7) | c/d | $\checkmark 1260$ |
|  | Fees In advance |  |  |  |  |  |
|  |  |  | 23880 |  |  | 23880 |

## Question 1.6

Bank Reconciliation Statement

| Details | Debit | Credit |
| :---: | ---: | ---: |
| Credit balance per bank statement <br> Outstanding cheques: <br> $\bullet \quad$ Cheque 197 <br> $\bullet \quad$ Cheque 212 <br> $\bullet \quad$ Cheque 215 <br> Outstanding deposit <br> Debit balance per bank account |  | $\checkmark 36000$ |
|  | $\checkmark$ |  |

Alternative formats are acceptable. The calculations/entries are important and earn marks.

QUESTION 2 (18 marks)

| ASSETS = |  | = EQUITY + LIABILITIES |  | ACCOUNT DEBITED | ACCOUNT CREDITED |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | R | R | R |  |  |
| 1. | + 50 000^ | + $5000{ }^{\wedge}$ | 0 | Bank ^ | Capital ^ |
| 2. | +28000^ | 0 | + $28000^{\wedge}$ | Vehicles ^ | Creditor (AutoMotors)^ |
|  | - $5000 \wedge$ | 0 | -5000^ | Creditor (Auto Motors)^ | Bank ^ |
| 3. | + $4000{ }^{\text {^ }}$ | + 4000^ | 0 | Bank ^ | Sales/Fees earned/Services rendered, etc (but not 'income') |
| *4. | - $8000{ }^{\wedge}$ | -8000^ | 0 | Purchases ^ | Bank ^ |
| 5. | + $42000{ }^{\wedge}$ | + 42 000^ | 0 | Debtors control ^ | Sales/Fees earned/Services rendered, etc (but not 'income') |
| 6. | -1750^ | -1750^ | 0 | Drawings ^ | Bank ^ |
| 7. | + 150^ | $+150^{\wedge}$ | 0 | Debtor (D Cooldare) ^ | Interest received ^ |
| 8. | - 5 600^ | - $5600{ }^{\wedge}$ | 0 | Depreciation ^ | Accumulated depreciation ^ |

* Note:

When using a periodic inventory system a Purchases account is used to record all purchases of inventories.

QUESTION 3 (15 marks)

## TOTAL SCRAP DEALERS GENERAL LEDGER

## 3.1

| Dr | Vehicles ${ }^{\text {Cr }}$ |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Date |  | Details | Fol. | R | Date |  | Details | Fol. | R |
| 2009 |  |  |  |  | 2010 |  |  |  |  |
| Sept | 1 | Balance | b/d | $\checkmark 200000$ | Jun | 1 | Asset realisation | GJ | $\checkmark 80000$ |
| 2010 |  |  |  |  | Aug | 31 | Balance | c/d | $\checkmark 186000$ |
| Feb | 28 | Bank | CPJ | $\checkmark 66000$ |  |  |  |  |  |
|  |  |  |  | 266000 |  |  |  |  | 266000 |
| Sept | 1 | Balance | b/d | 186000 |  |  |  |  |  |

(4)
3.2

| Dr | Accumulated depreciation: Vehicles $\mathbf{C r}$ |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Date |  | Details | Fol. | R | Date |  | Details | Fol. | R |
| 2010 |  |  |  |  | 2009 |  |  |  |  |
| Jun | 1 | Asset realisation | GJ | $\checkmark \checkmark 40000$ | Sept | 1 | Balance | b/d | $\checkmark 40000$ |
| Aug | 31 | Balance | c/d | $\checkmark 42600$ | 2010 |  |  |  |  |
|  |  |  |  |  | Jun | 1 | Depreciation | GJ | $\checkmark 12000$ |
|  |  |  |  |  | Aug | 31 | Depreciation | GJ | $\checkmark \checkmark 30600$ |
|  |  |  |  | 82600 |  |  |  |  | 82600 |
|  |  |  |  |  | Sept | 1 | Balance | b/d | 42600 |

3.3
Dr

| Date | Details | Fol. | $\mathbf{R}$ | Date | Details | Fol. | R |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | ---: | ---: |
| 2010 <br> Jun | 1 | Vehicles <br> Profit or loss |  |  |  |  |  |
| (Profit on sale |  |  |  |  |  |  |  |
| of asset) |  |  |  |  |  |  |  |

## Calculations:

1. Depreciation on vehicle sold:

1 Dec 2007 - 31 August 2008:
1 Sep 2008-31 August 2009:
1 Sep 2009-1 June 2010:
2. Depreciation on new vehicle:

1 March 2010-31 August 2010:
Depreciation on other vehicles:
Total depreciation on vehicles:
R80 $000 \times 20 \% \times 9 / 12$
R80 $000 \times 20 \%$
R80 $000 \times 20 \% \times 9 / 12$

R66 $000 \times 20 \% \times 6 / 12$
R120 $000 \times 20 \%$
R6 600 + R24 000

|  | $\mathbf{R}$ |
| ---: | ---: |
| $=$ | 12000 |
| $=$ | 16000 |
| $=$ | 12000 |
|  | $\mathbf{R} 0000$ |
| $=$ | 6600 |
| $=$ | 24000 |
| $=$ | 30600 |

QUESTION 4 (35 marks)
4.1

WS DEALERS
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2010

| Revenue (Sales) | R |
| :---: | :---: |
|  | $\checkmark 208550$ |
| Cost of sales | $\checkmark(114000)$ |
| Gross profit | 94550 |
| Other income $\quad$ ) | 10800 |
| Rent received (3600-2400) | $\checkmark 1200$ |
| Interest on fixed deposit (8800 +800 ) | $\checkmark 9600$ |
|  | 105350 |
| Distribution, administration and other expenses | (61 790) |
| Advertisements | $\checkmark 800$ |
| Salaries and wages (34800 + 4500 ) | $\checkmark 39300$ |
| Administrative expenses | $\checkmark 2600$ |
| Repairs and maintenance | $\checkmark 3600$ |
| Water and electricity $\wedge \wedge$ | $\checkmark 8650$ |
| Insurance expense (4 200-2 160) | $\checkmark 2040$ |
| Stationery expense ( $2300-1 / 500$ ) ^ | $\checkmark 800$ |
| Depreciation | $\checkmark 4000$ |
| Profit / total comprehensive income for the year | 43560 |

(17)
4.2

WS DEALERS
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2010

|  | Capital |
| :--- | :---: |
| Balance as at 1 April 2009 | $\mathbf{R}$ |
| Profit / total comprehensive income for the year | $\checkmark 207300$ |
| Drawings | $\checkmark 43560$ |
| Balance as at 31 March 2010 | $\checkmark(23000)$ |
|  | 227860 |


| QUESTION 4 (continued) |  |  |
| :---: | :---: | :---: |
|  |  |  |
| WS DEALERS |  |  |
| STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010 |  |  |
| ASSETS | R | R |
| NON-CURRENT ASSETS |  | 95600 |
| Property, plant and equipment ( 2400 ¢ - 840 ) | $\checkmark 15600$ |  |
| Fixed Deposit | $\checkmark 80000$ |  |
| CURRENT ASSETS ${ }_{\text {a }}$ ( |  | 151260 |
| Inventories (22 000+1500) | $\checkmark 23500$ |  |
| Trade and other receivables (21 300-1 200) | $\checkmark 20100$ |  |
| Accrued Income | (V) 800 |  |
| Prepayments | $\checkmark 2160$ |  |
| Cash and cash equivalents (102 700 +2000 ) | $\checkmark 104700$ |  |
| TOTAL ASSETS |  | 246860 |
| EQUITY AND LIABILITIES |  |  |
| EQUITY |  |  |
| Capital |  | (2227860 |
| CURRENT LIABILITIES ( $\uparrow$ |  |  |
| Trade and other payables(12 100+4 500+2 400) |  | (1) 19000 |
|  |  |  |
| TOTAL EQUITY AND LIABILITIES |  | 246860 |

## FINANCIAL ACCOUNTING CONCEPTS, PRINCIPLES AND PROCEDURES



Use of a non-programmable pocket calculator is permissible

This question paper consists of 6 pages.

## PLEASE NOTE:

1 Ensure that you are wnting the correct examination paper
2 Ensure that you are handed the correct examination answer book (BLUE) by the invigilator
3 All questions must be answered
4 Basic calculations, where applicable, must be shown
5 The answer to each question must be commenced on a new (separate) page
6 Please do not answer the paper in pencil
7 PROPOSED TIMETABLE (try not to deviate from this)

| QUESTION | TOPIC | MARKS | TIME <br> (minutes) |
| :---: | :--- | :---: | :---: |
| 1 | Creditors reconciliation | 11 | 14 |
| 2 | Adjustments | 17 | 20 |
| 3 | Incomplete records | 25 | 30 |
| 4 | Closing entnes and final accounts | 26 | 31 |
| 5 | Cash Journals, VAT | 21 | 25 |
|  | TOTAL | 100 | 120 |

## QUESTION 1 (11 marks) (14 mınutes)

The manager of Prude Traders put you in charge of the creditors reconciliation for Aprl 2010

## Information available:

## Note: VAT input and VAT output should be ignored.

1 On 30 April 2010, the creditors ledger of Prude Traders showed the following creditors
LIST OF CREDITORS: 30 APRIL 2010

| Name | Balance |
| :--- | ---: |
|  | $R$ |
| Ferran CC | 7880 |
| Debs Stationers | 50 |
| Dennis Cleaners | 566 |
| Tswane Garage | 60 |
| Dragon Suppliers | 1118 |
| TOTAL | 9674 |

2 On 30 April 2010, the creditors control account showed a prelımınary balance of R9 841
3 After investigation of the individual accounts, source documents and other relevant information, the following errors/omissions were detected
31 Cheque no 343 for R50, issued to Debs Stationers as payment on account, was erroneously debited to the stationery account
32 The account of Ferran CC was incorrectly balanced The amount should read R7 890
33 The column for creditors in the purchases joumal showed a total of R5 554 The amount was posted to the creditors control account, as R5 455
34 Credit note no SD2653 for R34, received from Dennis Cleaners, was entered in the purchases retums journal, but not posted to the account of Dennis Cleaners
35 The account of Dragon Suppliers was credited with credit note no 778 for R100, received from Dragon Suppliers on 26 April 2010
36 Credit invoice no B5346 for R600, received from Tswane Garage for repairs to the delivery vehicle, was entered in the general joumal as R60 and subsequently posted to the account of Tswane Garage

Required:
1 Use the information above and prepare the creditors control account at 30 Apnl 2010 showing all the entries regarding the corrections and/or omissions

2 Prepare a creditors reconciliation statement as at 30 April 2010, showing all the changes and corrections to be made

Question 2 (17 marks) (20 mınutes)
On 31 March 2010 the accountant of Moja Traders, Mr Danger, identified the following accounts that have to be adjusted before final accounts could be produced.

| Extract from the |  |
| :--- | ---: |
| GENERAL LEDGER OF MOJA TRADERS AT 31 MARCH 2010 |  |

Additional information (errors and problems identified).
1 Only 11 month's rent was received
2 Packing material on hand at 31 March 2010 amounted to R1 550
$3 \quad$ R750 commission was received in advance
4 Client J John disappeared Management decided to wite his debt of R58 off as irrecoverable
5 Provision must be made for depreciation on equipment at 10\% per annum on the diminishing balance method
6 The water and electricity account for March 2010 of R310, has not yet been pard
7 The insurance premium for April 2010 was paid in advance

## Required:

Prepare the general journal entries for the adjustments at 31 March 2010
(NOTE: Valid narrations are important as they carry marks)

## QUESTION 3 (25 marks) (30 mınutes)

B Bull, the owner of Bull's Pastries, keeps record of the busıness's transactions on the single-entry basis The following information is avalable

## List of balances

31 March 2010
R
$\begin{array}{ll}\text { Equipment } & 15500 \\ \text { Shop fittings } & 23000\end{array}$
Debtors
Creditors
Bills receivable
Inventory
Bank (favourable)
Bank (overdraft)
Summary of receipts and payments for the year ended 31 March 2010

## Receipts

Cash sales 48670
Receipt from debtors 7700

## Payments

Payments to creditors 13290
Insurance 800
Rent expense 19800
Municipal expenses 5090
Telephone expense 2710
Sundry expenses 4560
Drawings 15000
?

R

31 March 2009

## R

15500
23000
2400
$14300 \quad 17300$
1200750
$9100 \quad 8500$

- 4300


## al information: <br> Additional information:

1 On 2 July 2009 B Bull entered into a contract to insure the entity's assets The premium is payable annually in advance on 2 July of each year
2 Rent of R1 800 for March 2010 has not yet been paid

## Required:

(a) Prepare a statement of assets and liabilities to determine the equity at the beginning of the financial year (1 Apnl 2009)
(b) Prepare the following accounts in the general ledger for the financial year ended 31 March 2010 (Note that all accounts must be properly balanced at 31 March 2010)

- Bank
- Debtors
- Creditors
- Insurance
- Rent Expense

QUESTION 4 (26 marks) (31 mınutes)
The following information was obtained from the books of Robust Traders

| POST-ADJUSTMENT TRIAL BALANCE OF ROBUST TRADERS AT 30 JUNE 2009 (extract) |  |  |
| :---: | :---: | :---: |
|  | Debit | Credit |
|  | R | R |
| Capital |  | 100000 |
| Drawings | 2445 |  |
| Land and buildings at cost | 200000 |  |
| Vehicles at cost | 122000 |  |
| Furniture and fittings at cost | 65000 |  |
| Accumulated depreciation on vehicles (30 June 2009) |  | 54700 |
| Accumulated depreciation on fumiture and fittings (30 June 2009) |  | 22700 |
| Debtors control | 6780 |  |
| Inventory Trading (30 June 2009) | 13550 |  |
| Bank | 7775 |  |
| Petty cash | 500 |  |
| Mortgage loan |  | 150000 |
| Loan from Afnca Bank |  | 50000 |
| Creditors control |  | 3200 |
| VAT control |  | 2000 |
| Sales |  | 256400 |
| Carnage on purchases | 660 |  |
| Commission income |  | 15000 |
| Credit losses | 244 |  |
| Depreciation | 15400 |  |
| Insurance | 2400 |  |
| Packıng materials | 3300 |  |
| Purchases | 154880 |  |
| Purchases returns |  | 245 |
| Rent income |  | 3600 |
| Sales returns | 1338 |  |
| Settlement discount granted | 553 |  |
| Settlement discount received |  | 155 |
| Wages | 56775 |  |
| Water and electricity | 4400 |  |
|  | 658000 | 658000 |
|  |  |  |

## Additional information:

On 1 July 2008 trading inventory had a balance of R14 885

## Required:

Use the above given information and
31 Prepare all the closing entnes in the general journal (Joumal narratives can be omitted)
32 Prepare the trading account and the profit or loss account for the year ended 30 June 2009

## QUESTION 5 (21 marks) (25 minutes)

The accounting penod of Bravo Traders ends at 31 December of each year Below are some of the transactions of the entity for March 2010

Note:

- Where applicable, transactions are inclusive of VAT at $14 \%$.
- Cash and cash equivalents are daily deposited at the bank.


## Transactions for March 2010.

## Date Details

1 Cash sales as per cash register roll, R684
Received a cheque to the value of R650 from B Bord in full settlement of his account of R707 Receipt no 776 issued Receipt no 777 for R25 000 issued to the owner B Bravo, who increased his capital invested in Bravo Traders
5 Purchased stationery from Draw Traders and paid R1 026 by cheque no 543
7 Cash sales as per cash register roll, R2 850
12 Paid R3 200 by cheque 544 to Dennis CC in full payment of our account of R3 542
14 Sold an old delivery vehicle to Prnce Garage and received their cheque for R5 500 Receipt no 778 issued
According to the cash register roll, cash sales amounted to R7 068
22 Purchased fuel to the value of R570 from Highway Garage and pay by cheque 545
28 Pard Kandas Stores by cheque 546 the amount of R1 368 Items purchased were trading inventory, R1 140 and an electnc fan for office use, R228

## Required:

Record the above transactions for March 2010 in the

- Cash receipts journal with the usual fixed columns and analysis columns for Receipts, Bank, Sales, Debtors control, Settlement discount granted, VAT output, VAT input, and Sundry accounts
- Cash payments journal with the usual fixed columns and analysis columns for Bank, Inventory trading, Stationery, Creditors control, Settlement discount received, VAT input, VAT output, and Sundry accounts


## FAC1502 MAY 2010 SOLUTIONS/MARK ALLOCATION

QUESTION 1 (11 marks)
Creditors reconciliation
$\checkmark=1$ mark
Prude Traders


| (b) |  |  |
| :---: | :---: | :---: |
| PRUDE TRADERS |  |  |
| CREDITORS RECONCILIATION ON 30 APRIL 2010 |  |  |
|  | Dr | Cr |
| Balance as per list................................................................ |  | $\checkmark \checkmark 9674$ |
| Debs Stationers: Cheque 343 not debited..................................... | 50 |  |
| Ferrari Correction of error....................................................... |  | $\checkmark \checkmark 10$ |
| Dennis Cleaners: CN SD2653 not posted ..................................... | $\checkmark \checkmark 34$ |  |
| Dragon Suppliers: Correction CN 778 (R100x2) ............................. | $\checkmark 200$ |  |
| Tswane Garage: Invoice amount corrected..................................... Balance according to Creditors Control....................... |  | 540 |
| Balance according to Creditors Control..................................... | 9940 |  |
|  | 10224 | 10224 |
|  |  |  |

(7)

Total: 11

## Notes to markers:

- Balance brought down give 1 mark irrelevant of amount if it agrees with the balance carried forward.
- The format need not be like this it could be one column adding and subtracting the amounts.
- The format could also be as follows:

LisT OF CREDITORS: 30 APRIL 2010

| Name | Balance |
| :---: | :---: |
|  | R |
| Ferrari CC (Plus: R10). | $\checkmark \checkmark 7890$ |
| Debs Stationers (Minus: R50 error) |  |
| Dennis Cleaners (Minus: R34 credit note) | $\checkmark \checkmark 532$ |
| Tswane Garage (Plus: R 540 error posting). | 600 |
| Dragon Suppliers (Minus: Credit note R100 (x2).. | $\checkmark 918$ |
| TOTAL | $\checkmark \checkmark 9940$ |
|  |  |

QUESTION 2 (17 marks)

## Adjustments

Adjustments in the general journal of Moja Traders: 31 March 2010.

|  |  | $\begin{gathered} \text { Debit } \\ \text { R } \end{gathered}$ | Credit R |
| :---: | :---: | :---: | :---: |
| 1 | Accrued income Rent income Rent for March 2010 not received ${ }^{\wedge}$ | $\wedge \checkmark 450$ | $\checkmark 450$ |
| 2 | Packing material on hand Packing material Unused material at year end (material on hand) | $\checkmark 1550$ | $\checkmark 1550$ |
| 3 | Commission income Income received in advance Commission received in advance ${ }^{\wedge}$ | $\checkmark 750$ | $\checkmark 750$ |
| 4 | $\begin{aligned} & \hline \text { Credit losses } \\ & \text { J John / Debtors control } \\ & \text { Debt written off as irrecoverable ^ } \end{aligned}$ | $\checkmark 58$ | $\checkmark 58$ |
| 5 | Depreciation <br> Accumulated depreciation of equipment <br> Depreciation written off: $10 \%$ on diminishing balance ^ <br> (R34 000-R15 000) $\times 10 \%$ | $\checkmark 1900$ | $\checkmark 1900$ |
| 6 | Water and electricity Expenses accrued <br> Bill for March 2010 not paid ^ | $\checkmark 310$ | $\checkmark 310$ |
| 7 | Expenses prepaid Insurance Insurance premium for April 2010 prepaid | $\checkmark 150$ | $\checkmark 150$ |

$\left.\left(6 x^{1 / 2}=3\right)+14=17\right)$

## Note re all the entries:

- Name of account and amount must both be correct before mark is given.
- The narration must be relevant to earn the half-mark.

QUESTION 3 (25 marks)
Incomplete records
(a)

## Bull's Pastries

Statement of assets and liabilities as at 1 April 2009

$387^{2}$

15950

Equity $=$ Assets - Liabilities
$=R 54450^{\wedge}-R 17300^{\wedge}$
$=R 37150^{\wedge}$
$\left(10 x^{1 / 2}=5\right)$
(b) General ledger accounts



[^0](10x $1 / 2=5$ )

| Creditors |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\begin{aligned} & 2010 \\ & \text { Mrch } \end{aligned}$ | 31 | Bank <br> Balance | c/d |  $R$ <br>  $R$ <br> $\wedge$ 13290 <br> $\wedge$ 14300 <br>   <br>  27590 | $\begin{aligned} & 2009 \\ & \text { Apr } \\ & 2010 \\ & \text { Mrch } \\ & 2010 \\ & \text { Apr } \end{aligned}$ | 1 <br> 31 | Balance <br> Purchases* | c/d | $\begin{gathered} \mathbf{R} \\ \wedge 17300 \end{gathered}$ |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  | A 10290 |
|  |  |  |  |  |  |  |  |  | 27590 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | 1 | Balance | b/d | $\wedge 14300$ |
| * Balancing figure |  |  |  |  |  |  |  | ( $6 x^{1 / 2}=3$ ) |  |
|  |  |  |  |  |  |  |  |  |  |  |


| Insurance |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\begin{aligned} & 2010 \\ & \text { Mrch } \end{aligned}$ |  |  | R | 2010 |  |  | R |
|  | 31 | Bank | A^ 800 | Mrch | 31 | Prepaid expenses | A^ 200 |
|  |  |  |  |  |  | Profit or Loss | A^ 600 |
|  |  |  |  |  |  |  |  |
|  |  |  | 800 |  |  |  | 800 |
|  |  |  |  |  |  |  |  |

Calculation:
( $6 x^{1 / 2}=3$ )
Insurance for 12 months ( 1 April 2009-31 March 2010) = R800
Insurance per month: R800/12 = R66,67
Thus, insurance for 9 months ( 1 January -30 September 20.9) $=\mathrm{R} 600$


### 4.2 General ledger of Robust Traders [9]



## QUESTION 4 (26 marks) Solution

4.1 Closing entries (transfers): Robust Traders

|  |  | Debit | Credit |
| :---: | :---: | :---: | :---: |
|  | Trading acc <br> Inventory: Trading (opening) <br> Closing transfer of opening inventory | ^ 14885 | ^ 14885 |
|  | Inventory: Trading (closing) <br> Trading acc <br> Closing transfer of closing inventory | ^ 13550 | ^ 13550 |
|  | Sales <br> Settlement discount granted <br> Closing transfer of settlement discount granted | ^ 553 | $\wedge 553$ |
|  | Settlement discount received Purchases <br> Closing transfer of settlement discount received | ^ 155 | ^ 155 |
|  | Trading acc ^ Purchases (154 880-155) Carriage on purchases Sales returns Closing transfers to trading account | 156723 | $\begin{array}{r} \wedge 154725 \\ \wedge \quad 660 \\ \wedge 1338 \end{array}$ |
|  | Sales (256 400-553) <br> Purchases returns <br> Trading acc ^ <br> Closing transfers to trading account | $\begin{array}{r} \wedge 255847 \\ \wedge \quad 245 \end{array}$ | 256092 |
|  | Trading acc Profit or loss acc ^ Transfer of gross profit to profit or loss acc | ^^98034 | (1) 98034 |
|  | Profit or Loss acc ^ Credit losses Depreciation Insurance $\quad$ Packing materials Wages Water and electricity Closing transfers to profit or loss account | 82519 | $\begin{array}{r} \wedge 244 \\ \wedge \\ 15400 \\ \wedge \quad 2400 \\ \wedge \quad 3300 \\ \wedge \\ 56775 \\ \wedge \quad 4400 \end{array}$ |
|  | Commission income Rent income <br> Profit or loss acc Closing transfers | $\begin{array}{r} \wedge \\ \wedge \\ \wedge \end{array}$ | 18600 |
|  | Profit and Loss acc Capital ^ Closing transfer of net profit | ${ }^{\wedge} 134115$ | ^ 34115 |

( $34 \times 1 / 2=17$ )

## Please note:

- If a student closes off the purchases returns to the purchase account, it must be marked correct.
- The same applies to the sales returns when closed off against sales.

```
Capital
    Dramings
Closing transfer to copilmel
```

QUESTION 5 (21 marks)

| Cash Journals, VAT (^ = 1/2 mark) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| CASH RECEIPTS JOURNAL OF BRAVO TRADERS FOR JULY 20.9 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| DOC | Day | Details | Fol | Analysis of receipts | Bank | Sales | Debtors control | Settlem Discount granted | VAT Output | VAT Input | SUNDRY ACCOUNTS |  |  |
|  |  |  |  |  |  |  |  |  |  |  | Amount | Fol | Details |
| $\begin{array}{\|l} \text { CRR } \\ 776 \\ 777 \\ \text { CRR } \\ 778 \\ \text { CRR } \end{array}$ | 1 | Cash sales B Bord |  | R | R | R | R | R | R | R | R |  |  |
|  |  |  |  | ^ 684 |  | $\wedge 600$ |  |  | ^ 84 |  |  |  |  |
|  |  |  |  | ^ 650 |  |  | ^ 707 | $\wedge(50)$ |  | $\wedge \wedge(7)$ |  |  |  |
|  |  | B Bravo Cash sales Prince Garage Sales |  | $\wedge 25000$ | ^ 26334 |  |  |  |  |  | ^ 25000 |  | Capital ^ |
|  | 714 |  |  | ${ }^{\wedge} 2850$ | ^ 2850 | $\wedge 2500$ |  |  | ^ 350 |  |  |  |  |
|  |  |  |  | ^ 5500 |  |  |  |  | ^ 675 |  | ^ 4825 |  | Asset disposal*^ |
|  |  |  |  | ^ 7068 | ^ 12568 | ^ 6200 |  |  | ^ 868 |  |  |  |  |
|  |  |  |  |  | 41752 | 9300 | 707 | (50) | 1977 | (7) | 29825 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Or | isat | of vehicles |  |  |  |  |  |  |  |  |  |  | $\left(24 x^{1 / 2}=12\right)$ |


| CASH PAYMENTS JOURNAL OF BRAVO TRADERS FOR JULY 20.9 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Doc | Day | Details | Fol | Bank | Inventory: Trading | Stationery | Creditors Control | Settlement Discount Received | VAT Input | VAT Output | SUNDRY ACCOUNTS |  |  |
|  |  |  |  |  |  |  |  |  |  |  | Amount | Fol | Details |
| 543 | 5 | Draw Traders |  | ${ }^{\wedge} 1026$ |  | $\wedge 900$ |  |  | ${ }^{\wedge \wedge} 126$ |  |  |  |  |
| 544 | 12 | Dennis CC |  | A 3200 |  |  | ^ 3542 | $\wedge$ ^ (300) |  | ${ }^{\wedge \wedge}$ (42) |  |  |  |
| 545 | 19 | Halfway Garage |  | ^ 570 |  |  |  |  |  |  | ^ 570 |  | Fuel ${ }^{\wedge}$ |
| 546 | 28 | Kandas Stores |  | ^ 1368 | ^ 1000 |  |  |  | $\wedge \wedge 168$ |  | ^ 200 |  | Equipment ^ |
|  |  |  |  | 6164 | 1000 | 900 | 3542 | (300) | 294 | (42) | 770 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |

## OCT 2009 EXAMINATION PAPER WITH SUGGESTED SOLUTION

UNIVERSITY EXAMINATIONS



UNIVERSITEITSEKSAMENS
UNISA气

ACN101M
October/November 2009

# ACCOUNTING CONCEPTS, PRINCIPLES AND PROCEDURES (ACCOUNTING 101) 

Duration : 2 Hours
100 Marks
EXAMINERS :

FIRST:
PROF D SCOTT
DR AJ BAM
MR P MARAISANE
PROF JS JANSEN VAN RENSBURG

Use of a non-programmable pocket calculator is permissible.

This paper consists of 7 pages.

## PLEASE NOTE:

1. Ensure that you are writing the correct examination paper.
2. Ensure that you are handed the correct examination answer book (BLUE) by the invigilator.
3. All questions must be answered.
4. Basic calculations, where applicable, must be shown.
5. The answer to each question must be commenced on a new (separate) page.
6. Please do not answer the paper in pencil.
7. PROPOSED TIMETABLE (try not to deviate from this):

| QUESTION | SUBJECT | Marks | Time <br> (minutes) |
| :---: | :--- | :---: | :---: |
| 1 | Bank reconciliation | 20 | 24 |
| 2 | Financial statements | 30 | 36 |
| 3 | General ledger accounts | 26 | 31 |
| 4 | Gross profit determination | 13 | 16 |
| 5 | Note: Property, Plant and Equipment | 11 | 13 |
|  | TOTAL | 100 | 120 |

## QUESTION 1 (20 marks) (24 minutes)

Commence this question on a new (separate) page:
Basic calculations, where applicable, must be shown
The following information relates to Trouble Traders:
1.1 Bank reconciliation statement as at 31 March 2009:

|  | DEBIT | CREDIT |
| :---: | :---: | :---: |
|  | R | R |
| Balance per bank statement......................... |  | 13600 |
| Outstanding cheques: No.: 202 ..................... | 2400 |  |
| 273 ..................... | 600 |  |
| 274 .................... | 5000 |  |
| 275 .................... | 4600 |  |
| Outstanding deposit ................................... |  | 8600 |
| Balance per bank account............................ | 9600 |  |
|  | 22200 | 22200 |
|  |  |  |

1.2 Information obtained from the bank columns in the cash journals for April 2009:
(a) Cash receipts journal:

|  |  | R |
| :---: | :---: | :---: |
| Deposits: | 03 April ............................... | 4000 |
|  | 07 April ..... | 9000 |
|  | 14 April .............................. | 6000 |
|  | 21 April .............................. | 15000 |
|  | 28 April ...................... | 7000 |
| Provisional total |  | 41000 |
|  |  |  |

All cash received has been banked.
(b) Cash payments journal:

1.3 Information obtained from the bank statement for April 2009:
(a) Credit entries:

| Deposits: |  | R |
| :---: | :---: | :---: |
|  | 01 April ............................... | 8600 |
|  | 03 April ............................... | 4000 |
|  | 07 April ............................... | 9000 |
|  | 14 April .............................. | 6000 |
|  | 17 April ............................... | 1700 |
|  | 21 April ............................... | 15000 |
| Interest |  | 190 |

(b) Debit entries:

|  | R |
| :---: | :---: |
| Cheque no.: 275. | 4600 |
| 278................................ | 1600 |
| 279................................... | 8400 |
| 280.................................... | 1100 |
| 281.................................... | 1700 |
| 282. | 30000 |
| 283.................................... | 5000 |
| 285. | 2400 |
| B Borwa (Stop order for rent) ....................... | 800 |
| Sundry bank charges ................................ | 250 |
| Cheque book. | 40 |
| "R/D" cheque: V Vala ................................ | 400 |

(c) Balance per bank statement at 30 April 2009: R1 800 (Cr)

Additional information:
(a) Cheques outstanding for more than six months must be regarded as stale.
(b) Balance per bank account at 1 April 2009, R9 600 (Dr)
(c) Cheque no 202 was issued to M Monk on 11 September 2008 for repairs to vehicles.
(d) A debtor T Tom, deposited R1 700 on 17 April without notifying Trouble Traders.
(e) The correct amount of cheque no 285 is R4 300.

## REQUIRED:

1.1 Prepare the cash receipts journal for April 2009 (details and bank columns only) - commence with the provisional total given above.
1.2 Prepare the cash payments journal for April 2009 (details and bank columns only) - commence with the provisional total given above.
1.3 Show the bank account, properly balanced, in the general ledger.
1.4 Prepare the bank reconciliation statement as at 30 April 2009 - commence with the balance as per bank statement.

## QUESTION 2 (30 marks) (36 minutes)

## Commence this question on a new (separate) page.

Basic calculations, where applicable, must be shown.
The following information relates to Comp Installations (who also sells equipment).
2.1 List of balances as at 30 April 2009:

|  | R |
| :---: | :---: |
| Capital (1 May 2008) | 400000 |
| Drawings | 98000 |
| Bank (favourable) | 45000 |
| Investment (5\% fixed deposit at Monument Bank) | 50000 |
| Inventory: Merchandise | 125000 |
| Vehicles at cost | 750000 |
| Equipment at cost | 300000 |
| Accumulated depreciation: Vehicles (1 May 2008) | 150000 |
| Equipment (1 May 2008) | 100000 |
| Debtors control | 30000 |
| Creditors control | 12000 |
| Income from services rendered | 700000 |
| Sales | 386000 |
| Cost of sales | 200000 |
| Administrative and general expenses ......................................................... | 150000 |

### 2.2 Additional information:

(a) Included in sales is an amount of R15 000, received on 30 April 2009, being a deposit on an order to be completed during the next financial year.
(b) The electricity account for R1 500 (for the owner) for April 2009 was paid by a business cheque and must still be recorded.
(c) The investment was made on 1 May 2005. Interest to the amount of R2500, due on 30 April 2009, must still be recorded.
(d) Stationery of R2 000 on hand at 30 April 2009 must still be recorded.
(e) Depreciation on vehicles (R150 000) and on equipment (R70 000) must still be recorded.

## REQUIRED:

(NB: Notes to the financial statements are not required)
2.1 Calculate the total comprehensive income (net profit) of Comp Installations for the year ended 30 April 2009.
2.2 Prepare the Statement of Changes in Equity of Comp Installations for the year ended 30 April 2009 in accordance with GAAP.
2.3 Prepare the Statement of Financial Position of Comp Installations as at 30 April 2009 in accordance with GAAP.

## QUESTION 3 (26 marks) (31 minutes)

## Commence this question on a new (separate) page:

The trial balance of Pronto dealers shows the following balances on 1 February 2009.

|  | R |
| :---: | :---: |
| Bank (Credit balance). | 2220 |
| Cost of sales | 186000 |
| Trading inventory | 52000 |
| Sales | 385000 |
| VAT Input | 1500 |
| VAT Output | 1880 |

The following subsidiary journals, with only the totals of the analysis columns shown below, appeared in the books of Pronto Dealers at 28 February 2009.

Cash receipts journal: 28 Feb 2009.

| Bank | Sales | Cost of <br> Sales | Debtors <br> control | Settlement <br> Discount <br> granted | Vat <br> Output | Vat <br> Input | Sundry <br> amount |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| R | R | R | R | R | R | R | R |
| ${ }^{*} ?$ | 16000 | 8000 | 5550 | $(150)$ | 2240 | $(20)$ | - |

* Total to be calculated.

Cash payments journal: 28 Feb 2009.

| Bank | Purchases | Creditors | Vat Input | Vat <br> Output | Settlement <br> Discount received | Sundry <br> amount |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| R | R | R | R | R | R | R |
| $* * ?$ | 5800 | 8200 | 1148 | $(25)$ | $(100)$ | 3395 |

** Total to be calculated.
Sales journal: 28 Feb 2009.

| Debtors | Sales | Cost of sales | Vat Output |
| :---: | :---: | :---: | :---: |
| $R$ | $R$ | $R$ | $R$ |
| 15960 | 14000 | 7000 | 1960 |

Purchases journal: 28 Feb 2009.

| Creditors | Purchases | Vat Input |
| :---: | :---: | :---: |
| $R$ | $R$ | $R$ |
| 10488 | 9200 | 1288 |

Sales returns journal: 28 Feb 2009.

| Debtors | Sales returns | Cost of sales | Vat Output |
| :---: | :---: | :---: | :---: |
| $R$ | $R$ | $R$ | $R$ |
| 285 | 250 | 125 | 35 |

Purchases returns journal: 28 Feb 2009.

| Creditors | Purchases <br> returns | Vat Input |
| :---: | :---: | :---: |
| R | R | R |
| 969 | 850 | 119 |

QUESTION 3 (continued)

## REQUIRED:

Prepare the following general ledger accounts for Pronto Dealers for February 2009:

> Bank ..................
> Cost of sales .......
> Trading inventory
> Sales .....................
> VAT Input ...........
> VAT Output ........

QUESTION 4 (13 marks) (16 minutes)

## Commence this question on a new (separate) page:

The following information was extracted from the Trial Balance of Jumbo Traders for the years ended 30 September 2008 and 30 September 2009.

|  | 30 Sept 2009 | 30 Sept 2008 |
| :--- | :---: | :---: |
| Inventory | R | R |
| Debtors Control | 165000 | 155000 |
| Allowances for credit losses | 203000 | 159000 |
| Creditors control | 25000 | 18000 |

Additional information:
a) Cash received from customers during the year ended 30 September 2009, amounted to R950 000 and credit losses of R8 000 had been written off.
b) Cash payments to suppliers during the year ended 30 September 2009, amounted to R560 000 .

## REQUIRED:

Calculate the gross profit of Jumbo Traders for the year ended 30 September 2009, by preparing the following general ledger accounts:

Inventory
Debtors control
Creditors control
Trading account

QUESTION 5 (11 marks) (13 minutes)
Commence this question on a new (separate) page:
EXTRACT FROM THE GENERAL LEDGER OF GOOFY TRADERS

| Dr VEHICLES Cr |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| ‘08 <br> Jan <br> Mrch <br> Aug | 31 | Balance Bank GG Garage | b/d | R | $0 \begin{aligned} & \text { O8 } \\ & \text { Aug } \\ & \text { Dec } \end{aligned}$ | 1 | Realisation of Vehicles Balance | c/d | $R$100000550000 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | 460000 |  |  |  |  |  |
|  |  |  |  | 120000 |  |  |  |  |  |
|  |  |  |  | 70000 |  |  |  |  |  |
|  |  |  |  | 650000 |  |  |  |  | 650000 |
| ‘09 | 1 | Balance | b/d | 550000 |  |  |  |  |  |




## REQUIRED:

Use the information from the information above and prepare the NOTE ON PROPERTY, PLANT AND EQUIPMENT for Goofy Traders for the year ended on 31 December 2008.

QUESTION 1 (20 marks) (24 minutes)
1.1 Cash receipts journal for April 2009:

| Provisional total. | $\stackrel{R}{\checkmark} 41000$ |
| :---: | :---: |
| M Monk (stale cheque) | $\checkmark 2400$ |
| T Tom (direct deposit). | $\checkmark 1700$ |
| Interest income | $\checkmark 190$ |
|  | 45290 |

(4)
1.2 Cash payments journal for April 2009:

(4)

(4)
1.4 Bank reconciliation statement at 30 April 2009:

|  | DEBIT | CREDIT |
| :---: | :---: | :---: |
|  | R | R |
| Balance per bank statement. |  | 1800 |
| Outstanding cheques:No 273 ...................................... | $\checkmark 600$ |  |
| 274 | $\checkmark 5000$ |  |
| 284 | $\checkmark 3500$ |  |
| 286 | $\checkmark 3360$ |  |
| Outstanding deposits ( $7000+9000$ ). |  | $\checkmark 7000$ |
| Bank error (cheque no 285) R(4 300-2 400). | $\checkmark \checkmark 1900$ |  |
| Balance per bank account |  | $\checkmark 5560$ |
|  | 14360 | 14360 |
|  |  |  |

QUESTION 2 (30 marks) (36 minutes)
2.1

COMP INSTALLATIONS
Calculation of profit:

| Income (386 000-15000). | R |
| :---: | :---: |
|  | $\checkmark \checkmark 371000$ |
| Cost of sales | $\checkmark 200000$ |
|  | 171000 |
| Income from services rendered ......................................................................................................................................Interest income ...... | $\checkmark 700000$ |
|  | $\checkmark \quad 2500$ |
|  | 873500 |
| Selling, administrative and general expenses $R(150000-2000)$ Depreciation R(150 $000+70000)$ | $\checkmark \checkmark$ (148 000) |
|  | $\checkmark \checkmark$ (220000) |
| Profit for the year Other comprehensive income for the year Total comprehensive income for the year | 505500 |
|  | - |
|  | $\checkmark 505500$ |

## 2.2 <br> COMP INSTALLATIONS <br> STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL $2009 \checkmark$


2.3

COMP INSTALLATIONS
STATEMENT OF FINANCIAL POSITION AT 30 APRIL $2009 \checkmark$


```
*Property Plant and Equipment:
Calculation:
R750 000 + 300 000 - (150 000 + 100 000) - (150 000 + 70 000) = R580 000
```

QUESTION 3 (26 marks) (31 minutes)
^ = $1 / 2$ mark
GENERAL LEDGER: FEBRUARY 2009

$\left(6 x^{1} / 2=3\right)$

$\left(8 x^{1} / 2=4\right)$

( $12 x^{1} / 2=6$ )

$\left(6 x^{1} / 2=3\right)$

| dr | VAT Input |  |  |  |  |  |  | Cr |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Feb'09 | $\begin{aligned} & 1 \\ & 28 \end{aligned}$ | Balance <br> Bank/Debtor <br> Bank <br> Creditors | c/d <br> CRJ <br> CPJ <br> PJ | R | Feb'09 | 28 | Creditors Balance | PRJ c/f | R |
|  |  |  |  | ^ 1500 |  |  |  |  | ^^ 119 |
|  |  |  |  | ^^ 20 |  |  |  |  | ^ 3837 |
|  |  |  |  | ^^1148 |  |  |  |  |  |
|  |  |  |  | ^^1288 |  |  |  |  |  |
|  |  |  |  | 3956 |  |  |  |  | 3956 |
| Mch'09 | 1 | Balance | c/d | 3837 |  |  |  |  |  |

$\left(10 x^{1 / 2}=5\right)$


QUESTION 4 (13 marks) (16 minutes)
$\wedge=1 / 2$ mark

| dr |  | INVENTORY |  |  |  |  | cr |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| '08 | Balance | c/d | R | $\begin{aligned} & \text { '09 } \\ & \text { Sept } 30 \end{aligned}$ | Cost of sales Balance | c/f | R |
| Oct 1 |  |  | ^155000 |  |  |  | ^^ 602000 |
| '09 |  |  |  |  |  |  | ^ 165000 |
| Sept 30 | Creditors |  | ^^612000 |  |  |  |  |
|  |  |  | 767000 |  |  |  | 767000 |
| $\begin{aligned} & \text { ‘09 } \\ & \text { Oct } 1 \end{aligned}$ | Balance | c/d | 165000 |  |  |  |  |

$\left(6 x^{1} / 2=3\right)$

$\left(8 x^{1} / 2=4\right)$

$(6 x 1 / 2=3)$

| dr TRADING ACCOUNT ${ }^{\text {ar }}$ |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| $\begin{aligned} & \text { '09 } \\ & \text { Sept } 30 \end{aligned}$ | Cost of sales Profit or loss (gross profit) | R | $\begin{aligned} & \text { ‘09 } \\ & \text { Sept } 30 \end{aligned}$ | Sales | R |
|  |  | ^^602000 |  |  | ^^1002 |
|  |  | ^^400 00 |  |  | 000 |
|  |  | 1002000 |  |  | 1002000 |
|  |  |  |  |  |  |

[Q4: $\quad 26 \div 2=13]$ $\{$ Total Q4 $=13\}$

QUESTION 5 (11 marks) (13 minutes)

## GOOFY TRADERS:

FINANCIAL STATEMENTS AT 31 DECEMBER 2008:
NOTE ON PROPERTY, PLANT AND EQUIPMENT

|  | R |
| :---: | :---: |
| Carrying amount |  |
| Beginning of the year | 285000 |
| Cost price | $\checkmark 460000$ |
| Accumulated depreciation on vehicles.......................................... | $\checkmark(175000)$ |
| Additions (120 000 + 70 000) | $\checkmark \checkmark 190000$ |
| Depreciation (5000 + 48 000) ................................................. | $\checkmark \checkmark$ (53 000) |
| Disposals: | (35000) |
| Cost price | $\checkmark 100000$ |
| Accumulated depreciation | $\checkmark$ (65 000) |
| Carrying amount |  |
| End of the year .......................................................................... | $\checkmark 387000$ |
| Cost. | $\checkmark 550000$ |
| Accumulated depreciation ............................................................ | $\checkmark(163000)$ |

[Q5: $=11]$

UNISA 2010

## 5. MAY 2009 EXAMINATION PAPER WITH SUGGESTED SOLUTION



## ACN101M <br> RAC101B

May/June 2009

## ACCOUNTING CONCEPTS, PRINCIPLES AND PROCEDURES (ACCOUNTING 101)

Duration : 2 Hours
100 Marks
EXAMINERS :

```
    FIRST :
SECOND :
```

                                    PROF D SCOTT DR AJ BAM
    MISS A DU PLESSIS MRS KA NKOME

PROF JS JANSEN VAN RENSBURG

Use of a non-programmable pocket calculator is permissible.
This paper consists of 6 pages.

## PLEASE NOTE:

1. Ensure that you are writing the correct examination paper.
2. Ensure that you are handed the correct examination answer book (BLUE) by the invigilator.
3. All questions must be answered.
4. Basic calculations, where applicable, must be shown.
5. The answer to each question must be commenced on a new (separate) page.
6. Please do not answer the paper in pencil.
7. PROPOSED TIMETABLE (try not to deviate from this):

| Question | Subject | Marks | Time in <br> minutes |
| :---: | :--- | :---: | :---: |
| 1 | Cash journals | 20 | 24 |
| 2 | Statement of changes in equity | 6 | 7 |
| 3 | Note to financial statements | 24 | 29 |
| 4 | Statement of comprehensive income | 27 | 32 |
| 5 | Non-profit organization accounting | 23 | 28 |
|  | TOTAL | 100 | 120 |

## QUESTION 1 (20 marks) (24 minutes)

Dr. P. Heal is a general medical practitioner and is registered as a VAT vendor.
For the month of March 2009 the following transactions took place:
1 March Issued cheque 114 to the amount of R1 254, to Spacious Properties for rental.
K. Kelly paid her account of R275 and receipt 450 was issued to her.

Issued receipt 451 to J. Jail who paid R1 710 for consulting fees.
2 March The Electricity statement of R855 was paid by cheque number 115.
Cheque 116 was issued to Pharmacy Trading, for payment due on the practice's medicine account of R2 300.
4 March Received an invoice from Pharmacy Trading who supplied medicine to the value of R5 000 on credit.
9 March Receipt 452 issued to Y. Old for the amount of R383 in full settlement of his account of R440.
10 March Paid R300 to Fillup Garage for petrol (cheque 117) (Note: No VAT applicable on petrol).
12 March Deposited R9 120 into the bank account for fees earned (Receipts 453 and 491).
Dr. P. Heal withdrew R1 000 (cheque 118) and purchased Christmas gifts for his wife and family.

15 March K. Legodi consulted Dr. Heal and was charged R400.

## ADDITIONAL INFORMATION:

1. VAT is calculated at $14 \%$ and is included in all the amounts in the above transactions.
2. The debtors control account showed a balance of R20 314 as at 28 February 2009.

## REQUIRED:

Prepare the cash receipts journal (CRJ) and cash payments journal (CPJ) of Dr. P. Heal for the month ending 31 March 2009. Provide for the following analysis columns:

- Cash receipts journal:
- Bank, Debtors, Fees earned, VAT output, VAT input and Sundries.


## - Cash payments journal:

- Bank, Creditors, VAT input and Sundries.


## QUESTION 2 (6 marks) (7 minutes)

The following account appeared, inter alia, in the general ledger of Bopa Stores on 30 April 2009, the end of the financial year.

| Dr CAPITAL ${ }^{\text {ar }}$ |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\begin{aligned} & 2009 \\ & \text { April } \end{aligned}$ | 30 | Drawings Profit or Loss Balance | $\begin{gathered} \text { GJ213 } \\ \text { GJ219 } \\ \text { c/d } \end{gathered}$ | $\begin{gathered} R \\ 15000 \\ 77000 \\ 553000 \end{gathered}$ | 2008 <br> May <br> 2009 <br> Jan <br> Febr | $\begin{array}{\|l} 1 \\ 10 \\ 20 \end{array}$ | Balance <br> Bank <br> Equipment | b/d | $\begin{gathered} R \\ 500000 \\ 100000 \\ 45000 \end{gathered}$ |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | 645000 |  |  |  |  | 645000 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | May | 1 | Balance | b/d | 553000 |

## REQUIRED:

Prepare the Statement of Changes in Equity for the year ended 30 April 2009.

## QUESTION 3 (24 marks) (29 minutes)

On 28 February 2009, the end of the financial year, the following accounts appeared, amongst others, in the General Ledger of Berta Traders:



QUESTION 3 (continued)

| Dr |  | EQUIPMENT (at cost) |  |  |  |  |  |  | Cr |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 2008 |  |  |  | R | 2008 |  |  |  | R |
| March | 1 | Balance | b/d | 130000 | April | 1 | Realisation | GJ11 | 16000 |
| Jun | 30 | SS Furnitures | GJ10 | 25000 | Dec | 1 | Realisation | GJ22 | 14000 |
|  |  |  |  |  | $2009$ | 28 | Balance | c/d | 125000 |
| 2009 |  |  |  | 155000 |  |  |  |  | 155000 |
| March | 1 | Balance | b/d | 125000 |  |  |  |  |  |




## REQUIRED:

Prepare the note on Property, Plant and Equipment that accompanies the Financial Statements as at 28 February 2009.

QUESTION 4 (27 marks)(32 minutes)
The following information was obtained from the books of Robot Traders.

| TRIAL BALANCE OF ROBOT TRADERS AS AT 28 FEBRUARY 2009 |  |  |
| :---: | :---: | :---: |
|  | $\begin{gathered} \text { Debit } \\ \text { R } \end{gathered}$ | Credit R |
| Capital |  | 100000 |
| Drawings. | 2445 |  |
| Land and Buildings (at cost) ......................................................... | 200000 |  |
| Vehicles (at cost)........................................................................ | 120000 |  |
| Furniture and fittings (at cost) | 65000 |  |
| Accumulated depreciation on vehicles (1 March 2008)...................... |  | 54700 |
| Accumulated depreciation on furniture and fittings (1 March 2008) ...... |  | 22700 |
| Debtors control | 6780 |  |
| Inventory: Trading (1 March 2008) ................................................. | 13550 |  |
| Bank | 7775 |  |
| Cash float | 500 |  |
| Mortgage loan. |  | 150000 |
| Loan from Africa Bank (@ 12\% p.a.). |  | 50000 |
| Creditors control |  | 3200 |
| Sales.. |  | 243645 |
| Carriage on purchases | 660 |  |
| Commission income |  | 15000 |
| Credit losses. | 244 |  |
| Insurance .. | 2400 |  |
| Packing materials | 3300 |  |
| Purchases. | 154880 |  |
| Purchases returns |  | 245 |
| Rent income |  | 3300 |
| Sales returns | 1338 |  |
| Settlement discount granted. | 553 |  |
| Settlement discount received |  | 155 |
| Stationery | 2345 |  |
| Wages | 56775 |  |
| Water and electricity ................................................................... | 4400 |  |
|  | 642945 | 642945 |

Additional information:
(a) Inventory on hand at 28 February 2009

- Trading inventory - R12 800
- Stationery - R345.
(b) The insurance payment of R2 400 includes a premium of R200 for March 2009.
(c) The loan was obtained from Africa Bank on 1 September 2008. The interest on the loan has still to be paid.
(d) The rent for February 2009 is still outstanding.
(e) Provision must be made for depreciation as follows:
- Vehicles $-20 \%$ on the diminishing balance method.
- Furniture and fittings $-10 \%$ per annum on the cost price.


## REQUIRED:

4.1 Record the adjustments in the general journal of Robot Traders. (Ignore narrations)
4.2 Prepare the statement of comprehensive income of Robot Traders for the year ended 28 February 2009.

QUESTION 5 (23 marks)(28 minutes)
The following information pertains to the Dolphins Diving Club:

## Extract from the list of balances as at 31 March 2009:



## Additional information:

(a) Bar inventory at 31 March 2009 amounted to R20 000.
(b) At 31 March 2009, the crockery and linen was valued at R6 000.
(c) The total depreciation for the year on furniture, equipment and vehicles amounted to R28 680 and must still be provided for.
(d) Insurance premiums to the amount of R5 200 was paid during the year and debited to the general expenses account. An amount of R2 000 thereof was prepaid insurance premiums.
(e) The club had 190 members during the current financial year. Membership fees amounts to R1 000 per member per annum. All of the members paid their membership fees for the current year. R15 000 of the membership fees in arrears on 1 April 2008 must be written off as irrecoverable.
(f) During the current year 20 new members joined the club. Each new member paid an entrance fee of R100. The entrance fees which must be capitalised, was erroneously recorded as membership fees received.
(g) The salary of the club secretary of R3 000 for March 2009 is still due and must be provided for.

## REQUIRED:

Prepare the following for the Dolphins Diving Club:
5.1 The membership fees account for the year ended 31 March 2009, properly balanced.
5.2 The income and expenditure statement for the year ended 31 March 2009. (Show a separate calculation for the gross profit of the bar.)

## SUGGESTED SOLUTIONS:

QUESTION 1 (20 marks) (30 minutes)

## Dr P Heal

CASH RECEIPTS JOURNAL - 31 DECEMBER 2008

| Receipts No. | Date | Details | Bank R | Debtors Control R | Fees Earned R | VATOutputR | VAT Input R | Sundries |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |  | Amount R | Details |
| R450 | 1 | K Kelly | $\wedge 275$ | $\checkmark 275$ |  |  |  |  |  |
| R451 | 1 | J Jail | $\wedge 1710$ |  | $\checkmark 1500$ | $\checkmark 210$ |  |  |  |
| R452 | 9 | Y Old | ^383 | $\checkmark 440$ |  |  | $\checkmark$ (7) | $\checkmark$ (50) | Settlement discount allowed ^ |
| R453-491 | 12 | Cash deposit | ^9 120 |  | $\checkmark 8000$ | $\checkmark 1120$ |  |  |  |
| Totals |  |  | 11488 | 715 | 9500 | 1330 | (7) | (50) |  |

(10)

Dr P Heal
CASH PAYMENT JOURNAL - 31 DECEMBER 2008

| Cheque No. | Date | Details | Bank R | Creditors Control R | VAT Input R | Sundries |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  | $\begin{gathered} \text { Amount } \\ R \end{gathered}$ | Details |
| C114 | 1 | Spacious Properties | ^1254 |  | $\checkmark 154$ | $\checkmark 1100$ | Rental paid |
| C115 | 2 | Cash | $\wedge 855$ |  | $\checkmark 105$ | $\checkmark 750$ | Electricity |
| C116 | 2 | Pharmacy Trading | ^2 300 | $\checkmark 2300$ |  |  |  |
| C117 | 10 | Fillup Garage | $\wedge 300$ |  |  | $\checkmark 300$ | Petrol |
| C118 | 12 | Cash | $\checkmark 1000$ |  |  | $\checkmark 1000$ | Drawings |
| Totals |  |  | 5709 | 2300 | 259 | 3150 |  |

QUESTION 2 (6 marks) (7 minutes)
BOPA STORES
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2009


QUESTION 3 (24 marks) (29 minutes)
ASSET REALISATION
NOTES TO THE FINANCIAL STATEMENTS OF BERTA TRADERS AS AT 28 FEBRUARY 2009
PROPERTY, PLANT AND EQUIPMENT
Format:

|  | LAND AND BUILDINGS | VEHICLES | EQUIPMENT | TOTAL |
| :---: | :---: | :---: | :---: | :---: |
| Carrying amount at beginning of year | $\begin{gathered} R \\ \checkmark 500000 \end{gathered}$ | $\begin{gathered} R \\ \checkmark 145000 \end{gathered}$ | $\begin{aligned} & \mathrm{R} \\ & \checkmark 79000 \end{aligned}$ | $\begin{gathered} R \\ \checkmark 724000 \\ \hline \end{gathered}$ |
| Cost price Accumulated depreciation | $\sqrt{500} 000$ | $\begin{array}{r} \checkmark 240000 \\ \checkmark(95000) \\ \hline \end{array}$ | $\begin{array}{r} \checkmark 130000 \\ \checkmark(51000) \\ \hline \end{array}$ | $\begin{array}{r} 870000 \\ (146000) \\ \hline \end{array}$ |
| Additions Depreciation Disposals | $\begin{array}{r} \checkmark 200000 \\ 0 \\ 0 \\ \hline \end{array}$ | $\begin{array}{r} \checkmark 120000 \\ \checkmark(60000) \\ \quad(22000) \\ \hline \end{array}$ | $\begin{array}{r} \checkmark 25000 \\ \checkmark(26000) \\ (19000) \\ \hline \end{array}$ | $\begin{aligned} & 345000 \\ & (86000) \\ & (41000) \end{aligned}$ |
| Cost price Accumulated depreciation | 0 | $\begin{array}{r}  \\ \hline \\ (65000) \\ \checkmark 43000 \\ \hline \end{array}$ | $\begin{array}{r} \hline \\ \hline(30000) \\ \checkmark 11000 \\ \hline \end{array}$ | $\begin{array}{r} \hline 95000) \\ 54000 \\ \hline \end{array}$ |
| Carrying amount at the end of the year | 700000 | 183000 | 59000 | 942000 |
| Cost price Accumulated depreciation | $\begin{array}{r} \checkmark 700000 \\ 0 \end{array}$ | $\begin{array}{r} \checkmark 295000 \\ \checkmark(112000) \\ \hline \end{array}$ | $\begin{array}{r} \checkmark 125000 \\ \checkmark(66000) \\ \hline \end{array}$ | $\begin{array}{r} 1120000 \\ (178000) \\ \hline \end{array}$ |

QUESTION 4 (27 marks) (32 minutes)
4.1 Adjustments: General Journal

|  |  | $\begin{gathered} \text { Debit } \\ R \end{gathered}$ | $\begin{gathered} \text { Credit } \\ \mathrm{R} \end{gathered}$ |  |
| :---: | :---: | :---: | :---: | :---: |
| a | ```Inventory: Trading (closing) Trading Inventory: Trading (closing balance) brought into account``` | 12800 | 12800 | $\wedge$ |
|  | Inventory: Stationery Stationery <br> Unused stationery at year end | 345 | 345 | $\wedge$ |
| b | Expensed Prepaid Insurance <br> Premium paid in advance | 200 | 200 | $\wedge$ |
| c | ```Interest on loan Expenses Accrued Interest on loan to be paid (12% x 6 months x R50 000)``` | 3000 | 3000 | $\wedge$ |
| d | Income Accrued <br> Rent income <br> Rent for June not received | 300 | 300 | $\wedge$ |
| e | Depreciation <br> Accumulated depreciation on vehicles <br> Accumulated depreciation on Furniture \& Fittings <br> Vehicles ( $20 \%$ on diminishing balance) <br> Furniture \& Fittings ( $10 \%$ on cost price) | 19560 | $\begin{array}{r} 13060 \\ 6500 \end{array}$ | $\wedge \wedge$ |

## QUESTION 4

4.2 .

STATEMENT OF COMPREHENSIVE INCOME (INCOME STATEMENT) OF ROBOT TRADERS FOR THE YEAR ENDED $28^{\text {TH }}$ FEBRUARY 2009


QUESTION 5 (23 marks)
5.1 Membership fees account

MEMBERSHIP FEES ACCOUNT

| Dr | MEMBERSHIP FEES ACCOUNT |  |  |  | Cr |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 2008 |  | R | 2008 |  | R |
| Apr 1 | Accrued income | $\checkmark 30000$ | Apr 1 | Income received in |  |
| 2009 |  |  |  |  | $\checkmark 40000$ |
| Mar 31 | Entrance fees | $\checkmark 2000$ | 2009 |  |  |
|  | Income \& Expenditure |  | Mar 31 | Bank | $\checkmark 202000$ |
|  | $(190 \times R 1000)$ | $\checkmark \checkmark 190000$ |  | Credit losses | $\checkmark 15000$ |
|  | Income received in advance | $\checkmark 35000$ |  |  |  |
|  |  | 257000 |  |  | 257000 |
|  |  |  | 2009 | Income received in |  |
|  |  |  | Apr 1 | advance | 35000 |

5.2 Income and expenditure statement

DOLPHINS DIVING CLUB ( $1 / 2$ mark)
INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2009 ( $1 / 2$ mark)

|  | R |
| :---: | :---: |
| Income | 321800 |
| Membership fees | 190000 |
| Donation received | $\checkmark 4000$ |
| Diving fees received | $\checkmark 67800$ |
| Bar income | 60000 |
| Bar gross profit (a) | $\checkmark 90000$ |
| Bar wages | $\checkmark(30000)$ |
| Expenditure | (222 080) |
| General expenses (R16 400 - R5 200) | $\checkmark \checkmark 11200$ |
| Insurance (R5 200 - R2 000 - R1 200) | $\checkmark \checkmark \checkmark 2000$ |
| Maintenance | $\checkmark 40200$ |
| Salaries and wages (R96 $000+\mathrm{R} 3000$ ) | $\checkmark \checkmark 99000$ |
| Stationery | $\checkmark 12000$ |
| Credit losses | 15000 |
| Depreciation (R28 $680+\mathrm{R} 14000$ see (b)) | $\checkmark \checkmark 42680$ |
| Surplus for the year | 99720 |

(15)

## Calculations:

(a) Bar gross profit

|  | R |
| :---: | :---: |
| Bar sales | (^) 200000 |
| Cost of sales: | (110000) |
| Bar inventory - 1 Apr 2008 | (^) 10000 |
| Bar purchases | (^) 120000 |
|  | 130000 |
| Bar inventory - 31 Mar 2009 | (^) $(20000)$ |
| Gross profit | 90000 |

(b) Depreciation

Crockery and linen:

$$
R 20000-R 6000)=R 14000
$$

## 5. EXAMPLE OF EXAMINATION PAPER

Below is the exam paper for October 2008, with the solutions.

## This paper consists of $\mathbf{6}$ pages. The duration is $\mathbf{2}$ hours.

## PLEASE NOTE:

1. Ensure that you are writing the correct examination paper.
2. Ensure that you are handed the correct examination answer book (BLUE) by the invigilator.
3. All questions must be answered.
4. Basic calculations, where applicable, must be shown.
5. The answer to each question must be commenced on a new (separate) page.
6. Please do not answer the paper in pencil.
7. PROPOSED TIMETABLE (try not to deviate from this):

| Question | Subject | Marks | Time in <br> minutes |
| :---: | :--- | :---: | :---: |
| 1 | Cash transactions and bank reconciliation | 25 | 30 |
| 2 | Debtors control account | 18 | 22 |
| 3 | Incomplete records | 25 | 30 |
| 4 | Closing entries | 32 | 38 |
|  | TOTAL | 100 | 120 |

QUESTION 1 (25 marks) (30 minutes)
The following bank reconciliation statement was prepared at 31 March 2008 in the books of Lungile Services:

| Bank reconciliation statement as at 31 March 2008 |  |  |
| :---: | :---: | :---: |
|  | Debit | Credit |
|  | R | R |
| Credit balance as per bank statement .................................. |  | 1649 |
| Credit outstanding deposit................................................. |  | 960 |
| Credit incorrect entry on bank statement .............................. |  | 204 |
| Debit outstanding cheques: |  |  |
|  | 360 |  |
| No. 813....................................................................... | 102 |  |
| No. 821 | 199 |  |
| Debit balance as per bank account...................................... | 2152 |  |
|  | 2813 | 2813 |

The following is a summary of the deposits and cheque payments recorded in the cash receipts journal and the cash payments journal for April 2008:

| Cash receipts journal |  |  |  | Cash payments journal |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\text { \|l } \begin{aligned} & \text { Doc } \\ & \text { No. } \end{aligned}$ | Date | Details | Bank (Amount deposited) | Doc. No. | Date | Details | Bank (Amount paid) |
|  | $\begin{gathered} 7 \\ 16 \\ 20 \\ 27 \\ 30 \end{gathered}$ | Deposit Deposit L. Good Deposit Deposit | $\begin{array}{r} \hline \mathrm{R} \\ 932 \\ 1992 \\ 420 \\ 2152 \\ 1152 \end{array}$ | $\begin{array}{\|\|l\|} \hline 823 \\ 824 \\ 825 \\ 826 \\ 827 \\ S 0 \\ 828 \\ C U \\ 829 \end{array}$ | $\begin{gathered} 3 \\ 6 \\ 11 \\ 16 \\ 20 \\ 25 \\ 27 \\ \\ 30 \end{gathered}$ | Telephone <br> Purchases <br> Insurance <br> Wages <br> F Andy <br> Salaries <br> Water and electricity <br> K Dandy <br> G Bush | $\begin{array}{r} \hline \mathrm{R} \\ 360 \\ 4530 \\ 244 \\ 252 \\ 376 \\ 1950 \\ 84 \\ 142 \\ 685 \end{array}$ |

## Abbreviations:

SO = Stop order
CU = Cheque previously deposited, unpaid (R/D)

The bank statement received on 30 April was as follows:

| Bank statement: Lungile Services - April 2008 |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
| Date | Details of | Debit | Credit | Balance |
| $\begin{gathered} \text { April } \\ 1 \end{gathered}$ | Balance | R | R | $\begin{array}{c\|} \hline \mathrm{R} \\ 1649 \mathrm{Cr} \end{array}$ |
|  |  |  |  |  |
|  | Error corrected |  | 204 | 1853 Cr |
| 2 | Deposit .................................................... |  | 960 | 2813 Cr |
|  | Cash deposit fee. | 19 |  | 2794 Cr |
| 7 | Cheque No. 821. | 199 | 932 | 2595 Cr |
|  | Deposit |  |  | 3527 Cr |
| 12 | Cash deposit fee. | 18 | 240 | 3509 Cr |
|  | Deposit (rent)............................................. |  |  | 3749 Cr |
|  | Cash deposit fee........................................ | 5 |  | 3744 Cr |
| 16 | Cheque No. 823 | $\begin{array}{r} 360 \\ 4350 \end{array}$ |  | 3384 Cr |
| 20 | Cheque No. 824 |  | 1992 | 966 Dr |
|  | Deposit ..................................................... | 40 |  | 1026 Cr |
|  | Cash deposit fee........................................ |  | 420 | 986 Cr |
|  | Deposit .................................................... |  |  | 1406 Cr |
|  | Cash deposit fee. | 8 |  | 1398 Cr |
|  | MF.. | 90 | 2152 | 1308 Cr |
| $\begin{aligned} & 25 \\ & 27 \end{aligned}$ | Cheque No. 825 | 244 |  | 1064 Cr |
|  | Cheque No. 826 ......................................... | 252 |  | 812 Cr |
|  | Stop order................................................. | 1950 |  | 1138 Dr |
|  | Deposit ..................................................... |  |  | 1014 Cr |
|  | Cash deposit fee........................................ | 43 |  | 971 Cr |
|  | Unpaid cheque (K Dandy)........................... | 142 |  | 829 Cr |
|  | Cheque fees ............................................. | 16 |  | 813 Cr |
|  | IN ...... | 10 |  | 803 Cr |

## Additional information:

1. Abbreviations:

MF= Management Fee
IN = interest on overdraft.
2. Cheque No. 558 was drawn on 16 October 2007 in favour of K Kara for repairs to the building. The cheque is stale and must be cancelled.
3. The correct amount of cheque 824 is R4 350 and not R4 530 .
4. Cheque No. 828 was mislaid by the Municipality and the bank was notified to stop payment. No entries were made to record this.

## Required:

1.1 Finalise the cash receipts journal and the cash payments journal and post the totals of the cash receipts journal and cash payments journal to the bank account.
1.2 Open and complete the bank account for April 2008 in the general ledger of Lungile Services.
1.3 Prepare a bank reconciliation statement as at 30 April 2008.

## QUESTION 2 (18 marks) (22 minutes)

The following information relates to Ekhozi Trading for the month ending 29 February 2008.
The balance of the debtors control account on 1 February was R15 300.
Totals of the selected journal columns for February 2008 are as follows:

## Cash receipts journal: R

Debtors ..... 15000
Settlement discount granted ..... 2000
Sales ..... 22000
Cash payment journal:Creditors27000
Purchases ..... 15400
Debtors (R/D cheques) ..... 2200
Sales journal ..... 13000
Purchases journal ..... 14000
Sales return journal ..... 400
Bills payable journal ..... 900
Bills receivable journal ..... 1100
General journal:
Credit losses ..... 1300
Accounts with debit balances transferred from the creditors ledger as debtors balances ..... 500
Interest charged on overdue accounts ..... 800
Settlement discount on R/D cheque ..... 70

On reconciling the balance on the debtors control account with the list of balances from the debtor's ledger, the following were discovered:

1. The sales journal was overcast by R200.
2. Credit note for R90 to P Prune, was erroneously omitted.
3. Sales invoice for R1 500 has been entered correctly in T Toy's ledger account but incorrectly in the sales journal as R1 150.
4. Debtor P Paul, who owed R1 600, was declared insolvent. His estate paid 60 cents in the Rand. All the relevant entries must still be recorded in the books.
5. While preparing the bank reconciliation, it was discovered that a direct deposit was made by
S Son, a debtor for R2 000. All relevant entries must still be done.

## Required:

Prepare the debtors control account (properly balanced) in the general ledger of Ekhozi Trading at 29 February 2008.

QUESTION 3 (32 marks)(38 minutes)
F Focus runs a small business from home, and does not keep proper accounting records. He needs to calculate his profit/loss for income tax purposes and requests your assistance. You establish the following:

|  | 2007 | 2008 |
| :---: | :---: | :---: |
| Balances at 30 April: | R | R |
| Furniture at cost (Bought on 30 April 2007)., | 25000 | 25000 |
| Tools and equipment at cost (Bought on 30 April 2007) . | 46500 | 46500 |
| Inventory: Trading. | 9800 | 10200 |
| Bank (favourable). | - | 2480 |
| Bank overdraft. | 6500 | - |
| Long-term borrowings | 14000 | 9200 |
| Creditors... | 5200 | 6120 |
| Income received in advance | 3800 | 5000 |
| Accrued expenses .... | 1600 | 1300 |

## Additional information:

(a) F Focus drew R100 000 during the year for own use.
(b) Depreciation at $20 \%$ per annum on the cost price of furniture, as well as tools and equipment must still be provided for.

## Required:

3.1 Calculate the estimated profit/loss of F Focus for the year ended 30 April 2008.
3.2 Prepare the statement of financial position of F Focus as at 30 April 2008.
3.3 Prepare the note on property, plant and equipment as at 30 April 2008.

## QUESTION 4 (26 marks)(31 minutes)

The following information was obtained from the books of Roberto Traders.

| TRIAL BALANCE OF ROBERTO TRADERS AS AT 30 JUNE 2008 |  |  |
| :---: | :---: | :---: |
|  | $\begin{gathered} \text { Debit } \\ \text { R } \end{gathered}$ | $\begin{gathered} \text { Credit } \\ \text { R } \\ \hline \end{gathered}$ |
| Capital |  | 100000 |
| Drawings. | 2445 |  |
| Land and Buildings at cost ............................................... | 200000 |  |
| Vehicles at cost.. | 120000 |  |
| Furniture and fittings at cost | 65000 |  |
| Accumulated depreciation on vehicles (30-06-2008) ........... |  | 54700 |
| Accumulated depreciation on furniture and fittings (30-06-2008) |  | 22700 |
| Debtors control | 6780 |  |
| Inventory: Trading - 01-07-2007 | 13550 |  |
| Bank. | 7775 |  |
| Cash float. | 500 |  |
| Mortgage loan. |  | 150000 |
| Loan from Africa Bank |  | 50000 |
| Creditors control |  | 3200 |
| Sales. |  | 256400 |
| Carriage on purchases | 660 |  |
| Commission income |  | 15000 |
| Credit losses | 244 |  |
| Depreciation. | 15400 |  |
| Insurance | 2400 |  |
| Packing materials | 3300 |  |
| Purchases. | 154880 |  |
| Purchases returns. |  | 245 |
| Rent income. |  | 3600 |
| Sales returns.. | 1338 |  |
| Settlement discount granted | 553 |  |
| Settlement discount received ........................................... |  | 155 |
| Wages. | 56775 |  |
| Water and electricity ....................................................... | 4400 |  |
|  | 656000 | 656000 |
|  |  |  |

Additional information:
Trading Inventory of R14 885 at 30 June 2008, has not yet been brought into account.

## Required:

4.1 Show the journal entries for bringing the closing inventory into account.
4.2 Show the journal entries for the closing of accounts applicable.
4.3 Complete the trading account and the profit and loss account in the general ledger.

## SOLUTION(S) : ACN101M EXAMINATION PAPER FOR ACN101M OCT/NOV 2008

 QUESTION 1 ( 25 marks) ( 30 minutes) (Note: $\checkmark=$ one mark, and $\wedge=1 / 2$ mark)
(7)

| Cash payments journal of Lungile Services for April 2008 |  |  |
| :---: | :---: | :---: |
|  |  | Payments (Bank) |
|  | Pencil total/ sub-total Interest on bank overdraft (B/S) Bank charges | $\begin{aligned} & \hline \mathrm{R} \\ & \checkmark 8623 \end{aligned}$ |
|  |  | $\checkmark \checkmark 10$ |
|  |  | $\checkmark \checkmark 239$ |
|  |  | 8872 |
|  |  |  |

(5)

| Dr | BANK ACCOUNT Cr |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Apr | 130 | Balance b/d Total receipts | R | Apr | 30 | Total payments Balance $\checkmark \mathrm{c} / \mathrm{d}$ | R |
|  |  |  | $\checkmark 2152$ |  |  |  | $\checkmark 8872$ |
|  |  |  | $\checkmark 7512$ |  |  |  | 792 |
|  |  |  | 9664 |  |  |  | 9664 |
| May | 1 | Balance $\checkmark$ b/d | 792 |  |  |  |  |

(5)

(8)

TOTAL: 25

QUESTION 2 (18 marks) (22 minutes)


QUESTION 3 (32 marks)(38 minutes)
3.1 Calculation of profit/loss (15 marks)

## F FOCUS

STATEMENT OF ASSETS AND LIABILITIES AS AT 30 APRIL 2007


STATEMENT OF ASSETS AND LIABILITIES AS AT 30 APRIL 2008

|  | R |
| :---: | :---: |
| ASSETS |  |
| Furniture | ^25 000 |
| Tools and equipment | ^46500 |
| Inventory | ^10 200 |
| Bank | $\wedge 2480$ |
| TOTAL ASSETS | 84180 |
|  |  |
| LIABILITIES |  |
| Long-term borrowing | ^9 200 |
| Creditors | $\wedge 6120$ |
| Income received in advance | $\wedge 5000$ |
| Accrued expenses | $\wedge 1300$ |
| TOTAL LIABILITIES | 21620 |

Calculation of equity at the beginning of the period
Equity = Assets - Liabilities

$$
\begin{aligned}
& =\text { R84 180-R21 } 620 \\
& =\text { R62 } 560
\end{aligned}
$$

## Estimated profit/loss:

|  | R |
| :---: | :---: |
| Capital at the end of the financial period......................................... | $\checkmark 62560$ |
| Capital at the beginning of the period ............................................ | $\checkmark(50200)$ |
|  | 12360 |
| Drawings.. | $\checkmark 100000$ |
| Adjustments: Depreciation | (14 300) |
| Furniture .................................................................................. | $\checkmark 5000$ |
| Tools and fittings ..................................................................... | $\checkmark 9300$ |
| Estimated profit for the period | 98060 |
|  | (5) |

3.2 Statement of financial position (10 marks)

F FOCUS
STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2008

| ASSETS <br> Non-current assets | Note | R 57200 |
| :---: | :---: | :---: |
| Property, plant and equipment | 1 | $\checkmark 57200$ |
| Current assets |  | 12680 |
| Inventory Cash and cash equivalents |  | $\begin{array}{r} \checkmark 10200 \\ \checkmark 2480 \\ \hline \end{array}$ |
| TOTAL ASSETS |  | 69880 |
| EQUITY AND LIABILITIES |  |  |
| Total equity |  | 48260 |
| Capital (50 200 + 98060-100 000) |  | $\checkmark 48260$ |
| Non-current liabilities |  | 9200 |
| Long-term borrowings: Long term loan Bean Ltd |  | $\checkmark 9200$ |
| Current liabilities |  | 12420 |
| Trade and other payables ( $6120+5000+1300)$ |  | $\checkmark \checkmark \checkmark 12420$ |
| TOTAL EQUITY AND LIABILITIES |  | 69880 |

3.3 Note on property, plant and equipment (9 marks)

## F FOCUS

Notes to the financial statements - 30 April 2008.
1 Property, plant and equipment


QUESTION 4 (25 marks)(31 minutes)
4.1 Trading Inventory brought into account

|  | debit Credit <br>  Trading acc <br> Inventory: Trading (opening) <br> Closing transfer of opening inventory <br> Inventory: Trading (closing) <br> Trading acc <br> Closing transfer of closing inventory $\wedge 14850$ | $\wedge \wedge 13550$ |
| :--- | :--- | :---: | :---: |

4.2 Closing entries

|  | Sales <br> Settlement discount granted <br> Closing transfer of settlement discount | $\wedge 553$ | $\wedge 553$ |
| :---: | :---: | :---: | :---: |
|  | Settlement discount received Purchases <br> Closing transfer of settlement discount | $\wedge 155$ | ^155 |
|  |  | ^156 723 | $\begin{array}{r} \wedge 660 \\ \wedge 154725 \\ \wedge 1338 \end{array}$ |
|  | Sales <br> Purchases returns Trading acc Closing transfers | $\begin{array}{r} \text { ^255 } 847 \\ \wedge 245 \end{array}$ | ^256092 |
|  | Trading acc Profit and loss Transfer of gross profit | ^100 704 | ^^100 704 |
|  | Profit and Loss <br> Credit losses <br> Depreciation <br> Insurance <br> Packing materials <br> Wages <br> Water and electricity <br> Closing transfers | ^82 519 | $\begin{array}{r} \wedge 244 \\ \wedge 15400 \\ \wedge 2400 \\ \wedge 3300 \\ \wedge 56775 \\ \wedge 4400 \end{array}$ |
|  | Commission income Rent income <br> Profit and loss Closing transfers | $\begin{array}{r} \wedge 15000 \\ \wedge 3600 \end{array}$ | ^18600 |
|  | Profit and Loss Capital Closing transfer of profit | ^36 785 | ^36 785 |

4.3 General ledger of Roberto Traders




[^0]:    * Balancing figure

