


**FAC1501
RFA1501**

May/June 2016

INTRODUCTORY FINANCIAL ACCOUNTING

Duration 2 Hours

100 Marks

EXAMINATION PANEL AS APPOINTED BY THE DEPARTMENT.

Use of a non-programmable pocket calculator is permissible.

Closed book examination.

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 **TWENTY TWO (22)** pages including **FIVE (5)** pages for rough work (pp 18 – 22).

PLEASE NOTE:

1. This paper consists of **FOUR (4)** questions
2. Ensure that you are writing the correct examination paper
3. All questions must be answered
4. Basic calculations, where applicable, must be shown
5. Please use blue or black ink only
6. PROPOSED TIMETABLE (try not to deviate from this)

QUESTION	TOPIC	MARKS	TIME (minutes)
1	Multiple choice questions	25	30
2	Posting from subsidiary journals to the general ledger	26	31
3	Bank reconciliation	21	25
4	Statement of profit or loss and other comprehensive income and statement of changes in equity	28	34
	TOTAL	100	120

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QUESTION 1 (25 marks) (30 minutes)

Select for each question only **ONE** alternative that you consider to be correct and then circle the correct alternative

2½ marks per question.

- 1 1 The general ledger account, land and buildings, will be classified as a
- (1) non-current asset
 - (2) non-current liability
 - (3) current liability
 - (4) current asset
- 1 2 AB Traders purchased inventory for R15 000 on credit from CD Wholesalers
AB Traders uses the perpetual inventory system
Which account will be debited and which account will be credited in the general ledger of AB Traders?
- (1) The creditors control account will be debited and the inventory account will be credited
 - (2) The creditors control account will be credited and the purchases account will be debited
 - (3) The creditors control account will be credited and the inventory account will be debited
 - (4) The creditors control account will be debited and the purchases account will be credited
- 1 3 In the financial statements, accrued expenses will be classified as
- (1) current assets
 - (2) non-current liabilities
 - (3) non-current assets
 - (4) current liabilities
- 1 4 A tenant of PT Traders paid R7 000 for renting a part of the premises
Which one of the following alternatives is correct?
- (1) The bank account of PT Traders will decrease with R7 000
 - (2) The rent expense account of PT Traders will increase with R7 000
 - (3) The bank account of PT Traders will increase with R7 000
 - (4) The rent income account of PT Traders will decrease with R7 000
- 1 5 IT Traders paid R6 000 to CD Wholesalers, a creditor, in part settlement of their account
The correct analysis of the above transaction in the accounting records of IT Traders will be

	General Ledger Accounts		Assets =	Equity +	Liabilities
	Debited	Credited			
(1)	Creditors control	Bank	+R6 000 -R6 000	0	0
(2)	Bank	Creditors control	+R6 000	0	+R6 000
(3)	Bank	Creditors control	-R6 000	0	-R6 000
(4)	Creditors control	Bank	-R6 000	0	-R6 000

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QUESTION 1 (continued)

- 1 6 CD Traders received R1 000 from PT Stores, a debtor, in part settlement of their account
What effect will the above transaction have on the accounting equation for CD Traders?

	Assets	=	Equity	+	Liabilities
(1)	+R1 000		+R1 000		0
(2)	+R1 000 -R1 000		0		0
(3)	-R1 000		0		-R1 000
(4)	+R1 000		0		+R1 000

- 1 7 KL Traders sold goods on credit to PT Stores for R6 500. The cost price of the goods was R5 200.

KL Traders uses the perpetual inventory system.

The accounts to be debited and credited in the general ledger of KL Traders for the above transaction will be

	Account debited	Account credited
(1)	Creditors control Cost of sales	Sales Inventory
(2)	Debtors control Inventory	Sales Cost of sales
(3)	Sales Cost of sales	Debtors control Inventory
(4)	Debtors control Cost of sales	Sales Inventory

- 1 8 In the financial statements, cash float, will be classified as

- (1) cash and cash equivalents
- (2) trade and other payables
- (3) inventories
- (4) trade and other receivables

- 1 9 ST Traders paid the telephone account of R3 000 with a business cheque.

The correct analysis of the above transaction in the accounting records of ST Traders will be

	General Ledger Accounts		Assets =	Equity +	Liabilities
	Debited	Credited			
(1)	Telephone expense	Bank	-R3 000	0	-R3 000
(2)	Bank	Telephone expense	-R3 000	-R3 000	0
(3)	Telephone expense	Bank	-R3 000	-R3 000	0
(4)	Bank	Telephone expense	0	-R3 000	-R3 000

- 1.10 In the financial statements, credit losses will be classified as a/an

- (1) asset
- (2) expense.
- (3) income.
- (4) liability

[25]

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QUESTION 2 (26 marks) (31 minutes)

PT Stores is a trading entity registered as a VAT vendor. The periodic inventory system and control accounts are in use.

The bank account in the general ledger had an unfavourable balance of R160 000 on 1 August 2015.

On 1 August 2015, the balances of the debtors control account and the creditors control account in the general ledger were R300 000 and R250 000 respectively.

The following transactions by PT Stores took place during August 2015.

PT STORES**CASH RECEIPTS JOURNAL – AUGUST 2015****CRJ08**

Doc no	Day	Details	Fol	Analysis of receipts	Bank	Sales	VAT output	Debtors	Sundry accounts	
									Amount	Fol
				R	R	R	R	R	R	
0004	02	PT Owner		200 000	200 000				200 000	Capital
0076	08	Small Traders		300 000	300 000			300 000		
0005	16	R Tenant		27 500	27 500		3 377		24 123	Rental income
0043	27	Credit card sales		100 000	100 000	87 719	12 281			
					627 500	87 719	15 658	300 000	224 123	

PT STORES**CASH PAYMENTS JOURNAL – AUGUST 2015****CPJ08**

Doc no	Day	Details	Fol	Bank	Creditors	Wages	VAT input	Sundry accounts		
								Amount	Fol	Details
				R	R	R	R	R		
031	03	Office Furnishers		350 000			42 982	307 018		Furniture
032	10	BC Wholesalers		140 000	140 000					
033	19	Cash		10 000		10 000				
034	28	W Hard		13 603				13 603		Salaries
				513 603	140 000	10 000	42 982	320 621		

PT STORES**PURCHASES JOURNAL – AUGUST 2015****PJ08**

Doc no	Day	Details	Fol	VAT input	Purchases	Creditors
2539	04	BC Wholesalers		22 435	160 250	182 685
3459	11	ST Wholesalers		11 200	80 000	91 200
1278	18	MN Wholesalers		12 600	90 000	102 600
2698	25	BC Wholesalers		8 015	57 250	65 265
				54 250	387 500	441 750

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QUESTION 2 (continued)**PT STORES****PURCHASES RETURNS JOURNAL – AUGUST 2015****PRJ08**

Doc no	Day	Details	Fol	VAT input	Purchases returns	Creditors
				R	R	R
268	08	BC Wholesalers		4 200	30 000	34 200
162	18	ST Wholesalers		2 100	15 000	17 100
359	24	MN Wholesalers		2 660	19 000	21 660
				8 960	64 000	72 960

PT STORES**SALES JOURNAL – AUGUST 2015****SJ08**

Doc no	Day	Details	Fol	VAT output	Sales	Debtors
				R	R	R
3450	02	Small Traders		14 105	100 750	114 855
3451	10	Medium Traders		7 000	50 000	57 000
3452	17	Big Traders		9 800	70 000	79 800
3453	24	Small Traders		1 540	11 000	12 540
				32 445	231 750	264 195

PT STORES**SALES RETURNS JOURNAL – AUGUST 2015****SRJ08**

Doc no	Day	Details	Fol	VAT output	Sales returns	Debtors
				R	R	R
241	08	Small Traders		4 200	30 000	34 200
242	15	Medium Traders		2 660	19 000	21 660
243	22	Big Traders		980	7 000	7 980
				7 840	56 000	63 840

REQUIRED:

	Marks
(a) Open the bank account in the general ledger of PT Stores and post the applicable amounts in the above subsidiary journals to the bank account in the general ledger of PT Stores for August 2015	7
(b) Open the debtors control account in the general ledger of PT Stores and post the applicable amounts in the above subsidiary journals to the debtors control account in the general ledger of PT Stores for August 2015	9½
(c) Open the creditors control account in the general ledger of PT Stores and post the applicable amounts in the above subsidiary journals to the creditors control account in the general ledger of PT Stores for August 2015	9½
	[26]
Please note:	
You do not have to balance/close off the accounts at the end of the month	

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QUESTION 2 (continued)

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QUESTION 2 (continued)

**PT STORES
GENERAL LEDGER**

Dr				Bank				Cr			
Date	Details	Fol	R	Date	Details	Fol	R				

(7)

Dr				Debtors control				Cr			
Date	Details	Fol	R	Date	Details	Fol	R				

(9½)

QUESTION 2 (continued)

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QUESTION 2 (continued)

Dr				Creditors control				Cr	
Date	Details	Fol	R	Date	Details	Fol	R		

(9½)

[26]

QUESTION 3 (21 marks) (25 minutes)

The following information for April 2015 relates to DG Stores

- 1 The total in the cash receipts journal for April 2015 was R108 000 and the total in the cash payments journal for April 2015 was R64 700
- 2 The bank account in the general ledger of DG Stores had a favourable balance of R500 000 on 1 April 2015 and the bank statement had a favourable balance of R553 850 on 30 April 2015
- 3 The following transactions appeared in the bank statement only.
 - a) A cheque originally received from Mr N Enough, a customer of DG Stores, for R1 000 was dishonoured due to insufficient funds in his bank account
 - b) Bank charges, R100
 - c) Interest received on a favourable balance, R150
 - d) A debit order to ABC Insurance in payment of the insurance premium of R6 500
- 4 A comparison of the bank statement for DG Stores for April 2015 and the cash journals showed that the following entries did not appear in the bank statement
 - a) Cheque no 221 for R16 000
Cheque no 230 for R3 000
Cheque no 234 for R5 000
 - b) An entry made on 29 April 2015 in the cash receipts journal for R4 000, which was received from a customer
An entry made on 30 April 2015 in the cash receipts journal for R2 000, which was received from a tenant

REQUIRED:

	Marks
(a) Complete the cash receipts journal and the cash payments journal of DG Stores for April 2015 (Details and bank column only)	6
(b) Prepare the properly balanced/closed off bank account for April 2015 in the general ledger of DG Stores	8
(c) Prepare the bank reconciliation statement of DG Stores as at 30 April 2015	7
	[21]

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QUESTION 3 (continued)

DG STORES

CASH RECEIPTS JOURNAL (BANK COLUMN ONLY) – APRIL 2015

CRJ04

Details	Bank R

(2)

DG STORES

CASH PAYMENTS JOURNAL (BANK COLUMN ONLY) – APRIL 2015

CPJ04

Details	Bank R

(4)

QUESTION 3 (continued)

Question 3 continues on the following page

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QUESTION 3 (continued)

**DG STORES
GENERAL LEDGER**

Dr				Bank				Cr	
Date	Details	Fol	R	Date	Details	Fol	R		

(8)

**DG STORES
BANK RECONCILIATION STATEMENT AS AT 30 APRIL 2015**

	Debit R	Credit R

(7)

[21]

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QUESTION 4 (28 marks) (34 minutes)

The following information is extracted from the accounting records of HSR Stores at 30 June 2015, the end of the financial year

HSR Stores**Pre-adjustment trial balance as at 30 June 2015**

	Debit	Credit
	R	R
Capital	-	2 500 000
Drawings	174 300	-
Land and buildings at cost	550 000	-
Equipment at cost	213 000	-
Accumulated depreciation Equipment	-	143 250
Inventory (Merchandise)	1 504 650	-
Debtors control	460 000	-
Bank	1 194 290	-
Creditors control	-	250 000
Petty cash	1 500	-
Sales	-	7 002 240
Cost of sales	5 600 000	-
Sales returns	18 210	-
Consumable stores (Purchased during the year)	11 500	-
Insurance	25 000	-
Telephone expenses	10 000	-
Water and electricity	32 800	-
Settlement discount granted	1 240	-
Settlement discount received	-	1 000
Rental expense	48 000	-
Stationery	20 000	-
Wages	32 000	-
	9 896 490	9 896 490

Additional information

- HSR Stores is a sole proprietor and uses the perpetual inventory system
- Inventories on hand at 30 June 2015 according to actual physical inventory count was.
Merchandise R1 500 000
Consumable stores R10 000
- Prepaid insurance amounts to R2 000
- Provide for depreciation as follows:
Equipment 10% on the reducing-balance method

REQUIRED:

	Marks
(a) Prepare the statement of profit or loss and other comprehensive income of HSR Stores for the year ended 30 June 2015	25
(b) Prepare the statement of changes in equity of HSR Stores for the year ended 30 June 2015	3
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QUESTION 4 (continued)

Question 4 continues on the following page

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QUESTION 4 (continued)

HSR STORES

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	R

(3)

[28]

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Rough work

