

**FAC1501  
RFA1501**

**MAY/JUNE 2018  
SECOND PAPER**

**INTRODUCTORY FINANCIAL ACCOUNTING**

<b>STUDENT NUMBER</b>									

<b>IDENTITY NUMBER</b>												

**FOR USE BY EXAMINATION INVIGILATOR**

Question No	Marks					
	Examiners					
	1	2	3			
<b>Total</b>						

Subject

Number of paper

Date of examination

Examination centre

**WARNING**

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**FAC1501  
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SECOND PAPER**

May/June 2018

**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

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This question paper consists of TWENTY FOUR (24) pages including FIVE (5) pages for rough work (pages 20 – 24)

**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	20	24
2	Subsidiary journals and general ledger	25	30
3	Statement of financial position	29	35
4	Accounting equation	26	31
	<b>TOTAL</b>	<b>100</b>	<b>120</b>

**[TURN OVER]**

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

This question consists of ten (10) **multiple-choice questions** of two (2) marks each. The questions are not related to each other. Indicate the chosen option in your answer book next to the question number in brackets, for example question 1 1 (a)

- 1 1 Masasi Traders purchased inventory for R32 000 on credit from LAMS Wholesalers. Masasi Traders uses the perpetual inventory system.

Which one of the following alternatives represents the correct accounts that will be debited and credited in the general ledger of Masasi Traders?

- (a) The creditors control account will be debited and the inventory account will be credited
- (b) The creditors control account will be credited and the inventory account will be debited
- (c) The creditors control account will be credited and the purchases account will be debited
- (d) The creditors control account will be debited and the purchases account will be credited
- (e) The creditors control account will be debited and the cost of sales account will be debited

Use the information provided below to answer question 1 2

The following information was extracted from the accounting records of Silome Traders for the year ended 30 June 2017

	R
Inventory (1 July 2016)	900 000
Sales	1 200 000
Purchases	500 000
Purchases returns	30 000
Sales returns	25 000
Freight charges on purchases	15 000
Settlement discount received	9 000

A physical inventory count on 30 June 2017 indicated that inventory on hand amounted to R700 000. Silome Traders uses the periodic inventory system.

- 1 2 Which one of the following alternatives represents the correct amount that will be disclosed as the cost of sales in the statement of profit or loss and other comprehensive income of Silome Traders for the year ended 30 June 2017?
- (a) R685 000
  - (b) R657 000
  - (c) R661 000
  - (d) R676 000
  - (e) R700 000
- 1 3 Which one of the following represents a correct transaction that can only be recorded in the cash journals once a bank statement has been received?
- (a) an outstanding deposit
  - (b) an outstanding cheque
  - (c) bank charges
  - (d) incorrect entries made by the bank
  - (e) credit limits determined by the bank

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**QUESTION 1 (continued)**

- 1 4 When preparing the bank reconciliation, the cheques not yet presented for payment must be recorded in the
- debit column of the bank reconciliation statement
  - credit column of the bank reconciliation statement
  - adjusted cash payments journal
  - adjusted cash receipts journal
  - adjusted petty cash journal
- 1 5 The bank statement of Overdraft Traders had an unfavourable balance of R80 000 on 31 October 2017. The above bank statement balance will be recorded in the
- debit column of the general ledger bank account
  - credit column of the general ledger bank account
  - credit column of the bank reconciliation statement
  - debit column of the bank reconciliation statement
  - bank column of the cash payments journal
- 1 6 Direct deposits made by customers into the bank account of the entity will be recorded in the once the bank statement has been received at the end of the month
- bank reconciliation statement
  - petty cash journal
  - sales journal
  - cash payments journal
  - cash receipts journal

Use the information provided below to answer question 1.7

Dr	General Ledger		Cr
	Debtors control		
Sept 15	Sales + Vat	SJ	15 000

- 1 7 The ledger entry above resulted from
- returns to suppliers
  - merchandise sold on credit
  - returns from customers
  - merchandise sold for cash
  - merchandise purchased on credit
- 1 8 Which one of the following is not a liability?
- Accrued expenses
  - Long-term loans
  - Capital
  - Income received in advance
  - Mortgage

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**QUESTION 1 (continued)**

Use the source document provided below to answer questions 1.9 to 1.10:

**Original tax invoice**

<b>Plumbing Suppliers</b>				
213 Back Street Pretoria Tel (012) 335-6255 E-mail accounts@plumbingsuppliers.co.za			P O Box 2222 PRETORIA 0001 Fax (012) 335-6254	
			VAT registration number 4910416681	
<b>Date:</b> 20 August 2017		<b>TAX INVOICE</b>		<b>No</b> 5369
<b>To</b> Cheap Plumbers 238 Swann Drive Pretoria VAT registration number 4960134750			<u>Payment method</u> Cheque/debit card Cash Credit card <u>Account</u>	
Code	Description	Qty	Unit price (R)	Total price (R)
IPPT1550	Intumescent putty	10	299,99	2 999,90
PTPT2556	Petro tape 10m x 100mm	20	199,99	3 999,80
<b>Subtotal</b>				6 999,70
<b>VAT @ 14%</b>				979,96
<b>Total</b>				7 979,66
<b>Amount tendered</b>				0,00
<b>Amount due</b>				7 979,66
<b>E &amp; OE</b>				

- 1 9 The account(s) debited and the account(s) credited in the general ledger of Cheap Plumbers will be

**Account(s) to be debited**

- (a) Purchases and VAT input  
(b) Purchases  
(c) Creditors control  
(d) Creditors control  
(e) Purchases and VAT output

**Account(s) to be credited**

- Creditors control  
Creditors control  
Purchases and VAT input  
Purchases and VAT output  
Creditors control

- 1 10 The transaction relating to the above document will be entered in the \_\_\_\_\_ as book of first entry

- (a) Cash payments journal  
(b) Purchases returns journal  
(c) General journal  
(d) Sales journal  
(e) Purchases journal

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**QUESTION 1(continued)**

QUESTION	SELECTED OPTION
11	
12	
13	
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**QUESTION 2 (25 marks)(30 minutes)**

Ray Masalesa runs a property development business, Masalesa Builders. The entity is registered as a VAT vendor and uses a periodic inventory control system. The end of July 2017 is the end of the two-month VAT period for Masalesa Builders.

The following balances were extracted from the books of Masalela Builders on 1 July 2017

Account name	R
Debtors control	47 000
Creditors control	32 000
VAT output (Cr)	1 800
VAT input (Dr)	2 300

The following recorded transactions of Masalesa Builders took place during July 2017

**MASALESA BUILDERS  
CASH RECEIPTS JOURNAL – JULY 2017**

CRJ 01

Doc	Day	Details	Fol	Bank	Sales	Debtors	Settle- ment discount granted	VAT Input	VAT Output
				R		R	R	R	R
P41	8	M Moodley		23 000		23 000			
P42	11	Sol Traders		5 700	5 700				700
P43	30	B Beyers		20 000		20 570	(500)	(70)	
				48 000	5 700	43 570	(500)	(70)	700

**MASALESA BUILDERS  
SALES JOURNAL – JULY 2017**

SJ01

Invoice no	Day	Details	VAT Output R	Sales R	Debtors R
250	4	Ms M Moodley	3 500	25 000	28 500
251	6	Mr Z Makefa	1 848	13 200	15 048
252	17	Mr B Beyers	2 940	21 000	23 940
			8 288	59 200	67 488

**MASALESA BUILDERS  
CASH PAYMENTS JOURNAL – JULY 2017**

CPJ 01

Doc no	Day	Details	Fol	Bank	Purchases	Creditors	Settle- ment discount received	VAT input	VAT output
				R	R	R			
173	3	Cash (cash float)		700					
174	11	Buildaway		1 140	1 000			140	
175	15	Stock Bricks Traders		10 000		10 285	(250)		(35)
176	30	Cash (Petty cash)		1 000					
				12 840	1 000	10 285	(250)	140	(35)

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**QUESTION 2 (continued)****MASALESA BUILDERS  
PURCHASES JOURNAL – JULY 2017****PJ01**

Invoice no	Day	Details	VAT input R	Purchases R	Creditors R
897	3	Stock Bricks Traders	2 800	20 000	22 800
942	29	ME Builders	490	3 500	3 990
			3 290	23 500	26 790

**MASALESA BUILDERS  
GENERAL JOURNAL – JULY 2017****GJ01**

Day	Details	Fol	Debit R	Credit R
30	Credit losses VAT input A Amos (Debtors) A customer's account written off as irrecoverable		2 350 329	2 679

**REQUIRED:**

Open the following general ledger accounts in the books of Masalesa Builders and post the amounts from the cash journals, purchases journal, sales journal and the general journal of July 2017 to the following ledger accounts

- (a) Debtors control account, (8)
- (b) Creditors control account, (6)
- (c) VAT Input account, and (6)
- (d) VAT Output account (5)

**[25]****PLEASE NOTE:**

The required accounts, in the general ledger of Masalesa Builders, must be properly closed off and/or balanced at the end of July 2017

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**QUESTION 2** (continued)

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**QUESTION 2** (continued)

**MASALESA BUILDERS  
GENERAL LEDGER**

Dr				Debtors control				Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount	

(8)

Dr				Creditors control				Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount	

(6)

**QUESTION 2** (continued)

**Question 2 continues on the next page**

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**QUESTION 2** (continued)

**MASALESA BUILDERS  
GENERAL LEDGER**

Dr		VAT Input						Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount	

(6)

Dr		VAT Output						Cr
Date	Details	Fol	Amount	Date	Details	Fol	Amount	

(5)

[25]

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**QUESTION 3 (29 marks)(35 minutes)**

Slovak Traders is an entity that sells electronic equipment. The entity is not registered as a VAT vendor. The financial year-end of Slovak Traders is 28 February of each year. The entity uses the perpetual inventory method. The following trial balance was extracted from the financial records of Slovak Traders.

**Pre-adjustment trial balance as at 28 February 2017**

	Debit	Credit
	R	R
<b>Financial position section</b>		
Capital		960 000
Drawings	97 890	
Mortgage ABC Bank		120 000
Land and buildings	510 000	
Vehicles	85 200	
Equipment	50 760	
Accumulated depreciation Vehicles (1 March 2016)		57 300
Accumulated depreciation Equipment (1 March 2016)		38 004
Inventory (Merchandise)	601 860	
Debtors control	131 094	
Bank	86 220	
Petty cash	600	
Cash float	1 200	
Creditors		155 050
Allowance for credit losses		3 750
<b>Nominal accounts section</b>		
Sales		2 800 896
Cost of sales	1 853 478	
Sales returns	20 712	
Salaries and Wages	699 030	
Rental income		39 988
Settlement discount received		14 522
Settlement discount granted	7 284	
Credit losses	1 320	
Credit losses recovered		320
Interest on mortgage	18 000	
Consumable stores (Purchased during the year)	10 092	
Telephone expenses	5 040	
Insurance	5 490	
Water and electricity	4 560	
	4 189 830	4 189 830

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**QUESTION 3 (continued)****Additional Information:**

- 1 Inventories on hand at 28 February 2017 according to actual physical inventory count  
Merchandise, R598 200  
Consumable stores, R9 300
- 2 The account of Mr K Kriel for R750 should be written off as irrecoverable
- 3 Slovaki Traders determined that an allowance for credit losses, as at 28 February 2017, should amount to R6 529
- 4 Insurance includes an amount of R3 000 which was paid for the period 1 December 2016 to 31 May 2017
- 5 The tenant, Mr Matsatsela, already paid the rent for March 2017
- 6 Provide for depreciation as follows  
Vehicles 10% on the straight line method,  
Equipment 20% on the diminishing balance method
- 7 The telephone account for February 2017 was paid in March 2017, R 2 300
- 8 On 27 February 2017 the owner took goods for his own use. No entry has been made. The total cost price of inventory taken is R3 500

**REQUIRED:**

- |     |   |             |
|-----|---|-------------|
| (a) | Prepare the statement of profit or loss and other comprehensive income of Slovaki Traders for the year ended 28 February 2017 | 23          |
| (b) | Prepare the statement in changes in equity for the year ended 28 February 2017  | 6           |
|     |   | <b>[29]</b> |

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**QUESTION 3** (continued)

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**QUESTION 3** (continued)

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**QUESTION 3 (continued)****SLOVAKIA TRADERS****(b) STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2018**

	R

(6)  
[29]

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

Makena Maintenance Services is a sole proprietorship, which provides plumbing services. The business is not registered for VAT. Makena Maintenance Services uses the periodic inventory system. The following transactions were entered into by Makena Maintenance Services during October 2017:

**October:**

- 4 Plumbing repair services rendered on credit to Mr B Lategan – R900
- 10 Obtained printing services from AB Stationers and paid by cheque no 673 – R200
- 15 Plumbing tools and equipment bought from ABR Plumbers for cash – R9 600
- 20 A cheque received from Mr B Lategan – R500
- 22 Plumbing repair service rendered for cash – R2 700
- 23 The owner took plumbing material from the inventory of the business for own use – R600
- 28 Bought plumbing material on credit from ABR Plumbers – R5 000
- 30 Wages paid cash – R8 000

**REQUIRED.**

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

Where applicable assume that the bank balance is positive.

**Example: Owner deposited R25 000 into the business.**

Date	Assets =	Equity +	Liabilities	General Ledger Accounts	
				Dr	Cr
Example	+ 25 000	+ 25 000	0	Bank	Capital

[26]

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**QUESTION 4 (continued)**

Date	Assets =		Equity +	Liability	General Ledger Accounts	
					Dr	Cr

[26]

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**ROUGH WORK**

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**ROUGH WORK**

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**ROUGH WORK**

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ROUGH WORK

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ROUGH WORK

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