



FAC1501

May/June 2013

INTRODUCTORY FINANCIAL ACCOUNTING

Duration 2 Hours

100 Marks

EXAMINERS ·
FIRSTMS L GOVENDER
MR D VON WELL
MR RN NGCOBO

MRS KA NKOME

SECOND

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 EXAMINATION QUESTION PAPER CONSISTS OF FIVE (5) PAGES.

Please note:

- 1 This paper consists of FOUR (4) questions
- 2 Ensure that you are writing the correct examination paper
- 3 Ensure that you are handed the correct examination answer book (blue for accounting) by the invigilator
- 4 Answer all the questions
- 5 Each question attempted **must be commenced on a new (separate) page.**
- 6 Number questions clearly and correctly
- 7 Show all your calculations
- 8 Please write **legibly** in **blue** or **black** ink

PROPOSED TIME-TABLE: (Avoid deviating from this as far as possible)

QUESTION	TOPIC	MARKS	TIME (minutes)
1	Accounting equation	18	21
2	Journals and general ledger	30	36
3	Bank reconciliation statements	24	29
4	Statement of profit or loss and other comprehensive income	28	34
TOTAL		100	120

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QUESTION 1 (18 marks) (21 minutes)

Commence this question on a new (separate) page.

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

2013

January

- 4 Purchased stationery for resale from Large Wholesalers, on credit, R5 000
- 10 Paid the carriage on purchases for the stationery purchased on 4 January 2013, with a business cheque, R62
- 12 Purchased stationery (receipt books) to be used by the entity and paid with a business cheque, R120
- 14 Cash sales of merchandise, R2 040
- 15 Paid Everydayneeds Traders' telephone account of R250 with a business cheque

REQUIRED:

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

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

Transaction	General ledger		A =	E +	L
	Account debited	Account credited			
e.g.	Drawings	Inventory	- R150	- R150	-

[18]

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QUESTION 2 (30 marks) (36 minutes)

Commence this question on a new (separate) page.

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

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

CRJ 01

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

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

CPJ 01

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

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

REQUIRED:

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

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

[30]**[TURN OVER]**

QUESTION 3 (24 marks) (29 minutes)

Commence this question on a new (separate) page.

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

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

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

	R
Cheque number 1213	1 800
Cheque number 1218	350
Cheque number 1220	2 700
Cheque number 1221	3 100
- 8 The owner Mr P Govender increased his capital contribution by depositing R25 000 directly into the bank account of PG Traders.
- 9 Two deposits of R60 000 and R26 410 respectively did not appear on the bank statement of PG Traders as the previous bookkeeper did not deposit it in the bank account. It was deposited on 4 February 2013.
- 10 The bank charges for the month were R170.
- 11 The following cheques were listed as outstanding cheques on the December 2012 bank reconciliation statement:

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

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

REQUIRED.

- 3.1 Complete the cash receipts journal and the cash payments journal of PG Traders for January 2013. (Show only the details and bank column) (7)
 - 3.2 Prepare the bank account for January 2013 in the general ledger of PG Traders. Properly close off the bank account at the end of the month. (6)
 - 3.3 Prepare the bank reconciliation statement of PG Traders as at 31 January 2013. (11)
- [24]**

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QUESTION 4 (28 marks) (34 minutes)

Commence this question on a new (separate) page.

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

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

Additional information

- 1 The following transactions were included in the above balances
 - 1 1 PureSurprise Traders applies a mark-up of 75% on cost to determine their selling prices
 - 1 2 The entity charged rental of R3 500 per month for the year
 - 1 3 The insurance account includes an amount of R850, which is the insurance premium for the month of March 2013
- 2 Depreciation must still be provided for

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

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

REQUIRED:

- 4 1 Calculate the revenue (sales) amount of PureSurprise Traders for the year ended 28 February 2013 (3½)
- 4 2 Prepare the statement of profit or loss and other comprehensive income of PureSurprise Traders for the year ended 28 February 2013 (24½)

Show all your calculations

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TOTAL: 100