

QUESTION 1

Mr P Naidoo runs a business, General Traders. He is not registered for VAT. The periodic inventory system and control accounts are in use. The following transactions took place during June 2012:

June

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

Required:

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

Prepare a table with the format indicated in the example below and analyse the above transactions accordingly.

Where applicable assume that the bank balance is positive.

e.g. Paid R4 500 for furniture with a business cheque.

No	Assets	=	Equity	+	Liabilities
e.g.	+ R4 500			0	0
	- R4 500				

[20]

QUESTION 2

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

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

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

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

cheque no 223	R2 000
cheque no 212	R1 500
 - c) Bank charges for the month of January 2011 were R150
 - d) A cheque for R700 which was previously received from a debtor was dishonoured due to insufficient funds in his account and therefore returned by the bank
 - e) A client deposited R6 000 directly into the entity's bank account
- 5 The following items appeared in the cash journals only
- a) A deposit on 29 January 2011 for R6 500
 - b) Cheque

no 230	R1 000
no 234	R450

REQUIRED:

- 3 1 Complete the cash receipts journal and the cash payments journal for January 2011 (Details and bank column only) (7)
 - 3 2 Prepare the properly balanced/closed off bank account for January 2011 in the general ledger of PG Traders (8)
 - 3 3 Prepare the bank reconciliation statement as at 31 January 2011 (10)
- [25]**

QUESTION 3

Jobbies is an internet business that advertises jobs. The entity is registered as a VAT vendor. The financial year end of Jobbies is the end of February every year. The following totals and balances were extracted from the financial records of Jobbies:

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

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

Additional information:

- a) Depreciation needs to be provided for on
 - software at 25% on the straight-line method and
 - computer equipment at 33,3% on the straight-line method
- b) This is the first year of trading with the business starting up on 1 March 2011

Required:

- 4.1 Prepare a statement of profit or loss and other comprehensive income for Jobbies Internet Advertising for the year ended 28 February 2012 (13)
 - 4.2 Prepare a statement of changes in equity for Jobbies Internet Advertising for the year ended 28 February 2012 (5)
 - 4.3 Calculate the non-current asset amount that will be shown in the statement of financial position for Jobbies Internet Advertising as at 28 February 2012 (5)
- [23]**

QUESTION 4

The following information was obtained from the records of XYZ Limited for the first quarter of year 2011

Date		Rand per unit	Numbers of units	Total value of transaction
01 January	Opening inventory	15	15 000	R 225 000
30 January	Purchases	25	25 000	625 000
03 February	Sales		20 000	700 000
10 March	Purchases	30	10 000	300 000
31 March	Sales		13 000	455 000

REQUIRED:

Calculate the value of cost of sales and closing inventory assuming the entity uses the following Perpetual inventory system on the FIFO (First in First out) method

[10]

QUESTION 5

PG Traders

Pre-adjustment trial balance as at 28 February 2011

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

Additional Information:

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

REQUIRED:

Prepare a statement of comprehensive income of PG Traders for the year ended 28 February 2011

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N.B. Show all your calculations.

QUESTION 6

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

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

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

2 The totals in the cash receipts journal and the cash payments journal for the month ended 31 August 2012 is R16 900 and R9 000 respectively

3 When Miss A Sunday compared her cash receipts journal and cash payments journal for the month ended 31 August 2012 with her bank statement for the month ended 31 August 2012, she noted the following differences

- a) A deposit for R15 000 appeared in the bank statement only
- b) The following cheques appeared in the bank statement only

	R
cheque no 910	1 700
cheque no 917	670

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

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

d) A deposit made by Miss A Sunday on 31 August 2012 for R10 500 did not appear in the bank statement

e) Miss A Sunday sublets part of her building to Mr T Mickey for R3 500 per month. Mr T Mickey pays his rent every month via a direct deposit into the bank account of AS Uniforms

f) The following debit orders appeared in the bank statement only

- A debit order in favour of RS Insurers for R3 300 which is the monthly insurance premium
- A debit order in favour of VAL Cars for R2 500 which is the monthly repayment for the delivery vehicle

g) A school, ARK Schools, ordered uniforms to the value of R5 000 and paid via a direct deposit into the bank account of AS Uniforms

h) Bank charges for the month amounted to R300

i) Interest on the bank overdraft amounted to R90

- j) The cheque of Mr E Summer for R700 was dishonoured due to insufficient funds in his bank account
- k) The bank statement showed a favourable balance of R5 690

Required:

- 3 1 Complete the cash receipts journal and the cash payments journal of AS Uniforms for August 2012 (Details and bank column only) (9)
- 3.2 Prepare the bank account for August 2012 in the general ledger of AS Uniforms This account must be properly balanced at the end of the month (4)
- 3 3 Prepare the bank reconciliation statement as at 31 August 2012 (9)

[22]

QUESTION 7

The following transactions took place in Maponya Traders for June 2012. Maponya Traders is registered as a VAT vendor (the applicable VAT rate is 14%). The periodic inventory system and control accounts are in use in the entity.

Transactions:

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

Required:

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

- | | | |
|-----|---|-------|
| 2.1 | Cash receipts journal (analysis columns for analysis of receipts, bank, sales, VAT output, debtors and sundry accounts) | (11½) |
| 2.2 | Cash payments journals (analysis columns for bank, purchases, creditors, wages, VAT input and sundry accounts) | (12) |
| 2.3 | General journal | (11½) |

Note: You don't have to close off the journals at the end of the month.
Show all your calculation.

QUESTION 8

The following transactions occurred in JT Traders for January 2011. The perpetual stock method is in use. Ignore any VAT implications on applicable transactions.

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

REQUIRED:

For each of the transactions listed above, indicate the effect of the transaction on the accounting equation

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

Prepare a table with the format indicated in the example below and analyse the above transactions accordingly

Where applicable assume that the bank balance is positive

e.g. Paid R4 500 for furniture with a business cheque.

No	Assets	=	Equity	+	Liabilities
e.g	+ R4 500			0	0
	- R4 500				

[16]

QUESTION 9

The following transactions took place in AD Traders for February 2011. Assume that VAT is calculated at 10% on all transactions where applicable.

Transactions:

- 01 Bought postage stamps for R150, cash Payment was authorised by petty cash voucher no 006
- 04 The owner, L James, increased his capital contribution with a direct deposit of R10 000 into the entity's current bank account Issued receipt no 228
- 07 Bought stationery from YZ Stationers for R3 300 and paid with cheque no 176
Paid the City Council for water and electricity which amounted to R2 750 with cheque no 177
- 08 The total cash sales as per cash register roll no 31 were R6 600
Sold goods on credit to J Singh Issued invoice no 151 for R3 500
- 09 Bought furniture on credit from CVR Furnishers for R10 000 Received invoice no CVR19
- 11 Drew a cash cheque no 178 to pay for wages of R5 000
- 14 The total cash sales as per cash register roll no 32 were R16 500
Received a cheque from P Ngcobo in payment of his account of R4 000 and a settlement discount of R440 was granted to him on this payment Issued receipt no 229
- 18 Drew a cash cheque no 179 to pay for wages of R5 000
- 23 Received R6 050 from a tenant, Mr K Smith for part of the building sublet and issued receipt no 050
- 25 Paid CVR Furnishers per cheque no 180, R9 450 after receiving a settlement discount of R550 Received receipt no 632 from CVR Furnishers

REQUIRED:

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

AD Traders

Cash receipts journal - February 2011

CRJ02

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

(14½)

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

AD Traders

Cash payments journal – February 2011

CPJ02

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

(13½)
[28]

QUESTION 10

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

Transactions

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

REQUIRED:

Prepare the appropriate general ledger accounts for March 2012 which reflect the above transactions in the books of Rose Florist if the periodic inventory control system is in use. You are required to **ONLY** balance and close off the bank account.

NOTE: Ignore any VAT implication on applicable transactions.

QUESTION 11

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

- Duplicate receipt

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

- Duplicate deposit slip

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

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

- Duplicate deposit slip

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

- Original tax invoice

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

- Original tax invoice

SILKS LTD

201 Nelson Mandela Drive
Pretoria
Tel (012) 335-6955

VAT registration number
7511417285

P O Box 2231
PRETORIA 0001
Fax (012) 333-7253

Date 11 January 2011

TAX INVOICE

No BP0013

To Cash

Payment method
Cheque/debit card
Cash
Credit card
Account

Code	Description	Qty	Unit price (R)	Total price (R)
PSLP2600	Pure silk fabrics -10% discount VAT @ 14%	600 m	39,99	23 994-00 (2 399-40) 21 594-60 3 023-24
Invoice total				24 617-84
Amount tendered				24 617-84
Change				0-00
Vat included at 14%				3 023-24
E & OE				

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

- Original credit note

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

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

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

- **Duplicate receipt**

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

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

- **Original receipt**

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

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

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

- Duplicate deposit slip

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

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

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

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

Required

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

- 2 1 Cash receipts journal (analysis columns for analysis of receipts, bank, sales, VAT output, debtors, settlement discount granted [Dr], VAT input [Dr] and sundry accounts) (10)
- 2 2 Cash payments journal (analysis columns for bank, purchases, creditors, settlement discount received [Cr], wages, VAT input, VAT output [Cr] and sundry accounts) (17)
- 2 3 Purchases journal (analysis columns for VAT input, purchases and creditors) (1½)
- 2 4 Purchases returns journal (analysis columns for VAT input, purchases returns and creditors) (1½)

Note. You don't have to close off the journals at the end of the month.
Show all your calculations

[30]

QUESTION 12

The following balances and totals appeared in the books of Nkome Traders at 28 February 2011 (the end of the entity's accounting period)

Balances and totals at 28 February 2011

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

Additional information.

- 1 A physical inventory count showed the value of closing inventory to be R9 550 at 28 February 2011
- 2 An outstanding debt of R500 is irrecoverable and must be written off
- 3 Depreciation must be provided as follows

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

Required.

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

- 4 1 The trading account to calculate the gross profit/loss for the year ended 28 February 2011 (8)
- 4 2 The profit or loss account to calculate the net profit/loss for the year ended 28 February 2011 (13)

NOTE: Show all your calculations.

[21]

QUESTION 13

The following transactions took place at Letjatjana Traders during December 2010:

Transactions

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

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

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, as well as the effect of each transaction on the accounting equation. Use a "+" sign and "-" sign to indicate an **increase** or a **decrease** in the elements of the accounting equation. VAT can be ignored. Where applicable assume that the bank balance is positive.

Example: Purchased inventory on credit for R10 000

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

QUESTION 14

The following transactions, at 14% VAT inclusive, took place at Big Builders for December 2011

December

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

Required

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

- 2.1 Sales journal (analysis columns for Doc no, Day, Details, Fol, VAT output, Sales and Debtors) (6½)
- 2.2 Purchases journal (analysis columns for Doc no, Day, Details, Fol, VAT input, Purchases and Creditors) (6½)
- 2.3 Sales returns journal (analysis columns for Doc no, Day, Details, Fol, VAT output, Sales returns and Debtors) (6½)
- 2.4 Purchases returns journal (analysis columns for Doc no, Day, Details, Fol, VAT input, Purchases returns and Creditors) (3½)

**NOTE: You don't have to close the journals off
Show all your calculations**

[23]

QUESTION 15

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

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

A physical inventory count on 28 February 2011 indicated that inventory on hand amounted to R400 000

Required

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

[11]

QUESTION 16

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

- 1 The bank account in the general ledger of TS Stores had a favourable balance of R4 250 on 31 January 2012 and the bank statement of TS Stores had a credit balance of R15 000 on 31 January 2012. On 31 January 2012, before any of the under-mentioned transactions were taken into account, the cash receipts journal had a total of R19 750 and the cash payments journal had a total of R9 000 in their respective bank columns
- 2 The above difference in the bank balances of the general ledger and the bank statement of TS Stores can be attributed to the following differences that were noted when the cash journals and the bank statement of TS Stores for January 2012 were compared

- a) A direct deposit of R7 000 was made by Mrs P Thomas, a client of TS Stores on 15 January 2012
- b) The following cheques were not presented for payment during January 2012

	R
cheque no 071	3 900
cheque no 079	1 000
cheque no 081	500
cheque no 082	4 000

- c) A client, Mr K Govender's, cheque of R2 500 was dishonoured due to insufficient funds in his bank account and was returned by the bank marked "R/D"
 - d) The bookkeeper of TS Stores only deposited the money received from cash sales made on 29 and 30 of January 2012 for R22 725 on 1 February 2012
 - e) A debit order of R3 000 for the payment of the monthly water and electricity consumed to the local municipality did not appear in the cash payments journal of TS Stores
 - f) A cheque deposit of R1 500 was erroneously credited by the bank to the account of TS Stores
 - g) Bank charges for the month were R175
 - h) A tenant of TS Stores, Mr S Samuels, deposited R4 000 directly into the business's bank account
- 3 A post dated cheque dated 28 February 2012 for R6 500 was issued to Mr M Khumalo, (cheque no 083)

Required

- 3 1 Complete the cash receipts journal and the cash payments journal of TS Stores for January 2012 (Details and bank column only) (7)
 - 3 2 Prepare the properly balanced/closed off bank account for January 2012 in the general ledger of TS Stores (7)
 - 3 3 Prepare the bank reconciliation statement for TS Stores as at 31 January 2012 (14)
- [28]**

QUESTION 17

The following information for April 2011 relates to NP Glassworks

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

NP GLASSWORKS

CASH RECEIPTS JOURNAL (BANK COLUMN ONLY)-APRIL 2011 CRJ04

Day	Details	Analysis R	Bank R
04/04/2011	Cash sales	15 000,00	15 000,00
07/04/2011	Cash sales	30 000,00	30 000,00
12/04/2011	Mr K Thomas	6 000,00	6 000,00
15/04/2011	Cash sales	650,00	650,00
29/04/2011	Cash sales	10 000,00	
	Miss M Meyer	4000,00	14 000,00
			65 650,00

NP GLASSWORKS

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

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

Additional information

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

Required.

- 4 1 Complete the cash receipts journal and the cash payments journal for April 2011
(Details and bank column only) (7)
 - 4 2 Prepare the properly balanced/closed off bank account for April 2011 in the general ledger of
NP Glassworks (5)
 - 4 3 Prepare the bank reconciliation statement as at 30 April 2011 (10)
- [22]**

QUESTION 18

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

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

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

Additional information

- a) The mortgage loan with interest at 9% per annum is repayable over a period of 20 years. The capital that will be repaid from 1 March 2011 to 28 February 2012 amounted to R20 000. No interest was due at the end of the financial year.

Required.

Prepare a statement of financial position for the year ended 28 February 2011. Comparative figures are **not** required. The notes to the statement of financial position are **not** required. (19)

Note Show all your calculations clearly.

[19]

SOLUTIONS

Question 1

No	Assets =	Equity +	Liabilities
3		+ 12 000	+ 12 000
5	- 300	- 300	
8	+ 5 600	+ 5 600	
13	- 400	- 400	
17	- 200	- 200	
21		- and + 720	
23	- and +5 100		
	- 100	-100	
25	+ 1 500	+ 1 500	
28	-1 320	- 1 320	

Question 2

PG Traders	
Cash receipts journal - January 2011	
Details	CRJ1
<hr/>	
Bank	
Totals	10,200
Direct deposit	6,000
	<hr/>
	16,200
	<hr/> <hr/>

PG Traders	
Cash payments journal - January 2011	
Details	CPJ1
<hr/>	
Bank	
Totals	9,800
Bank charges	150
Dishonoured cheque	700
	<hr/>
	10,650
	<hr/> <hr/>

FYI Notes on additional information

- 1 Previous period's bank recon. Opening balance for Bank GL account
- 2 Bank statement balance given as starting point for bank recon
Totals for CRJ and CPJ to open journals before adding additional transactions per bank
- 3 statement
- 4.1 Deposit appeared on previous bank recon - no entry required
- 4.2 Cheque 223 & 212 appeared on previous bank recon - no entry required

- 4.3 Bank charges - capture in CPJ
- 4.4 Dishonoured cheque - capture in CPJ
- 4.5 Direct deposit - capture in CRJ
- 5.1 Deposit not on B/S - Show on Bank recon
- 5.2 Outstanding cheques - Show on Bank recon

QUESTION b

(8 marks/10 minutes)

REQUIRED:

Prepare the properly balanced/closed off bank account for January 2011 in the general ledger of PG Traders.

PG Traders General Ledger Bank							
Dr				Cr			
Date	Description	Fol	Amount	Date	Description	Fol	Amount
11/01/01	Balance	b/d	10,600	11/01/31	Total payments	CPJ1	10,650
11/01/31	Total receipts	CRJ1	16,200		Balance	c/f	16,150
			<u>26,800</u>				<u>26,800</u>
11/02/01	Balance	b/d	16,150				

QUESTION c

(10 marks/12 minutes)

REQUIRED:

Prepare the bank reconciliation statement as at 31 January 2011.
(Details and bank column only)

PG Traders

Bank reconciliation statement as at 31 January 2011

	Debit	Credit
Credit balance per bank statement		12,000
Credit outstanding deposit		6,500
Debit outstanding cheques		
221	900	

230		
	1,000	
234		
	450	
Debit balance per bank account	<u>16,150</u>	<u> </u>
	<u>18,500</u>	<u>18,500</u>

Question 3

(13 marks/16 minutes)

REQUIRED:

Prepare the statement of profit or loss and other comprehensive income for Jobbies Internet Advertising for the year ended 28 February 2012.

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

	<u>R</u>	<u>R</u>
Revenue		522,000
Cost of sales		<u>(300,000)</u>
Gross profit		222,000
Distribution, administration and other expenses		(253,478)
Advertising expenses	50,000	
Salaries	120,000	
Insurance	44,000	
Stationary	5,000	
Depreciation	34,478	
Finance costs		(28,000)
Interest on long term loan	28,000	
Loss for the year		(59,478)
Other comprehensive income for the year		-
Total comprehensive income for the year		<u><u>(59,478)</u></u>

Calculation: Depreciation

1 Software	
Cost	50,000
Depreciation rate (Straight line)	25%
Depreciation for year	<u><u>12,500</u></u>

2 Computer equipment	
Cost	66,000
Depreciation rate (Straight line)	33.3%
Depreciation for year	<u>21,978</u>

QUESTION b

(5 marks/6 minutes)

REQUIRED:

Prepare the statement of changes in equity for Jobbies Internet Advertising for the year ended 28 February 2012.

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

	<u>R</u>
Balance at 1 March 2011	0
Capital contributions during the year	300,000
Drawings	(100,000)
Total comprehensive loss for the year	<u>(59,478)</u>
Balance at 28 February 2012	<u>140,522</u>

QUESTION c

(5 marks/6 minutes)

REQUIRED:

Calculate the non-current asset amount that will be shown in the statement of financial position of Jobbies Internet Advertising as at 28 February 2012.

JOBBIES INTERNET ADVERTISING

	Cost	Depreciation	Carrying value
Non-current assets			
Land and buildings	450,000	0	450,000
Software	50,000	(12,500)	37,500
Computer equipment	66,000	(21,978)	<u>44,022</u>
			<u>531,522</u>
			<u>531,522</u>

Question 4

QUESTION 2

(10 marks/12 minutes)

The following information was obtained from the records of XYZ Limited for the first quarter of 2011:

Date		Rand per unit	Number of units	Total value of transactions
01-Jan	Opening inventory	15	15,000	R 225,000
30-Jan	Purchases	25	25,000	R 625,000
03-Feb	Sales		20,000	R 700,000
10-Mar	Purchases	30	10,000	R 300,000
31-Mar	Sales		13,000	R 455,000

REQUIRED:

Calculate the value of the cost of sales and the closing inventory, assuming the entity uses the perpetual inventory system on the FIFO (First-in-First-out) method.

Date		Rand per unit	Number of units	Total value	CoS		Inventory balance	
					Units	Value	Units	Value
01-Jan	Opening	15		R 225,000				

	inventory		15,000		15,000	225,000		
30-Jan	Purchases	25	25,000	R 625,000	5,000	125,000	20,000	500,000
03-Feb	Sales		20,000	R 700,000				
<hr/>								
03-Feb	Remaining stock	25	20,000	R 500,000	13,000	325,000	7,000	175,000
10-Mar	Purchases	30	10,000	R 300,000			10,000	300,000
31-Mar	Sales		13,000	R 455,000				
						<u>675,000</u>		<u>475,000</u>

Conclusion:

Value of cost of sales: R 675,000.00
Value of closing inventory: R 475,000.00

QUESTION 5**(21 marks/30 minutes)****REQUIRED:**

Prepare a statement of profit or loss and other comprehensive income of PG Traders for the year ended 28 February 2011.

PG Traders**Statement of profit or loss and other comprehensive income for the year ended 28 February 2011**

	<u>R</u>	<u>R</u>
Revenue		948,850
Cost of sales		<u>(758,300)</u>
Gross profit		190,550
Other income		48,000
Rental income	<u>48,000</u>	
Distribution, administration and other expenses		(115,580)
Wages and salaries	<u>12,000</u>	
Telephone expenses	<u>2,500</u>	
Credit losses	<u>2,400</u>	
Insurance	<u>10,680</u>	
Water and electricity	<u>3,000</u>	
Sundry expenses	<u>15,000</u>	
Trading inventory deficit	<u>50,000</u>	
Depreciation	<u>20,000</u>	
Finance charges		(36,000)
Interest on loan	<u>36,000</u>	
Profit for the year		<u>86,970</u>
Other comprehensive income for the year		-
Total comprehensive income for the year		<u><u>86,970</u></u>

Question 6

(9 marks/11 minutes)

AS Uniforms

Cash receipts journal - August 2012

Day	Details	Fol	CRJ 8 Bank
31	Total	b/d	16,900
	Direct deposit: Rental income (T Mickey)		3,500
	Direct deposit: ARK Schools (Sales)		<u>5,000</u>
			<u>25,400</u>
			B8

AS Uniforms

Cash payments journal -August 2012

Day	Details	Fol	CPJ 8 Bank
31	Total	b/d	9,000
	Debit order: RS Insurers		3,300
	Debit order: VAL Cars		2,500
	Bank charges		300
	Interest		90
	Dishonoured cheque (E Summer)		<u>700</u>
			<u>15,890</u>
			B8

QUESTION b

(4 marks/5 minutes)

REQUIRED:

Prepare the bank account for August 2012 in the general ledger of AS Uniforms. This account must be properly balanced at the end of the month.

**AS Uniforms
General Ledger**

Dr				Bank				B8				Cr			
Date	Description	Fol	Amount	Date	Description	Fol	Amount	Date	Description	Fol	Amount	Date	Description	Fol	Amount
31-Aug-12	Total receipts	CRJ8	25,400	01-Aug-12	Balance	b/d	320	31-Aug-12	Total payments	CPJ8	15,890				
					Balance	c/f	9,190								
			<u>25,400</u>				<u>9,190</u>				<u>25,400</u>				
01-Sep-12	Balance	b/d	9,190												

QUESTION c

(9 marks/1 minutes)

REQUIRED:

Prepare the bank reconciliation statement as at 31 August 2012.

AS Uniforms

Bank reconciliation statement as at 31 August 2012

	Debit	Credit
Credit balance per bank statement		5,690
Credit outstanding deposit		10,500
Debit outstanding cheques		
917	950	
925	750	
928	1,000	
931	4,300	
Debit balance as per bank account	<u>9,190</u>	
	<u>16,190</u>	<u>16,190</u>

Question 7

(11.5 marks/14 minutes)

REQUIRED:

Cash receipts journal (columns for analysis of receipts, bank, sales, VAT output, debtors and

**MAPONYE TRADERS
CASH RECEIPTS JOURNAL - JUNE 2012**

Doc No	Day	Details	Foil	Analysis of receipts	Bank	Sales	VAT output	Debtors	CRJ 6		
									Sundry accounts	Foil	Details
									Amount		
R 101	10	J Maponya		<u>15,000.00</u>	15,000.00				15,000.00		Capital
CRR15	12	Cash sales		<u>7,800.00</u>	7,800.00	6,842.11	957.89				
R 104	15	D Maluleka		<u>5,600.00</u>	5,600.00			5,600.00			
CRR16	17	Cash sales		<u>9,800.00</u>	9,800.00	8,596.49	1,203.51				

QUESTION b

(12.5 marks/15 minutes)

REQUIRED:

Cash payments journals (columns for bank, purchases, creditors, wages, VAT input and sundry accounts) of

MAPONYE TRADERS

CASH PAYMENTS JOURNAL - JUNE 2012

CPJ 6

Doc No	Day	Details	Fol	Bank	Creditors	Purchases	Wages	VAT input	Sundry accounts		
									Amount	Fol	Details
19	9	ZK Printers		2,200.00				270.18	1,929.82		Printing expenses
20	11	TP Cleaners		1,500.00				184.21	1,315.79		Cleaning expenses
21	13	GD Traders		8,000.00		7,017.54		982.46			
22	14	Cash		2,500.00			2,500.00				
23	16	BP Suppliers		7,000.00	7,000.00						

QUESTION c**(11 marks/13 minutes)****REQUIRED:**

General journal of Maponya Traders for June 2012.

MAPONYE TRADERS**GENERAL JOURNAL - JUNE 2012**

Day	Details	Fol	Debit	Credit
6	Credit loss (2 200 x 100/114)		1,929.82	
	VAT Input (2 200 x 14/114)		270.18	
	Debtors (Mr Kekana) <i>Account written off as irrecoverable</i>			2,200.00
7	Debtors		138.75	
	Interest income <i>(3 330 x 0.1 x 5/12)</i> <i>Interest charged at 10% pa for 5 months</i>			138.75
8	Repairs		800.00	
	Stationary <i>Correction of error</i>			800.00

Question 8

(16 marks/15 minutes)

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

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

REQUIRED:

For each of the transactions listed above, indicate the effect of the transaction on the accounting equation, by using a table with the format indicated in the example below. Use a + sign to indicate an increase and a – sign to indicate a decrease in the elements of the accounting equation. You must also indicate the amount of the increase or the decrease.

Where applicable assume that the bank balance is positive.

#	Assets	Equity	Liabilities
1	+ R500 000	+ R500 000	0
2	0	- R6 000	+ R6 000
3	+ R6 800	+ R6 800	0
3	- R5 440	- R5 440	0
4	- R1 000	- R1 000	0
5	+ R 500 and - R 500	0	0
6	- R1 800	0	- R1 800
7	+ R4 500	+ R4 500	0

FYI Note:

The following items impacts on equity:

Income (+)

Expenses (-)

Contributions (+)

Drawings (-)

QUESTION 9**(14.5 marks/17 minutes)****REQUIRED:****Complete the cash receipts journal of AD Traders for February 2011 using the format provided below.****AD Traders****Cash receipts journal - February 2011**

Doc	Day	Details	Analysis of receipts	Bank	Sales	VAT (Output)	Debtors	Settlement discount granted (Dr)	VAT (Input) (Dr)	CRJ02 Sundry accounts		
										Amount	Fol	Details
R 228	4	L James	<u>10,000</u>	10,000						10,000		Capital
CRR31	8	Cash	<u>6,600</u>	6,600	6,000	600						
CRR32	14	Cash	16,500		15,000	1,500						
R 229		P Ngcobo	<u>3,560</u>	20,060			4,000	(400)	(40)			
R 230	23	K Smith	<u>6,050</u>	6,050		550				5,500		Rental income
				<u>42,710</u>	<u>21,000</u>	<u>2,650</u>	<u>4,000</u>	<u>(400)</u>	<u>(40)</u>	<u>15,500</u>		

Notes:

8. Goods sold on credit would be captured in the Sales Journal.

Question 10

[28 marks/34 minutes]

REQUIRED:

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

Note: Ignore any VAT implication on applicable transactions.

**ROSE FLORIST
General Ledger**

Dr				Capital				B1		Cr
Date	Description	Fol	Amount	Date	Description	Fol	Amount			
				1/3/2012	Bank		50,000.00			

Dr				Bank				B2		Cr
Date	Description	Fol	Amount	Date	Description	Fol	Amount			
1/3/2012	Capital		50,000.00	3/3/2012	Equipment		12,000.00			
6/3/2012	Sales		7,500.00	4/3/2012	Purchases		5,000.00			
10/3/2012	Sales		10,000.00	8/3/2012	Purchases Water & Electricity		8,000.00			
20/3/2012	Sales		20,000.00	22/3/2012	Electricity		3,000.00			
				28/3/2012	Wages		4,000.00			
				30/3/2012	Creditors: Elkins		6,000.00			
					Balance	c/d	49,500.00			
			<u>87,500.00</u>				<u>87,500.00</u>			
1/5/2012	Balance	b/d	49,500.00							

Dr				Vehicles				B3		Cr
Date	Description	Fol	Amount	Date	Description	Fol	Amount			
2/3/2012	Long-term loan		150,000.00							

Dr				Finance Bank: Long-term loan				B4		Cr
Date	Description	Fol	Amount	Date	Description	Fol	Amount			
				2/3/2013	Vehicles		150,000.00			

Dr				Equipment				B5		Cr
Date	Description	Fol	Amount	Date	Description	Fol	Amount			
3/3/2012	Bank		12,000.00							

Dr				Purchases				N2		Cr
Date	Description	Fol	Amount	Date	Description	Fol	Amount			
4/3/2012	Bank		5,000.00	30/3/2012	Inventory		2,000.00			
8/3/2012	Bank		8,000.00							
15/3/2012	Creditors		15,000.00							

Dr				Sales				N1		Cr
Date	Description	Fol	Amount	Date	Description	Fol	Amount			
				6/3/2012	Bank		7,500.00			
				10/3/2012	Bank		10,000.00			
				20/3/2012	Bank		20,000.00			

Dr				Creditors				B6		Cr
Date	Description	Fol	Amount	Date	Description	Fol	Amount			
30/3/2012	Bank		6,000.00	15/3/2012	Purchases (Elkins)		15,000.00			

Dr				Water and electricity				N3		Cr
Date	Description	Fol	Amount	Date	Description	Fol	Amount			
22/3/2012	Bank		3,000.00							

Dr				Wages				N4		Cr
Date	Description	Fol	Amount	Date	Description	Fol	Amount			

28/3/2012	Bank	4,000.00		
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Dr				Inventory				B7		Cr
Date	Description	Fol	Amount	Date	Description	Fol	Amount			
31/3/2012	Purchases		2,000.00							

Question 11

(10 marks/11 minutes)

REQUIRED:

Cash receipts journal (columns for analysis of receipts, bank, sales, VAT output, debtors, settlement discount granted [Dr], VAT input [Dr] and sundry accounts).

**KEKANA TRADERS
CASH RECEIPTS JOURNAL -
JANUARY 2011**

CRJ1

Doc #	Day	Details	Fol	Analysis of receipts	Bank	Sales	VAT output	Debtors	Settlement discount granted (DR)	VAT Input (DR)	Amount	Sundry accounts Fol	Details
Rec 0003	3	R Kekana		<u>60,000.00</u>	60,000.00						60,000.00		Capital
CRR5	7	Cash sales		16,210.65		14,219.87	1,990.78						
		Credit card sales		<u>12,320.15</u>	28,530.80	10,807.15	1,513.00						
Rec 004	17	P Rapoo		3,600.00			442.11				3,157.89		Rental income
CRR6	21	Cash sales		16,300.00		14,298.25	2,001.75						
		Credit card sales		<u>12,636.40</u>	32,536.40	11,084.56	1,551.84						
					<u>121,067.20</u>	<u>50,409.82</u>	<u>7,499.48</u>	-	-	-	<u>63,157.89</u>		

QUESTION**b****(17 marks/19 minutes)****REQUIRED:**

Cash payments journal (columns for bank, purchases, creditors, settlement discount received [Cr], wages, VAT input, VAT output [Cr] and sundry accounts).

KEKANA TRADERS**CASH PAYMENTS JOURNAL - JANUARY 2011**

Doc #	Day	Details	Fol	Bank	Purchases	Creditors	Settlement discount received (CR)	Wages	VAT Input (DR)	VAT output (CR)	Amount	Sundry accounts		CPJ1	
												Fol	Details		
0019	11	Silks Ltd		24,617.84	21,594.60				3,023.24						
0020	14	Telkom		435.80					53.52		382.28		Telephone expenses		
0021		Cash		530.00				530							
0022	19	Cash		1,500.00							1,500.00		Drawings		
0023	20	Mega Cotton Materials		16,247.22		18,052.47	(1,583.55)								
0024	24	Municipality		3,600.00					380.70		2,719.30		Water and electricity		
											500.00		Rates and taxes		
0025	25	V Kgobe		8,500.00							8,500.00		Salaries		
0026	28	Cash		530.00				530							
				<u>55,960.86</u>	<u>21,595</u>	<u>18,052</u>	<u>(1,584)</u>	<u>1,060</u>	<u>3,457.46</u>	<u>(221.70)</u>	<u>13,602</u>				

QUESTION c**(1.5 marks/3 minutes)****REQUIRED:**

Purchases journal (columns for VAT input, purchases and creditors).

**KEKANA TRADERS
PURCHASES JOURNAL - JANUARY
2011**

			PJ1			
Doc #	Day	Details	Fol	VAT input	Purchases	Creditors
		Mega Cotton				
5369	10	Materials		2,307.90	16,485.00	18,792.90

QUESTION d**(1.5 marks/3 minutes)****REQUIRED:**

Purchases returns journal (columns for VAT input, purchases returns and creditors).

**KEKANA TRADERS
PURCHASES JOURNAL - JANUARY
2011**

			PRJ1			
Doc #	Day	Details	Fol	VAT input	Purchases return	Creditors
		Mega Cotton				
CN1153	13	Materials		90.93	649.50	740.43

Question 12

[8 marks/10 minutes]

REQUIRED:

Prepare the following final accounts in the general ledger of Nkome Traders:
The trading account to calculate the gross profit/loss for the year ended 28 February 2011.

NKOME TRADERS							
General Ledger							
Trading account							
Dr				Cr			
Date	Description	Fol	Amount	Date	Description	Fol	Amount
28/2/2011	Inventory		10,200	28/2/2011	Sales		245,240
	Purchases		108,200		<i>(246 860 - 1 200 - 420)</i>		
	<i>(109 000 - 800)</i>				Inventory		9,550
	Profit or loss account		136,390				
			254,790				254,790

QUESTION b

[13 marks/15 minutes]

REQUIRED:

Prepare the following final accounts in the general ledger of Nkome Traders:
The profit or loss account to calculate the net profit/loss for the year ended 28 February 2011.

NKOME TRADERS							
General Ledger							
Trading account							
Dr				Cr			
Date	Description	Fol	Amount	Date	Description	Fol	Amount
28/2/2011	Water and electricity		11,400	28/2/2011	Trading account		136,390
	<i>(10 450 + 950)</i>				Rental income		3,000
	Telephone expenses		5,040		<i>(4 500 - (4 500 x 1/3))</i>		

Salaries	20,400	
Stationary	2,350	
Credit losses	500	
Depreciation (4 000 + 9 000)	13,000	
Capital	<u>86,700</u>	
	<u>139,390</u>	<u>139,390</u>

Calculations

Depreciation: Equipment

Method:	Straight line	10%
Cost price		40,000
Depreciation (40 000 x 0.1)		<u>4,000</u>

Depreciation: Vehicles

Method	Diminishing balance	20%
Cost Price		60,000
Accumulated depreciation: Vehicles		<u>(15,000)</u>
Carrying value		45,000
Depreciation (45 000 x 0.2)		<u>9,000</u>

Prepaid rental

Rental received on 2 January 2011		4,500
Iro Jan - March		
Rent per month		1,500
2011 rent (Jan + Feb)		3,000
2012 rent (March)		<u>1,500</u>

QUESTION 13

(18 marks/22 minutes)

REQUIRED:

Prepare a table similar to the example below. Analyse the above transactions by indicating which **account** must be **debited** and which **account** must be **credited** in the general ledger. Indicate the effect of each transaction on the accounting equation. Use a “+” sign for an **increase** and “-” sign for a **decrease** in the elements of the accounting equation. VAT can be ignored. Where applicable, assume that the bank balance is positive.

General Ledger					
Transaction	Account debited	Account credited	A =	E +	L
10	Telephone expenses	Bank	- R 250	- R250	0
11	Bank	Interest income	+ R1 500	+ R1 500	0
15	Bank	Sales	+ R9 000	+ R9 000	0
	Cost of sales	Inventory	- R7 200	- R7 200	0
20	Drawings	Inventory	- R2 000	- R2 000	0
25	Inventory	Bank	+ and - R70 000	0	0

Question 14

[6.5 marks/8 minutes]

REQUIRED:

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

a) Sales journal (columns for Doc no, Day, Details, Fol, VAT output, Sales and Debtors).

BIG BUILDERS

SALES JOURNAL - DECEMBER 2011

SJ12

Doc No	Day	Details	Fol	VAT	Sales	Debtors
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			Output		
173	3	White Birdie	1,610	11,500	13,110
173	11	Brown Eagle	532	3,800	4,332

QUESTION B

[6.5 marks/8 minutes]

REQUIRED:

Record the above transactions in the following subsidiary journals of Big Builders for December 2011:
Purchases journal (columns for Doc no, Day, Details, Fol, VAT input, Purchases and Creditors).

**BIG BUILDERS
PURCHASES JOURNAL - DECEMBER
2011**

Doc No	Day	Details	Fol	PJ12	
				VAT Input	Purchases Creditors
AD25	3	Lion Limited		1,078	7,700
I352	18	Penguin Limited		3,500	25,000

QUESTION C

[6.5 marks/8 minutes]

REQUIRED:

Record the above transactions in the following subsidiary journals of Big Builders for December 2011:
Sales returns journal (columns for Doc no, Day, Details, Fol, VAT output, Sales returns and Debtors).

**BIG BUILDERS
SALES RETURNS JOURNAL - DECEMBER
2011**

Doc No	Day	Details	Fol	SRJ12	
				VAT Output	Sales returns Debtors
CN122	12	White Birdie		28	200
CN123	23	Brown Eagle		42	300

QUESTION D**[3.5 marks/4 minutes]****REQUIRED:**

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

Purchases returns journal (columns for Doc no, Day, Details, Fol, VAT input, Purchases returns and Creditors)

BIG BUILDERS**PURCHASES RETURNS JOURNAL - DECEMBER 2011****PRJ12**

Doc No	Day	Details	Fol	VAT Input	Purchases returns	Creditors
CN97	20	Penguin Limited		210	1,500	1,710

Question 15**(11 marks/13 minutes)****REQUIRED:**

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

Cool LimitedCalculation of gross profit/loss for the year ended 28 February 2011

Sales	748,150
Less: Cost of sales	<u>(288,150)</u>
	<u>460,000</u>

Calculation of sales for the year ended 28 February 2011

Sales	750,000
Sales returns	(1,500)

Settlement discount granted	<u>(350)</u>
	<u>748,150</u>

Calculation of cost of sales for the year ended 28 February 2011

Inventory (Opening balance)	149,500
Purchases	540,000
Purchase returns	(2,000)
Freight charges on purchases	650
Inventory (Closing balance)	<u>(400,000)</u>
	<u>288,150</u>

Note

Freight charges on sales is an expenses which is included under Distribution, admin and other expenses
Do not set off against sales

Question 16

[7 marks/8 minutes]

REQUIRED:

Complete the cash receipts journal and the cash payments journal of TS Stores for January 2012. (Details and bank column)

TS STORES

CASH RECEIPTS JOURNAL - JANUARY 2012

Day	Details	CRJ1 Bank
31	Total	b/d 19,750
	Direct deposit: P Thomas	7,000
	Direct deposit: S Samuels (Rent received)	<u>4,000</u>
		<u>30,750</u>

TS STORES

CASH PAYMENTS JOURNAL - JANUARY 2012

Day	Details	CPJ1 Bank
31	Total	b/d

	9,000
Dishonoured cheque: K Govender	2,500
Debit order: Municipality (Water and electricity)	3,000
Bank charges	<u>175</u>
	<u><u>14,675</u></u>

Question 17

7 marks/8 minutes)

REQUIRED:

Complete the cash receipts journal and the cash payments journal of NP Glassworks for April 2011. (Details and bank column only)

NP GLASSWORKS

CASH RECEIPTS JOURNAL - APRIL 2011

Day	Details		CRJ4 Bank
30	Balance	b/d	65,650.00
	Direct deposit: A Ngcobo (Rental income)		2,000.00
	Interest income		<u>459.50</u>
			<u><u>68,109.50</u></u>

NP GLASSWORKS

CASH PAYMENTS JOURNAL - APRIL 2011

Day	Details		CPJ4 Bank
30	Balance	b/d	15,800.00
	K Moodley (Unpaid cheque)		500.00
	Bank charges		300.00
	Debit order: WM Insurers (Insurance)		<u>3,500.00</u>
			<u><u>20,100.00</u></u>

QUESTION b

(5 marks/6 minutes)

REQUIRED:

Prepare the bank account for April 2011 in the general ledger of NP Glassworks. Properly close the account at the end of the month.

**NP Glassworks
General Ledger**

Dr				Bank				Cr			
Date	Description	Fol	Amount	Date	Description	Fol	Amount	Date	Description	Fol	Amount
1/4/2011	Balance	b/d	7,000.00	30/4/2011	Total payments	CPJ 4	20,100.00				
30/4/2011	Total receipts	CRJ 4	68,109.50		Balance	c/f	55,009.50				
			75,109.50				75,109.50				
1/5/2011	Balance	b/d	55,009.50								

QUESTION c

(10 marks/12 minutes)

REQUIRED:

Prepare the bank reconciliation statement as at 30 April 2011

NP GLASSWORKS

Bank reconciliation statement as at 30 April 2011

	<u>Debit</u>	<u>Credit</u>
Credit balance per bank statement		46,409.50
Credit outstanding deposit		14,000.00
Debit outstanding cheques		
1652	1,900.00	
1655	1,500.00	
1658	2,000.00	

Debit balance per bank account	<u>55,009.50</u>	<u> </u>
	<u>60,409.50</u>	<u>60,409.50</u>

Question 18

(19 marks/23 minutes)

REQUIRED:

Prepare the statement of financial position of Trionics Business Solutions for the year ended 28 February 2011.

Comparative figures are **not** required.

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

Note: Show all your calculations

TRIONICS BUSINESS SOLUTIONS
STATEMENT OF FINANCIAL POSITION AS AT 28
FEBRUARY 2011

ASSETS	<u>R</u>
Non-current assets	
Property, plant and equipment	660,500
Current assets	
Inventory	67,500
Trade and other receivables	18,700
Cash and cash equivalents	16,000
	<u> </u>
TOTAL ASSETS	<u>762,700</u>
EQUITY AND LIABILITIES	
Equity	
Capital	320,200
Non-current liabilities	
Long-term borrowings	380,000

Current liabilities

Trade and other payables 42,500

Current portion of long-term borrowings 20,000

TOTAL EQUITY AND LIABILITIES

762,700