

Tutorial Letter 101/3/2018

Introductory Financial Accounting FAC1501

Semesters 1 and 2

Department of Financial Accounting

This tutorial letter contains important information
about your module.

BARCODE

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Dear Student,

This tutorial letter is extremely important. Please read it carefully before you commence with your studies.

We wish to highlight the following most important aspects:

- There are **two compulsory assignments** for this module.

Assignment 01 is a multiple choice question assignment (refer to page 21 for the first semester and page 32 for the second semester). This assignment is compulsory and contributes 50% towards your year mark. If you do not submit it, you will not gain examination admission.

Assignment 02 is a multiple choice question assignment (refer to page 26 for the first semester and page 37 for the second semester). This assignment is compulsory and contributes 50% towards your year mark.

- Assignment 02 will **not** give you examination admission. **It is therefore crucial for you to hand in Assignment 01 on time to ensure that you will be able to write the examination.**
- **You can submit Assignment 01 and Assignment 02 via myUnisa.** Alternatively, you can answer these assignments on a mark-reading sheet. **(Please note that each of these assignments has a different unique number.)**

SEMESTER ONE

Assignment number	Unique number	Due date
01	785538	5 March 2018
02	795174	16 April 2018

SEMESTER TWO

Assignment number	Unique number	Due date
01	816107	13 August 2018
02	863958	25 September 2018

- We provide a **study programme** in this tutorial letter. It is in your best interest to adjust the suggested study programme to suit your personal circumstances.

Please read the rest of Tutorial Letter 101/3/2018 for other important information.

1 INTRODUCTION

We are pleased to welcome you to this module and hope that you will find it both interesting and rewarding. We will do our best to help you succeed in this module. You will be well on your way to success if you **start studying early in the semester** and resolve to do the assignments properly.

You will receive a number of tutorial letters during the year. A tutorial letter is our way of communicating with you about teaching, learning and assessment.

This tutorial letter contains important information about the scheme of work as well as the resources and assignments for this module. We urge you to read it carefully and to keep it at hand when working through the study material, preparing the assignments, preparing for the examination and addressing enquiries to your lecturers.

In this **Tutorial Letter 101**, you will find the assignments and assessment criteria as well as instructions for the preparation and submission of the assignments. It also provides all the information you need with regard to the prescribed study material and other resources and how to obtain them. Please study this information carefully and make sure that you obtain any prescribed material as soon as possible.

We also include certain general and administrative information about this module. Please study this section of the tutorial letter carefully.

Right from the start, we would like to point out that **you must read all the tutorial letters** you receive during the semester **immediately and carefully**, as they always contain important and, sometimes, urgent information.

We hope that you will enjoy this module and wish you all the best.

2 PURPOSE AND OUTCOMES

2.1 Purpose

The purpose of FAC1501 is to equip students with the fundamental concepts, standards and principles of financial accounting; to provide an informed understanding of accounting transactions; as well as the purpose and use of business documents; the recording of cash and credit transactions; the preparation of bank reconciliations; the accounting for inventory; for other assets and liabilities in the financial statements. To ensure students gain knowledge of and insight into the preparation of trial balances; final accounts; adjustments to accounting information and the financial statements of a sole proprietor.

2.2 Outcomes

You should know and understand the nature and functions of financial accounting.

You should be able to demonstrate efficiency in the knowledge and application of financial accounting concepts, theories, principles, procedures and elements.

You should be able to record cash and credit transactions of a sole proprietor.

You should be able to demonstrate the ability to manage inventory, cash, month-end and year-end procedures and to prepare final accounts.

You should understand the nature and composition of financial statements of a sole proprietor.

3 LECTURERS AND CONTACT DETAILS

3.1 Lecturers

The lecturers responsible for this module are as follows:

Lecturer's name	:	Mr D von Well
Building and office number	:	Room 2-13 AJH van der Walt Building UNISA (Pretoria Main Campus)
Lecturer's name	:	Ms GM Nkomo
Building and office number	:	Room 2-25 AJH van der Walt Building UNISA (Pretoria Main Campus)
Lecturer's name	:	Mr HT Nshalati
Building and office number	:	Room 2-22 AJH van der Walt Building UNISA (Pretoria Main Campus)
Lecturer's name	:	Mr ME Seabi
Building and office number	:	Room 2-25 AJH van der Walt Building UNISA (Pretoria Main Campus)
Telephone number	:	012 429 4233
Fax number	:	012 429 3335
E-mail address	:	FAC1501@unisa.ac.za

All queries that are not of a purely administrative nature **but are about the content of this module** should be directed to us. Please have your study material at hand when you contact us.

3.2 Department

E-mail addresses and telephone numbers are included above but you might also want to communicate with us in writing.

All written correspondence should be sent to:

Financial Accounting Lecturer (FAC1501)
Department of Financial Accounting
P O Box 392
UNISA
0003

PLEASE NOTE:

Written correspondence with lecturers may not be enclosed with assignments.

For any financial accounting related enquiries other than FAC1501-content related enquiries, you may contact:

College Information Coordinator: Mr J Chauke
College of Accounting Sciences

Telephone : 012 429 4211
E-mail : CASenquiries@unisa.ac.za

For other enquiries you can:

- Send an e-mail to infoservices@unisa.ac.za.
- Send a SMS to 32695 – only for students in South Africa.
- Send a fax to 012 429 4150.
- Contact information services – 012 429 3111.

3.3 University

Communication with Unisa

If you need to contact Unisa about matters not related to the content of this module, please consult the publication *Studies @ Unisa*, which you have received with your study material. This brochure contains information on how to contact Unisa (e.g. to whom you can write for different queries, important telephone and fax numbers, and the addresses and details of the times that certain facilities are open).

Always have your student number at hand when you contact Unisa.

4 RESOURCES

4.1 Prescribed books

There is **no prescribed textbook** for FAC1501. This means that you do not have to buy any additional books for FAC1501.

You need to study only your study guide and the tutorial letters.

4.2 Recommended books

There are no recommended books for this module.

4.3 Electronic reserves (e-reserves)

There are no e-reserves for this module.

4.4 Library services and resources information

For brief information, go to www.unisa.ac.za/brochures/studies.

For detailed information, go to the Unisa website at <http://www.unisa.ac.za/> and click on **Library**.

For research support and services of personal librarians, go to <http://www.unisa.ac.za/Default.asp?Cmd=ViewContent&ContentID=7102>.

The library has compiled a number of library guides:

- finding recommended reading in the print collection and e-reserves – <http://libguides.unisa.ac.za/request/undergrad>
- requesting material – <http://libguides.unisa.ac.za/request/request>
- postgraduate information services – <http://libguides.unisa.ac.za/request/postgrad>

- finding, obtaining and using library resources and tools to assist in doing research – http://libguides.unisa.ac.za/Research_Skills
- how to contact the library/finding us on social media/frequently asked questions – <http://libguides.unisa.ac.za/ask>

4.5 Inventory letter

You should have received an inventory letter with your study package. This indicates what you have received and which items are still outstanding. Also refer to the publication entitled *Studies @ Unisa*.

Compare the study material that you have received with the inventory letter. You should have received all the items listed in the inventory letter, unless it contains a statement like “out of stock” or “not available”. If any item is missing, follow the instructions on the back of the inventory letter without delay.

Please note: Your lecturers cannot help you with missing study material. Please refer to the publication *Studies @ Unisa* for information on whom to contact regarding missing study material.

4.6 Study material

The Department of Despatch should supply you with the following study material for this module:

- A study guide
- Tutorial Letter 101 at registration, with others following later

Apart from Tutorial Letter 101, you will also receive other tutorial letters during the semester. These tutorial letters will not necessarily be available at the time of registration, but will be despatched to you as soon as they are available or needed by you (e.g. for feedback on assignments).

If you have access to the internet, you can view the study guides and tutorial letters for the modules for which you are registered on the university's online campus, myUnisa, at <http://my.unisa.ac.za>. See 5.2 below for more information.

5 STUDENT SUPPORT SERVICES

For information on the various student support services available at Unisa (e.g. student counselling, tutorial classes, language support), please consult the publication *Studies @ Unisa*, which you have received with your study material.

5.1 Study groups

It is advisable for you to have contact with fellow students. One way of having this contact is to form study groups. You can obtain the addresses of students in your area from the following department:

Directorate: Student Administration and Registration
PO Box 392
Unisa
0003

5.2 myUnisa

If you have access to a computer that is linked to the internet, you can quickly access resources and information at Unisa. The myUnisa learning management system is Unisa's online campus that will help you to communicate with your lecturers, other students and the administrative departments of Unisa – all through a computer and the internet.

To go to the myUnisa website, start at the main Unisa website, <http://www.unisa.ac.za>, and then click on the "Login to myUnisa" link on the right-hand side of the screen. This should take you to the myUnisa website. You can also go there directly by typing in <http://my.unisa.ac.za>.

Please also consult the publication *Studies @ Unisa*.

5.3 Tutorial classes

Please contact your closest Unisa learning centre to enquire about tutorial classes presented by tutors. Refer to *Studies @ Unisa* for more information on the learning centres, including the telephone numbers, fax numbers and e-mail addresses of each learning centre.

5.4 E-tutors

What is the Unisa online tuition programme?

Unisa is an open distance learning institution and provides online tutorial services as part of student support. Previously, we mainly offered tutorials face-to-face in the various regional centres.

Online tutorials allow a smaller group of students to interact with an academic instructor (tutor) on myUnisa to facilitate the learning process. Due to the large number of students per module at Unisa, it is not possible for a lecturer to personally attend to all the enquiries from students or manage the online discussion forums. Online tutor groups offer students personal attention and focussed academic support from tutors.

Where will I find my online tutoring group?

Each group has their own separate site on myUnisa. These sites are numbered, and you will receive your group number via e-mail and SMS. Don't be confused. You will now have two sites for those modules with online tutoring, i.e. the main module site and the group module site.

On the main module site, you will find the official study material files, which you can download. From time to time, the primary lecturer of the module may communicate with the entire class through this site.

On the group module site, you can interact with your tutor and other group members. Here you can participate in discussions, post academic-related queries and receive specific tutor support.

Is it mandatory to participate in e-tutor groups?

Participation in online discussions is not mandatory, and therefore no marks will be awarded for participating. The e-tutor groups merely form part of the support structure designed to help you with and guide you through your studies. We encourage you to make use of this service to get assistance with any academic-related queries, to help you with study problems, understand study material and acquire learning skills.

How do I post a discussion item on my group site?

You have two options for participating in online discussions: you can either reply to an existing discussion or start a new one.

Here are the step-by-step instructions for writing a comment and participating in an online discussion for the first time:

To start a new topic if you want to introduce a brand new discussion

1. On your group site on myUnisa, go to the discussions by clicking the "**Discussions**" link in the left menu. Once you have done this, you should see a list of the available forums.
2. Click on the title of a forum to view the ongoing discussion topics. If there are no previous topics, this page will be empty.
3. Click on the "**New topic**" link in the top horizontal navigation.
4. Now you can write your comment. Enter the details for "Subject" and "Message". (An **important tip**: Don't write your comment directly in the editor. First write it down somewhere else. Why? If you lose your internet connection, at least you won't have lost everything!)
5. Remember to click "**Save**".

To reply to another student's comments

1. On your group site on myUnisa, go to the discussions by clicking the "**Discussions**" link in the left menu.
2. Click on the title of a forum to view the ongoing discussion topics.
3. Now, click on the title of the discussion topic you want to read or participate in.
4. Once you've read the other students' comments, you may want to reply to some of them. Inside each comment, there is link entitled "**Reply**". Click this link to open the online editor and write your reply.
5. Remember to "**Save**".

5.5 Free computer and internet access

Unisa has entered into partnerships with establishments (referred to as Telecentres) in various locations across South Africa to enable you (as a Unisa student) free access to computers and the Internet. This access enables you to conduct the following academic related activities: registration; online submission of assignments; engaging in e-tutoring activities and signature courses; etc. Please note that any other activities outside of these are for your own costing e.g. printing, photocopying, etc. For more information on the Telecentre nearest to you, please visit www.unisa.ac.za/telecentres.

6 STUDY PLAN

6.1 First semester

Week	Learning unit	Study material
29/01/2018 to 04/02/2018	1 and 2	Study guide
05/02/2018 to 11/02/2018	3	Study guide
12/02/2018 to 18/02/2018	4	Study guide
19/02/2018 to 25/02/2018	5	Study guide
<p>After studying learning units 1 to 5 and answering the self-assessment questions at the end of each learning unit, you may now answer the questions in Assignment 01.</p>		
05/03/2018 to 11/03/2018	6	Study guide
12/03/2018 to 18/03/2018	7	Study guide
19/03/2018 to 25/03/2018	8	Study guide
26/03/2018 to 01/04/2018	9	Study guide
02/04/2018 to 08/04/2018	10	Study guide
<p>After studying learning units 6 to 10 and answering the self-assessment questions at the end of each learning unit, you may now answer the questions in Assignment 02.</p>		
16/04/2018 to 22/04/2018	11	Study guide
<p>May examination</p>		
<p>Please revise learning units 1 to 11 in the study guide as well as the assignments, including the self-assessment assignment from your tutorial letter.</p>		

Please note:

The **due date** is the date on which the assignment **must reach** the Unisa campus in Pretoria. (Please refer to 7.1.4 below for the due dates of individual assignments.) Therefore, please provide sufficient time for any delays due to your distance from Pretoria if you do not submit your assignment via myUnisa. If you want to submit your assignment on myUnisa, rather upload it earlier than the due date to avoid possible technical difficulties during peak times.

6.2 Second semester

Week	Learning unit	Study material
09/07/2018 to 15/07/2018	1 and 2	Study guide
16/07/2018 to 22/07/2018	3	Study guide
23/07/2018 to 29/07/2018	4	Study guide
30/07/2018 to 05/08/2018	5	Study guide
<p>After studying learning units 1 to 5 and answering the self-assessment questions at the end of each learning unit, you may now answer the questions in Assignment 01.</p>		
13/08/2018 to 19/08/2018	6	Study guide
20/08/2018 to 26/08/2018	7	Study guide
27/08/2018 to 02/09/2018	8	Study guide
03/09/2018 to 09/09/2018	9	Study guide
10/09/2018 to 16/09/2018	10	Study guide
<p>After studying learning units 6 to 9 and answering the self-assessment questions at the end of each learning unit, you may now answer the questions in Assignment 02.</p>		
24/09/2018 to 30/09/2018	11	Study guide
<p>October examination</p> <p>Please revise learning units 1 to 11 in the study guide as well as the assignments, including the self-assessment assignment from your tutorial letter.</p>		

Please note:

The **due date** is the date on which the assignment **must reach** the Unisa campus in Pretoria. (Please refer to 7.1.4 below for the due dates of individual assignments.) Therefore, please provide sufficient time for any delays due to your distance from Pretoria if you do not submit your assignment via myUnisa. If you want to submit your assignment on myUnisa, rather upload it earlier than the due date to avoid possible technical difficulties during peak times.

7 PRACTICAL WORK AND WORK-INTEGRATED LEARNING

Practical work and work-integrated learning are not required for FAC1501.

8 ASSESSMENT

8.1 Assessment criteria

	Specific outcome	Assessment criteria
1	Know and understand the nature and functions of financial accounting.	<p>Students will be assessed on their ability to:</p> <ul style="list-style-type: none"> • Explain “Financial Accounting” • Explain financial accounting development up to its current format • Explain financial accounting according to its specific and general functions

2	Demonstrate efficiency in the knowledge and application of financial accounting concepts, theories, principles, procedures and elements.	<p>Students will be assessed on their ability to:</p> <ul style="list-style-type: none"> • Apply accounting terminology with examples of their use • Explain debits and credits according to the underpinning principles thereof • Explain business transactions with appropriate examples • Demonstrate accounting policy according to the correct methods and procedures when recording in the basic accounting equation format
3	Record cash and credit transactions of a sole proprietor.	<p>Students will be assessed on their ability to:</p> <ul style="list-style-type: none"> • Identify and apply source documents within context using appropriate examples from entities • Apply the principles of VAT and the calculation thereof effectively with examples to verify the ability to calculate VAT • Describe a sole proprietorship in terms of its equity • Complete business documents from relevant financial data • Record cash and credit financial transactions of a sole proprietor in various journals and ledgers from source documents • Apply accepted accounting practice in recording general financial transactions
4	Demonstrate the ability to manage inventory, cash, month-end and year-end procedures and to prepare final accounts.	<p>Students will be assessed on their ability to:</p> <ul style="list-style-type: none"> • Explain the perpetual and the periodic inventory systems • Explain the inventory valuation method (LIFO/FIFO/Average) • Record entries by taking the inventory systems into consideration • Record entries by taking the valuation method of inventory into consideration • Prepare a bank reconciliation • Record elementary adjustments to accounts • Prepare a trial balance • Prepare final accounts
5	Understand the nature and composition of financial statements of a sole proprietor.	<p>Students will be assessed on their ability to:</p> <ul style="list-style-type: none"> • Demonstrate the composition of financial statements' basic format according to its nature • Identify and apply the calculations for basic financial statements • Prepare and apply a set of financial statements to a sole proprietor

8.2 Assessment plan

For general information and requirements as far as assignments are concerned, please see the publication *Studies @ Unisa*.

Assignments form part of the learning material for this module. As you do the assignment, study the texts, consult other resources, discuss the work with fellow students or tutors and do research, you are actively engaged in learning. Please study the assessment criteria for each assignment to help you understand what is required of you.

What to do before attempting assignment questions: Plan a **study programme** for the semester that will enable you to work through the study guide systematically. We strongly recommend that you draw up a study programme and keep to it. Your success depends on this.

You should spend at least **five hours per week** on Introductory Financial Accounting. Remember that you have to take your personal circumstances and needs into consideration when planning your study programme.

You can use the **suggested** study programme for this module in section 6 above to draw up your own study programme. **When planning your study programme, it is important that you make provision for all the learning units and assignments you need to cover, as indicated in section 6 above.**

In order to obtain admission to the examination, you must have a valid year mark. In order to obtain a valid year mark, you must submit **compulsory Assignment 01** in time to reach Unisa by the due date.

The first and second assignments contribute towards your year mark as follows:

Assignment 01	50% of year mark
Assignment 02	50% of year mark

Assignment 01 gives you admission to the examination and contributes 10% towards your final mark. Assignment 02 also contributes 10% towards your final mark. **No minimum year mark is needed** to be able to write the examination. If you submit Assignment 01, you will have examination admission, irrespective of the year mark obtained.

According to Unisa policy, you require a sub-minimum of 40% in the examination before your year mark is taken into consideration. In other words, if you do not obtain at least 40% in the examination, you will automatically fail, and your final mark will be the mark you obtained in the examination.

The mark obtained in the examination counts 80%, and your year mark counts 20% of your final mark. **A final mark of 50% is required in order to pass the subject.**

To qualify for a **supplementary examination opportunity**, you must obtain a **final mark of between 40% and 49%.**

This final mark is calculated as follows:

$(10\% \times \text{mark obtained for compulsory Assignment 01}) + (10\% \times \text{mark obtained for compulsory Assignment 02}) + (80\% \times \text{mark obtained in the examination})$.

Example:

	a Assignment 01 (50%) + Assignment 02 (50%) = (year mark)	b Year mark contributes 20% to final mark	c Exam mark contribution required to obtain 50% - year mark contribution	d Minimum exam mark required to pass (c ÷ 0,8)
Student 1	100%	20%	30%	40%
Student 2	70%	14%	36%	45%
Student 3	50%	10%	40%	50%
Student 4	30%	6%	44%	55%
Student 5	20%	4%	46%	58%
Student 6	10%	2%	48%	60%
Student 7	0%	0%	50%	63%

8.3 Assignment numbers**8.3.1 General assignment numbers**

There are **two compulsory assignments** for this module.

Assignment 01 is a multiple choice question assignment – refer to page 21 for the first semester and page 32 for the second semester.

Assignment 02 is a multiple choice question assignment – refer to page 26 for the first semester and page 37 for the second semester.

8.3.2 Unique assignment numbers**SEMESTER ONE**

General assignment number	Unique assignment number
01	785538
02	795174

SEMESTER TWO

General assignment number	Unique assignment number
01	816107
02	863958

8.4 Assignment due dates

The due dates for the submission of assignments are as follows:

SEMESTER ONE

General assignment number	Unique assignment number	Due date
01	785538	5 March 2018
02	795174	16 April 2018

SEMESTER TWO

General assignment number	Unique assignment number	Due date
01	816107	13 August 2018
02	863958	25 September 2018

Please remember that your assignment **must reach** Unisa by the due date.

PLAGIARISM DECLARATION

I declare that this assignment, submitted by myself, is my own work and that I have referenced all the sources that I have used.

By submitting any FAC1501 assignment, I declare that:

- I have read the Unisa Students' Disciplinary Code;
- I know what plagiarism is, that plagiarism is wrong and that disciplinary steps can be taken against me if I am found guilty of plagiarism;
- My assignments for FAC1501 are my own work;
- I have not allowed any other student to copy my work;
- I know that if I am found to be in violation of this declaration I will receive 0% for the assignments involved.

Please note: You do not have to submit the declaration. By submitting any FAC1501 assignment, you automatically declare that you adhere to all the above with regard to the specific assignment.

NB: Although students may work together when preparing assignments, each student must write/type and submit his or her own individual assignment. It is unacceptable for students to submit identical assignments on the basis that they worked together. That is copying (a form of plagiarism) and none of these assignments will be marked. Furthermore, you may be penalised or subjected to disciplinary proceedings by the University.

8.5 Submission of assignments

You may submit assignments done on mark-reading sheets by post or you may submit assignments electronically via myUnisa. Assignments may **not** be submitted by fax or e-mail. For detailed information and requirements as far as assignments are concerned, refer to the publication *Studies @ Unisa*.

To submit an assignment **via myUnisa**:

- Go to myUnisa.
- Log in with your student number and password.
- Select the module.
- Click on "Assignments" in the menu on the left.
- Click on the number of the assignment you want to submit.
- Follow the instructions on the screen.

Please note: Refer to the *Studies @ Unisa* brochure regarding whom you need to contact if you have any enquiries about assignments, such as whether or not Unisa has received your assignment, or the date on which an assignment was returned to you. You may also find information on myUnisa. If you do not know how to log in on myUnisa yet, please follow the instructions in 5.2 above.

You will receive the correct answers for multiple-choice questions automatically. However, we will send feedback on compulsory assignments **to all students registered for this module** in a follow-up tutorial letter (Tutorial Letter 201 and Tutorial Letter 202).

As soon as you receive the feedback, please check your answers. The assignments and the feedback on them constitute an important part of your learning process and should help you to be better prepared for the next assignment and the examination.

8.6 The assignments

You will find the assignments in the following addendums:

Addendum A: assignments for first semester students of 2018 only

Addendum B: assignments for second semester students of 2018 only

Addendum C: self-assessment assignment 03

8.7 Other assessment methods

FAC1501 only makes use of assignments and examinations as assessment methods.

8.8 The examination

For general information and requirements as far as examinations are concerned, please refer to the publication *Studies @ Unisa*.

This module is offered over a semester period of 15 weeks. Therefore, if you are registered for the **first semester**, you will write the examination in **May/June 2018** and could write the **supplementary examination** in **October/November 2018** (if your final mark is between 40% and 49%). If you are registered for the **second semester**, you will write the examination in **October/November 2018** and could write the **supplementary examination** in **May/June 2019** (if your final mark is between 40% and 49%).

During the semester, the Examination Section will provide you with information regarding the examination in general as well as examination venues, dates and times.

If you have obtained admission to the examination, you will have to write a **two-hour examination paper counting 100 marks** at the end of the registration cycle. Because this may well be your first examination in higher education, please take note of the following examination techniques or tips:

- Read through the questions carefully.
- Make sure you answer only what is required.
- Do not waste time on questions that you do **not** know the answers to.
- First answer those questions you can answer best.
- Show all calculations in support of your answers.
- Use a non-programmable calculator.
- Please write legibly in blue or black ink. Do not write in pencil.

Calculator policy

Unisa's calculator policy is given below.

Candidates may only use silent, electronic, battery-driven pocket calculators subject to the following conditions:

- Calculators must be cordless, and may not have print-out facilities or alpha keys;
- Any financial calculator will be allowed, as the following tables will not be provided:
 - Tables of present value factors for various discount rates for varying periods; and
 - Tables of future value factors for various interest rates for varying periods;
- The calculator function on mobile telephones or any electronic device (i.e. laptops and/or any Smart Phone) may not be used; and
- Candidates may not share a calculator with another candidate in the examination room.

Some previous examination papers are available on myUnisa. You may also find that examination questions are similar to the questions asked in the activities in your study guide and in the self-assessment assignment.

Tutorial Letter 201 and Tutorial Letter 202 will provide you with feedback on the compulsory assignments.

Tutorial Letter 102 will provide additional questions and solutions that you can use to prepare for the examination.

Tutorial Letter 103 will provide you with information on the examination.

9 FREQUENTLY ASKED QUESTIONS

My assignment is late, will you please mark it?

Answer: The compulsory assignments for FAC1501 are multiple choice question assignments and are marked by a computer system. The marking date is predetermined by the computer system. The lecturers have no influence on this marking process. If your assignment is thus late or not marked, it most probably did not reach the Assignment Section on time. Please direct all queries in this regard to the Assignment Section.

My assignment mark is incorrect.

Answer: The marking of the compulsory assignments is an automated process and marking is done according to a pre-set marking scheme by a computer system. You can e-mail assign@unisa.ac.za for any enquiries about your assignment marks.

I will be overseas and I will not be able to submit my first assignment on time.

Answer: If you do not submit your first assignment on time, you will not be allowed to write the forthcoming examination. You must e-mail exams@unisa.ac.za timeously to make alternative arrangements.

I received my study material too late to submit my first assignment on time.

Answer: You will have to prove that you indeed received your study material late. Submit the proof with a motivated request to examadmission@unisa.ac.za timeously.

I have already submitted my assignment and the word “resubmit” appears on the screen, must I resubmit my assignment?

Answer: The assignment must only be resubmitted if you want to change some of the answers. If you resubmit the assignment all the answers must be typed in again.

How do I get tutor assistance?

Answer: While the trend at Unisa is more towards e-tutoring, physical tutorials are still held at the centres indicated in the *Studies @ Unisa* brochure. Students who are interested in tutor assistance can contact the centres and enquire about face-to-face classes.

I have problems with the mylife account?

Answer: Please contact myLifeHelp@unisa.ac.za.

10 IN CLOSING

This module will make a heavy demand on your time, and you are unlikely to pass it by doing the minimum amount of work. You should therefore have a detailed study plan in place and adhere to it as far as possible.

In spite of the care taken to ensure that the study guide, assignments and solutions are comprehensible and free from errors and omissions, discrepancies may occur. Should you come across parts of the subject matter that are unclear or any other problems, kindly let us know to enable us to make the necessary corrections.

We trust that you will enjoy this module and wish you success with your studies.

Kind regards

FAC1501 LECTURERS

11 ADDENDUM

11.1 Addendum A: assignments for first semester students of 2018 only

ADDENDUM A

ASSIGNMENTS FOR FIRST SEMESTER STUDENTS OF 2018 ONLY

ASSIGNMENT 01

THIS ASSIGNMENT IS COMPULSORY.

DUE DATE: 5 MARCH 2018

UNIQUE NUMBER: 785538

Please take note of the following:

- **Do not submit assignments by means of fax or e-mail.**
- You can submit this assignment via myUnisa. **Alternatively**, this assignment can be answered on a mark-reading sheet. Before completing the mark-reading sheet, please refer to the instructions for completing mark-reading sheets in this year's issue of *Studies @ Unisa*. Please read these instructions **carefully** and follow them **exactly** to avoid mistakes.
- This assignment covers **learning units 1 to 5** of the study guide and comprises of **15** multiple choice questions. Work through the relevant study material carefully before you attempt the assignment.
- **We will not move the due date for this assignment, allow you to submit it late, or enter into any correspondence or telephonic conversations in this regard.**

ASSIGNMENT 01

UNIQUE NUMBER: 785538

DUE DATE: 5 MARCH 2018

Before you answer the questions for this assignment, you must have studied learning units 1 to 5 of your study guide.

Submit this assignment electronically via myUnisa, or do it on a mark-reading sheet.

1. Which one of the following activities does not form part of the process in financial accounting?
 - (1) Identification – selecting those events that are evidence of economic activity relevant to the particular entity.
 - (2) Recording the monetary value of the economic events so as to provide a permanent history of the financial activities of the entity.
 - (3) Communication of the recorded information to interested users.
 - (4) The calculation of the profit made by the entity.

2. The following statements are statements regarding assets:
 - (i) An asset increases on the debit side.
 - (ii) An asset will be classified as current when it is expected to be converted into money in the entity's normal operating cycle.
 - (iii) Assets are resources controlled by the entity.
 - (iv) Present obligations of an entity as a result of past events and represent a potential outflow of cash from the entity.

Which combination of statements regarding assets is correct?

- (1) (i), (ii), (iii)
 - (2) (ii), (iii), (iv)
 - (3) (i), (iii), (iv)
 - (4) (i), (ii), (iv)
3. Rihanna purchased equipment for cash to start her business. As which element will equipment be classified?
 - (1) Equity
 - (2) Asset
 - (3) Expense
 - (4) Liability
4. Mariah purchased inventory for R27 360 inclusive of 14% VAT. What is the VAT amount included in the purchase price?
 - (1) R3 830
 - (2) R3 770
 - (3) R3 360
 - (4) R3 460

5. Which one of the following is not a characteristic of a sole trader?
- (1) The entity belongs to one person only.
 - (2) It is not a legal entity distinct from its owner.
 - (3) All decisions regarding the entity are taken by the owner and all the profits and losses accrue to the owner.
 - (4) The entity will not cease to exist if the owner dies.
6. Which one of the following source documents does not form part of the internal source documents of an entity?
- (1) Cash slip
 - (2) Petty cash voucher
 - (3) Cheque counterfoil
 - (4) Signed credit card slip
7. The following list is a list of steps in the financial accounting cycle:
- (i) Trial balances
 - (ii) Subsidiary journals
 - (iii) Transactions and source documents
 - (iv) General ledger and subsidiary ledger
 - (v) Financial statements

What is the chronological order of the list of steps in the financial accounting cycle?

- (1) (i), (ii), (iii), (v), (iv)
 - (2) (iii), (ii), (iv), (i), (v)
 - (3) (v), (i), (iii), (ii), (iv)
 - (4) (ii), (i), (iv), (v), (iii)
8. Wendy Traders purchased equipment on credit for R35 000. What will the effect of this transaction be on the accounting equation?
- (1) Assets will increase and liabilities will increase.
 - (2) Assets will decrease and liabilities will increase.
 - (3) Equity will increase and assets will increase.
 - (4) Equity will decrease and liabilities will increase.

Use the information provided below to answer questions 9 and 10:

The following account balances are from the accounting records of Gaga Dealers:

	R
Buildings at cost	100 000
Equipment at cost.....	25 000
Inventory.....	18 000
Income received in advance	5 700
Creditor.....	12 000
Short-term loan.....	20 000
Long-term loan	80 000

9. What is the amount for total assets in the accounting records of Gaga Dealers?
- (1) R143 000
 (2) R125 000
 (3) R148 700
 (4) R100 000
10. What is the amount for total liabilities in the accounting records of Gaga Dealers?
- (1) R112 000
 (2) R117 700
 (3) R100 000
 (4) R106 300
11. Mariah purchased goods of which the invoice total amounted to R3 705 excluding VAT. How much is the VAT payable if the official VAT rate is 14%?
- (1) R518,70
 (2) R495,00
 (3) R455,00
 (4) R480,00
12. WZY Bakery purchased a mixing machine from TWH Goods for R25 000 cash on 31 July 2018. WZY Bakery is not a VAT vendor.

Choose the correct entry that must be recorded in the general ledger account for the above transaction.

(i)

Dr		Machinery					B12		Cr	
2018										
July	31	Creditor	CPJ1	25 000						

(ii)

Dr		Machinery					B12		Cr	
2018										
July	31	Bank	CPJ1	25 000						

(iii)

Dr		Machinery					B12		Cr	
					2018					
					July	31	Bank	CPJ1	25 000	

(iv)

Dr		Machinery					B12		Cr	
					2018					
					July	31	Creditor	CPJ1	25 000	

- (1) (iii)
 (2) (ii)
 (3) (i)
 (4) (iv)

13. Bee-Gee Traders sold goods to Mr Fenty for R7 500 cash.

What will the effect of the sales transaction be on the accounting equation of Bee-Gee Traders?

- (1) Assets will increase and decrease with R7 500.
 - (2) Assets will increase with R7 500 and liabilities will increase with R7 500.
 - (3) Assets will increase with R7 500 and equity will increase with R7 500.
 - (4) Equity will increase and decrease with R7 500.
14. Bona Mathemba is a sole trader trading as BME Traders. On 30 June 2018 she paid the insurance expense of R5 000 for the month with a cheque. How will the transaction be recorded in the general ledger of BME Traders?
- (1) Debit insurance and credit bank.
 - (2) Debit bank and credit insurance.
 - (3) Debit creditor and credit bank.
 - (4) Debit bank and credit creditor.
15. Which source document will be used to prepare the cash payments journal?
- (1) Duplicate receipt
 - (2) Petty cash voucher
 - (3) Cheque counterfoil
 - (4) Cash register roll

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ASSIGNMENT 02

THIS ASSIGNMENT IS COMPULSORY.

DUE DATE: 16 APRIL 2018

UNIQUE NUMBER: 795174

Please take note of the following:

- **Do not submit assignments by means of fax or e-mail.**
- You can submit this assignment via myUnisa. **Alternatively**, this assignment can be answered on a mark-reading sheet. Before completing the mark-reading sheet, please refer to the instructions for completing mark-reading sheets in this year's issue of *Studies @ Unisa*. Please read these instructions **carefully** and follow them **exactly** to avoid mistakes.
- This assignment covers **learning units 6 to 10** of the study guide and comprises of **15** multiple choice questions. Work through the relevant study material carefully before you attempt the assignment.
- **We will not move the due date of this assignment, allow you to hand it in late, or enter into correspondence or telephonic conversations in this regard.**

ASSIGNMENT 02**UNIQUE NUMBER: 795174****DUE DATE: 16 APRIL 2018**

Before you answer the questions for this assignment, you must have studied learning units 6 to 10 of your study guide.

Submit this assignment electronically via myUnisa, or do it on a mark-reading sheet.

1. Under which inventory control system will the purchases account be debited when inventory is purchased?
 - (1) Perpetual inventory control system
 - (2) Periodic inventory control system
 - (3) LIFO
 - (4) FIFO

2. The following are examples of errors which will be revealed by a trial balance and errors which will not be revealed by a trial balance:
 - (a) The trial balance has been incorrectly totalled.
 - (b) Errors of omission.
 - (c) The balances in the ledger accounts have been incorrectly transferred to the trial balance.
 - (d) The balance of the ledger account has been incorrectly calculated.
 - (e) Posting to the wrong account.

Which one of the following groups correctly reflects all the errors which will be revealed by a trial balance?

- (1) (a), (c), (d)
 - (2) (b), (d), (e)
 - (3) (c), (d), (e)
 - (4) (b), (c), (d)
3. The following information was obtained from the accounting records of Nkomo Traders for the financial year ended 28 February 2018:

	R
Inventory (1 March 2017).....	200 000
Sales.....	320 000
Purchases.....	165 000
Sales returns.....	700
Purchases returns.....	4 600
Freight charges on purchases	500
Freight charges on sales.....	1 300
Settlement discount granted	550
Settlement discount received.....	165

A physical inventory count on 28 February 2018 indicated that inventory on hand amounted to R75 000. The periodic inventory control system is in use.

What is the cost of sales amount for the financial year ended 28 February 2018?

- (1) R346 885
 - (2) R302 150
 - (3) R250 345
 - (4) R285 735
4. When using the periodic inventory control system, which general ledger account is used to record the purchases of inventory during the financial year?
- (1) Purchases
 - (2) Inventory
 - (3) Cost of sales
 - (4) Purchases returns
5. Which one of the following statements correctly describes the purpose of the purchases journal?
- (1) The purchases journal records cash transactions where goods have been purchased.
 - (2) The purchases journal records credit transactions where goods have been purchased.
 - (3) The purchases journal records both credit and cash transactions where goods have been purchased.
 - (4) The purchases journal records credit transactions where goods have been sold.
6. An overdrawn balance of R200 000 in the bank statement will appear as a balance in the ...
- (1) credit side of the bank reconciliation statement.
 - (2) debit side of the bank account in the general ledger.
 - (3) credit side of the bank statement.
 - (4) debit side of the bank reconciliation statement.

Use the information provided below to answer questions 7 to 11:

The following information was obtained from the accounting records of Nkomo Dealers for the month ended 31 January 2018.

A comparison of the bank statement with the cash receipts journal and cash payments journal revealed the following differences:

A direct deposit from T Kwamongwe appears in the bank statement of Nkomo Dealers for an amount of R4 000.

The following cheques have not yet been presented for payment as at 31 January 2018:

- 0013 – R1 700
- 0016 – R2 700

The bank charges totalled to an amount of R556,30.

The bank statement revealed a favourable balance of R67 193,70 on 31 January 2018.

The totals in the cash receipts journal and cash payments journal before preparing the bank reconciliation was R195 000 and R180 650 respectively. The closing bank balance in the general ledger was a favourable balance of R45 000 at the end of December 2017.

7. Which amount will be used as the opening balance of the bank account in the general ledger on 1 January 2018?
- (1) R195 000
 - (2) R67 193,70
 - (3) R45 000
 - (4) R180 650
8. Which of the following entries will appear in the bank account in the general ledger for the month ended 31 January 2018?
- (1) Dr balance R45 000, Dr total receipts R199 000 and Cr total payments R181 206,30.
 - (2) Dr balance R45 000, Dr total receipts R181 206,30 and Cr total payments R199 000.
 - (3) Dr balance R67 193,70, Dr total payments R181 206,30 and Cr total receipts R199 000.
 - (4) Dr balance R67 193,70, Dr total receipts R199 000 and Cr total payments R181 206,30.
9. Which entry will appear in the bank reconciliation statement as at 31 January 2018?
- (1) The direct deposit of R4 000.
 - (2) The bank charges of R556,30.
 - (3) The outstanding cheques of R4 400.
 - (4) The balance of the bank account of R45 000.
10. Which amount will appear in the bank reconciliation statement as the balance per the bank statement?
- (1) R45 000 credit
 - (2) R45 000 debit
 - (3) R67 193,70 credit
 - (4) R67 193,70 debit
11. Which amount will appear in the bank reconciliation statement as the balance per the bank account?
- (1) R67 193,70 credit
 - (2) R67 193,70 debit
 - (3) R62 793,70 credit
 - (4) R62 793,70 debit

12. When goods are sold on credit, the effect will be the following:
- (1) The sales account will increase, and the debtors account will decrease.
 - (2) The sales account will increase, and the debtors account will increase.
 - (3) The purchases account will increase, and the creditors account will increase.
 - (4) The purchases account will increase, and the creditors account will decrease.
13. The perpetual inventory control system determines the cost of sales of goods at the time of sale.

When merchandise is sold for cash, the following accounts will be affected (excluding sales and bank account):

- (1) Debit cost of sales, credit inventory.
 - (2) Credit cost of sales, debit inventory.
 - (3) Debit purchases, credit inventory.
 - (4) Credit purchases; debit inventory.
14. The following statements describe the financial year:
- (a) It consists of 12 consecutive months.
 - (b) It is the period for which an entity calculates its profit.
 - (c) It is necessary that it coincide with the calendar year.
 - (d) It is also called the accounting period.

Which one of the following groups correctly reflects all the statements that are true?

- (1) (a), (b), (c)
 - (2) (a), (b), (d)
 - (3) (a), (c), (d)
 - (4) (b), (c), (d)
15. Which one of the following statements does not relate to the closing transfers when an entity uses the periodic inventory control system?
- (1) Transfer the opening inventory to the trading account.
 - (2) Close off the settlement discount granted account to the sales account.
 - (3) Close off the drawings account by transferring the balance to the capital account.
 - (4) Close off the cost of sales account to the trading account.

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11.2 Addendum B: assignments for second semester students of 2018 only

ADDENDUM B

**ASSIGNMENTS FOR SECOND SEMESTER
STUDENTS OF 2018 ONLY**

ASSIGNMENT 01

THIS ASSIGNMENT IS COMPULSORY.

DUE DATE: 13 AUGUST 2018

UNIQUE NUMBER: 816107

Please take note of the following:

- **Do not submit assignments by means of fax or e-mail.**
- You can submit this assignment via myUnisa. **Alternatively**, this assignment can be answered on a mark-reading sheet. Before completing the mark-reading sheet, please refer to the instructions for completing mark-reading sheets in this year's issue of *Studies @ Unisa*. Please read these instructions **carefully** and follow them **exactly** to avoid mistakes.
- This assignment covers **learning units 1 to 5** of the study guide and comprises of **15** multiple choice questions. Work through the relevant study material carefully before you attempt the assignment.
- **We will not move the due date for this assignment, allow you to submit it late, or enter into any correspondence or telephonic conversations in this regard.**

ASSIGNMENT 01**UNIQUE NUMBER: 816107****DUE DATE: 13 AUGUST 2018**

Before you answer the questions for this assignment, you must have studied learning units 1 to 5 of your study guide.

Submit this assignment electronically via myUnisa, or do it on a mark-reading sheet.

1. Which of the following documents are examples of internal source documents?
 - (1) Original cash purchases invoices
 - (2) Original receipts
 - (3) Cash slips
 - (4) Cash register rolls

2. Which one of the following is the systematic steps in the financial accounting cycle?
 - (1) Subsidiary journals → Transactions → Source documents → General ledger and subsidiary ledgers → Trial balance → Final accounts and financial statements.
 - (2) Transactions → Source documents → Subsidiary journals → General ledger and subsidiary ledgers → Trial balance → Final accounts and financial statements.
 - (3) Source documents → Transactions → Subsidiary journals → General ledger and subsidiary ledgers → Trial balance → Final accounts and financial statements.
 - (4) Transactions → Subsidiary journals → Source documents → Trial balance → General ledger and subsidiary ledgers → Final accounts and financial statements.

3. Bert owns a business that prints T-shirts and he is taxed in his personal capacity. Therefore, Bert's business is considered to be a ...
 - (1) company.
 - (2) close corporation.
 - (3) partnership.
 - (4) sole trader.

4. On 1 January 2018, Mechanical Services bought a toolbox and tools on credit from Motor World for R8 000. The effect of this transaction on the accounting equation of Mechanical Services will be as follows:
 - (1) Assets will increase with R8 000 and liabilities will increase with R8 000.
 - (2) Assets will decrease with R8 000 and liabilities will increase with R8 000.
 - (3) Assets will increase with R8 000 and liabilities will decrease with R8 000.
 - (4) Assets will decrease with R8 000 and liabilities will decrease with R8 000.

5. Debtors will be classified as ...
- (1) current assets.
 - (2) non-current assets.
 - (3) non-current liabilities.
 - (4) current liabilities.
6. Which one of the following is not a liability?
- (1) Accrued expenses
 - (2) Capital
 - (3) Long-term loans
 - (4) Income received in advance
7. Grace buys and sells furniture. Grace sold 100 chairs to Lulus Furniture for cash. Which one of the following statements is correct regarding the effect of the transaction on the accounting records of Grace?
- (1) Assets will increase and equity will increase.
 - (2) Assets will increase and equity will decrease.
 - (3) Assets will decrease and equity will increase.
 - (4) Assets will decrease and equity will decrease.

Use the information provided below to answer questions 8 and 9:

The following information was taken from the accounting records of VW Traders:

	R
Rent expenses	3 500
Advertising.....	600
Petty cash.....	37 678
Inventories.....	12 345
Sales	14 000
Credit losses recovered.....	2 678
Commission income	17 000

8. What is the total amount for income?
- (1) R38 278
 - (2) R15 845
 - (3) R33 678
 - (4) R16 445
9. What is the total amount for expenses?
- (1) R16 678
 - (2) R4 100
 - (3) R19 678
 - (4) R26 345

Use the information provided below to answer questions 10 and 11:

The following information was taken from the accounting records of ABC Dealers:

	R
Land and buildings at cost.....	580 000
Capital.....	600 000
Long-term loan.....	450 000
Advertising expenses.....	20 000
Sales.....	500 000
Equipment at cost.....	180 000
Telephone expenses.....	7 000
Bank (positive balance).....	180 000
Creditors.....	80 000
Inventory.....	90 000
Wages.....	60 000
Interest income.....	7 000

10. What is the total amount for current assets?

- (1) R270 000
- (2) R260 000
- (3) R350 000
- (4) R170 000

11. What is the total amount for non-current liabilities?

- (1) R530 000
- (2) R450 000
- (3) R507 000
- (4) R600 000

12. Mayilo Traders received R114 000 (VAT inclusive) from the credit sales of goods.

What is the total sales exclusive of VAT if the VAT rate is 14%?

- (1) R98 040
- (2) R15 960
- (3) R14 000
- (4) R100 000

13. The following statements describe the effects which a transaction may have on the elements of the accounting equation:
- (a) Assets can be increased and decreased by a transaction.
 - (b) Liabilities can be increased and equity can be decreased by a transaction.
 - (c) Liabilities can be increased and equity can be increased by a transaction.
 - (d) Liabilities can be increased and assets can be increased by a transaction.

Which one of the following groups correctly reflects all the statements that are true?

- (1) (a), (b), (c)
 - (2) (b), (c), (d)
 - (3) (a), (b), (d)
 - (4) (a), (c), (d)
14. Thabo issued a business cheque to pay the water and electricity expense of the entity. Which one of the following statements regarding this transaction is correct?
- (1) Equity will increase and the water and electricity expense account must be credited.
 - (2) Equity will decrease and the water and electricity expense account must be credited.
 - (3) Equity will decrease and the water and electricity expense account must be debited.
 - (4) Equity will increase and the water and electricity expense account must be debited.
15. Which source document will be used to prepare the cash receipts journal?
- (1) Duplicate receipt
 - (2) Petty cash voucher
 - (3) Cheque counterfoil
 - (4) Original receipt

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ASSIGNMENT 02

THIS ASSIGNMENT IS COMPULSORY.

DUE DATE: 25 SEPTEMBER 2018

UNIQUE NUMBER: 863958

Please take note of the following:

- **Do not submit assignments by means of fax or e-mail.**
- You can submit this assignment via myUnisa. **Alternatively**, this assignment can be answered on a mark-reading sheet. Before completing the mark-reading sheet, please refer to the instructions for completing mark-reading sheets in this year's issue of *Studies @ Unisa*. Please read these instructions **carefully** and follow them **exactly** to avoid mistakes.
- This assignment covers **learning units 6 to 10** of the study guide and comprises of **15** multiple choice questions. Work through the relevant study material carefully before you attempt the assignment.
- **We will not move the due date of this assignment, allow you to hand it in late, or enter into correspondence or telephonic conversations in this regard.**

ASSIGNMENT 02

UNIQUE NUMBER: 863958

DUE DATE: 25 SEPTEMBER 2018

Before you answer the questions for this assignment, you must have studied learning units 6 to 10 of your study guide.

Submit this assignment electronically via myUnisa, or do it on a mark-reading sheet.

1. Which of the following documents are used to record entries in the purchases journal?
 - (1) Duplicates of receipts issued
 - (2) Cash register rolls
 - (3) Original credit invoices
 - (4) Original credit card/debit card slips

2. To which inventory valuation method does the following statement refer to: The total cost of the goods available for sale is divided by the total number of units in order to determine an average cost per unit?
 - (1) FIFO
 - (2) Weighted average
 - (3) LIFO
 - (4) Perpetual

3. Which of the following costs will be considered in the calculation of cost of sales when a periodic inventory control system is used?
 - (1) Carriage on sales
 - (2) Settlement discount granted
 - (3) Sales returns
 - (4) Carriage on purchases

4. Goods sold on credit by an entity will be recorded in the
 - (1) sales returns journal
 - (2) purchases journal
 - (3) purchases returns journal
 - (4) sales journal

5. Which account will be debited and which account will be credited when the owner of an entity took goods for his own personal use. The entity makes use of the periodic inventory control system.?
 - (1) The drawings account will be debited, and the inventory account will be credited.
 - (2) The inventory account will be debited, and the drawings account will be credited.
 - (3) The drawings account will be debited, and the purchases account will be credited.
 - (4) The purchases account will be debited, and the drawings account will be credited.

6. Which account will be debited and which account will be credited when a credit sales invoice is issued?
- (1) The sales account will be debited and the debtors control account will be credited.
 - (2) The sales account will be credited and the debtors control account will be debited.
 - (3) The sales account will be debited and the bank account will be credited.
 - (4) The sales account will be credited and the bank account will be debited.
7. Which one of the following statements does not relate to the closing transfers when an entity uses the perpetual inventory control system?
- (1) Close off the sales returns account to the sales account.
 - (2) Close off the settlement discount received account to the cost of sales account.
 - (3) Close off the trading account by transferring the gross profit to the profit or loss account.
 - (4) Close off the purchases account to the trading account.
8. The following are steps which should be followed when compiling a bank reconciliation:
- (i) Prepare a bank reconciliation statement using the outstanding cheques and deposits and correct any mistakes made by both the bank and the entity.
 - (ii) Adjust the cash receipts journal and cash payments journal with items which are in the bank statement but not in the cash receipts and cash payments journals.
 - (iii) Compare the debit column of the bank statement with the cash payments journal and vice versa.
 - (iv) Use the totals obtained from the adjusted cash receipts and cash payments journals to prepare the bank account.
 - (v) Compare the credit column of the bank statement with the cash receipts journal and vice versa.

Rearrange the above steps in the correct order.

- (1) (i), (iii), (iv), (v), (ii)
- (2) (iii), (v), (ii), (iv), (i)
- (3) (v), (iii), (i), (ii), (iv)
- (4) (iv), (i), (v), (iii), (ii)

9. Match column B with column A.

COLUMN A	COLUMN B
Settlement discount granted	A. The purchase of inventory is recorded directly into the inventory account at cost price.
Perpetual inventory control system	B. Discount granted by creditors for early settlement of the account.
Gross profit	C. Any period which consists of 12 consecutive months.
Financial year	D. Discount offered to debtors to encourage a quick settlement of their debts within the stated credit term.
Settlement discount received	E. Sales - cost of sales

The correct sequence of column B will be:

- (1) D, A, E, C, B
- (2) B, D, C, A, E
- (3) A, C, D, E, B
- (4) C, B, D, A, E

10. DeeJaay Stores purchased inventory for R100 000 on credit on 25 May 2018. How will the transaction be recorded in the general ledger account?

(i)

Dr					Purchases					Cr
2018	May	25	Creditors	PJ3	100 000					

(ii)

Dr					Purchases					Cr	
						2018	May	25	Bank	PJ3	100 000

(iii)

Dr					Purchases					Cr	
						2018	May	25	Creditors	PJ3	100 000

(iv)

Dr					Purchases					Cr
2018	May	25	Bank	PJ3	100 000					

- (1) (i)
- (2) (iv)
- (3) (iii)
- (4) (ii)

Use the information provided below to answer questions 11 and 12:

The following account totals are from the accounting records of Super Dealers:

	R
Sales	150 000
Purchases	50 000
Carriage on purchases	5 000
Rental income	13 000
Admin cost.....	4 000
Depreciation	8 000
Carriage on sales	15 000
Repairs and maintenance.....	3 500

11. What will the gross profit amount be?
- (1) R100 000
 - (2) R95 000
 - (3) R80 000
 - (4) R76 000
12. What will the net profit amount be?
- (1) R77 500
 - (2) R85 500
 - (3) R81 000
 - (4) R78 000
13. In the general ledger, the bank account has an unfavourable balance of R9 000 and the bank charges account has a total of R220. In which column side of the trial balance will the amounts be recorded?
- (1) Both in the credit column.
 - (2) The debit column for the bank charges account and the credit column for the bank account.
 - (3) Both in the debit column.
 - (4) The credit column for the bank charges account and the debit column for the bank account.

Use the information provided below to answer questions 14 and 15:

On 28 February 2018, the bank totals in the cash receipts journal and cash payments journal were R285 000 and R90 000 respectively before the bank reconciliation was done.

The bank account had a debit balance of R20 000 on 1 February 2018.

The bank statement had a credit balance of R175 000 on 28 February 2018.

The following deposit did not appear on the bank statement:

- Deposit for R29 000

14. On 1 March 2018, the balance brought down (b/d) in the bank account in the general ledger was
- (1) R215 000 on the credit side of the bank account.
 - (2) R285 000 on the debit side of the bank account.
 - (3) R175 000 on the credit side of the bank account.
 - (4) R215 000 on the debit side of the bank account.

15. The deposit of R29 000 that did not appear on the bank statement will be recorded in the ...
- (1) bank account in the general ledger.
 - (2) cash receipts journal.
 - (3) bank reconciliation statement.
 - (4) cash payments journal.

---oOo---

11.3 Addendum C: self-assessment assignment 03

ADDENDUM C

SELF-ASSESSMENT ASSIGNMENT 03

QUESTION 1 (28 marks)(34 minutes)

Delta Furniture is a sole proprietorship owned by Mrs Aubrey Delta. Mrs Delta's business was established on 1 January 20.9. The following transactions took place during January 20.9:

		R
1	Mrs Aubrey Delta deposited cash into the bank account of Delta Furniture as her initial contribution to the capital of the entity.	500 000
4	Purchased trading inventory on credit from KLJ Manufacturers.	1 000 000
8	Bought a delivery van on credit from ACE Vehicle Dealers.	90 000
11	Sold beds, tables and chairs to Morningside Inn for cash.	750 000
12	Paid cash in respect of rent for the month of July.	4 500
15	Sold a dining room suite on credit to Mr Y Yogi.	10 000
20	Paid KLJ Manufacturers in part settlement of their account.	150 000
21	Received cash from Mr Y Yogi in full settlement of his account.	10 000
22	Paid the telephone account in cash.	890
25	Mrs Aubrey Delta donated cash from the business to the local children's home.	15 000
	Paid salaries to sales consultants.	5 000
26	Purchased goods for cash from Gecko Dealers.	250 000

NB: The entity uses the perpetual inventory system and a mark-up percentage of 25% on cost.

REQUIRED:

Draw up a table in the format below. Analyse the above transactions by indicating which **account** must be **debited** and **credited** in the general ledger for each of these transactions. 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** in the elements of the accounting equation. VAT can be ignored. Where applicable, assume that the bank balance is positive.

Example: Paid the water and electricity account of R2 000 with a business cheque.

Transaction	General ledger		Assets =	Liabilities +	Equity		
	Account debited	Account credited			Capital	Income	Expenses
<i>Example</i>	<i>Water and electricity</i>	<i>Bank</i>	<i>-R2 000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-R2 000 *</i>

*** Please note:**

The effect is an increase in expenses but a decrease in equity. Your answers should indicate the effect on equity.

QUESTION 2 (23 marks)(28 minutes)

GR Stores is registered as a VAT vendor on the invoice basis. All the suppliers of the entity are also VAT vendors. Cash is banked on a daily basis. All goods are sold at a constant mark-up of 25% on cost, and a perpetual inventory system is in use. VAT is calculated at 14%.

The following transactions took place during January 20.1:

- 3 Purchased inventory on credit from AK Wholesalers (invoice no. AK897) for R176 700.
- 4 Cash sale of trading goods, R6 612 (receipt no. 125).
Sold goods on credit to Ms A Moodley, R28 500 (invoice no. GR250).
- 5 Purchased stationery from Fox Stationers for R513 (cheque no. 176).
Cash sale of trading goods, R7 410 (receipt no. 126).
- 6 Sold goods on credit to Mr AZ Makho for R15 048 (invoice no. GR251).
Pay the December telephone account of R2 850 to Telkom (cheque no. 177).
- 7 Drew a cheque of R15 000 to pay wages (cheque no. 178).
- 12 Received a cheque for R2 622 from Ms K Peters, being rent for January, (receipt no. 127).
- 14 Drew a cheque of R15 000 to pay wages (cheque no. 179).
- 17 Sold goods on credit to Mr B Benjamin for the amount of R23 940 (invoice no. GR252).
- 19 Purchased inventory for cash from BB Ltd for R114 000 (cheque no. 180).
- 20 Mr AZ Makho paid his account in full and received a discount of 25% (receipt no. 128).
- 21 Drew a cheque of R15 000 to pay wages (cheque no. 181).
- 24 Sold goods for cash to Ms P Petrus for R19 380 (receipt no. 129).
- 25 Paid salaries totalling R25 000 (cheque no. 182).
- 26 Sold goods on credit to Ms J Rose for R34 200 (invoice no. GR253).
- 27 Paid AK Wholesalers R57 000 as part payment of the amount due to them (cheque no. 183).
- 28 Received R5 700 from Ms A Moodley, a debtor (receipt no. 130).
Drew a cheque of R15 000 to pay wages (cheque no. 184).
Paid the remaining amount owing to AK Wholesalers, a creditor, after receiving a 20% discount (cheque no. 185).
- 29 Sold goods on credit to Ms Z Zeebo totalling R3 990 (invoice no. GR254).
- 31 Received a bank statement from RG Bank which shows the following:
Bank charges - R228
Interest income - R170
Stop order for insurance at Lee Insurers - R2 850.

NB: VAT is included where applicable.

REQUIRED:

- (a) Use the suggested format below to prepare the cash receipts journal of GR Stores for January 20.1.

GR Stores

Cash receipts journal - January 20.1

CRJ1

Doc no.	Day	Details	Analysis of receipts	Bank	Sales	Cost of sales	VAT output	Debtors	Settlement discount granted (dr)	VAT input (dr)	Sundry accounts	
											Amount	Details
			R	R	R	R	R	R	R	R	R	

(9)

- (b) Use the suggested format below to prepare the cash payments journal of GR Stores for January 20.1.

GR Stores

Cash payments journal - January 20.1

CPJ1

Doc no.	Day	Details	Bank	Wages	VAT input	Creditors	Settlement discount received (cr)	VAT output (cr)	Sundry accounts	
									Amount	Details
			R	R	R	R	R	R	R	

(9)

- (c) Use the suggested format below to prepare the purchases journal of GR Stores for January 20.1.

GR Stores

Purchases journal - January 20.1

PJ1

Invoice no.	Day	Details	Fol	VAT input	Inventory	Creditors
				R	R	R

(1)

- (d) Use the suggested format below to prepare the sales journal of GR Stores for January 20.1.

GR Stores

Sales journal - January 20.1

SJ1

Invoice no.	Day	Details	Fol	VAT output	Sales	Cost of sales	Debtors
				R	R	R	R

(5)

QUESTION 3 (13 marks)(16 minutes)

The following information was taken from the accounting records of LR Stores for March 20.1:

LR Stores**Bank statement for March 20.1 received from PL Bank**

Date	Details	Debit R	Credit R	Balance R
1/3/20.1	Balance b/d			45 150
	Credit.....		21 000	66 150
2/3/20.1	Cheque no. LR 217	4 500		61 650
	Service fees.....	25		61 625
4/3/20.1	Credit.....		21 000	82 625
8/3/20.1	Credit.....		15 500	98 125
9/3/20.1	Cheque no. LR 219	500		97 625
11/3/20.1	Credit.....		30 000	127 625
15/3/20.1	Cheque no. LR 221	40 000		87 625
16/3/20.1	Credit.....		15 000	102 625
18/3/20.1	Cheque no. LR 222	2 000		100 625
23/3/20.1	Credit.....		40 000	140 625
28/3/20.1	Credit.....		5 000	145 625
29/3/20.1	Credit.....		26 500	172 125
30/3/20.1	Cheque no. LR 224	1 900		170 225
31/3/20.1	Debit order.....	1 500		168 725
	Interest on bank account		90	168 815
	Cheque no. XX 900	2 100		166 715
	Bank charges	50		166 665
	Credit.....		15 000	181 665

LR Stores**Cash receipts journal (bank column only) - March 20.1****CRJ3**

Date	Details	Analysis of receipts	Bank
		R	R
1	Sales	15 000	
	D Dlomo.....	6 000	21 000
4	Sales	21 000	21 000
8	Sales	10 000	
	S Singh.....	5 500	15 500
11	Sales	30 000	30 000
16	M Mkhize	2 000	
	Sales	13 000	15 000
23	K Keats.....	40 000	40 000
29	Sales	25 000	
	A Jones.....	1 500	26 500
31	Sales	5 000	5 000
			174 000

LR Stores

Cash payments journal (bank column only) - March 20.1

CPJ3

Cheque no.	Date	Details	Bank
			R
LR217	2	Letting Inc.....	4 500
LR218	7	Realty Executive.....	900
LR219	9	WT Stationers	500
LR220	10	Cash.....	6 700
LR221	15	XYZ Wholesalers.....	40 000
LR222	18	Cash.....	2 000
LR223	23	Cash.....	500
LR224	30	Cash.....	1 900
LR225	31	Ditto Dealers	55 000
			112 000

Additional information

1. On 31 March 20.1, the bank account in the general ledger of LR Stores had a debit balance of R45 150.
2. The credit entry on the bank statement for R5 000 on 28 March 20.1 was a direct deposit made by a customer, Mr A Rose.
3. The debit order on the bank statement for R1 500 on 31 March 20.1 was in favour of MDL Insurers for the monthly insurance premium.
4. The credit entry on the bank statement on 31 March 20.1 was erroneously credited to LR Stores. It was a deposit made by RL Stores.
5. Cheque number XX 900 originally received from Ms B Smith was deposited into the bank account of LR Stores during the previous month. The cheque was dishonoured by the bank because of insufficient funds in Ms B Smith's bank account.

REQUIRED:

- (a) Prepare the cash receipts journal and the cash payments journal (bank column only) for March 20.1. Start with the total amounts given. **(3½)**
- (b) Prepare the bank account in the general ledger of LR Stores for March 20.1 and balance this account on 31 March 20.1. **(3)**
- (c) Prepare the bank reconciliation statement as at 31 March 20.1. **(6½)**

QUESTION 4 (12 marks)(14 minutes)

The following information was obtained from the records of Cool Limited for the year ended 28 February 20.4:

	R
Inventory (1 March 20.3).....	185 000
Sales	350 000
Purchases	265 000
Sales returns	700
Purchases returns.....	3 600
Freight charges on purchases	750
Freight charges on sales.....	1 300
Settlement discount granted	550
Settlement discount received.....	265

A physical inventory count on 28 February 20.4 indicated that inventory on hand amounted to R145 000. The periodic inventory system is in use.

REQUIRED:

What is the cost of sales amount for the year ended 28 February 20.4?

QUESTION 5 (24 marks)(29 minutes)

YG Traders

Pre-adjustment trial balance as at 28 February 20.9

	Debit	Credit
	R	R
Financial position section		
Capital		960 000
Drawings	69 720	
Mortgage: ABC Bank		120 000
Land and buildings.....	510 000	
Vehicles.....	85 200	
Equipment	50 760	
Accumulated depreciation: Vehicles		57 300
Accumulated depreciation: Equipment.....		38 004
Inventory (merchandise)	601 860	
Debtors control	131 094	
Bank	86 220	
Petty cash.....	600	
Cash float	1 200	
Creditors.....		153 600
SARS – VAT.....		1 450
Allowance for credit losses		3 750
Nominal accounts section		
Sales		2 800 896
Cost of sales.....	1 853 478	
Sales returns	20 712	
Wages	186 270	
Salaries	512 760	
Advertisements.....	7 680	
Repairs to equipment.....	1 500	
Rental income.....		39 988
Settlement discount received.....		14 522
Settlement discount granted	7 284	
Motor expenses	19 560	
Credit losses.....	1 320	
Credit losses recovered		320
Interest on mortgage.....	18 000	
Stationery	750	
Consumable stores (purchased during the year)	10 092	
Telephone expenses	3 720	
Insurance.....	5 490	
Water and electricity	4 560	
	4 189 830	4 189 830

Additional information

1. YG Traders is a sole proprietor.
2. Inventories on hand at 28 February 20.9 according to actual physical inventory count:

Merchandise	R598 200
Consumable stores	R9 142
3. The account of Ms J Jumble for R500 should be written off.
4. YG Traders determined that an allowance for credit losses should amount to R6 529,70 on 28 February 20.9.
5. Insurance includes an amount of R3 000 which was paid for the period 1 December 20.8 to 31 May 20.9.
6. The tenant, Mr L Rhodes, has already paid the rent for March 20.9.
7. Provide for depreciation as follows:

Vehicles	-	20% on the diminishing balance method
Equipment	-	10% on the straight-line method
8. The telephone account of R1 010 for February was paid in March.
9. On 27 February 20.9, the owner took goods for his own use. No entry has been made. The total amount for inventory taken is R2 160.

REQUIRED:

- (a) Prepare the statement of profit or loss and other comprehensive income of YG Traders for the year ended 28 February 20.9. **(13)**
- (b) Prepare the statement of financial position of YG Traders as at 28 February 20.9. **(9½)**
- (c) Prepare the statement of changes in equity for the year ended 28 February 20.9. **(1½)**

Note: Show all notes and calculations.

ADDENDUM C

**SOLUTION TO SELF-ASSESSMENT
ASSIGNMENT 03**

QUESTION 1

Trans	Account debited	Account credited	Assets =	Liabilities +	Equity		
					Capital	Income	Expenses
1	Bank	Capital	+R500 000		+R500 000		
4	Inventory	Creditors	+R1 000 000	+R1 000 000			
8	Delivery van	Creditors	+R90 000	+R90 000			
11 a)	Bank	Sales	+R750 000			+R750 000	
b)	Cost of sales	Inventory	-R600 000				-R600 000
12	Rental expenses	Bank	-R4 500				-R4 500
15	Debtors	Sales	+R10 000			+R10 000	
	Cost of sales	Inventory	-R8 000				-R8 000
20	Creditors	Bank	-R150 000	-R150 000			
21	Bank	Debtors	+R10 000 -R10 000				
22	Telephone expenses	Bank	-R890				-R890
25	Donation	Bank	-R15 000				-R15 000
	Salaries	Bank	-R5 000				-R5 000
26	Inventory	Bank	-R250 000 +R250 000				

Calculating the cost of sales for the transaction on the 11th and 15th of January 20.9**Transaction 11(b)**

Mark-up percentage on cost = 25%

Selling price = cost price + mark-up percentage on cost

Cost price = 100% = R???

Selling price = 125% = R750 000

Therefore, cost price = R750 000 x $\frac{100}{125}$

= R600 000

[28]

Transaction 15(b)

Mark-up percentage on cost = 25%

Selling price = cost price + mark-up percentage on cost

Cost price = 100% = R???

Selling price = 125% = R10 000

Therefore, cost price = R10 000 x $\frac{100}{125}$

= R8 000

QUESTION 2

GR Stores

Cash receipts journal - January 20.1

CRJ1

Doc no.	Day	Details	Analysis of receipts	Bank	Sales	Cost of sales	VAT output	Debtors	Settlement discount granted (dr)	VAT input (dr)	Sundry accounts	
											Amount	Details
			R	R	R	R	R	R	R	R	R	
125	4	Sales	6 612	6 612	5 800	4 640	812					
126	5	Sales	7 410	7 410	6 500	5 200	910					
127	12	Ms K Peters	2 622	2 622			322				2 300	Rental income
128	20	Mr AZ Makho	11 286	11 286				15 048	(3 300)	(462)		
129	24	Ms P Petrus	19 380	19 380	17 000	13 600	2 380					
130	28	Ms A Moodley	5 700	5 700				5 700				
B/S	31	RG Bank	170	170							170	Interest income
				53 180	29 300	23 440	4 424	20 748	(3 300)	(462)	2 470	

(9)

GR Stores

Cash payments journal - January 20.1

CPJ1

Doc no.	Day	Details	Bank	Wages	VAT input	Creditors	Settlement discount received (cr)	VAT output (cr)	Sundry accounts	
									Amount	Details
			R	R	R	R	R	R	R	
176	5	Fox Stationers	513		63				450	Stationery
177	6	Telcom	2 850		350				2 500	Telephone expenses
178	7	Cash	15 000	15 000						
179	14	Cash	15 000	15 000						
180	19	BB Ltd	114 000		14 000				100 000	Inventory
181	21	Cash	15 000	15 000						
182	25	Cash	25 000						25 000	Salaries
183	27	AK Wholesalers	57 000			57 000				
184	28	Cash	15 000	15 000						
185		AK Wholesalers	95 760			119 700	(21 000)	(2 940)		
B/S	31	RG Bank	228		28				200	Bank charges
		Lee Insurers	2 850		350				2 500	Insurance
			358 201	60 000	14 791	176 700	(21 000)	(2 940)	130 650	

(9)

GR Stores**Purchases journal - January 20.1****PJ1**

Invoice no.	Day	Details	Fol	VAT input	Inventory	Creditors
				R	R	R
AK897	3	AK Wholesalers		21 700	155 000	176 700
				21 700	155 000	176 700

(1)

GR Stores**Sales journal - January 20.1****SJ1**

Invoice no.	Day	Details	Fol	VAT output	Sales	Cost of sales	Debtors
				R	R	R	R
GR250	4	Ms A Moodley		3 500	25 000	20 000	28 500
GR251	6	Mr AZ Makho		1 848	13 200	10 560	15 048
GR252	17	Mr B Benjamin		2 940	21 000	16 800	23 940
GR253	26	Mr J Rose		4 200	30 000	24 000	34 200
GR254	29	Ms Z Zeebo		490	3 500	2 800	3 990
				12 978	92 700	74 160	105 678

(5)

[23]

QUESTION 3**LR Stores****Cash receipts journal - March 20.1****CRJ3**

Day	Details	Bank
31	Totals	R 174 000
	Mr A Rose	5 000
	Interest income	90
		179 090

(1½)

LR Stores**Cash payments journal - March 20.1****CPJ3**

Day	Details	Bank
31	Totals	R 112 000
	Insurance (debit order)	1 500
	Bank charges (25 + 50)	75
	Unpaid cheque: Ms B Smith	2 100
		115 675

(2)

LR Stores
General ledger

Dr	Bank				Cr		
20.1 March 31	Balance	b/d	45 150	20.1 March 31	Total payments	CPJ3	115 675
	Total receipts	CRJ3	179 090		Balance	c/d	108 565
			224 240				224 240
April 1	Balance	b/d	108 565				

(3)

LR Stores
Bank reconciliation statement as at 31 March 20.1

	Debit	Credit
	R	R
Credit balance as per bank statement		181 665
Credit outstanding deposit		5 000
Debit outstanding cheques: 218	900	
220	6 700	
223	500	
225	55 000	
Debit incorrect credit	15 000	
Debit balance as per bank account	108 565	
	186 665	186 665

(6½)

[13]

QUESTION 4

	Inventory (1 March 20.3)	R185 000
Plus	Net purchases: (Purchases - purchases returns - settlement discount received)	
	(R265 000 - R3 600 - R265)	R261 135
Plus	Freight charges on purchases	R750
Less	Inventory (28 February 20.4)	(R145 000)
	Cost of sales	R301 885

[12]

QUESTION 5**YG Traders****Statement of profit or loss and other comprehensive income for the year ended 28 February 20.9**

	Calculation	R	R
Revenue	(1)		2 772 900,00
Cost of sales	(2)		(1 838 956,00)
Gross profit			933 944,00
Other income			37 232,00
Rental income	(3)	36 912,00	
Credit losses recovered		320,00	
			971 176,00
Distribution, administration and other expenses			(759 505,70)
Credit losses	(4)	4 599,70	
Insurance	(5)	3 990,00	
Consumable stores	(6)	950,00	
Trading inventory deficits	(7)	1 500,00	
Depreciation	(8)	10 656,00	
Telephone expenses	(9)	4 730,00	
Wages		186 270,00	
Salaries		512 760,00	
Advertisements		7 680,00	
Repairs to equipment		1 500,00	
Motor expenses		19 560,00	
Stationery		750,00	
Water and electricity		4 560,00	
Finance costs			(18 000,00)
Interest on mortgage		18 000,00	
Profit for the year			193 670,30
Other comprehensive income for the year			-
Total comprehensive income for the year			193 670,30

(13)

YG Traders

Statement of financial position as at 28 February 20.9

	Notes	R	R
ASSETS			
Non-current assets			
Property, plant and equipment	1	540 000,00	540 000,00
Current assets			
Inventories	2	607 342,00	820 926,30
Trade and other receivables	3	124 064,30	
Prepayments	4	1 500,00	
Cash and cash equivalents	5	88 020,00	
TOTAL ASSETS			1 360 926,30
EQUITY AND LIABILITIES			
Equity			
Capital		1 081 790,30	1 081 790,30
Non-current liabilities			
Long-term borrowings		120 000,00	120 000,00
Current liabilities			
Trade and other payables	6	154 610,00	159 136,00
Income received in advance	7	3 076,00	
VAT payable		1 450,00	
TOTAL EQUITY AND LIABILITIES			1 360 926,30

(9½)

YG Traders

Statement of changes in equity for the year ended 28 February 20.9

	Capital R
Balance at 1 March 20.8	960 000,00
Total comprehensive income for the year	193 670,30
Less: Drawings (69 720 + 2 160)	(71 880,00)
Balance at 28 February 20.9	1 081 790,30

(1½)

YG Traders
Notes for the year ended 28 February 20.9

1. Property, plant and equipment

	Land and buildings	Vehicles	Equip- ment	Total
	R	R	R	R
Carrying amount at 1 March 20.8:	510 000	27 900	12 756	550 656
Cost	510 000	85 200	50 760	645 960
Accumulated depreciation	-	(57 300)	(38 004)	(95 304)
Depreciation for the year	-	(5 580)	(5 076)	(10 656)
Carrying amount at 28 February 20.9:	510 000	22 320	7 680	540 000
Cost	510 000	85 200	50 760	645 960
Accumulated depreciation	-	(62 880)	(43 080)	(105 960)

(3)

2. Inventories

	R
Trading inventory	601 860
Drawings	(2 160)
	599 700
Trading inventory deficits	(1 500)
	598 200
Consumable stores	9 142
	607 342

3. Trade and other receivables

	R
Trade debtors (131 094 - 500)	130 594,00
Allowance for credit losses	(6 529,70)
	124 064,30

4. Prepayments

	R
Insurance	1 500

5. Cash and cash equivalents

	R
Petty cash	600
Cash float	1 200
Bank	86 220
	88 020

6. Trade and other payables

		R
	Trade creditors	153 600
	Accrued expenses	
	– Telephone expenses	1 010
		<u>154 610</u>

7. Income received in advance

		R
	Rental income	3 076

Calculations**(1) Revenue**

		R
	Sales	2 800 896
	Sales returns	(20 712)
	Settlement discount granted	(7 284)
		<u>2 772 900</u>

(2) Cost of sales

		R
	Cost of sales	1 853 478
	Settlement discount received	(14 522)
		<u>1 838 956</u>

(3) Rental income

		R
	Amount received for the year	39 988
	Income received in advance ^(39 988/13)	(3 076)
		<u>36 912</u>

(4) Credit losses

		R
	Original amount written off	1 320,00
	Add: Amount written off	500,00
	*Increase in allowance for credit losses	2 779,70
		<u>4 599,70</u>
		<u>6 529,70</u>
*	New allowance for credit losses	6 529,70
	Old allowance for credit losses	(3 750,00)
	Increase in allowance for credit losses	<u>2 779,70</u>

(5) Insurance

5 490 - *1 500 *(R3 000/6) x 3 months = 1 500	R 3 990
--	-------------------

(6) Consumable stores

10 092 - 9 142 (on hand)	R 950
--------------------------	-----------------

(7) Trading inventory deficits

(601 860 - 2 160) - 598 200 (on hand)	R 1 500
---------------------------------------	-------------------

(8) Depreciation

Vehicles:	=	(R85 200 - R57 300) x 20%
	=	R5 580
Equipment	=	R50 760 x 10%
	=	R5 076
Total	=	(R5 580 + R5 076)
	=	R10 656

(9) Telephone expenses

3 720 + 1 010	R 4 730
---------------	-------------------

(24)**[100]**