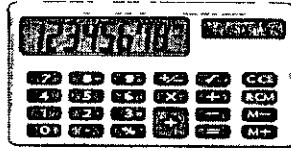


UNIVERSITY EXAMINATIONS



UNIVERSITEITSEKSAMEN

**UNISA**   
university  
of south africa

**FAC1502**

October/November 2015

**FINANCIAL ACCOUNTING PRINCIPLES, CONCEPTS AND PROCEDURES**

Duration 2 Hours

100 Marks

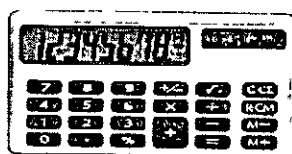
EXAMINATION PANEL AS APPOINTED BY THE DEPARTMENT

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Use of a non-programmable pocket calculator is permissible

Closed book examination

This examination question paper remains the property of the University of South Africa and may not be removed from the examination venue



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This question paper consists of SEVEN (7) pages

#### PLEASE NOTE

- 1 This paper consists of **FOUR (4)** questions
- 2 Ensure that you are writing the correct paper
- 3 Ensure that you are handed the correct examination answer book (BLUE) by the invigilator
- 4 All questions must be answered
- 5 Basic calculations, where applicable, must be shown
- 6 The answer to each question must be commenced on a new (separate) page
- 7 Please write **legibly** in **blue** or **black** ink

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

QUESTION	TOPIC	MARKS	TIME (minutes)
1	Creditors control account	24	29
2	Bank reconciliation statement	20	24
3	Statement of financial position and the note for property, plant and equipment	31	37
4	Income and expenditure statement of a club	25	30
<b>TOTAL</b>		100	120

[TURN OVER]

**QUESTION 1 (24 marks)(29 minutes)****Commence this question on a new (separate) page**

The following information pertains to Zakzak Traders at 28 February 2015

	Debit R	Credit R
Creditors control balances	250	34 515
Creditors ledger (net total of the list of balances R33 535)	1 030	34 565

Moabelo Moremi, the owner of Zakzak Traders, requested you to investigate why the balances of the creditors control account differed from the net total of the list of balances of the creditors in the creditors ledger. Your investigation disclosed the following:

- 1 The creditors column in the purchases and purchases returns journals were undercasted by R3 850 and R1 500 respectively
- 2 The creditors column in the cash payments journal was overcasted by R1 500
- 3 The account of a creditor, Langeman CC, with a credit balance of R3 600, was omitted from the creditors list
- 4 An original credit note received from Balantu Importers for R285, was recorded correctly in the purchases returns journal but was inadvertently posted as R825 to that entity's account in the creditors ledger
- 5 A discount of R1 570, which was received from Bila Clothing, on settlement of Zakzak Trader's account, was not recorded in the account of Bila Clothing in the creditors ledger
- 6 The debit balance of R1 030 in the creditors ledger, was in respect of overpayments to creditors. This amount, that includes the opening debit balance of R250 in the creditors control account, must be transferred to the debtors ledger. The creditors have agreed to this transfer.
- 7 An electronic payment of R6 500 to Sefako Wholesales, a creditor, was recorded as R5 600 in the cash payments journal and posted as such to the general and creditors ledgers
- 8 The credit balance of Mmela Shopfitters of R445 was recorded twice on the list of creditors at 28 February 2015
- 9 The purchase of merchandise from Andries Traders for R1 450 was recorded correctly in the purchases journal, but was posted to the wrong side of Andries Trader's account in the creditors ledger
- 10 It was noted that there were credit balances amounting to R1 855, that appeared in the debtors ledger. Further investigations disclosed that these balances were in respect of transactions that were concluded with creditors during February 2015. The inexperienced bookkeeper opened these creditors' accounts in the debtors ledger. The creditors control account was, however, not affected by these incorrect entries
- 11 The totals of the journal debits and credits for creditors were R1 300 and R3 600 respectively

**REQUIRED:**

Take the above information into account and prepare the following in the accounting records of Zakzak Traders:

- (a) The creditors control account in the general ledger at 28 February 2015 (10)
- (b) The adjusted list of creditors' balances at 28 February 2015 (14)

**[24]****[TURN OVER]**

**QUESTION 2 (20 marks)(24 minutes)**

Commence this question on a new (separate) page.

The following information pertains to Imperial Wholesalers

	R
<b>1 Balances.</b>	
Bank account in the general ledger (favourable) 01/01/2015	1 752
Bank statement (unfavourable) 31/01/2015	432
<b>2. Subtotals 31/01/2015</b>	
Cash receipts journal – bank column	24 480
Cash payments journal – bank column	22 815
<b>3 On comparing the cash journals with the bank statement for January 2015, the following differences was found:</b>	
3 1 A debtor, P Pinto, paid the amount owed by him, directly into the bank account of Imperial Wholesalers	600
3 2 The bank erroneously debited Imperial Wholesalers' account with a cheque, drawn by another client of the bank	1 450
3 3 A cheque, received on 17 January 2015 from E Eysele, a debtor, was returned by the bank on 28 January 2015 due to an error on the cheque	218
3 4 The following transactions appeared only on the debit side of the bank statement	
Service fees	45
Interest on bank overdraft	32
3 5 A debit order for the monthly office rent, payable to AP Office Ltd, appeared on the bank statement but not in the relevant cash journal	3 800
3 6 Sales entered into the cash receipts journal on 31 January 2015 was only deposited on 4 February 2015	1 184
3 7 The following cheques were not yet presented to the bank for payment	
- no 218 – dated 25/07/2014 to BB Ltd, a creditor	430
- no 380 – dated 17/01/2015 to Telkom for the telephone account	1 100
- no 394 – dated 23/01/2015 to Rio Stationers for paper purchased	750

**REQUIRED:**

- (a) Prepare the cash receipts and cash payments journals of Imperial Wholesalers at 31 January 2015. Start with the totals provided. Show only the bank columns. (8)
- (b) Prepare the bank account, properly balanced, in the general ledger of Imperial Wholesalers at 31 January 2015. (4)
- (c) Prepare the bank reconciliation statement of Imperial Wholesalers as at 31 January 2015. Begin with the balance as per bank statement. (8)

**[20]****[TURN OVER]**

**QUESTION 3 (31 marks)(37 minutes)**

Commence this question on a new (separate) page

The following information relates to A Adams General Dealer

**EXTRACT FROM THE LIST OF BALANCES AS AT 31 OCTOBER 2014**

	Debit R	Credit R
Land and buildings at cost	790 000	
Vehicles at cost	400 000	
Accumulated depreciation Vehicles (1 November 2013)		204 000
Equipment	360 000	
Accumulated depreciation Equipment (1 November 2013)		97 560
Bank (Credit)		2 371
Allowance for credit losses		955
Capital (1 November 2013)		238 000
Debtors control	3 000	
Inventory (1 November 2013)	30 000	
Creditors control		38 500
Drawings	8 200	
Stationery		2 100
Rental income		22 000
Mortgage (10% per annum)		870 000

**Additional information**

The following transactions must still be taken into account for the year ended 31 October 2014

- 1 Inventory on 31 October 2014 amounted to R42 000
- 2 The land and buildings consist of offices and shops situated in Rustenburg and purchased on 2 February 2007. It is the policy of the entity not to depreciate land and buildings
- 3 Allowance for credit losses must be adjusted to R1 025 at 31 October 2014
- 4 Rental income consists of fixed amounts receivable at the beginning of every month. Rent for October have not yet been received
- 5 Depreciation must still be provided for as follows
  - Equipment 10% per annum on the diminishing balance method
  - Vehicles 20% per annum according to the straight-line method

**Note**

On 30 April 2014 an additional vehicle was purchased at a cost price of R60 000 and was correctly accounted for in the accounting records of the entity. No other non-current assets were acquired or disposed of during the year

- 6 The owner deposited R20 000 into the bank account of the business as an additional capital contribution. The debit entry for this transaction was made correctly in the accounting records but the credit entry has not yet been made
- 7 Water and electricity to the amount of R1 500 for October 2014 has not yet been paid
- 8 The total comprehensive income for the year after taking all the above adjustments into account amounted to R32 000

**[TURN OVER]**

**QUESTION 3 (continued)****REQUIRED**

- (a) Prepare the statement of financial position of A Adam General Dealer for the year ended 31 October 2014 (13)
- (b) Prepare ONLY the note in respect of property, plant and equipment of A Adam General Dealer as at 31 October 2014 (The total column can be omitted ) (18)

All calculations must be shown

Amounts, where applicable, must be rounded off to the nearest Rand

All financial statements must comply with the requirements of International Financial Reporting Standards (IFRS) appropriate to the business of the entity

**[31]**

**[TURN OVER]**

**QUESTION 4 (25 marks)(30 minutes)****Commence this question on a new (separate) page**

The Sharks Swimming Club came into existence on 1 April 2012 when Mr B Smith one of the swimming champions donated R150 000 with the mission to start a swimming club

On 1 April 2013, 40 members joined the club. Each member paid an amount of R200 as entrance fees and they all agreed to pay an additional R100 per month as membership fees. During spring and summer seasons swimming competitions are organised by the club. The swimming pool is also used by the public when it is not used by the swimming team for training or competitions. During tournaments two types of tickets are sold to spectators, a yellow ticket (for one day at R50 per person) and a blue ticket (for 5 days at R200 per person)

**EXTRACT FROM THE LIST OF BALANCES AS AT 31 MARCH 2015:**

	R
Land and buildings at cost	200 000
Equipment and furniture at cost	25 000
Accumulated depreciation (31 March 2015)	6 775
Vehicles	35 000
Accumulated depreciation (31 March 2015)	14 000
Bank (debit)	11 920
Membership fees received	5 270
Salaries and wages	6 000
Prepaid bookkeeping fees (1 April 2014)	350
Membership fees received in advance (1 April 2014)	900
Accrued membership fees (1 April 2014)	620
Insurance	3 900
Telephone expenses	3 000
Bookkeeping fees	1 550
Maintenance	4 900
Depreciation	9 025
Painting of swimming pool	1 200
Water and electricity	6 500
Mortgage	100 000
Tuck shop Sales	8 300
Tuck shop Inventory (1 April 2014)	4 600
Tuck shop Purchases	1 200

**Additional information**

The following transactions must still be taken into account for the year ended 31 March 2015

- 1 During the current year 25 new members joined the club and their membership fees were correctly accounted for and included in the total membership fees received. The bookkeeper however forgot to account for entrance fees for the 25 new members
- 2 Half of the amount received as entrance fees should be capitalised
- 3 A swimming tournament was held during September 2014. Records kept for the tournament showed that 180 spectators bought yellow tickets and 140 bought blue tickets
- 4 The swimming facility received an amount of R6 000 from the public during the current year for the use thereof
- 5 An amount of R100 for bookkeeping fees are still payable for the current financial year

**[TURN OVER]**

**QUESTION 4 (continued)**

- 6 On 31 March 2015 accrued membership fees amounted to R750 while R200 of the membership fees in arrears on 1 April 2014 is considered as irrecoverable and must be written off
- 7 A mortgage of R100 000 was acquired from BAK Bank on 1 October 2013. The mortgage is repayable in 5 (five) equal annual instalments starting on 30 September 2014. Interest on the mortgage is calculated at 15% per annum payable annually in arrears.
- 8 An insurance premium of R300 per month has been paid until the end of April 2015.
- 9 The tuck shop inventory at 31 March 2015 amounted to R1 400.

**REQUIRED:**

Prepare the income and expenditure statement of Sharks Swimming Club for the year ended 31 March 2015.

All calculations must be shown.

Amounts, where applicable, must be rounded off to the nearest Rand.