


**FAC1501
RFA1501**

May/June 2015

INTRODUCTORY FINANCIAL ACCOUNTING

Duration 2 Hours

100 Marks

EXAMINATION PANEL AS APPOINTED BY THE DEPARTMENT

Use of a non-programmable pocket calculator is permissible

Closed book examination

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

This examination question paper consists of **SEVEN (7)** pages**PLEASE NOTE.**

- 1 This paper consists of **FOUR (4)** questions
- 2 Ensure that you are writing the correct examination paper
- 3 Ensure that you are handed the correct examination answer book (GREEN) 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 use blue or black ink only
- 8 PROPOSED TIMETABLE (avoid deviating from this)

QUESTION	TOPIC	MARKS	TIME (minutes)
1	Accounting equation and bank reconciliation	20	24
2	Cash receipts journal, cash payments journal and general journal	24	29
3	Final accounts -- Trading account	27	32
4	Property, plant and equipment note and statement of financial position	29	35
	TOTAL	100	120

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QUESTION 1 (20 marks)(24 minutes)

Commence this question on a new (separate) page.

THIS QUESTION CONSISTS OF PART A AND PART B

BOTH PARTS MUST BE ANSWERED

PART A

You are provided with the following transactions which were entered into by PJ Stores for the week ended 6 March 2015

PJ Stores is not registered for VAT and the entity uses the perpetual inventory system

Date	Transaction
2	The owner, Mrs P Johnson, increased her capital contribution from R50 000 to R70 000 Receipt number 228 was issued
3	Received R3 500 from Mrs K Khumalo, a debtor of PJ Stores, in part settlement of her account Receipt number 229 was issued
4	Received original credit purchases invoice from MG Wholesalers to the value of R5 000 for inventory purchased
5	The account of a debtor, Mr T Peters, was written off as irrecoverable He owed PJ Stores R600
6	Business cheque number 199 for R950 was issued to pay the secretary's wage for the week

REQUIRED

Prepare a table similar to the format below. Indicate the effect of each transaction on the accounting equation by using a "+" sign to indicate an **increase** or a "-" sign to indicate a **decrease**. Where applicable, assume that the bank balance is positive

Date	A	=	E	+	L
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QUESTION 1 (continued)**PART B**

The following information was taken from the accounting records of Household Appliances Services. The entity's bookkeeper is inexperienced with regards to the bank reconciliation process and could not complete the bank reconciliation for the month ended 30 April 2015.

The total of the bank column in the adjusted cash receipts journal, after comparing the bank statement with the cash receipts journal for the month ended 30 April 2015, was R35 800.

The total of the bank column in the adjusted cash payments journal, after comparing the bank statement with the cash payments journal for the month ended 30 April 2015, was R29 300.

Additional information

- 1 The bank account in the general ledger of Household Appliances Services showed a favourable balance of R10 700, on 1 April 2015.
- 2 The bank statement had a favourable closing balance of R21 700 at 30 April 2015.
- 3 After comparing the bank statement with the cash receipts journal and cash payments journal, the following additional differences were found apart from the differences already recorded in the cash journals:
 - 3.1 A direct deposit of R4 200, which does not belong to Household Appliances Services, appeared on the bank statement of Household Appliances Services.
 - 3.2 A deposit to the amount of R3 600 did not appear on the bank statement of Household Appliances Services for the month of April 2015.
 - 3.3 The following cheque numbers did not appear on the bank statement of Household Appliances Services for the month of April 2015:
 - number 135 for R1 400
 - number 141 for R2 500

REQUIRED:

- (a) Prepare the bank account in the general ledger of Household Appliances Services for April 2015 and balance the account (4)
- (b) Prepare the bank reconciliation statement of Household Appliances Services as at 30 April 2015 (6)

[20]**[TURN OVER]**

QUESTION 2 (24 marks)(29 minutes)

Commence this question on a new (separate) page.

The following information relates to Sanamuva Distributors for May 2015. Sanamuva Distributors is a registered VAT vendor. VAT is calculated at 14% and is included in the amounts where applicable. The periodic inventory system is in use.

The following source documents were given to the bookkeeper to prepare the subsidiary journals for May 2015:

- 1 May Duplicate receipt number 25 for an amount of R50 000, deposited in the bank account of Sanamuva Distributors as an increase of the capital of the business by the owner Mr Samuva.
- Cheque counterfoil number 110 for the amount of R3 990 paid to Ingwe Properties for the monthly rental.
- 7 May Duplicate cash invoice number 304 for goods sold to Road Construct amounting to R41 952.
- 10 May A printout of internet payment slip number IN204, for the amount of R45 200. The amount was transferred to pay for:
- Salary of R15 000 to Mrs Chip
 - Mr P Doors, a creditor, the amount of R30 200
- 15 May Cheque counterfoil number 111 for R1 500 as the cash float for the petty cash.
- 20 May Cash register roll number 126 for the total amount of R39 900.
- 28 May Original invoice number IP288, received from Tools Traders for goods purchased to the value of R30 267 after a cash discount was deducted.

The following also took place during May 2015:

- 30 May Mr C Carpenter, a debtor, was declared insolvent. His outstanding debt at the end of April 2015 was R6 179. He paid R3 500 (duplicate receipt number 26) on 30 May 2015 and the remaining balance must be written off as irrecoverable.

REQUIRED:

- (a) Use the suggested formats below to prepare the cash receipts journal (CRJ) and cash payments journal (CPJ) of Sanamuva Distributors for May 2015.

Sanamuva Distributors**Cash receipts journal - May 2015****CRJ5**

Day	Details	Bank R	Sales R	Debtors control R	VAT Output R	Sundry accounts	
						Amount R	Details

(8½)

Sanamuva Distributors**Cash payments journal - May 2015****CPJ5**

Day	Details	Bank R	Purchases R	Creditors control R	VAT Input R	Sundry accounts	
						Amount R	Details

(11)

Do not close off the journals at the end of the month.

- (b) Prepare the general journal of Sanamuva Distributors for May 2015. (Ignore narrations) (4½)

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QUESTION 3 (27 marks)(32 minutes)

Commence this question on a new (separate) page

The following balances and totals were extracted from the accounting records of Chocolate Traders at 31 March 2015, the end of the entity's accounting period. The entity uses the periodic inventory system.

Balances and totals at 31 March 2015

	R
Capital	300 000
Drawings	150 000
Land and buildings	280 000
Vehicles	240 000
Inventory (1 April 2014)	180 000
Debtors control	140 000
Bank (Dr)	230 000
Creditors control	120 000
Sales	650 000
Sales returns	80 000
Purchases	320 000
Purchases returns	55 000
Water and electricity	78 500
Telephone expenses	84 300
Salaries	315 400
Stationery	36 200
Rental income	96 000

Additional information

A physical inventory count showed the value of closing inventory to be R130 000 on 31 March 2015.

REQUIRED:

Prepare the following accounts in the general ledger of Chocolate Traders for the year ended 31 March 2015.

- (a) The account(s) which will be closed off to the sales account (3)
- (b) The account(s) which will be closed off to the purchases account (3)
- (c) The account(s) which will be closed off to the trading account (13½)
- (d) The trading account (7½)

Draw columns for the date, details, folio and amount for both the debit side and the credit side of the accounts. Do not provide headings for the columns you draw.

Use the following format:

Dr	Name of account				Cr

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QUESTION 4 (continued)**Prepayments**

Prepaid expenses – Insurance	R 2 500
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Long-term borrowings

Long-term loan RG Bank (15% p a)	R 780 000
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Income received in advance

Rental income	R 3 500
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Financial assets

Non-current financial assets	R
Loans and receivables Fixed deposit at RG Bank at 6% p a	100 000

Additional information

The following balances appeared in the **pre-adjustment trial balance** of ARK Stores on 28 February 2015

	R
Vehicles at cost	350 000
Equipment at cost	200 000
Land and buildings at cost	950 000
Accumulated depreciation Vehicles (1 March 2014)	50 000
Accumulated depreciation Equipment (1 March 2014)	20 000

Depreciation for the year is provided as follows

- On vehicles at 20% per annum according to the reducing balance method
- On equipment at 10% per annum according to the straight-line method

No property, plant and equipment were purchased or sold during the year ended 28 February 2015

REQUIRED:

- (a) Prepare the property, plant and equipment note for the year ended 28 February 2015, by using the format provided below

Property, plant and equipment	Land and buildings R	Equipment R	Vehicles R	Total R
Carrying amount at 1 March 2014				
Cost price				
Accumulated depreciation				
Additions				
Disposals				
Depreciation for the year				
Carrying amount at 28 February 2015				
Cost price				
Accumulated depreciation				

(14)

- (b) Prepare the statement of financial position of ARK Stores as at 28 February 2015

(15)

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