

**FAC1501**

October/November 2014

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 classification of accounts	24	29
2	Profit or loss account and bank reconciliation	25	30
3	Cash payments journal and purchases journal	24	29
4	Statement of financial position	27	32
	TOTAL	100	120

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QUESTION 1 (24 marks)(29 minutes)

Commence this question on a new (separate) page.

THIS QUESTION CONSISTS OF PART A AND PART B.

BOTH PART A AND PART B MUST BE ANSWERED.

PART A

The following list of transactions was extracted from the records of Lufano Traders for the week ended 7 February 2014. The business uses the perpetual inventory system.

2014 February	3	The owner, Mr Lufano Sithole, increased his capital contribution from R250 000 to R350 000
	4	The water and electricity account of R4 000 was paid with business cheque number 007
	5	Inventory to the value of R70 000 was purchased on credit from HS Wholesalers
	6	Mr T Smith, a customer of Lufano Traders, purchased goods for R2 500 cash (Cost of sales: R2 000)
	7	Mr Lufano Sithole took cash from the cash register to the value of R500 for his own personal use

REQUIRED:

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

Where applicable assume that the bank balance is positive.

Your answer must be in the format indicated below.

No	Equity	=	Assets	-	Liabilities
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(12)

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QUESTION 1 (continued)**PART B**

Lufano Traders provides you with the following list of selected accounts as taken from the General Ledger of Lufano Traders for February 2014

General Ledger Accounts

- 1 Telephone expenses
- 2 Bank (favourable)
- 3 Equipment
- 4 Services rendered
- 5 Cash float
- 6 Accrued expenses
- 7 Long-term loan BA Bank
- 8 Consumables
- 9 Machinery
- 10 Credit losses recovered
- 11 Prepaid expenses
- 12 Short-term loan JP Bank

REQUIRED

The owner of Lufano Traders knows that you are studying FAC1501 at UNISA and asks you to draw up a table as indicated below and classify each of the above general ledger accounts into the table

Example: The inventory account from the general ledger would be classified as an asset and would therefore be inserted under the **ASSET COLUMN** in the table provided below

No	ASSETS	EQUITY		LIABILITIES
		Income	Expenses	
Example	Inventory			

(12)

[24]

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QUESTION 2 (25 marks)(30 minutes)

Commence this question on a new (separate) page.

THIS QUESTION CONSISTS OF PART A AND PART B.**BOTH PART A AND PART B MUST BE ANSWERED.****PART A**

The following is a list of accounts extracted from the general ledger accounts of Phatudi Boiler for the year ended 30 April 2014

LIST OF ACCOUNTS	R
Sales	900 900
Cost of sales	485 000
Bank charges	1 378
Interest expenses	948
Rental income	30 000
Wages and salaries	240 800
Water and electricity	9 200
Advertising	56 000
Stationery	12 000
Profit on sale of non-current assets	1 700
Telephone expenses	26 000
Drawings	14 000
Vehicle at cost	198 000
Petty cash	3 000
Trading inventory	67 000

REQUIRED:

Prepare the profit or loss account for the year ended 30 April 2014

(14)

Show all your calculations.**PART B**

The following information is taken from the accounting records of Speech Lingo. The entity's bookkeeper is inexperienced with regard to the bank reconciliation process and could not finish the accounting work.

Below are the adjusted cash receipts journal and the cash payments journal, after comparing the bank statement with the cash journals, for the month ended 31 March 2014.

Speech Lingo		CRJ3
Cash receipts journal - March 2014		Bank
Day	Details	R
31	Totals	18 900
	Interest income	2 500
		21 400

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QUESTION 2 (continued)**Speech Lingo
Cash payments journal - March 2014**

CPJ3

Day	Details	Bank R
31	Totals	21 200
	Bank charges	675
	Interest on overdraft	465
	Tracking services (debit order)	1 200
	R/D cheque O L Dubai	3 000
		26 540

Additional information

- 1 The bank account in the accounting records of Speech Lingo showed on 28 February 2014 a positive balance of R4 895
- 2 After comparing the bank statement with the cash receipts journal and cash payments journal, the following additional differences were revealed apart from the differences already recorded in the cash journals
 - 2.1 A direct deposit of R3 470 for Speed Services was incorrectly credited in the bank statement of Speech Lingo
 - 2.2 A deposit to the amount of R4 550 did not appear on the bank statement of Speech Lingo for the month of March 2014
 - 2.3 The following cheque numbers did not appear in the debit column of the bank statement of Speech Lingo for the month of March 2014
 - number 114 for R850
 - number 121 for R1 125
 - number 123 for R560
 - 2.4 The bank statement had a credit closing balance of R1 210 as at 31 March 2014

REQUIRED:

- (a) Prepare the bank account in the general ledger of Speech Lingo for March 2014 and balance the account (4)
- (b) Prepare the bank reconciliation statement as at 31 March 2014 (7)

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QUESTION 3 (24 marks)(29 minutes)

Commence this question on a new (separate) page.

Appliances Stores is a trading entity registered as a VAT vendor. The applicable VAT rate is 14%. All the suppliers of the entity are also VAT vendors. The amounts in the transactions include VAT where applicable. A periodic inventory system is in use. The entity entered into the following transactions during August 2014.

Transactions for August 2014:

- 2 Purchased goods on credit from Big Appliances for R353 400 and received invoice number 457
- 5 Purchased stationery from Folio Stationers for R1 026 and paid with cheque number 251
- 7 Paid Telkom R5 700 for the July telephone account with cheque number 252
- 14 Paid the City Council R5 928 with cheque number 253 for water and electricity
- 16 Purchased goods from Smart Appliances for R228 000 and paid with cheque number 254
- 20 Purchased goods on credit from ABC Appliances for R57 000 and received invoice number 465
- 25 Paid Big Appliances R114 000 with cheque number 255 in part payment of the amount due to Big Appliances
Drew cheque number 256 for cash to pay salaries of R50 000
- 26 Paid the remaining amount owing to Big Appliances, a creditor, with cheque number 257 after receiving a 20% settlement discount. (Refer to the transactions on 2 and 25 August 2014)

REQUIRED:

Record the above transactions in the following subsidiary journals of Appliances Stores for August 2014.

- (a) Cash payments journal (columns for doc no, day, details, bank, purchases, VAT input, creditors, settlement discount received [Cr], VAT output [Cr] and sundry accounts [amount and details]) (19)
- (b) Purchases journal (columns for doc no, day, details, VAT input, purchases and creditors). (5)

The journals need not be closed off at the end of the month.
Show all your calculations.

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QUESTION 4 (27 marks)(32 minutes)

Commence this question on a new (separate) page.

The bookkeeper of Dino's Dealers provides you with the following list of general ledger accounts after the adjustments for the financial year end have been done

List of general ledger accounts as at 28 February 2014

	R
Capital	2 900 000
Drawings	15 000
Land and buildings	1 700 000
Machinery at cost	950 000
Accumulated depreciation Machinery	76 000
Bank (favourable)	850 000
Petty cash	600
Cash float	400
Inventory	245 000
Debtors control	150 000
Prepaid expense	3 000
Income received in advance	16 000
Creditors control	127 000
Accrued expense	2 000
Mortgage ABS Bank	718 000
Long-term loan SBL Bank	380 000

Additional information

- 1 Sales amounted to R2 200 000 and cost of sales to R1 760 000 for the year ended 28 February 2014
- 2 Distribution, administration and other expenses amounted to R745 000 for the year ended 28 February 2014

REQUIRED:

Prepare the statement of financial position of Dino's Dealers as at 28 February 2014

Show all your calculations.