

**FAC1501**

(474009) October/November 2016

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

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This examination question paper consists of TWENTY TWO (22) pages including FIVE (5) pages for rough work (pp 18 – 22) plus instructions for completion of a mark reading sheet.

PLEASE NOTE:

- 1 This paper consists of FOUR (4) questions
- 2 Ensure that you are writing the correct examination paper
- 3 Question 1 must be answered on a mark reading sheet
- 4 Questions 2 to 4 must be answered on the relevant pages of the examination paper
- 5 Basic calculations, where applicable, must be shown
- 6 Please write legibly in blue or black ink only
- 7 PROPOSED TIMETABLE (try not to deviate from this)

QUESTION	TOPIC	MARKS	TIME (minutes)
1	Multiple choice questions	20	24
2	Bank reconciliation	24	28
3	Sales journal, sales returns journal and general journal	28	34
4	Statement of changes in equity and statement of financial position	28	34
	TOTAL	100	120

[TURN OVER]

QUESTION 1 (20 marks)(24 minutes)

This question must be answered on a mark reading sheet

Select for each question only **ONE** alternative that you consider to be correct

2 marks per question.

- 1 1 ABC Stores uses the perpetual inventory system. When ABC Stores purchases inventory, it will be recorded directly in the _____ in the general ledger of ABC Stores
- (1) purchases account
 - (2) cost of sales account
 - (3) inventory account
 - (4) sales account
- 1 2 The inventory valuation method in which 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 is known as the _____
- (1) weighted average method
 - (2) first-in, first-out (FIFO) method
 - (3) last-in, first-out (LIFO) method
 - (4) periodic method

Use the information provided below to answer questions 1.3 and 1.4.

The following information was extracted from the accounting records of PC Stores for the year ended 29 February 2016

Purchases	R 500 000
Purchases returns	5 000
Settlement discount received	2 000
Donations of inventory	6 000
Drawings of inventory	1 000
Settlement discount granted	3 000
Sales	700 000
Sales returns	8 000

- 1 3 The net purchases amount to be used in the calculation of the cost of sales amount for the year ended 29 February 2016, is _____
- (1) R487 000
 - (2) R486 000
 - (3) R493 000
 - (4) R492 000
- 1 4 The revenue (sales) amount to be disclosed in the statement of profit or loss and other comprehensive income for the year ended 29 February 2016, will be _____
- (1) R692 000
 - (2) R697 000
 - (3) R682 000
 - (4) R689 000

[TURN OVER]

QUESTION 1 (continued)

Use the information provided below to answer question 1.5.

The following information was extracted from the accounting records of JCT Traders for the year ended 29 February 2016

	R
Inventory (1 March 2015)	900 000
Sales	1 200 000
Purchases	500 000
Purchases returns	30 000
Sales returns	25 000
Freight charges on purchases	15 000
Settlement discount received	9 000

A physical inventory count on 29 February 2016 indicated that inventory on hand amounted to R700 000. JCT Traders uses the periodic inventory system.

- 1.5 The cost of sales amount to be disclosed in the statement of profit or loss and other comprehensive income for the year ended 29 February 2016 will be
- (1) R685 000
 - (2) R661 000
 - (3) R676 000
 - (4) R700 000

Questions 1.6 to 1.10 relate to Green Tree Stores.

- 1.6 The owner of Green Tree Stores, Mrs R Khan, deposited R100 000 into the business bank account on 1 February 2016. The accounts to be debited and credited in the general ledger of Green Tree Stores for the transaction will be

General ledger of Green Tree Stores		
	Account Debited	Account Credited
(1)	Bank	Capital
(2)	Bank	Drawings
(3)	Capital	Bank
(4)	Drawings	Bank

- 1.7 On 9 February 2016, Green Tree Stores purchased furniture to the value of R60 000 from Isando Furniture Dealers on credit. What effect will this transaction have on the accounting equation?
- (1) Assets will decrease and liabilities will decrease
 - (2) Assets will decrease and liabilities will increase
 - (3) Assets will increase and liabilities will increase
 - (4) Assets will increase and decrease
- 1.8 On 16 February 2016, Green Tree Stores had cash sales of R5 000. The two accounts involved in this transaction will be
- (1) debtors and sales
 - (2) bank and inventory
 - (3) creditors and sales
 - (4) bank and sales

[TURN OVER]

QUESTION 1 (continued)

- 1 9 On 23 February 2016, the accountant of Green Tree Stores issued a business cheque for R4 000 to pay the water and electricity account of Green Tree Stores. The effect of this transaction on the accounting equation for Green Tree Stores will be

	Liabilities	=	Assets	-	Equity
(1)	0		-R4 000		-R4 000
(2)	-R4 000		-R4 000		0
(3)	0		+R4 000		+R4 000
(4)	+R4 000		0		-R4 000

- 1 10 A debtor of Green Tree Stores paid R2 000 in part settlement of his account. The correct entry of this transaction in the general ledger of Green Tree Stores and the effect thereof on the accounting equation will be

	General ledger		Liabilities	=	Assets	-	Equity
	Account Debited	Account Credited					
(1)	Bank	Debtor	+R2 000		+R2 000		0
(2)	Bank	Debtor	0		+R2 000 -R2 000		0
(3)	Debtor	Bank	+R2 000 -R2 000		0		0
(4)	Debtor	Bank	+R2 000		+R2 000		0

[20]

[TURN OVER]

October/November 2016

QUESTION 2 (24 marks)(28 minutes)

ARK Traders prepared the following bank reconciliation statement on 29 February 2016

**ARK TRADERS
BANK RECONCILIATION STATEMENT AS AT 29 FEBRUARY 2016**

	Debit R	Credit R
Credit balance as per bank statement		17 000
Credit outstanding deposit		20 000
Debit outstanding cheques 228	1 600	
232	700	
236	2 000	
240	1 000	
Debit balance as per bank account	31 700	
	37 000	37 000

ARK Traders received the following bank statement for March 2016

BANK STATEMENT OF ARK TRADERS FOR MARCH 2016				
Address 23 Klaat Street Tshwane 0003				
Date	Details	Debits R	Credits R	Balance R
01/03/2016	Balance			17 000
	Deposit		20 000	37 000
	Deposit		4 500	41 500
	Cheque no 242	3 000		38 500
02/03/2016	Cheque no 228	1 600		36 900
	Cheque no 232	700		36 200
07/03/2016	Deposit		1 200	37 400
08/03/2016	Cheque no 243	5 000		32 400
10/03/2016	Deposit		3 700	36 100
	Debit order McQueen Insurers	4 000		32 100
12/03/2016	Cheque no 244	600		31 500
	Cheque no 236	2 000		29 500
13/03/2016	Deposit (direct) Mr S Stone		40 000	69 500
	Cheque unpaid Mrs A Naidoo	1 200		68 300
14/03/2016	Deposit		900	69 200
15/03/2016	Cheque no 245	4 000		65 200
25/03/2016	Debit order West Investments	5 000		60 200
	Direct deposit Mr C Carly		2 000	62 200
	Interest income		415	62 615
31/03/2016	Bank fees	500		62 115

[TURN OVER]

QUESTION 2 (continued)

ARK TRADERS

CASH RECEIPTS JOURNAL (BANK COLUMN ONLY) – MARCH 2016

CRJ03

Day	Details	Bank R
01	Cash sales	4 500
07	Mr P Smith	1 200
10	Cash sales	3 700
14	Cash sales	900
31	Mrs D Dwayne	1 800
	Cash sales	400
		12 500

ARK TRADERS

CASH PAYMENTS JOURNAL (BANK COLUMN ONLY) – MARCH 2016

CPJ03

Cheque number	Day	Details	Bank R
242	01	Cash	3 000
243	08	PG Wholesalers	5 000
244	12	Cash	600
245	15	Cash	4 000
246	23	Tellycom	3 500
247	30	Mossel Suppliers	7 000
			23 100

Additional information

- The unpaid cheque in the bank statement on 13 March 2016 is a dishonoured cheque. The cheque was dishonoured due to insufficient funds in Mrs A Nardoo's, a customer of ARK Traders, account.

REQUIRED:

	Marks
(a) Complete the cash receipts journal and the cash payments journal of ARK Traders for March 2016 (Details and bank column only)	9
(b) Prepare the properly balanced/closed off bank account for March 2016 in the general ledger of ARK Traders	6
(c) Prepare the bank reconciliation statement of ARK Traders as at 31 March 2016	9
	[24]

[TURN OVER]

QUESTION 2 (continued)

ARK TRADERS

CASH RECEIPTS JOURNAL (BANK COLUMN ONLY) – MARCH 2016

CRJ03

Day	Details	Bank R

(4)

ARK TRADERS

CASH PAYMENTS JOURNAL (BANK COLUMN ONLY) – MARCH 2016

CPJ03

Day	Details	Bank R

(5)

[TURN OVER]

QUESTION 3 (28 marks)(34 minutes)

The following debtors' balances appeared on 1 March 2016 in the accounting records of Kiara Traders

Name of debtor	Folio number	R
Mr O McQueen	DL1	9 120
Mrs Y Molo	DL2	1 200
Mr T Smith	DL3	2 850
Mrs A Thomas	DL4	4 104
Mr J Pillay	DL5	741
Mr D Francis	DL6	5 700
Miss B Singh	DL7	2 394

The following transactions, inclusive of 14% VAT, were entered into by Kiara Traders during March 2016

- March**
- 3 SJ Sold trading inventory on credit to Mr O McQueen for R18 240 Issued invoice no 564
 - 4 GJ Mrs Y Molo's account of R1 200 is three months overdue Interest is charged at 8% per annum
 - 7 SJ Mr T Smith, a debtor of Kiara Traders, purchased inventory for R5 700 on credit Issued invoice no 565
 - 10 SRJ Received damaged goods returned by Mrs A Thomas, a debtor, and issued credit note no 720 for R456
 - 15 GJ The account of Mr J Pillay of R741 must be written off as irrecoverable
 - 17 SJ Sold inventory on credit to Mr D Francis for R5 130 Issued invoice no 566
 - 18 SRJ Mr O McQueen, a debtor, returned goods to the value of R1 710 Issued credit note no 721
 - 25 SJ Sold goods on credit to Miss B Singh for R6 840 Issued invoice no 567

REQUIRED:

	Marks
Record the above transactions in the following appropriate subsidiary journals of Kiara Traders for March 2016	
(a) Sales journal	12
(b) Sales returns journal	6
(c) General journal	10
	[28]
Please note: You do not have to close off the journals.	

[TURN OVER]

KIARA TRADERS

SALES JOURNAL – MARCH 2016

SJ03

Doc no	Day	Details	Fol	VAT output R	Sales R	Debtors R
564	3	M ^c Queen	DL1	2240	16000	18240
etc	7		DL3			5700
etc	17		DL6			5130
etc	25		DL7			6860

(12)

KIARA TRADERS

SALES RETURNS JOURNAL – MARCH 2016

SRJ03

Doc no	Day	Details	Fol	VAT output R	Sales returns R	Debtors R
720	10	A Thomas	DL4	56	400	456
721	18	O m ^c Queen	DL1	210	1500	1710

(6)

[TURN OVER]

October/November 2016

QUESTION 4 (28 marks)(34 minutes)

The following balances were taken from the accounting records of Zeus Traders for the year ended 29 February 2016

Capital (1 March 2015)	R
Drawings	1 540 000 ✓
Land and buildings at cost NCA	20 000
Office equipment at cost NCA	2 650 000
Accumulated depreciation Office equipment NCA	400 000
Vehicles at cost NCA	40 000
Accumulated depreciation Vehicles NCA	600 000
Inventory CA	60 000
Debtors control CA	500 000
Prepaid expenses CA	270 000
Bank (favourable) CA }	1 000
Petty cash CA }	900 000
Long-term loan NCL	2 000
Mortgage NCL	300 000
Creditors control CL }	700 000
Accrued expenses CL }	200 000
	3 000

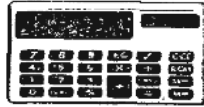
Additional information

- Gross profit for the year ended 29 February 2016 is R5 500 000
- The total for distribution, administrative and other expenses is R3 000 000

REQUIRED:

	Marks
(a) Prepare the statement of changes in equity of Zeus Traders for the year ended 29 February 2016	6½
(b) Prepare the statement of financial position of Zeus Traders as at 29 February 2016	21½
	[28]

[TURN OVER]



FAC1501 (498961)
RFA1501 (477929)

May/June 2017

INTRODUCTORY FINANCIAL ACCOUNTING

Duration 2 Hours

100 Marks

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QUESTION	TOPIC	MARKS	TIME (minutes)
X	Multiple choice questions	20	24
X	Bank reconciliation	22	26
✓	Cash receipts journal, cash payments journal, sales journal and purchases journal	28	34
✓	Calculations and statement of financial position	30	36
	TOTAL	100	120

[TURN OVER]

QUESTION 1 (continued)

- 1 5 If a cheque is issued for the payment of salaries, what effect will this transaction have on assets and equity in the accounting equation?
- (1) Assets will decrease and equity will decrease
 - (2) Assets will increase and equity will decrease
 - (3) Assets will increase and decrease and equity will not change
 - (4) Assets will decrease and equity will increase
 - (5) Assets will increase and equity will increase
- 1 6 Cheap Stores (VAT vendor) purchased equipment for R34 200 (inclusive of 14% VAT) What is the VAT amount included in the purchase price?
- R**
- (1) 30 000
 - (2) 4 118
 - (3) 4 788
 - (4) 29 412
 - (5) 4 200

Use the source document provided below to answer questions 1 7 to 1 9.

Cheque counterfoil

Date	10/12/2016
To	Extra Stores
For	Furniture
Balance	R
Deposit	R
Sub total	R
This cheque	R15 000
Balance	R
0020	

- 1 7 The book of first entry in which this transaction will be entered, is the
- (1) sales journal
 - (2) cash payments journal
 - (3) purchases journal
 - (4) cash receipts journal
 - (5) petty cash journal
- 1 8 The account that will be credited as per the transaction recorded on the above source document is the account
- (1) sales
 - (2) purchases
 - (3) furniture
 - (4) bank
 - (5) creditors

[TURN OVER]

QUESTION 1 (continued)

1 9 The effect of the above transaction on the accounting equation is

- (1) Assets will decrease and liabilities will decrease
- (2) Assets will increase and equity will increase
- (3) Assets will increase and decrease
- (4) Assets will increase and equity will decrease
- (5) Assets will decrease and liabilities will increase

1 10 Trading inventory will be classified as a/an

- (1) non-current liability
- (2) current liability
- (3) expense
- (4) non-current asset
- (5) current asset

[20]

[TURN OVER]

QUESTION 2 (22 marks)(26 minutes)

You are provided with the following information for Gauteng Traders for the month ended 31 October 2016

1 **Bank reconciliation statement as at 30 September 2016**

	Debit	Credit
	R	R
Debit balance as per bank statement	8 000	
Credit outstanding deposit		3 000
Debit outstanding cheques 650	500	
652	1 500	
Credit balance as per bank account		7 000
	10 000	10 000

- 2 The total for the cash payments journal was R11 600 and the total for the cash receipts journal was R19 400 on 31 October 2016, before the bank statement for October 2016 was received
- 3 The bank statement had a favourable balance of R8 300 on 31 October 2016
- 4 After a comparison of the bank statement for October 2016 with the bank reconciliation statement as at 30 September 2016 and the cash journals for October 2016, the following differences were identified
- Cheque no 650 for R500 appeared in the bank statement only
 - A deposit for R3 000 on 1 October 2016 appeared in the bank statement only
 - Bank charges for October 2016 amounted to R600
 - A debtor deposited R5 300 directly into the entity's bank account
 - A cheque for R900 which was previously received from a debtor was dishonoured due to insufficient funds in his bank account and therefore returned by the bank
 - The following items appeared in the cash journals only
 - Cheque no 730 R700
 - 736 R6 000
 - A deposit on 31 October 2016 for R4 500

REQUIRED

	Marks
(a) Complete the cash receipts journal and the cash payments journal of Gauteng Traders for October 2016 (Details and bank column only)	6½
(b) Prepare the properly balanced/closed off bank account for October 2016 in the general ledger of Gauteng Traders	7½
(c) Prepare the bank reconciliation statement of Gauteng Traders as at 31 October 2016	8
	[22]

[TURN OVER]

QUESTION 2 (continued)

GAUTENG TRADERS

CASH RECEIPTS JOURNAL (BANK COLUMN ONLY) – OCTOBER 2016

CRJ10

Day	Details	Bank R

(2½)

GAUTENG TRADERS

CASH PAYMENTS JOURNAL (BANK COLUMN ONLY) – OCTOBER 2016

CPJ10

Day	Details	Bank R

(4)

[TURN OVER]

QUESTION 3 (28 marks)(34 minutes)

Limpopo Traders is registered as a VAT vendor and the periodic inventory system and control accounts are in use. The following transactions, inclusive of 14% VAT, were entered into by Limpopo Traders during July 2016

- July
- ✓₁₂ *CPS* Sell goods for cash to Small Stores for R11 400. Issue receipt no 250. *Dr Bank Cr Sale & VAT*
 - ✓₁₅ *PJ* Purchase inventory on credit from Huge Wholesalers for R23 940. Receive invoice no 130. *Dr Purch + VAT Cr Cred*
 - ✓₁₈ *CPS* Pay Maxi Wholesalers, a creditor, R25 536 as part payment of the amount due to them. Issue cheque no 890.
 - ✓₁₉ *SJ* Sell inventory on credit to Mini Stores for R12 540. Issue invoice no 320.
 - ✓₁₄ Purchase goods from Large Wholesalers for R27 360 cash. Issue cheque no 891.
 - ✓₁₇ *CPS* Receive R13 794 from Tiny Stores, a debtor, as part payment of the amount they owe. Issue receipt no 251.
 - ✓₂₀ *SJ* Sell goods on credit to Little Stores for R15 960. Issue invoice no 321.
 - ✓₂₄ *PJ* Purchase goods on credit from Big Wholesalers for R28 500. Receive invoice no 560.

REQUIRED:

	Marks
Record the above transactions in the following appropriate subsidiary journals of Limpopo Traders for July 2016	
(a) Cash receipts journal	8
(b) Cash payments journal	6
(c) Sales journal	7
(d) Purchases journal	7
	[28]
Please note. You do not have to close off the journals.	

[TURN OVER]

LIMPOPO TRADERS
CASH RECEIPTS JOURNAL - JULY 2016

$\times \frac{100}{114}$ $\times \frac{14}{114}$

CRJ07

Doc no	Day	Details	Analysis of receipts R	Bank R	Sales R	VAT output R	Debtors R
250	2	Small Stores/Sales	11400 ✓	11400 ✓	10000 ✓	1400 ✓	
251	17	Tiny Stores	13794 ✓	13794 ✓			13794 ✓

8

(8)

LIMPOPO TRADERS
CASH PAYMENTS JOURNAL - JULY 2016

CPJ07

Doc no	Day	Details	Bank R	Purchases R	VAT input R	Creditors R
890	8	Maxi w/s	25536 ✓			25536 ✓
891	16	Large w/s	27360 ✓	24000 ✓	3360 ✓	

6

(6)

[TURN OVER]

LIMPOPO TRADERS
SALES JOURNAL – JULY 2016

$\div 1,14$

SJ07

Doc no	Day	Details	VAT output R	Sales R	Debtors R
320	11	Mini Stores ^	1540 ✓	11000 ✓	12540 ✓
321	20	Little Stores ^	1960 ✓	14000 ✓	15960 ✓

(7)

⑦

LIMPOPO TRADERS
PURCHASES JOURNAL – JULY 2016

$\times \frac{14}{114}$

$\div 1,14$
 $\times \frac{100}{114}$

PJ07

Doc no	Day	Details	VAT input R	Purchases R	Creditors R
130	5	Home W/S ^	2940 ✓	21000 ✓	23940 ✓
560	24	Big W/S ^	3500 ✓	25000 ✓	28500 ✓

(7)

[28]

⑦

[TURN OVER]

QUESTION 4 (30 marks)(36 minutes)

The following balances were taken from the accounting records of Mpumalanga Traders for the year ended 31 August 2016

Capital	R	352 000	✓
Mortgage EZY Bank		600 000	✓
Land and buildings at cost		700 000	✓
Vehicles at cost		100 000	✓
Equipment at cost		30 000	✓
Accumulated depreciation Vehicles (1 September 2015)		25 000	✓
Accumulated depreciation Equipment (1 September 2015)		9 000	✓
Fixed deposit Investment Bank		90 000	✓
Inventory A		50 000	✓
Accrued expenses L		17 000	✓
Debtors control A		20 000	✓
Bank (favourable) A		40 500	✓
Creditors control L		23 000	✓
Petty cash A		2 500	✓
VAT payable L		5 000	✓
Cash float A		1 500	✓
Allowance for credit losses -A		3 500	✓

Additional information

- 1 Depreciation must be provided for as follows
- On vehicles at **25%** per annum according to the straight-line method
 - On equipment at 30% per annum on the reducing-balance method

REQUIRED

	Marks
(a) Calculate the depreciation on vehicles for the year ended 31 August 2016	1
(b) Calculate the depreciation on equipment for the year ended 31 August 2016	2
(c) Calculate the amount that must be disclosed as capital in the statement of financial position of Mpumalanga Traders as at 31 August 2016	1½
(d) Calculate the amount that must be disclosed as property, plant and equipment in the statement of financial position of Mpumalanga Traders as at 31 August 2016	3½
(e) Calculate the amount that must be disclosed as trade and other receivables in the statement of financial position of Mpumalanga Traders as at 31 August 2016	1
(f) Calculate the amount that must be disclosed as cash and cash equivalents in the statement of financial position of Mpumalanga Traders as at 31 August 2016	1½
(g) Calculate the amount that must be disclosed as trade and other payables in the statement of financial position of Mpumalanga Traders as at 31 August 2016	1
(h) Prepare the statement of financial position of Mpumalanga Traders as at 31 August 2016	18½
	[30]

[TURN OVER]

QUESTION 4 (continued)**Calculation of depreciation on vehicles**

$100\ 000$	\times	25%	$=$	$25\ 000$
^		^		

(1)

Calculation of depreciation on equipment

$(30\ 000 - 9\ 000)$	\times	30%	$=$	$6\ 300$
21 000		^		

(2)

Calculation of the capital amount

Cap (open)	$352\ 000$	^	
Additions			
Profit	$-25\ 000$	^	$-6\ 300$
- Draw			^
Cap (close)	<u>$320\ 700$</u>	^	\Rightarrow FP

(1½)

Calculation of the property, plant and equipment amount

CP	- AD (open)	- Depr	
$700\ 000$			
$100\ 000$	$25\ 000$	$25\ 000$	
$30\ 000$	$9\ 000$	$6\ 300$	
<u>$830\ 000$</u>	<u>$34\ 000$</u>	<u>$31\ 300$</u>	$= 764\ 700$

(3½)

[TURN OVER]

Calculation of the trade and other receivables amount

Debtors	20 000	↑
- Allow	(3 500)	↑
+ Accr inc	0	
	<u>16 500</u>	✓

(1)

Calculation of the cash and cash equivalents amount

Bank	40 500	↑
Petty cash	2 500	↑
Cash float	1 500	↑
	<u>44 500</u>	✓

(1½)

Calculation of the trade and other payables amount

Cred	17 000	↑
Accr exp	23 000	↑
	<u>40 000</u>	✓

(1)

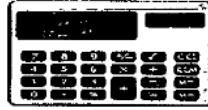
[TURN OVER]

MPUMALANGA TRADERS
STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2016

	R	R
ASSETS		
NCA		854 700 ✓
PPE	764 700 ✓	
Fixed dep	90 000 ✓	
Cur A		111 000 ✓
Inv	50 000 ✓	
Tr & Rec	16 500 ✓	
Prepay		
Cash & equiv	44 500 ✓	
TOTAL ASSETS		<u>965 700</u> ✓ ✓
EQUITY AND LIABILITIES		
OE		320 700 ✓
Cap	320 700 ✓	
Non-Cur Liab		600 000 ✓
Mortg	600 000 ✓	
Cur Liab		45 000 ✓
Tr & Pay	40 000 ✓	
VAT payable	5 000 ✓	
TOTAL EQUITY AND LIABILITIES		<u>965 700</u> ✓ ✓

(18½)

[30]



FAC1501 (476695)
RFA1501 (483839)

May/June 2017

SECOND PAPER

INTRODUCTORY FINANCIAL ACCOUNTING

Duration 2 Hours

100 Marks

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QUESTION	TOPIC	MARKS	TIME (minutes)
1	Multiple choice questions	20	24
2	Trading account and profit or loss account	22	26
3	Accounting equation	28	34
X	Bank reconciliation	30	36
	TOTAL	100	120

[TURN OVER]

QUESTION 1 (20 marks)(24 minutes)

This question must be answered on a mark reading sheet

Select for each question only **ONE** alternative that you consider to be correct

2 marks per question.

1 1 A refundable deposit paid to the city council for water and electricity usage is an example of

- (1) equity
- (2) a current asset
- (3) an income
- (4) a current liability
- (5) an expense

1 2 An example of a non-current liability will be

- (1) a creditor
- (2) a bank overdraft
- (3) an amount owing by a customer
- (4) a mortgage
- (5) equipment purchased on credit

1 3 Equity is

- (1) money or valuables contributed by the owner plus income less expenses ✓
- (2) money or valuables contributed by the owner of the entity X ...
- (3) inputs by lenders into the entity X
- (4) money or valuables contributed by the owner plus income X
- (5) money or valuables received from the bank as a loan X

1 4 The following is a list of balances/totals that appeared in the accounting records of Power Electricians at 31 March 2017

	R
Furniture	80 000
Services rendered	150 800
Salaries	75 000 ✓
Repairs and maintenance	5 000 ✓
Bank (debit)	51 400
Advertisements	1 200 ✓
Interest income	8 400
Insurance	12 000 ✓
Water and electricity	24 000 ✓
Capital	350 000

Calculate the total expenses of Power Electricians for the period ended 31 March 2017

- (1) R197 200
- (2) R125 600
- (3) R117 200
- (4) R350 000
- (5) R112 200

[TURN OVER]

QUESTION 1 (continued)

Use the source document provided below to answer question 1.5.

Duplicate receipt

CRJ Dr Bank Cr Cap

No 0001	Date 1 January 2017	
Received from Mr E Owner		
	R	c
Amount		
Rand <i>Hundred thousand rand only</i>		
Cent <i>None</i>	100 000	00
For <i>Capital contribution by the owner (cheque)</i>		
Signature <i>B Keeper</i>	Cheap Plumbers	

15 The entry in the journal with columns for analysis of receipts, bank, sales, VAT output, debtors, settlement discount granted (dr), VAT input (dr) and sundry accounts for the above document will be

- (1) In the analysis of receipts column - R100 000,00, in the bank column - R100 000,00 and in the sundry accounts column - capital of R100 000,00 ✓
- (2) In the analysis of receipts column - R100 000,00, in the bank column - R100 000,00, in the VAT input column - R12 280,70 and in the sundry accounts column - capital of R87 719,30 ✓
- (3) In the analysis of receipts column - R100 000,00, in the bank column - R100 000,00, in the VAT output column - R12 280,70 and in the sundry accounts column - capital of R87 719,30 ✓
- (4) In the analysis of receipts column - R100 000,00, in the bank column - R100 000,00, in the sales column - R87 719,30 and in the VAT output column - R12 280,70 ✓
- (5) In the analysis of receipts column - R100 000,00, in the bank column - R100 000,00 and in the debtors column - R100 000,00 ✓

Use the information provided below to answer question 1.6

Dr	+		-	Cr
Sept 15	Sales	SJ	15 000	
			General Ledger Debtors control (A)	

16 The ledger entry above resulted from

- (1) merchandise purchased on credit
- (2) returns to suppliers
- (3) returns from customers
- (4) merchandise sold for cash
- (5) merchandise sold on credit ✓

17 The source documents used when preparing the purchases returns journal are

- (1) cheque counterfoils x CPJ
- (2) credit notes → orig? SRJ / PRJ
- (3) general journal vouchers x GJ
- (4) duplicate receipts x CRJ
- (5) duplicate tax invoices x SJ

[TURN OVER]

QUESTION 1 (continued)

Use the source document provided below to answer questions 1.8 to 1.10:

Original tax invoice (we = customer) PJ (inv) or LGJ (other)

Plumbing Suppliers Creditors				
213 Back Street Pretoria Tel (012) 335-6255 E-mail accounts@plumbingsuppliers.co.za			P O Box 2222 PRETORIA 0001 Fax (012) 335-6254	
			VAT registration number 4910416681	
Date	10 January 2017	TAX INVOICE	No 5369	
To	Cheap Plumbers Customer = US 238 Swann Drive Pretoria VAT registration number 4960134750		Payment method Cheque/debit card Cash Credit card Account	
Code	Description	Qty	Unit price (R)	Total price (R)
IPPT1550	intumescent putty	10	299,99	2 999,90
PTPT2556	Petro tape 10m x 100mm	20	199,99	3 999,80
Subtotal				6 999,70
VAT @ 14%				979,96
Total				7 979,66
Amount tendered				0,00
Amount due				7 979,66
E & OE				

Dr Inv/Purch ①

Dr VAT input ②

Cr Cred ③

1.8 The account(s) debited and the account(s) credited in the general ledger will be

	Account(s) to be debited	Account(s) to be credited
(1)	Purchases	Creditors control
(2)	Creditors control	Purchases and VAT input
(3)	Creditors control	Purchases and VAT output
(4)	Purchases and VAT input ✓	Creditors control ✓
(5)	Purchases and VAT output	Creditors control

1.9 The transaction relating to the above document will be entered in the as book of first entry

- (1) cash payments journal
- (2) purchases returns journal
- (3) purchases journal
- (4) sales journal
- (5) general journal

[TURN OVER]

QUESTION 1 (continued)

- 1 10 The amount that must be entered in the book of first entry for the creditors control account will be
- (1) R6 999,70
 - (2) R3 999,80
 - (3) R979,96
 - (4) R2 999,90
 - (5) R7 979,66

[20]

[TURN OVER]

QUESTION 2 (22 marks)(26 minutes)

The following balances/totals were taken from the accounting records of Profit Traders for the year ended 31 July 2017

	R	
Capital	150 000	
Drawings	75 000	✓
Land and buildings	740 000	
Vehicles	420 000	
Inventory (1 August 2016)	90 000	✓
Debtors control	70 000	
Bank (Dr)	115 000	
Creditors control	60 000	
Sales	325 000	✓
Sales returns	40 000	✓
Purchases	160 000	✓
Purchases returns	27 500	✓
Settlement discount granted	20 000	✓
Settlement discount received	10 000	✓
Water and electricity	39 250	✓
Telephone expenses	42 150	✓
Salaries	157 700	✓
Interest income	15 000	✓
Rental income	56 000	✓

Additional information

- 1 A physical inventory count showed the value of closing inventory to be R310 000 on 31 July 2017
- 2 The entity uses the periodic inventory system

REQUIRED:

	Marks
(a) Prepare the trading account in the general ledger of Profit Traders for the year ended 31 July 2017	11½
(b) Prepare the profit or loss account in the general ledger of Profit Traders for the year ended 31 July 2017	10½
	[22]

[TURN OVER]

GJ

Dr Sales	325 000	
Cr Trading Acc		265 000 (Bal F.g)
Cr Sales Ret		40 000
Cr SDG		20 000

Dr Purch Ret	27 500	
Dr SDR	10 000	
Dr Trad Acc	122 500	(Bal F.g)
Cr Purch		160 000

Dr Trad Acc	90 000	
Cr Inv (open)		90 000

Dr Inv (clos)	310 000	
Cr Trad Acc		310 000

Dr Trad Acc	362 500	
Cr P/L		362 500

Dr Int inc	15 000	
Dr Ret inc	56 000	
Cr P/L		71 000

Dr P/L	239 100	
Cr WFE		39 250
Cr Tel		42 150
Cr Sal		157 700

Dr P/L	196 350	
Cr Cap		196 350

Dr Cap	75 000	
Cr Draw		75 000

QUESTION 3 (28 marks)(34 minutes)

Professional Plumbers is a service entity. The entity is not registered for VAT. Professional Plumbers uses the perpetual inventory system. The following transactions were entered into by Professional Plumbers during June 2017:

June

- ✓3 Professional Plumbers purchased furniture for cash – R20 000
- ✓9 Inventory was purchased on credit from a supplier – R10 000
- ✓16 The telephone expenses for the month was paid with a cheque – R6 000
- ✓20 Received money for plumbing services rendered for cash – R5 000
- ✓23 Sold inventory on credit to a debtor – R3 000. The cost price of the inventory – R2 000
- ✓28 The owner transferred money from the entity's bank account to his personal bank account – R15 000

REQUIRED:

<p>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 General Ledger Accounts affected.</p> <p>Where applicable assume that the bank balance is positive.</p>	Marks
	[28]

Example: The owner transferred R100 000 to the entity's bank account from his personal bank account.

Date	Assets = R	Equity + R	Liabilities R	General Ledger Accounts	
				Dr	Cr
Example	+ 100 000	+ 100 000	0	Bank	Capital

[TURN OVER]

QUESTION 4 (30 marks)(36 minutes)

Aries Traders prepared the following bank reconciliation statement on 31 March 2017

Aries Traders

Bank reconciliation statement as at 31 March 2017

	Debit R	Credit R
Credit balance as per bank statement		10 500 ✓
Credit outstanding deposit		10 000 ✓
Debit outstanding cheques 274	4 750 ✓	
275	3 300 ✓	
277	14 000 ✓	
283	3 000 ✓	
Credit balance as per bank account		4 550 ✓
	25 050	25 050

| b/d

Aries Traders received the following bank statement for April 2017

Bank statement of Aries Traders for April 2017				
Address 25 Katrene Street CPJ CPJ Johannesburg - + 0001				
Date	Details	Debits R	Credits R	Balance R
01/04/2017	Balance			10 500 ✓
	Deposit		10 000 ✓	20 500
	Deposit		4 200 ✓	24 700
	Cheque no 292	3 500 ✓		21 200
02/04/2017	Cheque no 274	4 750 ✓		16 450
	Cheque no 275	3 300 ✓		13 150
07/04/2017	Deposit		1 500 ✓	14 650
08/04/2017	Cheque no 293	6 600 ✓		8 050
10/04/2017	Deposit		3 850 ✓	11 900
	Debit order Your Way Insurers CPJ	4 500 ✓		7 400
12/04/2017	Cheque no 294	800 ✓		6 600
	Cheque no 283	3 000 ✓		3 600
13/04/2017	Deposit (direct) Mr T Stevens CPJ		41 000 ✓	44 600
	Cheque unpaid Ms B Badu CPJ (RD cheq)	1 700 ✓		42 900
14/04/2017	Deposit		1 100 ✓	44 000
15/04/2017	Cheque no 295	5 000 ✓		39 000
25/04/2017	Debit order Wealth Investments CPJ	6 000 ✓		33 000
	Deposit (direct) Mr M Khumalo CPJ		4 000 ✓	37 000
	Interest income CPJ		535 ✓	37 535
30/04/2017	Bank fees CPJ	655 ✓		36 880

[TURN OVER]

QUESTION 4 (continued)**Aries Traders****Cash receipts journal (Bank column only) – April 2017****CRJ04**

Day	Details	Bank R
01	Cash sales	4 200 ✓
07	Mr H Small	1 500 ✓
10	Cash sales	3 850 ✓
14	Cash sales	1 100 ✓
30	Ms D Smitten	1 900 } BR
	Cash sales	700 } BR
		13 250

Aries Traders**Cash payments journal (Bank column only) – April 2017****CPJ04**

Cheque number	Day	Details	Bank R
292	01	Cash	3 500 ✓
293	08	AJ Whole Dealers	6 600 ✓
294	12	Cash	800 ✓
295	15	Cash	5 000 ✓
296	23	Vailcom	4 450 } BR
297	30	Vossel Distributors	7 800 } BR
			28 150

Additional information

- 1 The unpaid cheque in the bank statement on 13 April 2017 is a dishonoured cheque. The cheque was dishonoured due to insufficient funds in Ms B Badu's, a customer of Aries Traders, account

REQUIRED.

	Marks
(a) Complete the cash receipts journal and the cash payments journal of Aries Traders for April 2017 (Details and bank column only)	13½
(b) Prepare the properly balanced/closed off bank account for April 2017 in the general ledger of Aries Traders	7½
(c) Prepare the bank reconciliation statement of Aries Traders as at 30 April 2017	9
	[30]

[TURN OVER]

QUESTION 4 (continued)

Aries Traders

Cash receipts journal (Bank column only) – April 2017

CRJ04

Day	Details	Bank R

(6)

Aries Traders

Cash payments journal (Bank column only) – April 2017

CPJ04

Day	Details	Bank R

(7½)

[TURN OVER]

**FAC1501**

October/November 2017

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 TWENTY-TWO (22) pages including FIVE (5) pages for rough work (pp 18 – 22).

PLEASE NOTE

- 1 This paper consists of FOUR (4) questions
- 2 Ensure that you are writing the correct examination paper
- 3 All questions must be answered on the relevant pages of the examination paper
- 4 Basic calculations, where applicable, must be shown
- 5 Please write legibly in blue or black ink only
- 6 PROPOSED TIMETABLE (try not to deviate from this)

QUESTION	TOPIC	MARKS	TIME (minutes)
1	Multiple choice questions	20	24
2	Recording of transactions	22	26
3	Bank reconciliation	30	36
4	Statement of profit or loss and other comprehensive income	28	34
	TOTAL	100	120

[TURN OVER]

QUESTION 1 (20 marks)(24 minutes)

This question must be answered on the examination paper.

Select for each question only **ONE** alternative that you consider to be correct and then circle the correct alternative

2 marks per question

1 1 A person who **owes money** to the entity is

- (1) a debtor
- (2) a creditor
- (3) an investor
- (4) an employee
- (5) a money-lender

1 2 In the **financial statements**, **insurance paid in advance** will be classified as?

- (1) Assets
- (2) Liabilities
- (3) Income
- (4) Expenses
- (5) Capital

1 3 Which of the following statements are **correct**?

- (a) Assets increase on the credit side and decrease on the debit side
 - (b) Liabilities increase on the credit side and decrease on the debit side
 - (c) Drawings has a credit balance
 - (d) Income accounts increase on the credit side and decrease on the debit side
 - (e) Expenditure accounts are closed off to the statement of financial position
- (1) (c) and (d)
 - (2) (b) and (c)
 - (3) (a), (b) and (c)
 - (4) (b) and (d)
 - (5) (a) and (b)

1 4 The following information appeared in the statement of financial position of Tankwa Traders as at 30 September 2017

		R
Property, plant and equipment	A	600 000
Trade and other receivables	A	200 000
Bank overdraft	L	100 000
Long-term borrowings	L	80 000

Which one of the following amounts represents the **equity** of Tankwa Traders as at 30 September 2017?

- (1) R820 000
- (2) R720 000
- (3) R620 000
- (4) R20 000
- (5) R800 000

$$E = A - L$$

$$E = Cap + Profit - Draw$$

$$800\ 000 - 180\ 000$$

[TURN OVER]

QUESTION 1 (continued)

Use the information provided below to answer questions 1.5 and 1.6:

	R
Land and buildings <i>NCA</i>	2 904 000
Debtors control <i>CA</i>	264 656
Creditors control <i>CL</i>	601 880
Mortgage <i>NCL</i>	1 000 000
Inventories <i>CA</i>	437 540
Vehicles at carrying amount <i>NCA</i>	1 645 076
Cash <i>CA</i>	215 636
Accrued expenses <i>CL</i>	24 980
Equipment at carrying amount <i>NCA</i>	363 364
Fixed deposit <i>NCA</i>	562 984
Income received in advance <i>CL</i>	9 140
Prepaid expenses <i>CA</i>	8 000

1.5 What is the total amount for non-current assets?

- (1) R1 904 000
 - (2) R2 904 000
 - (3) R5 912 440
 - (4) R4 912 440
 - (5) R5 475 424
- $2904\ 000 + 1645\ 076 + 363\ 364 + 562\ 984 = 5475\ 424$

1.6 What is the total amount for current liabilities?

- (1) R636 000
 - (2) R601 880
 - (3) R644 000
 - (4) R619 020
 - (5) R1 636 000
- $601\ 880 + 24\ 980 + 9\ 140 = 636\ 000$

1.7 Camdeboo Traders, which is not registered as a VAT vendor and uses the perpetual inventory system, donated inventory worth R10 000

Which one of the following options represents the correct analysis of the above transaction?

	Account to be debited	Account to be credited	Assets = R	Equity + R	Liabilities R
1	Inventory <i>x</i>	Donations	+ 10 000	+ 10 000	0
2	Purchases <i>x</i>	Donations	0	+ 10 000 - 10 000	0
3	Donations <i>✓</i>	Inventory <i>✓</i>	- 10 000	- 10 000	0
4	Donations <i>✓</i>	Purchases <i>x</i>	0	+ 10 000 - 10 000	0
5	Inventory <i>x</i>	Purchases	+ 10 000	+ 10 000	0

Dr Donations (PL: exp)

Cr Invent (FP: A)

[TURN OVER]

QUESTION 1 (continued)

*Dr Debtors
Cr Equip*

- 18 Which option below best represents the correct analysis, if an entity which is not registered as a VAT vendor sold equipment that is no longer needed, on credit for R1 700

General ledger		Effect on the accounting equation		
Account to be debited	Account to be credited	Assets R	= Equity R	+ Liabilities R
1 Equipment	Debtors control	+ 1 700	0	0
2 Equipment	Creditors control	- 1 700	0	+ 1 700
3 Sales	Creditors control	+ 1 700	- 1 700	+ 1 700
4 Debtors control	Equipment	0	0	0
5 Creditors control	Equipment	- 1 700	0	- 1 700

- 19 During July 2017, Namaqua Traders, which is not a registered VAT vendor, incurred the following transactions →

2017
July

- ✓ 1 The owner contributed equipment worth R60 000 as additional capital
- ✓ 7 The entity provided services on credit for R11 000
- 19 The entity paid R7 000 from the entity's bank account for medical expenses incurred by the owner's wife
- 27 The entity's bank account was on average overdue by R5 000 throughout the month. Interest of R50 was paid for the month on the overdue amount

The opening balance of the bank account in the general ledger of the entity was favourable

Which one of the following options reflects the net influence of the above transactions on the extended accounting equation of Namaqua Traders?

	Assets			=	Equity		+ Liabilities
	Equipment R	Debtors R	Bank R	Capital R	Income/expenses R	Creditors R	
1	+ 60 000 ✓	+ 11 000 ✓	- 7 050	+ 53 000 ✓	0 ×	+ 10 950	
2	- 60 000 ×	- 11 000 ×	- 7 050	- 53 000 ×	- 10 950 ✓	0	
3	+ 60 000 ✓	+ 11 000 ✓	- 7 050	+ 60 000 ×	+ 11 000	0	
4	+ 60 000 ✓	+ 11 000 ✓	- 7 050	+ 53 000 ✓	+ 10 950 ✓	0	
5	0 ×	+ 11 000 ✓	+ 7 050	- 53 000 ×	- 11 000	- 10 950	

- 110 On 15 October 2017, a sole trader paid his own private telephone account of R1 250 with a business cheque

Dr Draw Cr Bank

The account that must be debited and the account that must be credited in the general ledger will be as follows

- (1) The drawings account will be debited and the telephone account will be credited → *Corrected error*
- ② The drawings account will be debited and the bank account will be credited
- (3) The telephone account will be debited and the bank account will be credited
- (4) The telephone account will be debited and the drawings account will be credited
- (5) The telephone account will be debited and the capital account will be credited

[20]

	Equip	Debtors	Bank	Cap	Inc/Exp	Cred.
①	+ 60 000			+ 60 000		
⑦		+ 11 000			+ 11 000	
19			- 7 000	- 7 000		
27			- 50		- 50	
	+ 60 000	+ 11 000		+ 53 000	+ 10 950	0

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QUESTION 2 (22 marks)(26 minutes)

Inu

on cost
 CP 100%
 MU 40%
 SP 140%
on sale
 60%
 40%
 100

Mapungubwe Traders uses a perpetual inventory system. All goods are sold at a mark-up of 40% on cost. The following information and transactions of Mapungubwe Traders are for August 2017.

Date Transaction

- ✓5 Purchased goods on credit from a supplier to the value of R7 000. *Dr Inv Cr Cred*
- ✓12 Sold goods to a customer for R2 000 on credit
- ✓14 On 26 July 2017 packing material was purchased for R2 500 by cheque and entered in the column for inventory in the cash payments journal and posted as such. *Correct the error*
- ✓23 A debtor settled his account of R3 000 with a cheque for R2 800. *∴ Disc 200*
- ✓26 The owner took goods to the value of R3 500 for his own use
- ✓31 On 31 July 2017 a cheque for R8 000 was issued to the insurance brokers for the payment of the insurance for the financial year

Dr Inv Cr Bank

REQUIRED:

Marks
Indicate for each of the above transactions which accounts in the general ledger must be debited and credited. Indicate the subsidiary journal where the transaction will first be recorded.
[22]

Use the following table to answer this question.

Date	General ledger		Subsidiary journal
	Account to be debited	Account to be credited	
Example	Advertising	Bank	Cash payments journal

[TURN OVER]

QUESTION 3 (30 marks)(36 minutes)

Marakele Traders provided you with the following information for November 2017

Marakele Traders

Bank reconciliation statement as at 31 October 2017

	Debit R	Credit R
Credit balance as per bank statement		285 000
Credit outstanding deposits		51 000
		30 000
Debit outstanding cheque no's	18 000	
686	6 000	
690 → BR	27 000	
700 → BR	2 250	
701 → BR	4 500	
702	75 000	
Debit an incorrect credit made by the bank	233 250	
Debit balance as per bank account	366 000	366 000

A comparison of the current month's bank statement with the previous month's bank reconciliation statement, current month's cash receipts and cash payments journal showed the following differences

1 On 30 November 2017, the bank statement of Marakele Traders had a favourable balance of R670 350. On 30 November 2017, before any of the abovementioned transactions were taken into account, the cash receipts journal had a total of R1 089 000 and the cash payments journal had a total of R319 600 in their respective bank columns

2 The following transactions did not appear in the cash journals for November 2017

2.1 A debit order for R15 000 for the monthly insurance premium CPJ

2.2 Interest received on a fixed deposit, R9 000 CRJ

2.3 A debtor of Marakele Traders paid his account of R16 500 in full (this was recorded in the cash receipts journal) However, the bank dishonoured his cheque due to insufficient funds in his bank account
 (Chq → CPJ Disc → GJ)

2.4 Bank charges, R2 400 CPJ

2.5 A customer of Marakele Traders, from Durban, deposited R48 000 directly into the business bank account CRJ

2.6 A debit order for R7 500 which is for the monthly security services CPJ

2.7 A tenant of Marakele Traders, deposited R19 500 into the business bank account of Marakele Traders CRJ

3 The following items only appeared in the bank statement of Marakele Traders for November 2017

3.1 Deposits for R51 000 and R30 000 respectively

		R
3.2 Cheque no's	686	18 000
	700	27 000
	702	4 500

[TURN OVER]

QUESTION 3 (continued)

- 3.3 A debit entry for R75 000 to correct an incorrect credit entry which was made previously
- 3.4 A deposit of R120 000 appeared incorrectly in the bank statement of Marakele Traders
- 4 The following items only appeared in the cash journals of Marakele Traders for November 2017

		R
4.1	Cheque no's	807
		810
		815
		816
		1 800
		8 250
		21 000
		28 500

- 4.2 Deposits made on 29 and 30 November 2017 for R345 000 and R210 000 respectively

REQUIRED:

	Marks
(a) Complete the cash receipts journal and the cash payments journal of Marakele Traders for November 2017 (Details and bank column only)	9
(b) Prepare the properly balanced/closed off bank account for November 2017 in the general ledger of Marakele Traders	7½
(c) Prepare the bank reconciliation statement of Marakele Traders as at 30 November 2017	13½
	[30]

[TURN OVER]

QUESTION 3 (continued)

Marakele Traders

Cash receipts journal (Bank column only) – November 2017

CRJ11

Day	Details	Bank R
30	Total	1089 000
	Interest : fixed deposit	9 000
	Debtors (Direct deposit)	48 000
	Rent income (Direct deposit)	19 500
		<u>1165 500</u>

(4)

Marakele Traders

Cash payments journal (Bank column only) – November 2017

CPJ11

Day	Details	Bank R
30	Total	319 800
	Insurance (Debit order)	15 000
	Debtors (R/D chq)	16 500
	Bank charges	2 400
	Security services (debit order)	7 500
		<u>361 200</u>

(5)

[TURN OVER]

QUESTION 4 (28 marks)(34 minutes)

The following information appeared in the accounting records of Mokala Traders for the financial year ended 30 September 2017

Balances/totals as at 30 September 2017

	R	
Purchases	795 150	✓
Purchases returns	15 900	✓
Settlement discount received	11 100	✓
Water and electricity	34 800	✓
Salaries and wages	135 450	✓
Sales	1 350 600	✓
Sales returns	13 050	✓
Telephone expenses	23 850	✓
Stationery	10 200	✓
Settlement discount granted	13 800	✓
Fixed deposit	105 000	✓
Furniture at cost	75 000	
Plant and equipment at cost	1 125 000	
Accumulated depreciation Furniture (-A)	22 500	
Accumulated depreciation Plant and equipment (-A)	225 000	
Repairs and maintenance	2 850	✓
Insurance	19 800	✓
Credit losses	17 250	✓
Debtors control	435 150	
Allowance for credit losses (-A)	19 200	→ 21650
Drawings	37 500	
Inventory (1 October 2016)	217 950	✓
Interest received on fixed deposit	6 000	✓
Capital (1 October 2016)	525 000	
Bank overdraft	158 550	
Mortgage	720 000	✓

Additional information

- ✓ 1 The physical inventory count at 30 September 2017 indicated that inventory amounted to R128 100 and stationery to R3 750. *Dr Cons on hand (FP:A) Cr Stat (PL: exp)*
- ✓ 2 A debtor that owes R1 800 must be written off as irrecoverable. *Dr CL (PL) Cr Debtors (FP)*
- ✓ 3 Provide depreciation as follows:
Furniture, R11 250 *Dr Depr (PL)*
Plant and equipment, R112 500 *Cr AD: ?? (FP:A)*
- ✓ 4 It was determined that the allowance for credit losses account should amount to R21 450 at 30 September 2017.
- ✓ 5 Wages, amounting to R3 000, must still be paid. *Dr Wage (PL) Cr Accr Exp (FP:L)*
- ✓ 6 The fixed deposit was made on 1 October 2016 at Investment Bank at an interest rate of 8% per annum. *Dr Accr inc Cr Int: FD 2400*
- ✓ 7 The mortgage agreement was entered into on 1 August 2017 and bears interest at a rate of 10% per annum. The interest for the current financial year must still be accounted for. *Dr Int: Mort (PL) Cr Accr Exp (FP) 2 months ago*

[TURN OVER]

October/November 2017

QUESTION 4 (continued)

REQUIRED

	Marks
Prepare the statement of profit or loss and other comprehensive income of Mokala Traders for the year ended 30 September 2017	[28]

[TURN OVER]

Mokala Traders

Statement of profit or loss and other comprehensive income for the year ended 30 September 2017

	R	R
Revenue (1350 600 - 13050 - 13800)		1323 750
Cost of Sales		(858 000)
Open inventory	217 950	
Purchases (795 150 - 159 000 - 11 100)	768 150	
Clos inv	(128 100)	
Gross profit		465 750
Other income		8 400
Int: Fixed dep (6000 + 2400 Accrued)	8 400	
(105 000 x 8%) - 6000		
Distrib, admin & other exp		(371 250)
W + F (34 800)	34 800	
Stw (135450 + 3000)	138 450	
Tel (23 850)	23 850	
Stat (10200 - 3750)	6 450	
Repairs & maint (2850)	2 850	
Insur (19 800)	19 800	
Cred loss (17250 + 1800 - 19200 + 21450)	21 300	
Depr (11250 + 112500) + 2250	123 750	
Fin costs		(12 000)
Int: Mortg (720 000 x 10% x 2/12)	12 000	
Profit for the year		90 900
Other comprehensive for the year		
Total		90 900

(28)

[28]

QUESTION 2 (30 marks) (36 minutes)

Commence this question on a new (separate) page.

Joe Blob runs a property development business, Big Builders. The entity is registered as a VAT vendor and uses a periodic inventory control system. The following cash transactions by Big Builders took place during March 2013:

BIG BUILDERS

CASH RECEIPTS JOURNAL – MARCH 2013

Doc no	Day	Details	Fol	Bank	Debtors	Settlement discount granted	VAT input	VAT output	Sundry accounts		
									Amount	Fol	Details
R01	3	Joe Blob		R 20 000					R 20 000	✓	Capital
R02	11	Fish Takeaways		5 700				700	5 000	✓	Rental income
R03	30	Housing Development		20 000	20 570	(500)	(70)				
				45 700	20 570	(500)	(70)	700	25 000		

BIG BUILDERS

CASH PAYMENTS JOURNAL – MARCH 2013

Doc no	Day	Details	Fol	Bank	Purchases	Creditors	Settlement discount received	Wages	Vat input	Vat output	Sundry accounts			
											Amount	Fol	Details	
173	3	Cash		R 700				700						
174	11	Buildaway		1 140	1 000				140					
175	15	ME Builders		10 000		10 285	(250)			(35)				
176	30	Cash		700				700						
				12 540	1 000	10 285	(250)	1 400	140	(35)				

On 1 March 2013 the balances of the debtors control account and the creditors control account in the general ledger were R30 000 and R15 000 respectively.

REQUIRED:

Open the necessary ledger accounts in the general ledger of Big Builders and post the amounts in the above cash receipts journal and cash payments journal to the general ledger of Big Builders for March 2013.

Properly balance/close off the bank account for March 2013 in the general ledger of Big Builders.

[30]

[TURN OVER]

Bank	
2013 Mar 31	Tot Recy CRJ 45700
	<u>45700</u>
Apr 1	Bal b/d 3160
2013 Mar 31	Tot Paym CPJ 12540
	Bal c/d 33160
	<u>45700</u>

Debtors	
2013 Mar 1	Bal b/d 30000
	<u>30000</u>
Apr 1	Bal b/d 9430
2013 Mar 31	Bank & SDG CRJ 20570
	& VAT input 9430
	Bal c/d 30000
	<u>30000</u>

SDG	
2013 Mar 31	Debtors CRJ 500

VAT input	
2013 Mar 31	Debtors CRJ 70
	Bank CPJ 140
	<u>210</u>
2013 Mar 31	VAT control GJ 210
	<u>210</u>

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:

- PJ ✓ Purchased goods on credit from Big Appliances for R353 400 and received invoice number 457
- CPJ ✓ Purchased stationery from Folio Stationers for R1 026 and paid with cheque number 251
- CPJ ✓ Paid Telkom R5 700 for the July telephone account with cheque number 252
- CPJ U4 Paid the City Council R5 928 with cheque number 253 for water and electricity
- CPJ U16 Purchased goods from Smart Appliances for R228 000 and paid with cheque number 254
- PT U20 Purchased goods on credit from ABC Appliances for R57 000 and received invoice number 465
- CPJ U25 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
- U28 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.

[24]

[TURN OVER]

QUESTION 2 (25 marks) (30 minutes)

Commence this question on a new (separate) page.

Sport Traders which is buying and selling sport equipment, is registered as a VAT vendor and the applicable VAT rate is 14%

On 1 August 2013 the following debtors' balances appeared in the accounting records of Sport Traders

	R
Pretoria Soccer Club (Folio number - DL1)	5 000
Pretoria Tennis Club (Folio number - DL2)	8 000
Pretoria Rugby Club (Folio number - DL3)	4 000
Pretoria Golf Club (Folio number - DL4)	7 000

The following transactions took place during August 2013

Duplicate tax invoice

We = supplier

SJ

SPORT TRADERS				
111 Super Sport Street PRETORIA Tel (012) 341-5555		VAT registration number 4310203040		P O Box 123 PRETORIA 0001 Fax (012) 341-6666
Date:	3 August 2013	TAX INVOICE		No 270
To:	Pretoria Rugby Club 400 Loftus Street Pretoria VAT registration number 4312345678	Payment method Cheque/debit card Cash Credit card <u>Account</u>		
Code	Description	Qty	Unit price (R)	Total price (R)
RB10	Rugby balls -10% discount	15	550-00	8 250-00 (825-00)
Subtotal				7 425-00
VAT @ 14%				1 039-50
Total				8 464-50
Amount tendered				0-00
Amount due				8 464-50
E & OE				

[TURN OVER]

QUESTION 2 (continued)

PRJ

Original credit note

GILBERT STORES <i>Suppl</i>				
40 Burger Street PRETORIA Tel (012) 350-4455		VAT registration number 4311223344		P O Box 321 PRETORIA 0001 Fax (012) 350-4456
Date:	4 August 2013	CREDIT NOTE		No 125
To:	<i>Sport Traders Customer</i> 111 Super Sport Street Pretoria VAT registration number: 4310203040			
Product no	Description	Qty	Unit price (R)	Amount credited (R)
RB150	Rugby balls	20	450-00	9 000-00
Subtotal				9 000-00
VAT @ 14%				1 260-00
Total credit due				10 260-00
E & OE				

SJ

Duplicate tax invoice

SPORT TRADERS				
111 Super Sport Street PRETORIA Tel (012) 341-5555		VAT registration number 4310203040		P O Box 123 PRETORIA 0001 Fax (012) 341-6666
Date:	8 August 2013	TAX INVOICE		No 271
To:	<i>Pretoria Tennis Club Customer/Debtors</i> 20 Federer Street Pretoria VAT registration number: 4367654321		Payment method Cheque/debit card Cash Credit card <u>Account</u>	
				<i>(Cash) } Credit</i>
Code	Description	Qty	Unit price (R)	Total price (R)
TB30	Tennis balls	90	70-00	6 300-00
Subtotal				6 300-00
VAT @ 14%				882-00
Total				7 182-00
Amount tendered				0-00
Amount due				7 182-00
E & OE				

[TURN OVER]

QUESTION 2 (continued)

Original tax invoice PJ

SLAZENGER TRADERS				
83 Nadai Street PRETORIA Tel (012) 645-2040		VAT registration number 4378945612		P O Box 888 PRETORIA 0001 Fax (012) 645-2041
Date:	9 August 2013	TAX INVOICE		No 1345
To:	Sport Traders 111 Super Sport Street Pretoria VAT registration number 4310203040		Payment method Cheque/debit card Cash Credit card Account	
Code	Description	Qty	Unit price (R)	Total price (R)
TB250	Tennis balls	100	50-00	5 000-00
Subtotal				5 000-00
VAT @ 14%				700-00
Total				5 700-00
Amount tendered				0-00
Amount due				5 700-00
E & OE				

Duplicate credit note SRJ

SPORT TRADERS				
111 Super Sport Street PRETORIA Tel (012) 341-5555		VAT registration number 4310203040		P O Box 123 PRETORIA 0001 Fax (012) 341-5555
Date:	9 August 2013	CREDIT NOTE		No 55
To:	Pretoria Tennis Club 20 Faderer Street Pretoria VAT registration number 4387654321			
Product no	Description	Qty	Unit price (R)	Amount credited (R)
TB30	Tennis balls	20	70-00	1 400-00
Subtotal				1 400-00
VAT @ 14%				196-00
Total credit due				1 596-00
E & OE				

[TURN OVER]

October/November 2013

QUESTION 2 (continued)

Duplicate tax invoice

SJ

SPORT TRADERS				
111 Super Sport Street PRETORIA Tel (012) 341-5555		VAT registration number 4310203040		P O Box 123 PRETORIA 0001 Fax (012) 341-6666
Date:	12 August 2013	TAX INVOICE		No 272
To:	Pretoria Soccer Club 75 Radebe Street Pretoria VAT registration number 4398745601			Payment method Cheque/debit card Cash Credit card Account
Code	Description	Qty	Unit price (R)	Total price (R)
SB20	Soccer balls	20	400-00	8 000-00
Subtotal				8 000-00
VAT @ 14%				1 120-00
Total				9 120-00
Amount tendered				0-00
Amount due				9 120-00
E & OE				

SLJ

Duplicate credit note

SPORT TRADERS				
111 Super Sport Street PRETORIA Tel (012) 341-5555		VAT registration number 4310203040		P O Box 123 PRETORIA 0001 Fax (012) 341-6666
Date:	13 August 2013	CREDIT NOTE		No 56
To:	Pretoria Soccer Club 75 Radebe Street Pretoria VAT registration number 4398745601			
Product no	Description	Qty	Unit price (R)	Amount credited (R)
SB20	Soccer balls	5	400-00	2 000-00
Subtotal				2 000-00
VAT @ 14%				280-00
Total credit due				2 280-00
E & OE				

[TURN OVER]

QUESTION 2 (continued)

Original tax invoice

PJ

NIKE STORES				
645 Khumalo Street PRETORIA Tel (012) 988-0070		VAT registration number 4390807060		P O Box 186 PRETORIA 0001 Fax (012) 988-0071
Date:	18 August 2013	TAX INVOICE		No 1120
To:	Sport Traders 111 Super Sport Street Pretoria VAT registration number: 4310203040			Payment method Cheque/debit card Cash Credit card Account
Code	Description	Qty	Unit price (R)	Total price (R)
SB850	Soccer balls -10% discount	40	300-00	12 000-00 (1 200-00)
Subtotal				10 800-00
VAT @ 14%				1 512-00
Total				12 312-00
Amount tendered				0-00
Amount due				12 312-00
E & OE				

Duplicate tax invoice

SJ

SPORT TRADERS				
111 Super Sport Street PRETORIA Tel (012) 341-5555		VAT registration number 4310203040		P O Box 123 PRETORIA 0001 Fax (012) 341-6666
Date:	22 August 2013	TAX INVOICE		No 273
To:	Pretoria Golf Club 1 Woods Street Pretoria VAT registration number: 4321324354			Payment method Cheque/debit card Cash Credit card Account
Code	Description	Qty	Unit price (R)	Total price (R)
GB40	Golf balls	30	250-00	7 500-00
Subtotal				7 500-00
VAT @ 14%				1 050-00
Total				8 550-00
Amount tendered				0-00
Amount due				8 550-00
E & OE				

[TURN OVER]

QUESTION 2 (continued)

Duplicate credit note

SRJ

SPORT TRADERS				
111 Super Sport Street PRETORIA Tel (012) 341-6555		VAT registration number 4310203040		P O Box 123 PRETORIA 0001 Fax (012) 341-6666
Date: 25 August 2013		CREDIT NOTE		No 57
To: Pretoria Golf Club 1 Woods Street Pretoria VAT registration number 4321324354				
Product no	Description	Qty	Unit price (R)	Amount credited (R)
GB40	Golf balls	4	250-00	1 000-00
Subtotal				1 000-00
VAT @ 14%				140-00
Total credit due				1 140-00
E & OE				

REQUIRED:

- 2.1 Record the appropriate above transactions in the following subsidiary journals of Sport Traders for August 2013
- 2.1.1 Sales journal (columns for Doc no, Day, Details, Fol, VAT output, Sales and Debtors) (12)
- 2.1.2 Sales returns journal (columns for Doc no, Day, Details, Fol, VAT output, Sales returns and Debtors) (9)
- 2.2 Prepare the debtors list of Sport Traders as at 31 August 2013 with the abovementioned balances and transactions (4)

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

[TURN OVER]

QUESTION 2 (30 marks) (36 minutes)

Commence this question on a new (separate) page.

Joe Blob runs a property development business, Big Builders. The entity is registered as a VAT vendor and uses a periodic inventory control system. The following cash transactions by Big Builders took place during March 2013:

BIG BUILDERS

CASH RECEIPTS JOURNAL – MARCH 2013

CRJ 01

Doc no	Day	Details	Fol	Bank	Debtors	Settlement discount granted	VAT input	VAT output	Sundry accounts		
									Amount	Fol	Details
R01	3	Joe Blob		R 20 000	R	R	R	R	R 20 000		Capital
R02	11	Fish Takeaways		5 700				700	5 000		Rental income
R03	30	Housing Development		20 000	20 570	(500)	(70)				
				45 700	20 570	(500)	(70)	700	25 000		

BIG BUILDERS

CASH PAYMENTS JOURNAL – MARCH 2013

CPJ 01

Doc no	Day	Details	Fol	Bank	Purchases	Creditors	Settlement discount received	Wages	Vat input	Vat output	Sundry accounts			
											Amount	Fol	Details	
173	3	Cash		R 700	R			700						
174	11	Buildaway		1 140	1 000				140					
175	15	ME Builders		10 000		10 285	(250)			(35)				
176	30	Cash		700				700						
				12 540	1 000	10 285	(250)	1 400	140	(35)				

On 1 March 2013 the balances of the debtors control account and the creditors control account in the general ledger were R30 000 and R15 000 respectively.

REQUIRED:

Open the necessary ledger accounts in the general ledger of Big Builders and post the amounts in the above cash receipts journal and cash payments journal to the general ledger of Big Builders for March 2013.

Properly balance/close off the bank account for March 2013 in the general ledger of Big Builders.

[30]

[TURN OVER]

Question1 (20 marks) (24 minutes)

- 1.1 3
- 1.2 1
- 1.3 2
- 1.4 4
- 1.5 3
- 1.6 1
- 1.7 3
- 1.8 4
- 1.9 1
- 1.10 2

Question 2 (24 marks) (28 minutes)

Cash receipts journal

Details	Bank
Total	12 500
S Stone (direct deposit)	40 000
C Carly (direct deposit)	2 000
Interest income	415
	<u>54 915</u>

Cash payments journal

Details	Bank
Total	23 100
McQueens Insurers (Insurance)	4 000
A Naidoo (R/D chq)	1 200
West Investments (Investment)	5 000
Bank charges	500
	<u>33 800</u>

Bank			
Balance b/d	31 700	Total payments CPJ	33 800
Total receipts CRJ	54 915	Balance c/d	52 815
	<u>86 615</u>		<u>86 615</u>
Balance b/d	52 815		

Bank reconciliation statement

	Debit	Credit
Balance as per bank statement		62 115
Outstanding deposits		1 800
		400
Outstanding cheques:		
No. 240	1 000	
No. 246	3 500	
No. 247	7 000	
Balance as per bank account	52 815	
	<u>64 315</u>	<u>64 315</u>

Question 3 (28 marks) (34 minutes)

Sales journal of Kiara Traders - March 2016

SJ

Doc	Day	Details	Fol	Debtors	Sales	VAT Output
564	3	O McQueen	DL1	18 240	16 000	2 240
565	7	T Smith	DL3	5 700	5 000	700
566	17	D Francis	DL6	5 130	4 500	630
567	25	B Singh	DL7	6 840	6 000	840

Sales returns journal of Kiara Traders - March 2016

SRJ

Doc	Day	Details	Fol	Debtors	Sales returns	VAT Output
720	10	A Thomas	DL4	456	400	56
721	18	O McQueen	DL1	1 710	1 500	210

General journal of Kiara Traders - March 2016

Day	Details	Fol	Debit	Credit
4	Debtors (Y Moloji)	B/DL2	24	
	Interest income	N		24
	<i>Charged Y Moloji 8% interest on overdue account (1 200 x 8% x 3/12)</i>			
15	Credit losses	N	650	
	VAT Input	B	91	
	Debtors (J Pillay)	B/DL5		741
	<i>Written off as irrecoverable</i>			

Question 4 (28 marks) (34 minutes)

Calculation of profit

Gros profit	5 500 000
Distribution, admin & other expenses	(3 000 000)
Profit for the year	2 500 000
Other comprehensive income for the year	<u>0</u>
Total comprehensive income for the year	<u><u>2 500 000</u></u>

Seus Traders

Statement of changes in equity for the year ended 29 February 2016

Capital (1/7/2014)	1 540 000
Profit for the year	2 500 000
Drawings	<u>(20 000)</u>
Capital (30/6/2015)	<u><u>4 020 000</u></u>

Seus Traders

Statement of financial position as at 29 February 2016

Assets

Non-current assets

Property, plant and equipment	3 550 000
(2 650 000 + 400 000 - 40 000 + 600 000 - 60 000)	

Current assets

Inventory	500 000
Trade and other receivables	270 000
Prepayments	1 000
Cash and cash equivalents (900 000 + 2 000)	902 000

Total assets

5 223 000

Equity and liabilities

Owner's equity

Capital	4 020 000
---------	-----------

Non-current liabilities

Long-term loan	300 000
Mortgage loan	700 000

Current liabilities

Trade and other payables (200 000 + 3 000)	203 000
Income received in advance	

Total equity and liabilities

5 223 000

Question1 (20 marks) (24 minutes)

- 1.1 2
- 1.2 4
- 1.3 1
- 1.4 3
- 1.5 1
- 1.6 5
- 1.7 2
- 1.8 4
- 1.9 3
- 1.10 5

Question 2 (22 marks) (26 minutes)

Cash receipts journal

Details	Bank
Total	19 400
Debtor (direct deposit)	5 300
	<u>24 700</u>

Cash payments journal

Details	Bank
Total	11 600
Bank charges	600
Debtor (R/D chq)	900
	<u>13 100</u>

Bank			
Total receipts CRJ	24 700	Balance b/d	7 000
		Total payments CPJ	13 100
		Balance c/d	4 600
	<u>24 700</u>		<u>24 700</u>
Balance b/d	4 600		

Bank reconciliation statement

	Debit	Credit
Balance as per bank statement		8 300
Outstanding deposits		4 500
Outstanding cheques:		
No. 730	700	
No. 736	6 000	
No. 652	1 500	
Balance as per bank account	4 600	
	<u>12 800</u>	<u>12 800</u>

Question 3 (28 marks) (34 minutes)

Cash receipts journal of Limpopo Traders for June 2016

Doc	Day	Details	Fol	Analysis of receipts	Bank	Sales	VAT Output	Debtors
250	2	Sales		11 400	11 400	10 000	1 400	
251	17	Tiny Stores	DL2	13 794	13 794			13 794

Cash payments journal of Limpopo Traders for June 2016

Doc	Day	Details	Fol	Bank	Purchases	VAT Output	Creditors
890	8	Maxi Wholesalers	CL2	25 536			25 536
891	14	Large Wholesalers		27 360	24 000	3 360	

Sales journal of Limpopo Traders for June 2016

Doc	Day	Details	Fol	VAT Output	Sales	Debtors
320	11	Mini Stores	DL1	1 540	11 000	12 540
321	20	Little Stores	DL3	1 960	14 000	15 960

Purchases journal of Limpopo Traders for June 2016

Doc	Day	Details	Fol	VAT Input	Purchases	Creditors
130	5	Huge Wholesalers	CL1	2 940	21 000	23 940
560	24	Big Wholesalers	CL3	3 500	25 000	28 500

Question 4 (30 marks) (36 minutes)

a Depr: Veh = $100\,000 \times 25\% = 25\,000$

b Depr: Equip = $(30\,000 - 9\,000) \times 30\% = 6\,300$

c Capital (open)	352 000
Depr: Veh	(25 000)
Depr: Equip	<u>(6 300)</u>
Capital (end)	<u>320 700</u>

d PPE =	Land & buildings	Veh	Equip
Cost	700 000	100 000	30 000
Accum Depr		(50 000)	(15 300)
		<u>(25 000 + 25 000)</u>	<u>(9 000 + 6 300)</u>
Carrying amount	<u>700 000</u>	<u>50 000</u>	<u>14 700</u>

e Trade & other receivables	
Debtors	20 000
Allowance for credit losses	<u>(3 500)</u>
	<u>16 500</u>

f Cash and cash equivalents	
Bank	40 500
Petty cash	2 500
Cash float	<u>1 500</u>
	<u>44 500</u>

g Trade & other payables	
Creditors	23 000
Accrued expenses	<u>17 000</u>
	<u>40 000</u>

h **Mpumalanga Traders**

Statement of financial position as at 31 August 2016

Assets

Non-current assets	854 700
Property, plant and equipment	764 700
Fixed deposit	90 000
Current assets	111 000
Inventory	50 000
Trade and other receivables	16 500
Cash and cash equivalents	44 500
Total assets	<u>965 700</u>

Equity and liabilities

Owner's equity	320 700
Capital*	320 700
Non-current liabilities	600 000
Mortgage loan	600 000
Current liabilities	45 000
Trade and other payables	40 000
VAT Payable	5 000
Total equity and liabilities	<u>965 700</u>

Question 1 (20 marks) (24 minutes)

- 1.1 2
 1.2 4
 1.3 1
 1.4 3 = 75 000 + 5 000 + 1 200 + 12 000 + 24 000
 1.5 1
 1.6 5
 1.7 2
 1.8 4
 1.9 3
 1.10 5

Question 2 (22 marks) (26 minutes)

Trading account

2017 Jul 31	Sales returns	GJ	40 000	2017 Jul 31	Sales (325 000 - 20 000)	GJ	305 000
	Inventory (opening)	GJ	90 000		Purchases returns	GJ	27 500
	Purchases (160 000 - 10 000)	GJ	150 000		Inventory (closing)	GJ	310 000
	Profit or loss	GJ	362 500				
			<u>642 500</u>				<u>642 500</u>

Profit or loss

2017 Jul 31	Water & electricity	GJ	39 250	2017 Jul 31	Trading account	GJ	362 500
	Telephone	GJ	42 150		Interest income	GJ	15 000
	Salaries	GJ	157 700		Rent income	GJ	56 000
	Capital	GJ	194 400				
			<u>433 500</u>				<u>433 500</u>

Question 3 (28 marks) (34 minutes)

No	A =	E +	L	General ledger	
				Dr	Cr
3	+/- 20 000			Furniture	Bank
9	+ 10 000		+ 10 000	Inventory	Creditors
16	- 6 000	- 6 000		Telephone	Bank
20	+ 5 000	+ 5 000		Bank	Services rendered
23	+ 3 000	+ 3 000		Debtors	Sales
	- 2 000	- 2 000		Cost of sales	Inventory
28	- 15 000	- 15 000		Drawings	Bank

Question 4 (30 marks) (36 minutes)

Cash receipts journal

Details	Bank
Total	13 250
T Stevens	41 000
M Khumalo	4 000
Interest income	535
	<u>58 785</u>

Cash payments journal

Details	Bank
Total	28 150
Your Way Insurers (Insurance)	4 500
N Nadu (R/D chq)	1 700
Wealth investments	6 000
Bank charges	655
	<u>41 005</u>

Bank			
Total receipts CRJ	58 785	Balance b/d	4 550
		Total payments CPJ	41 005
		Balance c/d	13 230
	<u>58 785</u>		<u>58 785</u>
Balance b/d	13 230		

Bank reconciliation statement

	Debit	Credit
Balance as per bank statement		36 880
Outstanding deposits		1 900
		700
Outstanding cheques:		
No. 277	14 000	
No. 296	4 450	
No. 297	7 800	
Balance as per bank account	13 230	
	<u>39 480</u>	<u>39 480</u>

Question1 (20 marks) (24 minutes)

- 1.1 1
 1.2 1
 1.3 4
 1.4 3 (600 000 + 200 000 - 100 000 - 80 000)
 1.5 5 (2 904 000 + 1 645 076 + 363 364 + 562 984)
 1.6 1 (601 880 + 24 980 + 9 140)
 1.7 3
 1.8 4
 1.9 4
 1.10 2

Question 2 (22 marks) (26 minutes)

General ledger			Subsidiary journal
Date	Account to be debited	Account to be credited	
5	Inventory	Creditors control	Purchases journal
7	Debtors control	Sales	Sales journal
	Cost of sales	Inventory	Sales journal
14	Packing material	Inventory	General journal
23	Bank	Debtors control	Cash receipts journal
26	Drawings	Inventory	General journal
31	Insurance	Bank	Cash payments journal

Question 3 (30 marks) (36 minutes)

Note this question does not balance, you will be out by R200 000.

Cash receipts journal

Details	Bank
Total	1 089 000
Interest income	9 000
Debtors control (direct deposit)	48 000
Rent income	19 500
	<u>1 165 500</u>

Cash payments journal

Details	Bank
Total	319 800
Insurance	15 000
Debtors control (R/D chq)	3 216 500
Bank charges	2 400
Secuturity	7 500
	<u>561 200</u>

3
10

Bank			
Balance b/d	233 250	Total payments CPJ	561 200
Total receipts CRJ	1 165 500	Balance c/d	837 550
	<u>1 398 750</u>		<u>1 398 750</u>
Total payments CPJ	837 550		

Bank reconciliation statement

	Debit	Credit
Balance as per bank statement		670 350
Outstanding deposits		345 000
		210 000
Outstanding cheques:		
No. 690	6 000	
No. 701	2 250	
No. 807	1 800	
No. 810	8 250	
No. 815	21 000	
No. 816	28 500	
Debit incorrect credit	120 000	
Balance as per bank account	1 037 550	
	<u>1 225 350</u>	<u>1 225 350</u>

Difference: R1 037 550 – 837 550 = 200 000

Question 4 (28 marks) (34 minutes)**Mokala Traders****Statement of profit or loss and other comprehensive income for the year ended 30 September 2017**

Revenue (1 350 600 - 13 050 - 13 800)	1 323 750
Cost of sales	(858 000)
Opening inventory	217 950
Purchases (795 150 - 15 900 - 11 100)	768 150
Closing inventory	(128 100)
Gross profit	465 750
Other income	8 400
Interest income (105 000 x 8%)	8 400
Distribution admin and other expenses	(401 250)
Water and electricity	64 800
Salaries and wages (135 450 + 3 000)	138 450
Telephone	23 850
Stationery (10 200 - 3 750)	6 450
Repairs and maintenance	2 850
Insurance	19 800
Credit losses (17 250 + 1 800 - 19 200 + 21 450)	21 300
Depreciation (11 250 + 112 500)	123 750
Finance costs	(12 000)
Interest expense (720 000 x 10% x 2/12)	12 000
Profit for the year	60 900
Other comprehensive income for the year	0
Total comprehensive income for the year	60 900

Question 2 (May/Jun 2013) (30 marks) (36 minutes)

Bank							
2013 Mar 31	Total receipts	CRJ01	45 700	2013 Mar 31	Total Payments	CPJ01	12 540
					Balance	c/d	33 160
			45 700				45 700
2013 Apr 01	Balance	b/d	33 160				

Debtors Control							
2013 Mar 01	Balance	b/d	30 000	2013 Mar 31	Bank, settlement discount granted & VAT Input	CRJ01	20 570

Settlement discount granted							
2013 Mar 31	Debtors Control	CRJ01	500				

VAT Input							
2013 Mar 31	Debtors Control	CRJ01	70				
	Bank	CPJ01	140				

VAT Output							
				2013 Mar 31	Bank	CRJ01	700
					Creditors Control	CPJ01	35

Capital							
				2013 Mar 03	Bank	CRJ01	20 000

Rent income							
				2013 Mar 11	Bank	CRJ01	5 000

Purchases							
2013 Mar 31	Bank	CPJ01	1 000				

Creditors Control							
2013 Mar 31	Bank, Settlement discount received & VAT Output	CPJ01	10 285	2013 Mar 01	Balance	b/d	15 000

Settlement discount received							
				2013 Mar 31	Creditors Control	CPJ01	250

Wages							
2013 Mar 31	Bank	CPJ01	1 400				

Question 3 (24 marks) (29 minutes)

Cash payments journal of Appliances Stores - August 2014

CPJ

Doc	Day	Details	Bank	Purchases	VAT Input	Creditors	Settlement discount received (Cr)	VAT Output (Cr)	Sundry accounts	
									Amount	Details
251	5	Folio Stationers	1 026		126				900	Stationery
252	7	Telkom	5 700		700				5 000	Telephone
253	14	City Council	5 928		728				5 200	Water and electricity
254	16	Smart Appliances	228 000	28 000	28 000					
255	25	Big Appliances	114 000			114 000				
256		Cash	50 000						50 000	Salaries
257	26	Big Appliances	191 520			239 400	(42 000)	(5 880)		

Purchases journal of Appliances Stores - August 2014

PJ

Doc	Day	Details	Purchases	VAT Input	Creditors
457	2	Big Appliances	310 000	43 400	353 400
465	20	ABC Appliances	50 000	7 000	57 000

QUESTION 1 (20 marks)(24 minutes)

This question must be answered on a mark reading sheet.

Select for each question only **ONE** alternative that you consider to be correct

2 marks per question

- 1 1 Which one of the following users of financial statements uses the information to assess the ability of the entity to pay amounts owing?
- (1) Government
 - (2) Suppliers and other creditors
 - (3) Management
 - (4) Investors
 - (5) Employees
- 1 2 The following are the steps in the financial accounting cycle
- Steps
- (a) Prepare the financial statements
 - (b) Extract a trial balance
 - (c) Recording transactions on source documents
 - (d) Posting from journals to the ledger accounts
 - (e) Record source documents in the appropriate subsidiary journals
- The correct order in which the steps in the financial accounting cycle should take place is as follows
- (1) (c), (a), (d), (b), (e)
 - (2) (e), (c), (d), (a), (b)
 - (3) (e), (d), (c), (b), (a)
 - (4) (c), (e), (d), (b), (a)
 - (5) (d), (a), (c), (e), (b)
- 1 3 The owner issued a business cheque to pay the rent of the entity Which one of the following statements regarding this transaction is correct?
- (1) Equity will decrease and the rent expense account must be debited
 - (2) Equity will increase and the rent expense account must be debited
 - (3) Equity will decrease and the rent expense account must be credited
 - (4) Equity will increase and the rent income account must be credited
 - (5) Equity will increase and the rent expense account must be credited
- 1 4 Which one of the following is the internal source documents that were prepared by the entity to record payments made by customers to the entity?
- (1) Cheques
 - (2) Original cash purchases invoices
 - (3) Duplicate receipts
 - (4) Credit notes
 - (5) Cash slips

[TURN OVER]