



FAC1502

May/June 2013

FINANCIAL ACCOUNTING PRINCIPLES, CONCEPTS AND PROCEDURES

Duration 2 Hours

100 Marks

EXAMINERS
FIRST

MS A DU PLESSIS
MR M ENGELBRECHT
MR P MARAISANE
MR RN NGCOBO

MRS MS DU RAND
MR DO KHUMALO
MR C MODISE

SECOND

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 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 (BLUE) by the invigilator
- 4 All questions must be answered
5. Basic calculations, where applicable, must be shown
- 6 The answer to each question must be commenced on a new (separate) page
- 7 Please use blue or black ink only
- 8 PROPOSED TIMETABLE (try not to deviate from this)

QUESTION	TOPIC	MARKS	TIME (minutes)
1	Statement of profit or loss and other comprehensive income	33	39
2	Debtors control account and reconciliation	19	23
3	Incomplete records and statement of financial position	23	27
4	General ledger accounts and property, plant and equipment	25	31
	TOTAL	100	120

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QUESTION 1 (33 marks) (39 minutes)

Commence this question on a new (separate) page.

PRE-ADJUSTMENT TRIAL BALANCE OF MILL TRADERS AS AT 30 JUNE 2012		
	Debit	Credit
	R	R
Capital	-	202 000
Drawings	27 000	-
Debtors control	18 560	-
Vehicles (at cost)	202 100	-
Accumulated depreciation Vehicles	-	19 100
Inventory Trading (1 July 2011)	28 300	-
Bank	56 520	-
Mortgage loan	-	105 000
Loan from Africa Bank (at 19.5% p.a.)	-	15 000
Sales	-	272 195
Carriage on purchases	750	-
Import duty on purchases	782	-
Insurance on purchases	329	-
Commission income	-	18 000
Depreciation	19 100	-
Insurance	8 575	-
Packaging materials	4 600	-
Purchases	190 800	-
Purchases returns	-	245
Rent income	-	6 500
Sales returns	1 860	-
Settlement discount granted	465	-
Settlement discount received	-	225
Telephone	2 420	-
Carriage on sales	1 250	-
Repairs	2 160	-
Petrol	3 479	-
Wages	64 115	-
Water and electricity	5 100	-
	638 265	638 265

Additional information

- 1 On 1 July 2012 trading inventory had a balance of R22 750
- 2 Rental income for the year should have been R6 000
- 3 Packaging material on hand at 30 June 2012 amounted to R1 200
- 4 Commission income of R3 600 is still outstanding
- 5 Water and electricity of R500 is still due
- 6 The mortgage loan was obtained from XYZ Bank and bears interest at a rate of 11.5% per annum. Interest for the current year must still be provided for

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QUESTION 1 (continued)

- 7 The loan from Africa Bank is unsecured and interest for the current year must still be provided for
- 8 A debtor who owes the business R4 640 was declared insolvent and his account must be written off as irrecoverable
- 9 The insurance amount includes the premiums for the months of July and August 2012

REQUIRED:

- 1 1 Prepare the **statement of profit or loss and other comprehensive income** of Mill Traders for the year ended 30 June 2012
All calculations must be shown (29)
- 1 2 Prepare the **statement of changes in equity** of Mill Traders for the year ended 30 June 2012 (4)

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QUESTION 2 (19 marks) (23 minutes)

Commence this question on a new (separate) page.

The following information relates to People Traders for April 2013.

- 1 On 30 April 2013, the debtors ledger of People Traders showed the following trade debtors

LIST OF DEBTORS: 30 APRIL 2013	
Name	Balance
	R
Hoop CC	10 283
Slot Stationers	237
Dormat Cleaners	596
Fill Design	801
Emily Suppliers	1 980
TOTAL	13 897

- 2 On 30 April 2013, the debtors control account showed a preliminary balance of R15 123
- 3 After an investigation of the individual accounts, source documents and other relevant information, the following errors/omissions were detected
- 3 1 The total of the debtors column in the sales journal was undercast by R350
- 3 2 The account of Hoop CC was incorrectly balanced The amount should read R9 734
- 3 3 The total of the column for debtors in the sales journal was R6 890 The amount was posted to the debtors control account, as R8 960.
- 3 4 Credit note no SD2653 for R45, to Dormat Cleaners, was entered in the sales returns journal, but not posted to the account of Dormat Cleaners
- 3 5 The account of debtor Slot Stationers was written off All entries must still be made
- 3 6 A cheque of R1 850 received from Emily Suppliers in full settlement of her account, was incorrectly analysed as sales in the cash receipts journal
- 3 7 Interest of R150 was charged on the account of Emily Suppliers during the year Entries were only made in the debtors ledger
- 3 8 A cheque of R250 received from Fill Design, was returned by the bank marked "R/D" Relevant entries must still be made in the debtors ledger All other entries were done correctly

REQUIRED:

- 2 1 Use the information above and prepare the **debtors control account** of People Traders as at 30 April 2013
- Show all the entries regarding the corrections and/or omissions (10)
- 2 2 Reconcile the **total of the list of trade debtors** of People Traders with the balance of the debtors control account (9)

For both 2 1 and 2 3, input and output VAT must be **ignored**

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QUESTION 3 (23 marks) (27 minutes)

Commence this question on a new (separate) page.

F Tar runs a small business, F Tarta, from home. F Tar does not keep proper accounting records. He needs to calculate the entity's profit/loss and requests your assistance. You established the following

BALANCES AS AT 30 APRIL

	2013 R	2012 R
Furniture at carrying value	22 950	25 500
Tools and equipment at carrying value	46 350	51 500
Inventory Trading	10 500	15 200
Investment in shares - Solution Pty(Ltd)	25 000	-
Bank (favourable)	-	12 480
Bank (overdraft)	8 500	-
Long-term loan	15 500	19 000
Creditors	9 520	5 700
Credit card	5 380	-
32 Days Notice Deposit	21 000	-
Prepaid expenses	1 850	-
Accrued income	2 430	-
Income received in advance	3 800	5 000
Accrued expenses	1 600	1 300

Additional information

1. F Tar withdrew R20 000 during the 2013 year for own use
2. During the 2013 financial year F Tar deposited R30 000 from his personal bank account into the business bank account
3. The interest on the long-term loan must still be provided for, for the 2013 financial year. Interest is charged at 11% p a on the outstanding balance on 30 April

REQUIRED:

- 3.1 Prepare the statement of **financial position** of F Tarta as at 30 April 2013.
All the necessary calculations must be shown (15)
- 3.2 Prepare the **statement of assets and liabilities** as at 30 April 2012 and calculate the equity balance as at 30 April 2012 (5 ½)
- 3.3 Calculate the **estimated profit or loss** for the year ended 30 April 2013 (2 ½)

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QUESTION 4 (25 marks) (31 minutes)

Commence this question on a new (separate) page.

EXTRACT FROM THE TRIAL BALANCE OF CAMP DEALERS AS AT 1 MARCH 2012

	R
Bank (Debit balance)	2 150
Machinery at cost	220 000
Equipment at cost	70 000
Sales	250 000
VAT Input	1 600
VAT Output	1 800
Accumulated depreciation Machinery	22 000
Accumulated depreciation Equipment	7 000

The following totals of the analysis columns in the cash journals appeared in the accounting records of CAMP Dealers at 31 May 2012

Cash receipts journal for May 2012

Date	Bank	Sales	Cost of sales	Debtors control	Settlement Discount granted	VAT Output	VAT Input	Sundry amounts
	R	R	R	R	R	R	R	R
31	74 335	25 000	9 300	8 500	(250)	8 120	(35)	33 000#

The sundry amount relates to the sale of machinery

Cash payments journal for May 2012

Date	Bank	Machinery	Equipment	VAT Input	VAT Output	Settlement discount received	Sundry amounts
	R	R	R	R	R	R	R
31	117 601	47 000	56 400	14 476	(75)	(200)	-

The following is an extract from the general journal of CAMP Dealers for the year ended 28 February 2013

				Debit R	Credit R
2013	Feb	1	Equipment VAT Input Creditors control/AZH Design	36 000 5 040	41 040
			Purchase of equipment on credit from AZH Design		

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QUESTION 4 (continued)**Additional information**

- 1 The depreciation methods which are used by CAMP Dealers are as follows
Machinery 10% p a on the straight-line method
Equipment 10% p a on the diminishing-balance method
- 2 The machinery sold was bought on 1 March 2011 for R50 000
- 3 The only acquisitions and sales of property, plant and equipment took place during May 2012 and February 2013

REQUIRED:

- 4.1 Calculate the **depreciation** for machinery and for equipment for the year ended 28 February 2013 (8)
- 4.2 Prepare the following **general ledger accounts (properly balanced)** for CAMP Dealers for the year ended 28 February 2013
 - 4.2.1 Machinery at cost (4)
 - 4.2.2 Equipment at cost (4)
 - 4.2.3 Accumulated depreciation Machinery (5)
 - 4.2.4 Asset realisation (4)