

**FAC1502**

October/November 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 EIGHT (8) pages.

**PLEASE NOTE:**

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

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

| QUESTION     | TOPIC  | MARKS      | TIME (minutes) |
|--------------|--|------------|----------------|
| 1            | Bank reconciliation  | 23         | 28             |
| 2            | Debtors- and creditors control accounts                                | 23         | 28             |
| 3            | Property, plant and equipment note and statement of financial position | 30         | 36             |
| 4            | Membership fees account and income and expenditure statement           | 24         | 28             |
| <b>TOTAL</b> |  | <b>100</b> | <b>120</b>     |

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**QUESTION 1** (23 marks)(28 minutes)

Commence this question on a new (separate) page.

The information below was extracted from the accounting records of Basadi Traders whose bookkeeper was away on leave. Your assistance is sought to reconcile their bank account with the bank statement for April 2013.

**BASADI TRADERS****Bank reconciliation statement as at 31 March 2013**

|   | Debit | Credit |
|---|-------|--------|
|   | R     | R      |
| Credit balance per bank statement         |       | 3 071  |
| Deposit not yet credited                  |       | 3 100  |
| Cheques not yet presented for payment     |       |        |
| No 41 – dated 01/10/2012 (KK Sams)        | 900   |        |
| No 91 – dated 05/03/2013 (A Gideon)       | 140   |        |
| No 94 – dated 28/03/2013 (AB Wholesalers) | 200   |        |
| Debit balance per bank account            | 4 931 |        |
|   | 6 171 | 6 171  |

The sub totals of the bank columns for the cash receipts journal and the cash payments journal for the month ending April 2013 were R8 849 and R5 520 respectively.

- 1 A comparison of the **above** bank reconciliation with the bank statement for the month ending 30 April 2013 revealed the following
  - (a) Cheque no 41 is still yet to be presented. The cheque has become stale.
  - (b) Cheque no 91, has been lost in the post. No entry has been made in respect of the lost cheque. Cheque no 98 (dated 5 April 2013) was issued to replace the missing cheque.
  - (c) Cheque no 94 has not yet been presented to the bank for payment by 30 April 2013, and the outstanding deposit of R3 100 did appear on the bank statement for the month ending 30 April 2013.
  
- 2 On comparing the cash journals for the month ending 30 April 2013 with the bank statement, for the same period, the following were noted
  - (a) The bookkeeper omitted to record an electronic funds transfer which was made in favour of S Sekhukhune, a creditor, during April 2013, R800.
  - (b) A cheque for R700 which was received from M Medupe, a debtor, was dishonoured by the bank due to the insolvency of the debtor.
  - (c) A deposit of R5 340, being the sales on 29 April 2013, is not reflected in the April 2013 bank statement.
  - (d) The following **only** appeared on the bank statement for the month ending 30 April 2013
 

|                                     |      |
|-------------------------------------|------|
| Service fee                         | R244 |
| Cash deposit fee                    | R 79 |
| Interest on favourable bank balance | R158 |

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**QUESTION 1 (continued)**

- (e) The following cheques have not yet been presented to the bank for payment
  - No 105 R670 dated 22 April 2013 (A Kalaka), and
  - No 112 R790 dated 28 April 2013 (S Maloka)
- (f) Cheque no 102 (dated 26 April 2013), issued to NAC Stationers for stationery, for R282 was incorrectly recorded as R228 in the cash payments journal
- (g) The bank statement showed a favourable balance of R3 901 on 30 April 2013

**REQUIRED:**

- 1 1 Complete the cash receipts journal and cash payments journal of Basadi Traders for the month ending 30 April 2013 (Details and bank column only) (9)
- 1 2 Prepare the properly balanced/closed off bank account for the month ending 30 April 2013 in the general ledger of Basadi Traders (6)
- 1 3 Prepare the bank reconciliation statement as at 30 April 2013 (8)

**QUESTION 2** (23 marks)(28 minutes)

Commence this question on a new (separate) page.

The following information was extracted from the accounting records of Zizobenza Traders on 31 March 2013

**Totals of the subsidiary journals:**

|  | R      |
|--|--------|
| Sales journal (Sales plus VAT)                                   | 16 840 |
| Purchases journal (Purchases plus VAT)                           | 12 480 |
| Sales returns journal (Sales returns plus VAT)                   | 1 200  |
| Purchases returns journal (Purchases returns plus VAT)           | 820    |
| Sales column in the cash receipts journal                        | 24 560 |
| Purchase column in the cash payments journal                     | 34 670 |
| Debtors control column in the cash receipts journal              | 22 750 |
| Debtors control column in the cash payments journal              | 3 200  |
| Settlement discount granted column in the cash receipts journal  | 3 500  |
| Creditors control column in the cash payments journal            | 32 980 |
| Settlement discount received column in the cash payments journal | 2 890  |

**Sundry journal entries:**

|                   | Debits<br>R | Credits<br>R |
|-------------------|-------------|--------------|
| Debtors control   | 2 760       | 430          |
| General ledger    | 4 570       | 560          |
| Creditors control | -           | 840          |

**Balance at 1 March 2013:**

Debtors control R 32 780 (debit) and R 1 780 (credit)  
 Creditors control R 2 020 (debit) and R 24 720 (credit)  
 Allowance for credit losses R 1 538

The following additional information has not been taken into account in arriving at the figures listed above

- An additional amount of R 1 450 relating to a debtor who disappeared should be written off as irrecoverable
- The credit balances of debtors and debit balances of creditors on 1 March 2013, should be transferred to the creditors control and debtors control accounts respectively. Authorisation was obtained from the respective parties
- The allowance for credit losses should be increased to R2 432
- During March 2013, merchandise to the value of R2 736 was purchased on credit, and this transaction was erroneously recorded in the sales journal

**REQUIRED:**

Prepared the following accounts in the books of Zizobenza Traders properly balance on 31 March 2013

|     |                   |      |
|-----|-------------------|------|
| 2.1 | Debtors control   | (13) |
| 2.2 | Creditors control | (10) |

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**QUESTION 3** (30 marks)(36 minutes)

Commence this question on a new (separate) page.

Mr T Bonsai runs a small renting business from home His accounting records show the following balances at the end of his financial year, 31 December 2012

**BONSAI TRADERS**  
**BALANCES AS AT 31 DECEMBER 2012**

|   | Dr<br>R | Cr<br>R |
|---|---------|---------|
| Capital   |         | 153 850 |
| Drawings  | 4 567   |         |
| Land and buildings at cost                        | 273 560 |         |
| Vehicle at cost                                   | 60 000  |         |
| Equipment at cost                                 | 40 000  |         |
| Accumulated depreciation Vehicle 1 January 2012   |         | 36 000  |
| Accumulated depreciation Equipment 1 January 2012 |         | 5 500   |
| Debtors control                                   | 37 897  |         |
| Consumable stores on hand (31 December 2011)      | 19 250  |         |
| Bank  | 10 087  |         |
| Petty cash  | 257     |         |
| Creditors control                                 |         | 16 568  |
| Municipality levy                                 | 3 000   |         |
| Rent income                                       |         | 50 000  |
| Insurance   | 4 500   |         |
| Water and electricity                             | 3 800   |         |
| Mortgage  |         | 200 000 |

**Additional information**

The total comprehensive income for the year ended 31 December 2012 was R3 675 after the following adjustments were taken into account

- 1 On 31 December 2012 consumable stores on hand was R17 250
- 2 The 31 December 2012 bank statement revealed a direct deposit for the January 2013 rental income of R3 500 and is recorded as such in the bank account
- 3 Due to the industrial action by the local municipality employees, the water and electricity account of R500 for December 2012 and R450 for January 2013 will only be paid in February 2013
- 4 The insurance premium of R1 500 for December still needs to be provided for
- 5 Equipment with a cost price of R8 000 was purchased on 1 July 2012 and installation cost of R1 500 was incurred
- 6 The terms of the mortgage provide for interest on the loan to be calculated at 5% per annum The interest for the current year is still to be provided for
- 7 On 1 September 2012 a vehicle with a cost price of R5 000, purchased on 1 January 2009, was sold for cash

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**QUESTION 3 (continued)**

8 Depreciation must be provided for as follows

- Vehicles 20% per annum according to the straight line method
- Equipment 10% per annum according to the straight line method

**REQUIRED:**

- 3.1 Prepare the property, plant and equipment note to the financial statements of Bonsai Traders for the year ended 31 December 2012 (The total column can be omitted) (17)
- 3.2 Prepare the statement of financial position of Bonsai Traders as at 31 December 2012 (13)

All calculations must be shown

Round all amounts off to the nearest R1

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**QUESTION 4** (24 marks)(28 minutes)

Commence this question on a new (separate) page.

The following information relates to the Century Golf Club

## (1) Statement of financial position items as at 31 December 2011

|                                | R      |
|--------------------------------|--------|
| Equipment (at cost)            | 32 000 |
| Accumulated depreciation       | 11 200 |
| Fixed deposit                  | 26 000 |
| Inventory Golf balls           | 1 120  |
| Accrued membership fees        | 208    |
| Prepaid rent (Golf courts)     | 480    |
| Bank (favourable)              | 9 600  |
| Accumulated fund               | 27 900 |
| Special fund for championships | 22 400 |
| Prepaid membership fees        | 142    |
| Accrued wages                  | 84     |

## (2) Cash transactions for the year ended 31 December 2012

|  |      |        |
|--|------|--------|
| <i>Receipts</i>                            |      |        |
| Visitors fees                              |      | 3 770  |
| Membership fees                            | 2011 | 100    |
|  | 2012 | 30 380 |
|  | 2013 | 32     |
| Entrance fees                              |      | 998    |
| Donations                                  |      | 5 490  |
| <i>Payments</i>                            |      |        |
| Rates and taxes                            |      | 4 452  |
| Refreshments                               |      | 1 900  |
| Stationery                                 |      | 1 622  |
| Golf balls                                 |      | 6 420  |
| Affiliation fees                           |      | 220    |
| Honorarium                                 |      | 2 240  |
| Wages                                      |      | 3 960  |
| Maintenance                                |      | 1 788  |
| Rental Golf courts                         |      | 5 400  |
| Equipment (purchased on 30 September 2012) |      | 3 400  |

**Additional information**

- 1 Inventory on hand at 31 December 2012
  - Golf balls R240
  - Refreshments R 92
- 2 Rental of golf courts amounted to R510 per month
- 3 Unpaid membership fees for 2011 are irrecoverable
- 4 The club has 85 members and membership fees amount to R30 per month
- 5 Wages of R360 are still outstanding

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**QUESTION 4 (continued)**

- 6 Provide for depreciation on equipment at 20% per annum according to the diminishing balance method
- 7 Entrance fees must be capitalised
- 8 The interest on the fixed deposit at Trade Bank is calculated at 12% per annum and is receivable on 31 December every year

**REQUIRED:**

Prepare the following account and statement in the books of Century Golf Club

- 4 1 The membership fees account for the year (9)
- 4 2 The income and expenditure statement for the year ended 31 December 2012 (16)