


**FAC1502  
RFA1502**

May/June 2015

**FINANCIAL ACCOUNTING PRINCIPLES, CONCEPTS AND PROCEDURES**

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 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 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	General ledger accounts - Adjustments	25	30
2	Property, plant and equipment note and statement of financial position (asset section)	24	29
3	Bank reconciliation	25	30
4	Income and expenditure statement of a club	26	31
<b>TOTAL</b>		100	120

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**QUESTION 1 (25 marks)(30 minutes)****Commence this question on a new (separate) page**

The following information pertains to Lady Gizela Clothing Manufacturers

**1 Extract from the statement of financial position for the year ended 28 February 2014**

	Debit R	Credit R
Long-term loan	-	62 000,00
Fixed deposit	21 000,00	-
Vehicles at cost	100 000,00	-
Accumulated depreciation Vehicles	-	24 000,00
Prepaid expenses (Insurance)	500,00	-
Debtors control	6 000,00	-
Creditors control	-	14 000,00
Current portion of long-term loan	-	5 000,00
Accrued income (Interest on fixed deposit)	250,00	-
Inventory	25 000,00	-
Accrued expenses (Interest on long-term loan)	-	6 281,25

**Additional information**

The following transactions must still be taken into account for the year ended 28 February 2015

- 1 An annual amount of R5 000 on the long-term loan is payable on 1 June of every year until it is fully repaid
- 2 The loan was initially entered into on 1 June 2013. According to the terms of the loan, interest is payable on 1 June of every year in arrears. Interest is calculated at 12,5% per annum.
- 3 Inventory on hand at 28 February 2015 amounted to R20 500. The periodic inventory system is in use.
- 4 Insurance premiums are paid in advance on 30 June of every year and cover the period from 1 July of the current year to 30 June of the following year. The insurance premium paid on 30 June 2014 was R4 500.

**REQUIRED**

- (a) Prepare the following general ledger accounts, properly closed off, of Lady Gizela Clothing Manufacturers for the year ended 28 February 2015
- Long-term loan (3<sup>1</sup>/<sub>2</sub>)
  - Accrued expenses (4)
  - Prepaid expenses (4)
  - Inventory (3)
  - Interest on long-term loan (5<sup>1</sup>/<sub>2</sub>)
  - Insurance (5)

All calculations must be shown

**[25]****[TURN OVER]**

**QUESTION 2 (24 marks)(29 minutes)**

Commence this question on a new (separate) page.

The following information for the year ended 31 March 2015 pertains to Tiger Stores

**Extract from the pre-adjustment trial balance as at 31 March 2015**

	Debit R	Credit R
Land and buildings at cost	750 000	-
Vehicles - 1 April 2014	275 000	-
Equipment - 31 March 2015	600 000	-
Accumulated depreciation Vehicles – 1 April 2014	-	110 000
Accumulated depreciation Equipment – 1 April 2014	-	40 000
Fixed deposit	60 000	-
Trading inventory – 1 April 2014	25 300	-
Debtors control	42 500	-
Bank	72 600	-

**Additional information**

- 1 Tiger Stores owned two vehicles on 31 March 2015. The original vehicle was bought on 1 April 2012. An additional vehicle was bought on 31 August 2014 for R125 000. Depreciation on vehicles is provided for at 20% per annum on the straight-line method and amounted to R69 583 for the year.
- 2 Depreciation on equipment must still be provided for at 10% per annum on the diminishing balance method. All the equipment in use was bought on 30 September 2013. Some of the equipment was sold for R170 000 on 30 September 2014. The cost price of the equipment that was sold amounted to R200 000.
- 3 On 31 March 2015, trading inventory of R26 000 was on hand.
- 4 Interest of 10% per annum must still be provided for on the fixed deposit of R60 000. The amount was invested with SmallCap Bank on 1 April 2014.
- 5 Credit losses for the year amounted to R600.

**REQUIRED:**

- (a) Prepare the property, plant and equipment note in the annual financial statements of Tiger Stores for the year ended 31 March 2015 (17)
- (b) Prepare the asset section of the statement of financial position of Tiger Stores as at 31 March 2015 (7)

Your answer must comply with the requirements of International Financial Reporting Standards (IFRS) appropriate to the business of the sole trader.

All calculations must be shown. Amounts, where applicable, must be rounded off to the nearest Rand.

The total column of the property, plant and equipment note can be omitted.

**[24]**

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**QUESTION 3 (25 marks)(30 minutes)****Commence this question on a new (separate) page**

The following information for March 2015 pertains to Basson Traders

1 Bank reconciliation statement as at 31 March 2015

	Debit R	Credit R
Credit balance as per bank statement		2 732
Credit outstanding deposit		6 480
Debit cheques not yet presented for payment		
No 090 – dated 17/10//2014 (Donation)	1 200	
No 168 – dated 28/03/2015 (P Mboko)	860	
No 170 – dated 29/03/2015	4 502	
Debit balance as per bank account	2 650	
	9 212	9 212

- 2 Totals of the bank columns in the cash journals at 30 April 2015 R
- Cash receipts journal 30 090
- Cash payment journal 20 054
- 3 At 30 April 2015 the bank statement showed a favourable balance 12 900
- 4 The following items appeared only on the April 2015 bank statement
- Cheque book 96
- Cash handling fees 30
- Interest on credit balance (favourable balance) 50
- A stop order representing the payment on the mortgage from MY Bank 2 000
- A stop order in favour of US Bank, being an instalment on a motor vehicle 1 700
- 5 The outstanding deposit on 31 March 2015 was credited by the bank on 1 April 2015 6 480
- 6 Cheques that did not appear on the bank statement
- No 211, dated 20/04/2015 to Swift Suppliers 3 532
- No 216, dated 28/04/2015 for water and electricity 3 668
- No 221, dated 30/04/2015 to the Red Cross 1 200
- 7 Cheque no 090 was issued in favour of the Red Cross on 17 October 2014 as a donation. On 30 April 2015, it was decided to cancel this cheque and replace it with cheque no 221. No entries have yet been made for the cancellation of the cheque.
- 8 Of the cheques outstanding at 31 March 2015, only cheque no 170 was presented for payment.
- 9 Cheque no 195 in favour of Handy Wholesalers, a creditor, was correctly issued for R1 578. However, on the counterfoil it was recorded as R1 758 and recorded in the cash payments journal as such. The amount on the bank statement is correct.
- 10 An unpaid cheque for R500 appeared on the bank statement only. This cheque was received from S Steward in settlement of his account of R530. The cheque was marked "R/D – insufficient funds".
- 11 A deposit by a debtor, Y York, for R4 500 appeared on the bank statement. On investigation it was found that the account of Y York had previously been written off as irrecoverable.

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**QUESTION 3 (continued)**

- 12 An unpaid cheque for R780 was received from a debtor, Escourt Traders, dated 24 May 2015 in payment of this account. This cheque was recorded in the cash records when it was received in April 2015. The bank returned the cheque on 30 April 2015 marked "post-dated"
- 13 A deposit of R9 870 made on 30 April 2015 was not yet credited by the bank

**REQUIRED**

- (a) Complete only the bank columns of the cash receipts and the cash payments journals of Basson Traders, at 30 April 2015 (12)
- (b) Prepare the properly balanced bank account in the general ledger of Basson Traders, at 30 April 2015 (6)
- (c) Prepare the bank reconciliation statement of Basson Traders as at 30 April 2015 (7)

**[25]****[TURN OVER]**

**QUESTION 4 (26 marks)(31 minutes)**

Commence this question on a new (separate) page

The following information relates to the Green Golf Club

<b>BALANCES AS AT 31 DECEMBER 2014</b>	<b>R</b>
Green fees and caddy fees received	16 000
Bank (debit balance)	5 500
Crockery and linen at cost - 31 December 2013	7 000
Debtors control	2 100
Creditors control	16 000
Telephone expenses	6 600
Dining room	
Purchases	14 500
Wages	10 000
Sales	30 000
Inventory - 31 December 2013	1 000
Buildings at cost	160 000
Land at cost	520 000
Implements and tools at cost	21 000
Accumulated depreciation Implements and tools - 31 December 2013	11 000
Maintenance expenses	10 900
Entrance fees received	10 500
Gross profit - Bar	49 500
Wages - Bar	12 000
Membership fees	84 000
Furniture at cost	25 000
Accumulated depreciation Furniture - 31 December 2013	6 000
Accumulated fund - 31 December 2013	150 000
Interest expense (paid on mortgage until 30 June 2014)	37 500
Salaries and wages	35 000
Stationery	2 000
Mortgage	500 000
Insurance prepaid - 31 December 2013	400

**Additional information**

- 1 Bar inventory at 31 December 2014 amounted to R2 500
- 2 At 31 December 2014, dining room inventory was not counted, but it can be assumed that the usual gross margin of 50% on turnover was realised
- 3 At 31 December 2014, crockery and linen was valued at R5 000
- 4 Implements and tools must be depreciated at 20% per annum, using the diminishing balance method
- 5 Furniture must be depreciated by R1 000
- 6 Insurance premiums paid during the year, amounting to R1 600, were debited to the telephone expense account Half of this amount is to be regarded as insurance prepaid

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**QUESTION 4 (continued)**

- 7 The balance of the membership fees account was compiled from the following an amount of R1 800 in respect of prepaid membership fees at 31 December 2013 and cash received during the year to the amount of R82 200 The balance has still to be adjusted for the membership fees in arrears to the amount of R1 000 and prepaid membership fees to the amount of R2 100 at 31 December 2014
- 8 A new members' register which is currently in use, was designed and printed for the club at a quoted price of R100 This transaction has still to be recorded in the accounting records
- 9 The club secretary went on leave before Christmas and was paid his January 2015 salary of R1 200 in advance This amount forms part of the balance of the salaries and wages account of R35 000
- 10 On 29 December 2014 a club member deposited an amount of R500 in the club's bank account as a donation This donation was only discovered when the bank balance was compared with the balance of the bank statement and must still be taken into account
- 11 The mortgage bears interest at 15% per annum and is secured by a first mortgage over land and buildings
- 12 The entrance fees must not be capitalised

**REQUIRED.**

Prepare the following statements of Green Golf Club for the year ended 31 December 2014

- (a) Dining room trading statement (6)
- (b) The income and expenditure statement (20)

**[26]**