

Tutorial letter 102/3/2018

Financial Accounting Concepts, Principles and Procedures

FAC1502

Semesters 1 & 2

Department of Financial Accounting

IMPORTANT INFORMATION:

This tutorial letter contains the self-assessment assignment with solution as well as additional questions with solutions.

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1. SELF-ASSESSMENT ASSIGNMENT

**FIRST SEMESTER
AND
SECOND SEMESTER**

**COMPREHENSIVE ASSIGNMENT
WITH
SOLUTION**

SELF-ASSESSMENT ASSIGNMENT

COMPREHENSIVE ASSIGNMENT WITH SOLUTION

This comprehensive assignment covers study units 1 to 17.

This assignment covers the following (Please take note of the marks awarded and the times allowed):

Question	Subject	Marks	Time (minutes)
1	Asset realisation	30	35
2	Bank reconciliation statement	18	20
3	Adjustment, closing journals and financial statements	96	115
4	Trade receivables and trade payables control accounts	27	30
5	Non-profit organisations	32	40
6	Incomplete records	20	25
		223	265

QUESTION 1 (30 marks)(35 minutes)

The following information was extracted from the accounting records of SS Supermarket:

1. Balances at 1 March 20.1:

	R
Vehicles at cost.....	28 000
Equipment at cost.....	2 800
Accumulated depreciation: Vehicles	14 268
Accumulated depreciation: Equipment.....	543
2. The following transactions in respect of non-current assets took place during the year:
 - 2.1 On 31 August 20.1, SS Supermarket sold their delivery vehicle to Mrs Peterson for R7 200 cash. The proceeds from this sales transaction was used to help finance the purchase of another vehicle on the same date from Cape Motors Ltd for R22 000 cash. The cost price of the vehicle sold was R12 000, and its accumulated depreciation amounted to R6 455 on 1 March 20.1.
 - 2.2 On 28 February 20.2, SS Supermarket sold a used printer to Mr Moon for R720 cash. The cost price of the printer was R900. The accumulated depreciation on this printer amounted to R164 at 1 March 20.1.
3. Depreciation must still be provided for as follows:
 - Vehicles at 20% per annum on the diminishing-balance method
 - Equipment at 10% per annum on the diminishing-balance method
4. The financial year commences on 1 March.

REQUIRED:

	Marks
Prepare the following general ledger accounts of SS Supermarket, properly balanced/closed, for the year ended 28 February 20.2:	
(a) Vehicles (at cost)	4
(b) Equipment (at cost)	3
(c) Accumulated depreciation: Vehicles	8
(d) Accumulated depreciation: Equipment	5
(e) Realisation	4
(f) Depreciation	6
	[30]

QUESTION 2 (18 marks)(20 minutes)**1. The following information relates to Wise Limited:****1.1 Bank statement for October 20.1**

Date	Details	Debit	Credit	Balance
		R	R	R
1	Balance		13 242	13 242
2	Deposit		700	13 942
	Cheque no. 797	250		13 692
4	Cheque no. 828	216		13 476
	Deposit		320	13 796
5	Cheque no. 829	294		13 502
10	Cheque no. 831	740		12 762
13	Cheque no. 830	80		12 682
	Cheque no. 832	628		12 054
15	Deposit		547	12 601
18	Cheque no. 834	278		12 323
22	Deposit		510	12 833
28	Cheque no. 835	340		12 493
	Deposit		484	12 977
29	M Moosa (R/D Cheque)	48		12 929
30	Direct transfer		1 200	14 129
	Bank charges	12		14 117

1.2 Cash receipts journal for October 20.1

Date	Details	Amount
		R
3	S Smith (debtor)	320
14	Cash sales	547
22	M Mohammed (debtor)	510
26	Cash sales	484
29	D de Beer (debtor)	253

1.3 Cash payments journal for October 20.1

Date	Details	Cheque no.	Amount
			R
4	Telkom SA Ltd	828	216
5	P Paxton (creditor)	829	294
6	S Nel Ltd	830	80
10	B Baloyi (creditor)	831	740
	Computer Sales Ltd	832	628
12	J Johnson (creditor)	833	153
17	W Wise	834	278
27	W Wilson (creditor)	835	340
29	S Nel Ltd	836	58

QUESTION 2 (continued)**2. Additional information**

2.1 Wise Limited reconciled the cash payments journal, cash receipts journal and bank statement balance on 30 September 20.1, finding the following outstanding:

Cheque number	794	R162
Cheque number	797	R250
Deposit		R700

2.2 The bank account balance in the trial balance on 30 September 20.1 was R13 530 (favourable).

2.3 The transfer on 30 October 20.1 to the current bank account was for interest on an investment.

REQUIRED:

	Marks
(a) Complete the cash payments journal and cash receipts journal of Wise Limited (including transactions given) for October 20.1.	8½
(b) Prepare the bank account in the general ledger of Wise Limited, properly balanced at 31 October 20.1.	2½
(c) Prepare the bank reconciliation statement of Wise Limited as at 31 October 20.1.	7
	[18]

QUESTION 3 (96 marks)(115 minutes)**1. The following information relates to Sinamuva Distributors:****Pre-adjustment trial balance of Sinamuva Distributors as at 31 December 20.1**

	Debit	Credit
	R	R
Capital (1/01/20.1)		141 700
Land and buildings (at cost)	263 240	
Vehicles (at cost)	40 000	
Equipment (at cost)	9 000	
Accumulated depreciation: Vehicles (1/01/20.1)		11 200
Accumulated depreciation: Equipment (1/01/20.1)		1 710
Fixed deposit: NBC Bank Ltd	50 000	
Inventory: Merchandise	8 500	
Trade receivables control	5 200	
Bank	3 100	
Petty cash	100	
Cash float	500	
Trade payables control		9 550
Long-term borrowing: Bean Ltd		25 000
Allowance for credit losses		300
Sales		381 790
Cost of sales	165 400	
Sales returns	1 200	
Wages	2 000	
Salaries	25 000	
Assessment rates	1 500	
Settlement discount granted	380	
Licences	1 000	
Vehicle expenses	3 500	
Credit losses	550	
Packaging materials	4 700	
Insurance	2 250	
Water and electricity	2 100	
Telephone expenses	1 400	
Advertising	2 000	
Rental income		15 600
Settlement discount received		650
Interest on investment		5 000
Credit losses recovered		120
	592 620	592 620

2. The following adjustments must still be accounted for:

- 2.1 Packaging material on hand at 31 December 20.1 to the value of R980.
- 2.2 The long-term borrowing was entered into on 1 October 20.1. According to the agreement, interest is payable bi-annually at a rate of 18% per annum.
- 2.3 Advertisements includes an amount of R400 paid for January 20.2.
- 2.4 Rental income includes an amount in respect of January 20.2.
- 2.5 Interest on the fixed deposit has not yet been received for the last two months of the financial year. Interest is calculated at a rate of 12% per annum.
- 2.6 Insurance includes an amount of R750 paid for the period 1 November 20.1 to 31 October 20.2.

QUESTION 3 (continued)

- 2.7 The telephone account of R165 for December 20.1 has not yet been paid.
- 2.8 Equipment of R2 000 (cost price) was purchased on 1 July 20.1.
- 2.9 Depreciation must be provided as follows:
- Vehicles: 20% per annum on the diminishing-balance method.
Equipment: 10% per annum on the diminishing-balance method.
- 2.10 The account of Loose-Ends Ltd, a debtor who owes the entity R200, must be written off as irrecoverable.
- 2.11 It was determined that on 31 December 20.1 the allowance for credit losses should amount to R250.

REQUIRED:

	Marks
(a) Prepare the journal entries to record the adjustments above.	12
(b) Prepare the closing journal entries. Post these journal entries to the trading and the profit or loss accounts on 31 December 20.1.	34
(c) Prepare the statement of profit or loss and other comprehensive income of Sinamuva Distributors for the year ended 31 December 20.1.	21
(d) Prepare the statement of changes in equity of Sinamuva Distributors for the year ended 31 December 20.1.	4
(e) Prepare the statement of financial position of Sinamuva Distributors as at 31 December 20.1.	14½
(f) Prepare the following notes to the financial statements of Sinamuva Distributors for the year ended 31 December 20.1:	
(i) Accounting policy, and	
(ii) Property, plant and equipment.	10½
	[96]
Please note:	
Your answer must comply with the requirements of International Financial Reporting Standards (IFRS) appropriate to the business of the sole trader.	

QUESTION 4 (27 marks)(30 minutes)**1. The following is an extract from the general ledger of Smart Boutique for December 20.1:**

Dr		Trade receivables control		Cr	
		R			R
20.1			20.1		
Dec 1	Balance (correct) b/d	15 670	Dec 31	Sales returns (credit sales)	2 220
31	Bank (total: trade receivables column)	45 495		Bank (R/D cheque)	425
	Settlement discount granted	685		Credit purchases	33 801
	Credit sales	48 165		Cash purchases	1 008
	Drawings	150		Settlement discount received	275
	Purchases returns (credit purchases)	2 131		Bank (total: trade payables column)	3 980
		112 296		Balance c/d	70 587
					112 296
20.2					
Jan 1	Balance b/d	70 587			

2. Additional information

2.1 An inexperienced bookkeeper prepared the trade receivables control account.

2.2 In addition to the errors made in the trade receivables control account above, an investigation revealed the following:

- The total of the trade receivables balances as per the list of trade receivables at 31 December 20.1 amounted to R16 060.
- An amount of R115, which has been written off as credit losses, has erroneously been added to the credit sales amount of R48 165. This entry has been posted correctly to the applicable account in the trade receivables ledger.
- The sales journal was overcast by R420.
- Credit sales of R170 was posted correctly to the sales account and the trade receivables control account in the general ledger, but was not posted to the specific debtor's account in the trade receivables ledger.
- Credit note number 003 for R70 was recorded correctly in the sales returns journal but posted to the wrong side of the personal account of the debtor in the trade receivables ledger.
- The trade receivables column in the cash receipts journal includes an amount of R195 being a cash settlement discount received from a creditor.
- The purchases journal was under-cast by R718.
- An account of R1 603 for freight on credit sales was received from Quick Transport. The cost of the freight must still be accounted for in the accounting records.
- The R/D cheque of R425 was the cheque of a debtor in payment of his account. The cheque was returned because the debtor had insufficient funds to cover the cheque.
- On 1 December 20.1, the balance of the trade payables control account amounted to R8 340.

REQUIRED:

	Marks
(a) Prepare the correct, properly balanced trade receivables and trade payables control accounts for Smart Boutique for December 20.1.	23
(b) Prepare the reconciliation of the total of the list of trade receivables balances with the final balance of the trade receivables control account as calculated in question (a) above.	4
	[27]

QUESTION 5 (32 marks)(40 minutes)

The following information pertains to the Sharks Diving Club:

1. Trail balance as at 31 March 20.1:

	R
Bar purchases	60 000
Bar inventory - 1 April 20.0	5 000
Bar sales.....	100 000
Bar wages.....	15 000
Crockery and linen at cost - 1 April 20.0	10 000
Furniture at cost price - 1 April 20.0	30 000
General expenses.....	8 200
Diving fees received	33 900
Equipment at cost.....	24 000
Vehicles at cost.....	35 000
Accumulated depreciation -1 April 20.0	
- Furniture	9 000
- Equipment.....	4 800
- Vehicles	5 000
Insurance in arrears - 1 April 20.0	600
Maintenance	20 100
Salaries and wages	48 000
Stationery consumed	6 000
Membership fees received	101 000
Membership fees in arrears - 1 April 20.0	15 000
Membership fees prepaid - 1 April 20.0	20 000
Donation received.....	2 000

2. Additional information

- 2.1 Bar inventory at 31 March 20.1 was R10 000.
- 2.2 At 31 March 20.1, the crockery and linen were valued at R3 000.
- 2.3 Furniture with a cost price of R5 000 and accumulated depreciation of R1 500 on 1 April 20.0 was sold for R3 000 on 30 June 20.0. This transaction must still be recorded in the accounting records.
- 2.4 Depreciation must be provided for as follows:
 - Furniture at 10% per annum on the cost price.
 - Equipment at 20% per annum on the diminishing balance method.
 - Vehicles at 25% per annum on the diminishing balance method.
- 2.5 Insurance premiums to the amount of R2 600 was paid during the year and debited to the general expenses account. This included an amount of R1 000 in prepaid insurance premiums.
- 2.6 The club had 190 members during the current financial year. Membership fees amounts to R500 per member per annum. All of the members paid their membership fees for the current year. R7 500 of the membership fees that were in arrears of on 1 April 20.0, must be written off as irrecoverable.
- 2.7 During the current year, 20 new members joined the club. Each member paid their entrance fee of R50. However, the entrance fees received were erroneously included with the amount for membership fees received and recorded as such. According to the constitution of the club, entrance fees must be capitalised. The error must be corrected.
- 2.8 The salary of the club secretary for March 20.1 of R1 500 must still be paid and provided for.

QUESTION 5 (continued)**REQUIRED:**

	Marks
Prepare the following for Sharks Diving Club:	
(a) The membership fees general ledger account for the year ended 31 March 20.1, properly balanced.	8
(b) The income and expenditure statement for the year ended 31 March 20.1. (Show a separate calculation for the gross profit of the bar.)	24
	[32]

QUESTION 6 (20 marks)(25 minutes)

F Fortune runs a small business from home and does not keep proper accounting records. He needs to calculate his profit or loss for income tax purposes and requests your assistance. You establish the following:

1. Balances on 30 April	20.1 R	20.2 R
Furniture at cost (Purchased on 30 April 20.1)	12 500	12 500
Tools and equipment at cost (Purchased on 30 April 20.1)	23 250	23 250
Inventory: Trading	4 900	5 100
Bank (favourable)	-	1 240
Bank overdraft	3 250	-
Long-term borrowing	7 000	4 600
Trade payables	2 600	3 060
Income received in advance	1 900	2 500
Accrued expenses	800	650

2. Additional information

- 2.1 F Fortune drew R50 000 during the year for own use.
- 2.2 Provision still needs to be made for depreciation at 20% per annum on the cost price of furniture and that of tools and equipment.

REQUIRED:

	Marks
(a) Calculate the estimated profit/loss of F Fortune for the year ended 30 April 20.2.	13
(b) Prepare the statement of financial position of F Fortune as at 30 April 20.2.	7
	[20]

SUGGESTED SOLUTIONS TO COMPREHENSIVE ASSIGNMENT

QUESTION 1 (30 marks)

SS SUPERMARKET GENERAL LEDGER

(a)

Dr		Vehicles (at cost)				Cr	
			R				R
20.1 Mar 1	Balance	b/d	28 000,00	20.1 Aug 31	Realisation account		12 000,00
20.1 Aug 31	Bank		22 000,00	20.2 Feb 28	Balance	c/d	38 000,00
			50 000,00				50 000,00
20.2 Mar 1	Balance	b/d	38 000,00				

(4)

(b)

Dr		Equipment (at cost)				Cr	
			R				R
20.1 Mar 1	Balance	b/d	2 800,00	20.2 Feb 28	Realisation account		900,00
			2 800,00		Balance	c/d	1 900,00
			2 800,00				2 800,00
20.2 Mar 1	Balance	b/d	1 900,00				

(3)

(c)

Dr		Accumulated depreciation on vehicles				Cr	
			R				R
20.1 Aug 31	Realisation account		7 009,50	20.1 Mar 1	Balance	b/d	14 268,00
20.2 Feb 28	Balance	c/d	11 650,40	20.1 Aug 31	Depreciation (1)		554,50
			18 659,90	20.2 Feb 28	Depreciation (2)		3 837,40
							18 659,90
				20.2 Mar 1	Balance	b/d	11 650,40

(8)

QUESTION 1 (continued)

(d)

Dr				Accumulated depreciation on equipment				Cr	
			R					R	
20.2 Feb 28	Realisation account*	c/d	237,60	20.1 Mar 1	Balance	b/d		543,00	
	Balance		531,10	20.2 Feb 28	Depreciation (3)			225,70	
			768,70					768,70	
				20.2 Mar 1	Balance	b/d		531,10	

*R(164,00 + 73,60)

(5)

(e)

Dr				Realisation account				Cr	
			R					R	
20.1 Aug 31	Vehicles (at cost)		12 000,00	20.1 Aug 31	Accumulated depreciation: vehicle			7 009,50	
	Profit on sale of vehicle		2 209,50		Bank			7 200,00	
			14 209,50					14 209,50	
20.2 Feb 28	Equipment (at cost)		900,00	20.2 Feb 28	Accumulated depreciation: equipment			237,60	
	Profit on sale of equipment		57,60		Bank			720,00	
			957,60					957,60	

(4)

(f)

Dr				Depreciation				Cr	
			R					R	
20.1 Aug 31	Accumulated depreciation: vehicles (1)		554,50	20.2 Feb 28	Profit or loss account			4 617,60	
20.2 Feb 28	Accumulated depreciation: vehicles (2)		3 837,40						
	Accumulated depreciation: equipment (3)		225,70						
			4 617,60					4 617,60	

(6)

QUESTION 1 (continued)**Calculations**

1. Depreciation on vehicle sold (31 August 20.1)

Cost

Less: Accumulated depreciation

Carrying amount at 1 March 20.1

Depreciation for next 6 months ($R5\,545,00 \times 20/100 \times \frac{6}{12}$)Total accumulated depreciation on vehicle sold ($R6\,455,00 + R554,50$)

R
12 000,00
6 455,00
5 545,00
554,50
7 009,50

2. Depreciation on vehicles (28 February 20.2)

Cost (R28 000 - R12 000)

Less: Accumulated depreciation (R14 268 - R6 455)

Carrying amount

Depreciation: current year ($R8\,187 \times 20/100$) and
($R22\,000 \times 20/100 \times \frac{6}{12}$)Total ($R1\,637,40 + R2\,200,00$) = R3 837,40

Existing vehicle	New vehicle
R	R
16 000,00	22 000,00
7 813,00	-
8 187,00	22 000,00
1 637,40	2 200,00

3. Depreciation on equipment (28 February 20.2)

Cost (R2 800 - R900)

Less: Accumulated depreciation (R543 - R164)

Carrying amount

Depreciation: current year ($R1\,521 \times 10/100$) and
($R736 \times 10/100$)Total ($R152,10 + R73,60$) = R225,70

Existing equipment	Equipment sold
R	R
1 900,00	900,00
379,00	164,00
1 521,00	736,00
152,10	73,60

NB: The equipment was sold on the last day of the financial year. A proportional calculation of depreciation is thus unnecessary.

QUESTION 2 (18 marks)

(a)

WISE LIMITED**CASH RECEIPTS JOURNAL (BANK COLUMN ONLY) - OCTOBER 20.1**

Date	Details	Bank
		R
3	S Smith/trade receivables control	320
14	Cash sales	547
22	M Mohammed/trade receivables control	510
26	Cash sales	484
29	D de Beer/trade receivables control	253
30	Interest income	1 200
		3 314

(3)

WISE LIMITED**CASH PAYMENTS JOURNAL (BANK COLUMN ONLY) - OCTOBER 20.1**

Date	Details	Cheque No	Bank
			R
4	Telkom	828	216
5	P Paxton/trade payables control	829	294
6	S Nel Ltd	830	80
10	B Baloyi/trade payables control	831	740
	Computer Sales Ltd	832	628
12	J Johnson/trade payables control	833	153
17	W Wise	834	278
27	W Wilson/trade payables control	835	340
29	S Nel Ltd	836	58
	M Moosa/trade receivables control		48
30	Bank charges		12
			2 847

(5½)

(b)

Dr		Bank		Cr	
20.1		R		20.1	R
Oct 1	Balance	13 530	20.1	Oct 31	Total payments
31	Total receipts	3 314			Balance
		16 844			CPJ
					c/d
					2 847
					13 997
					16 844
20.1	Balance	13 997			
Nov 1					

(2½)

QUESTION 2 (continued)

(c)

WISE LIMITED**BANK RECONCILIATION STATEMENT AT 31 OCTOBER 20.1**

	Debit	Credit
	R	R
Credit balance (favourable) as per bank statement		14 117
Outstanding cheques: No 794	162	
No 833	153	
No 836	58	
Outstanding deposit		253
Debit balance (favourable) as per bank account	13 997	
	14 370	14 370

(7)

QUESTION 3 (96 marks)

(a)

SINAMUVA DISTRIBUTORS**GENERAL JOURNAL - 31 DECEMBER 20.1**

		Fol	Debit	Credit
			R	R
20.1 Dec 31	Inventory: Packaging material Packaging material <i>Packaging material on hand at 31 December 20.1</i>		980	980
	Interest on loan Accrued expenses <i>Interest on loan still payable (a)</i>		1 125	1 125
	Prepaid expenses Advertisements <i>Advertisements paid in advance</i>		400	400
	Rental income Income received in advance <i>Rent received in advance (b)</i>		1 200	1 200
	Accrued income Interest on investment <i>Interest on investment not yet received (c)</i>		1 000	1 000
	Prepaid expenses Insurance <i>Insurance prepaid (d)</i>		625	625

QUESTION 3 (continued)

20.1 Dec 31	Telephone expenses Accrued expenses <i>Telephone account for December brought into account</i>		R 165	R 165
	Depreciation Accumulated depreciation on vehicles Accumulated depreciation on equipment <i>Depreciation provided at 20% per annum on the diminishing balance of vehicles and at 10% per annum on the diminishing balance of equipment. (e)</i>		6 389	5 760 629
	Credit losses Loose-Ends/Trade receivables control <i>Account written off as irrecoverable</i>		200	200
	Allowance for credit losses Credit losses <i>Adjustment of allowance for credit losses (f)</i>		50	50

(12)

Calculations

(a) Interest on loan

$$R25\,000 \times \frac{18}{100} \times \frac{3}{12}$$

$$= R1\,125$$

(b) Rent received in advance

$$R15\,600/13^* = R1\,200$$

*The rent that was received was for a full year plus one additional month.

(c) Interest on fixed deposit

$$R50\,000 \times \frac{12}{100} \times \frac{2}{12}$$

$$= R1\,000$$

(d) Insurance

Only November 20.1 and December 20.1 falls in this financial period. Ten months are paid in advance, thus

$$R750/12 \times 10 = R625$$

QUESTION 3 (continued)

(e) Depreciation

1. Vehicles

$$(\text{R}40\,000 - \text{R}11\,200) \times 20\%$$

$$= \text{R}28\,800 \times \frac{20}{100}$$

$$= \text{R}5\,760$$

2. Equipment

The accumulated depreciation is on the equipment owned by the entity at the beginning of the financial year. Two calculations are therefore needed:

2.1 Equipment purchased in previous years.

$$[(\text{R}9\,000 - \text{R}2\,000) - \text{R}1\,710] \times 10\%$$

$$= \text{R}529$$

2.2 Equipment purchased in the current year.

$$\text{R}2\,000 \times \frac{10}{100} \times \frac{6}{12}$$

$$= \text{R}100$$

Total depreciation for equipment:

$$(\text{R}529 + \text{R}100) = \text{R}629$$

- | | | |
|-----|--|--------------------|
| (f) | The allowance for credit losses on 1 January 20.1 | R300 |
| | The balance of the allowance on 31 December 20.1 must be | <u>R250</u> |
| | The current allowance must be reduced by | <u><u>R 50</u></u> |

QUESTION 3 (continued)

(b) Closing journal entries - December 20.1

Sales	R 380	R
Settlement discount granted		380
<i>Closing off and transfer of settlement discount granted to sales</i>		
Sales	1 200	
Sales return		1 200
<i>Closing off and transfer of sales returns to sales</i>		
Sales (R381 790 – R380 – R1 200)	380 210	
Trading account		380 210
<i>Closing off and transfer of sales to trading account</i>		
Settlement discount received	650	
Cost of sales		650
<i>Closing off and transfer of settlement discount to cost of sales</i>		
Trading Account	164 750	
Cost of sales (R165 400 – R650)		164 750
<i>Closing off and transfer of cost of sales account to trading account</i>		
Trading Account	215 460	
Profit or loss		215 460
<i>Transfer of gross profit</i>		
Rental income (R15 600 - R1 200)	14 400	
Interest on investment (R5 000 + R1 000)	6 000	
Credit losses recovered	120	
Profit or loss		20 520
<i>Closing off of above accounts against profit or loss account</i>		
Profit or loss	51 824	
Wages		2 000
Salaries		25 000
Assessment rates		1 500
Licences		1 000
Vehicle expenses		3 500
Credit losses (R550 + R200 - R50)		700
Packaging material (R4 700 - R980)		3 720
Insurance (R2 250 - R625)		1 625
Water and electricity		2 100
Telephone expenses (R1 400 + R165)		1 565
Advertising (R2 000 - R400)		1 600
Interest on loan		1 125
Depreciation		6 389
<i>Closing off of above accounts against profit or loss account</i>		
Profit or loss	184 156	
Capital		184 156
<i>Transfer of profit to capital account</i>		

(16)

QUESTION 3 (continued)

Dr		Trading account		Cr	
		R			R
20.1 Dec 31	Cost of sales (R165 400 - R650)	164 750	20.1 Dec 31	Sales (R381 790 – R380 – R1 200)	380 210
	Profit or loss account (Gross profit)	215 460			
		380 210			380 210

(2)

Dr		Profit or loss account		Cr	
		R			R
20.1 Dec 31	Wages	2 000	20.1 Dec 31	Trading account (Gross profit)	215 460
	Salaries	25 000		Rental income	14 400
	Assessment rates	1 500		Interest on investment	6 000
	Licences	1 000		Credit losses recovered	120
	Vehicle expenses	3 500			
	Credit losses	700			
	Packaging material	3 720			
	Insurance	1 625			
	Water and electricity	2 100			
	Telephone expenses	1 565			
	Advertising	1 600			
	Interest on loan	1 125			
	Depreciation	6 389			
	Capital (Total comprehensive income for the year)	184 156			
		235 980			235 980

(16)

QUESTION 3 (continued)

(c)

SINAMUVA DISTRIBUTORS**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 20.1**

	R
Revenue (R381 410 - R1 200)	380 210
Cost of sales	(164 750)
Gross profit	215 460
Other income	20 520
Rental income	14 400
Credit losses recovered	120
Interest on investment	6 000
	235 980
Distribution, administrative and other expenses	(50 699)
Wages	2 000
Salaries	25 000
Assessment rates	1 500
Licences	1 000
Vehicle expenses	3 500
Credit losses [R550 + R200 – (R300 – R50)]	700
Packaging material	3 720
Insurance	1 625
Water and electricity	2 100
Telephone expenses	1 565
Advertising	1 600
Depreciation	6 389
Finance charges: Interest on loan	(1 125)
Profit for the year	184 156
Other comprehensive income for the year	-
Total comprehensive income for the year	184 156

(21)

(d)

SINAMUVA DISTRIBUTORS**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 20.1**

	Capital R
Balance at 1 January 20.1	141 700
Total comprehensive income for the year	184 156
Balance at 31 December 20.1	325 856

(4)

QUESTION 3 (continued)

(e)

SINAMUVA DISTRIBUTORS**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 20.1**

ASSETS	Note	R
Non-current assets		342 941
Property, plant and equipment	2	292 941
Fixed deposit: NBC Bank Ltd		50 000
Current assets		19 955
Inventories (R8 500 + R980)		9 480
Trade and other receivables (R5 200 - R200 - R250 + R1 000)		5 750
Prepayments (R625 + R400)		1 025
Cash and cash equivalents (R3 100 + R500 + R100)		3 700
TOTAL ASSETS		362 896
EQUITY AND LIABILITIES		
Total equity		325 856
Capital		325 856
Non-current liabilities		25 000
Long-term borrowings		25 000
Current liabilities		12 040
Trade and other payables (R9 550 + R1 125 + R165)		10 840
Income received in advance		1 200
TOTAL EQUITY AND LIABILITIES		362 896

(14½)

QUESTION 3 (continued)

(f)

SINAMUVA DISTRIBUTORS**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 20.1****1 Accounting policy:**

- 1.1 The annual financial statements have been prepared on the historical cost basis and comply with International Financial Reporting Standards (IFRS).
- 1.2 Property, plant and equipment is shown at cost less accumulated depreciation. Land and buildings are classified as investment properties and are not depreciated.

Depreciation has been provided for as follows:

Vehicles: 20% per annum using the diminishing-balance method
 Equipment: 15% per annum using the diminishing-balance method

(2)

2 Property, plant and equipment

	Land and buildings	Vehicles	Equipment	Total
	R	R	R	R
<i>Carrying amount:</i> Beginning of year	263 240	28 800	5 290	297 330
Cost	263 240	40 000	7 000	310 240
Accumulated depreciation	-	(11 200)	(1 710)	(12 910)
Additions	-	-	2 000	2 000
Depreciation for the year	-	(5 760)	(629)	(6 389)
<i>Carrying amount:</i> End of year	263 240	23 040	6 661	292 941
Cost	263 240	40 000	9 000	312 240
Accumulated depreciation	-	(16 960)	(2 339)	(19 299)

(8½)

QUESTION 4 (27 marks)

(a)

SMART BOUTIQUE
GENERAL LEDGER

Dr		Trade receivables control				Cr	
20.1 Dec 1 31	Balance Bank (R/D cheques) Sales (R48 165 - R115 - R420)	b/d	R 15 670 425 47 630 63 725	20.1 Dec 31	Bank and settlement discount granted (R45 495 - R195) Sales returns Credit losses Balance	c/d	R 45 300 2 220 115 16 090 63 725
20.2 Jan 1	Balance	b/d	16 090				

(13)

Dr		Trade payables control				Cr	
20.1 Dec 31	Purchases returns Bank and settlement discount received Balance	c/d	R 2 131 3 980 38 351 44 462	20.1 Dec 1 31	Balance Purchases (R33 801 + R718) Freight on sales	b/d	R 8 340 34 519 1 603 44 462
				20.2 Jan 1	Balance	b/d	38 351

(10)

(b)

Reconciliation:

Total of list of trade receivables balances
Add: Sales

Less: Sales returns correction (R70 x 2)
 Balance trade receivables control account

R
 16 060
170
 16 230
140
16 090

(4)

QUESTION 5 (32 marks)

(a)

SHARKS DIVING CLUB
GENERAL LEDGER

Dr		Membership fees		Cr	
		R			R
20.0			20.0		
Apr 1	Accrued income	15 000	Apr 1	Income received in advance	20 000
20.1			20.1		
Mar 31	Entrance fees	1 000	Mar 31	Bank	101 000
	Income and expenditure (190 x R500)	95 000		Credit losses	7 500
	Income received in advance	17 500			
		128 500			128 500
			20.1		
			Apr 1	Income received in advance	17 500

(8)

*Analysis of **membership fees** received:

	R
Membership fees in arrear at the beginning of the year	7 500
Membership fees received for the current year (R95 000 - R20 000)	75 000
Membership fees received in advance at the end of the year	17 500
	100 000

(b)

SHARKS DIVING CLUB**INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 20.1**

Income	R 160 900
Membership fees	95 000
Donation received	2 000
Diving fees received	33 900
Bar income	30 000
Bar gross profit (a)	45 000
Bar wages	(15 000)
	(111 040)
Expenditure	(111 040)
General expenses (R8 200 - R2 600)	5 600
Insurance (R2 600 - R1 000 - R600)	1 000
Maintenance	20 100
Salaries and wages (R48 000 + R1 500)	49 500
Stationery	6 000
Credit losses	7 500
Depreciation [(R2 625 + R3 840 + R7 500 + R7 000) (b)]	20 965
Loss on sale of furniture (c)	375
	49 860
Surplus for the year	49 860

(24)

QUESTION 5 (continued)**Calculations**(a) Bar gross profit

	R
Bar sales	100 000
Cost of sales	(55 000)
Bar inventory - 1 Apr 20.0	5 000
Bar purchases	60 000
	65 000
Bar inventory - 31 Mar 20.1	(10 000)
Gross profit	<u>45 000</u>

(b) Depreciation

(i) Furniture - 10% per annum on cost price

$$R30\,000 - R5\,000 = R25\,000$$

$$R25\,000 \times 10\% = R2\,500$$

$$R5\,000 \times 10\% \times \frac{3}{12} = \underline{\underline{R\,125}}$$

$$\underline{\underline{R2\,625}}$$

(ii) Equipment - 20% per annum on the diminishing-balance method

$$(R24\,000 - R4\,800) = R19\,200 \times 20\% = R3\,840$$

(iii) Vehicles - 25% per annum on the diminishing-balance method

$$(R35\,000 - R5\,000) = R30\,000 \times 25\% = R7\,500$$

(iv) Crockery and linen

$$(R10\,000 - R3\,000) = R7\,000$$

(c) Loss on sale of furniture

$$R5\,000 - (R1\,500 + R125) = R3\,375$$

$$R3\,375 - R3\,000 = R375$$

QUESTION 6 (20 marks)

(a) Calculation of profit/loss

F FORTUNE**STATEMENT OF ASSETS AND LIABILITIES AS AT 30 APRIL 20.1**

	R
ASSETS	
Furniture	12 500
Tools and equipment	23 250
Inventory	4 900
TOTAL ASSETS	40 650
LIABILITIES	
Long-term borrowing	7 000
Trade payables	2 600
Income received in advance	1 900
Accrued expenses	800
Bank overdraft	3 250
TOTAL LIABILITIES	15 550

(5)

Calculation of equity at the beginning of the period

$$\begin{aligned}
 \text{Equity} &= \text{Assets} - \text{Liabilities} \\
 &= \text{R}40\,650 - \text{R}15\,550 \\
 &= \text{R}25\,100
 \end{aligned}$$

F FORTUNE**STATEMENT OF ASSETS AND LIABILITIES AS AT 30 APRIL 20.2**

	R
ASSETS	
Furniture	12 500
Tools and equipment	23 250
Inventory	5 100
Bank	1 240
TOTAL ASSETS	42 090
LIABILITIES	
Long-term borrowing	4 600
Trade payables	3 060
Income received in advance	2 500
Accrued expenses	650
TOTAL LIABILITIES	10 810

(5)

Calculation of equity at the beginning of the period

$$\begin{aligned}
 \text{Equity} &= \text{Assets} - \text{Liabilities} \\
 &= \text{R}42\,090 - \text{R}10\,810 \\
 &= \text{R}31\,280
 \end{aligned}$$

QUESTION 6 (continued)**Estimated profit/loss:**

	R
Capital at the end of the financial year	31 280
Capital at the beginning of the year	(25 100)
Increase in capital during the year	6 180
Drawings	50 000
Adjustments: Depreciation	(7 150)
Furniture	2 500
Tools and fittings	4 650
Estimated profit for the year	49 030
	(3)

(b)

F FORTUNE**STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 20.2**

ASSETS	Note	R
Non-current assets		28 600
Property, plant and equipment		28 600
Current assets		6 340
Inventory		5 100
Cash and cash equivalents		1 240
TOTAL ASSETS		34 940
EQUITY AND LIABILITIES		
Total equity		24 130
Capital (R25 100 + R49 030 – R50 000) or (R31 280 – R7 150)		24 130
Non-current liabilities		4 600
Long-term borrowings		4 600
Current liabilities		6 210
Trade and other payables (R3 060 + R650)		3 710
Income received in advance		2 500
TOTAL EQUITY AND LIABILITIES		34 940

(7)

QUESTION 6 (continued)**F FORTUNE****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 20.2****1 Property, plant and equipment**

	Furniture	Tools and Equipment	Total
	R	R	R
<i>Carrying amount:</i>			
Beginning of year	12 500	23 250	35 750
Cost	12 500	23 250	35 750
Accumulated depreciation	-	-	-
Additions	-	-	-
Depreciation for the year	(2 500)	(4 650)	(7 150)
<i>Carrying amount:</i>			
End of year	10 000	18 600	28 600
Cost	12 500	23 250	35 750
Accumulated depreciation	(2 500)	(4 650)	(7 150)

2. ADDITIONAL QUESTIONS

QUESTION 1 (28 marks)(34 minutes)

At 31 March 2015, Moon Traders had the following general ledger balances before any adjustments were made:

MOON TRADERS

PRE-ADJUSTMENT BALANCES AT 31 MARCH 2015

	R
Rental income.....	64 000
Stationery	3 350
Capital	149 000
Drawings	6 084
Accumulated depreciation: Equipment.....	15 000
Commission income	2 700
Credit losses.....	1 600
Property (at fair value)	350 000
Equipment (at cost).....	34 000
Bank (favourable)	24 208
Trade receivables control.....	26 100
Interest on mortgage.....	23 870
Municipal tax.....	4 333
Insurance.....	2 405
Mortgage	248 000
Water and electricity	2 750

Additional information

1. The following errors and problems were identified:
 - 1.1 Moon Traders had 5 tenants, each paying different rental amounts. At the end of March 2015, one of Moon Trader's tenants owed two month's rent to the enterprise. The monthly rental payable by the tenant is R1 750.
 - 1.2 Stationery on hand at 31 March 2015 amounted to R1 550.
 - 1.3 Commission income of R750 was earned for April and May 2015.
 - 1.4 Dr D Persue disappeared. Management decided to write his debt amounting to R2 650 off as irrecoverable.
 - 1.5 Provision should still be made for depreciation on equipment at 10% per annum on the diminishing balance method.
 - 1.6 The water and electricity account for March 2015 amounting to R310, has not yet been paid.
 - 1.7 The insurance premium for April 2015 was paid in advance. The premiums are paid in equal monthly amounts.
 - 1.8 Interest at 10,5% per annum on the mortgage for March 2015 should still be provided for.

QUESTION 1 (continued)**REQUIRED:**

		Marks
(a)	Calculate the total comprehensive income or loss of Moon Traders for the year ended 31 March 2015.	12
(b)	Prepare the statement of financial position of Moon Traders as at 31 March 2015.	16
		[28]
Please note: All calculations must be shown. Your answer must comply with the requirements of International Financial Reporting Standards (IFRS) appropriate to the business of the entity.		

QUESTION 2 (36 marks)(43 minutes)**PECCO SCRAP DEALERS****GENERAL LEDGER**

Dr				Furniture at cost				Cr	
				R					R
2013 Sept	1	Bank	CPJ	250 000	2014 Aug	31	Balance	c/d	385 000
2014 May	31	Trade payables	GJ	120 000					
		Bank (Installation)	CPJ	15 000					
				385 000					385 000
2014 Sept	1	Balance	b/d	385 000	2015 June	30	Furniture realisation (bought 1 September 2013)		
2015 June	30	Bank	CPJ	66 000	Aug	31	Balance	GJ c/d	123 000
				451 000					328 000
									451 000
2015 Sept	1	Balance	b/d	328 000					

Dr				Accumulated depreciation: Furniture				Cr	
				R					R
					2014 Sept	1	Balance	b/d	48 250

QUESTION 2 (continued)

Dr					Vehicles at cost					Cr	
				R						R	
2013 Sept	1	Bank	CPJ	400 000	2013 Nov	30	Vehicle realisation	GJ		78 000	
2014 July	31	Bank	CPJ	30 000	2014 Aug	31	Balance	c/d		352 000	
				430 000						430 000	
2014 Sept	1	Balance	b/d	352 000	2015 Aug	31	Vehicle realisation (bought 1 September 2013 and 31 July 2014)*	GJ		255 000	
2015 Mar	1	Bank	CPJ	65 000				c/d		255 000	
2015 July	31	Trade payables	GJ	93 000						510 000	
				510 000							
2015 Sept	1	Balance	b/d	255 000							

*Bought: 1 Sept 2013 = R225 000 + 31 Jul 2014 = R30 000

Dr					Accumulated depreciation: Vehicles					Cr	
				R						R	
					2014 Sept	1	Balance	b/d		68 800	

Additional information

Depreciation on both furniture and vehicles is provided for on the straight-line method at 20% per annum.

REQUIRED:

		Marks
(a)	Show all the depreciation calculations of Pecco Scrap Dealers for the year ended 31 August 2015.	12
(b)	Prepare the property, plant and equipment note to the financial statement of Pecco Scrap Dealers for the year ended 31 August 2015.	24
		[36]
Please note: Your answer must comply with the requirements of International Financial Reporting Standards (IFRS), appropriate to the business of the entity. Notes on accounting policy are not required		

QUESTION 3 (7 marks)(8 minutes)

The following information relates to Tottenham Traders:

Assets and liabilities as at 31 January 2016

	R
Land and buildings (at cost)	120 000
Capital - 1 February 2015	78 000
Furniture and equipment (at cost)	65 000
Accumulated depreciation:	
Furniture and equipment	18 000
Trade payables control	15 000
Inventories	30 000
Accrued income	7 500
Bank (favourable)	13 500
Trade receivables control.....	35 000
Prepaid expenses	28 000
Long-term loan	75 000

Additional information

The owner made no additional capital contributions during the year, but took inventory to the value of R34 800 as a gift for his daughter's wedding.

REQUIRED:

	Marks
Calculate the profit or loss of Tottenham Traders for the year ended 31 January 2016.	7
	[7]
Please note: All calculations must be shown.	

QUESTION 4 (13 marks)(16 minutes)

On comparing the bank statement with the cash journals of Pompei Traders, the following information and differences were identified at 31 July 2015.

Balances at 30 June 2015	R
Bank account (favourable)	7 950
Bank statement (favourable)	900

Balances at 31 July 2015	R
Bank account (favourable)	?
Bank statement (favourable)	4 756

Additional information

1.	The total of the bank column in the cash receipts journal	15 960
2.	The total of the bank column in the cash payments journal	12 750
3.	The bank statement displays bank charges to the amount of	650
4.	A debtor 's cheque was marked "R/D" by the bank	2 354
5.	Cheque no. 004 for Rompi appears as a debit entry on the bank statement of Pompei Traders	2 350
6.	Cash deposited on 31 July 2015 does not appear on the bank statement for July 2015	3 600
7.	The following cheques do not appear on the bank statement:	
	Cheque number 324	300
	Cheque number 329	1 300
	Cheque number 333	950

REQUIRED:

	Marks
Prepare the bank account and the bank reconciliation statement of Pompei Traders for the month ended 31 July 2015.	13
	[13]
Please note: Do not prepare the cash journals	

QUESTION 5 (16 marks)(19 minutes)

The following is an extract from the general journal of Dudu Traders on 31 March 2015:

DUDU TRADERS**GENERAL JOURNAL - 31 MARCH 2015**

NO.	DETAILS	Dr	Cr
		R	R
1.	Credit losses Trade receivables control Credit losses written off	2 450	2 450
2.	Trade receivables control Bank Settlement discount granted VAT output Reversal of the settlement discount allowed on the R/D cheque from debtor PJ More.	6 600	5 600 877 123
3.	Bank VAT output Credit loss recovered, Debtor: J Jody Recovery of a debtor's account previously written off.	1 150	141 1 009
4.	Allowance for credit losses Credit losses A decrease in the allowance for credit losses for the year	150	150

GENERAL LEDGER BALANCES

The following are the balances as at 31 March 2015 before the above journals were taken into consideration:

	R
Trade receivables control.....	24 000
Allowance for credit losses.....	1 900
Bank (favourable).....	36 500
Credit losses.....	0
Credit losses recovered.....	0
Settlement discount granted.....	2 546
VAT output.....	3 489

REQUIRED:

	Marks
Prepare the general ledger accounts named in the above general journal of Dudu Traders, excluding the bank account and the settlement discount granted account at 31 March 2015.	16
	[16]
Please note: The accounts should be balanced.	

QUESTION 6 (33 marks)(39 minutes)**MILL TRADERS****PRE-ADJUSTMENT TRIAL BALANCE AS AT 30 JUNE 2015**

	Debit	Credit
	R	R
Capital	-	202 000
Drawings	27 000	-
Trade receivables control	18 560	-
Vehicles (at cost)	202 100	-
Accumulated depreciation: Vehicles	-	19 100
Inventory: Trading (1 July 2014)	28 300	-
Bank	56 520	-
Mortgage	-	105 000
Loan from Africa Bank	-	15 000
Sales	-	272 195
Carriage on purchases	-	-
Import duty on purchases	750	-
Insurance on purchases	782	-
Commission income	329	18 000
Depreciation	-	-
Insurance	19 100	-
Packaging materials	8 575	-
Purchases	4 600	-
Purchases returns	190 800	245
Rental income	-	6 500
Sales returns	-	-
Settlement discount granted	1 860	-
Settlement discount received	465	225
Telephone expenses	-	-
Carriage on sales	2 420	-
Repairs	1 250	-
Fuel	2 160	-
Wages	3 479	-
Water and electricity	64 115	-
	5 100	
	638 265	638 265

Additional information

The following information must still be taken into account for the year ended 30 June 2015:

- On 1 July 2015, trading inventory had a balance of R22 750.
- Rental income for the year should have been R6 000.
- Packaging material on hand at 30 June 2015 amounted to R1 200.
- Commission income of R3 600 is still outstanding.
- Water and electricity of R500 is still due.
- The mortgage was obtained from XYZ Bank during the previous financial year and bears interest at a rate of 11,5% per annum, compounded annually. Interest for the current year must still be provided for.
- The loan from Africa Bank is unsecured and bears interest at 19,5% per annum, compounded annually. Interest for the current year must still be provided for.

QUESTION 6 (continued)

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 2015.

REQUIRED:

	Marks
(a) Prepare the statement of profit or loss and other comprehensive income of Mill Traders for the year ended 30 June 2015. All calculations must be shown.	29
(b) Prepare the statement of changes in equity of Mill Traders for the year ended 30 June 2015.	4
	[33]
Please note: Your answers must comply with the requirements of International Financial Reporting Standards (IFRS) appropriate to the business of the entity.	

QUESTION 7 (19 marks)(23 minutes)

The following information relates to People Traders for April 2015:

1. On 30 April 2015, the trade receivables ledger of People Traders showed the following trade receivables:

LIST OF TRADE RECEIVABLES: 30 APRIL 2015

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 2015, the trade receivables 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 identified:
 - 3.1 The total of the trade receivables column in the sales journal was undercasted 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 trade receivables in the sales journal was R6 890. The amount was posted to the trade receivables 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 the debtor, Slot Stationers, should be written off. All entries must still be made.

QUESTION 7 (continued)

- 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 trade receivables 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 trade receivables ledger. All other entries were done correctly.

REQUIRED:

	Marks
(a) Use the information above and prepare the trade receivables control account of People Traders as at 30 April 2015. Show all the entries regarding the corrections and/or omissions.	10
(b) Reconcile the total of the list of trade receivables of People Traders with the balance of the trade receivables control account.	9
	[19]
Please note: For both (a) and (b), input and output VAT must be ignored .	

QUESTION 8 (23 marks)(27 minutes)

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 requested your assistance. You established the following:

BALANCES AS AT 30 APRIL

	2015 R	2014 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
Trade payables control	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

- F Tar withdrew R20 000 during the 2015 year for own use.
- During the 2015 financial year, F Tar deposited R30 000 from his personal bank account into the business bank account.
- The interest on the long-term loan for the 2015 financial year must still be provided for. Interest is charged at 11% per annum on the outstanding amount as at 30 April.

QUESTION 8 (continued)**REQUIRED:**

	Marks
(a) Prepare the statement of financial position of F Tarta as at 30 April 2015. The statement must comply with the requirements of International Financial Reporting Standards (IFRS) appropriate to the business of the entity. All calculations must be shown.	15
(b) Prepare the statement of assets and liabilities as at 30 April 2014 and calculate the equity balance as at 30 April 2014.	5½
(c) Calculate the profit or loss for the year ended 30 April 2015.	2½
	[23]

QUESTION 9 (25 marks)(31 minutes)**EXTRACT FROM THE TRIAL BALANCE OF CAMP DEALERS AS AT 1 MARCH 2014**

	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 2014:

CASH RECEIPTS JOURNAL FOR MAY 2014

Date	Bank	Sales	Cost of sales	Trade receivables 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 2014

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)	-

QUESTION 9 (continued)

The following is an extract from the general journal of CAMP Dealers for the year ended 28 February 2015:

				Debit R	Credit R
2015 Feb	1	Equipment VAT input Trade payables control/AZH Design Purchase of equipment on credit from AZH Design.		36 000 5 040	41 040

Additional information

- The depreciation methods which are used by CAMP Dealers are as follows:
 - Machinery: 10% per annum on the straight-line method.
 - Equipment: 10% per annum on the diminishing-balance method.
- The machinery sold was bought on 1 March 2013 for R50 000.
- The only acquisitions and sales of property, plant and equipment took place during May 2014 and February 2015.

REQUIRED:

		Marks
(a)	Calculate the depreciation for machinery and for equipment for the year ended 28 February 2015.	8
(b)	Prepare the following general ledger accounts (properly balanced) of CAMP Dealer for the year ended 28 February 2015:	
	- Machinery at cost	4
	- Equipment at cost	4
	- Accumulated depreciation: Machinery	5
	- Asset realisation	4
		[25]

QUESTION 10 (27 marks)(32 minutes)

The following information was obtained from the accounting records of XYZ Traders.

XYZ TRADERS**POST-ADJUSTMENT TRIAL BALANCE AS AT 30 JUNE 2015**

	Debit	Credit
	R	R
Capital	-	100 000
Drawings	2 445	-
Land and buildings at cost	200 000	-
Vehicles at cost	120 000	-
Furniture and fittings at cost	65 000	-
Accumulated depreciation on vehicles (30 June 2015)	-	54 700
Accumulated depreciation on furniture and fittings (30 June 2015)	-	22 700
Trade receivables control.....	6 780	-
Trading inventory (30 June 2014)	13 550	-
Bank	7 775	-
Petty cash.....	500	-
Mortgage	-	150 000
Loan from Africa Bank	-	50 000
Trade payables control	-	3 200
Sales	-	256 400
Carriage on purchases	660	-
Commission income	-	15 000
Credit losses.....	244	-
Depreciation	15 400	-
Insurance.....	2 400	-
Packing material	3 300	-
Purchases	154 880	-
Purchases returns.....	-	245
Rental income.....	-	3 600
Sales returns	1 338	-
Settlement discount granted	553	-
Settlement discount received	-	155
Wages	56 775	-
Water and electricity	4 400	-
	656 000	656 000

Additional information

On 30 June 2015, trading inventory had a balance of R14 885.

REQUIRED:

	Marks
(a) Show the journal entries for bringing the closing inventory at 30 June 2015 into account.	3
(b) Show the journal entries to close off the applicable accounts (closing entries) of XYZ Traders at 30 June 2015.	14
(c) Complete the trading account and the profit or loss account in the general ledger of XYZ Traders for the year ended 30 June 2015.	10
	[27]

QUESTION 11 (25 marks)(30 minutes)

The following list of balances was extracted from the general ledger of M&S, a general dealer at 28 February 2015:

	R
Trade payables control.....	28 900
Fixed deposit (36 months).....	5 000
Trade receivables control.....	19 200
Bank (Dr).....	6 000
Furniture and equipment (at carrying amount).....	24 300
Land and buildings (at cost).....	108 000
Mortgage (repayable over 20 years).....	78 000
Vehicles (at carrying amount).....	51 000
Inventories.....	30 400
Capital (1 March 2014).....	150 000
Total comprehensive income/(loss) for the year ended 28 February 2015.....	?

REQUIRED:

	Marks
(a) Prepare the trial balance of M&S as at 28 February 2015.	11
(b) Prepare the statement of changes in equity of M&S for the year ended 28 February 2015.	4
(c) Prepare the statement of financial position of M&S as at 28 February 2015.	10
	[25]
Please note:	
Your answers must comply with the requirements of International Financial Reporting Standards (IFRS) appropriate to the business of the entity.	

QUESTION 12 (31 marks)(37 minutes)**ABC DEALERS****TRIAL BALANCE AS AT 1 FEBRUARY 2015**

	R
Bank (Debit balance)	2 150
Cost of sales.....	192 000
Trading inventory.....	52 000
Sales	400 000
VAT input.....	1 600
VAT output	1 800

The following subsidiary journals, of which only the totals of the columns are shown, appeared in the accounting records of ABC Dealers at 28 February 2015:

CASH RECEIPTS JOURNAL

Bank	Sales	Cost of sales	Trade receivables control	Settlement discount granted	VAT output	VAT input	Sundry amounts
R	R	R	R	R	R	R	R
*?	18 600	9 300	6 550	(150)	2 604	(20)	-

*Total to be calculated

QUESTION 12 (continued)**CASH PAYMENTS JOURNAL**

Bank	Purchases	Trade payables control	VAT input	VAT output	Settlement discount received	Sundry amounts
R	R	R	R	R	R	R
**?	7 200	6 400	1 008	(25)	(100)	3 395

**Total to be calculated

SALES JOURNAL

Trade receivables	Sales	Cost of sales	VAT output
R	R	R	R
15 960	14 000	7 000	1 960

PURCHASES JOURNAL

Trade payables	Purchases	VAT input
R	R	R
10 488	9 200	1 288

SALES RETURNS JOURNAL

Trade receivables	Sales returns	Cost of sales	VAT output
R	R	R	R
285	250	125	35

PURCHASES RETURN JOURNAL

Trade payables	Purchases returns	VAT input
R	R	R
969	850	119

REQUIRED:

	Marks
Prepare the following general ledger accounts of ABC Dealers for February 2015:	
- Bank	4
- Cost of sales	5
- Trading inventory	7
- Sales	3
- VAT input	6
- VAT output	6
	[31]

QUESTION 13 (17 marks)(20 minutes)

F Focus runs a small business, F Focus Services, from home and does not keep proper accounting records. He needs to calculate the entity's profit/(loss) for income tax purposes and requested your assistance. You established the following:

	2014	2015
Balances at 30 April:	R	R
Furniture at cost (Purchased on 30 April 2014).....	25 000	25 000
Tools and equipment at cost (Purchased on 30 April 2014)	46 500	46 500
Trading inventory	9 800	10 200
Bank(favourable)	-	2 480
Bank(overdraft)	6 500	-
Long-term borrowings.....	14 000	9 200
Trade payables control	5 200	6 120
Income received in advance	3 800	5 000
Accrued expenses	1 600	1 300

Additional information

1. The following entries have not yet been taken into account in the list of balances above.
 - 1.1 F Focus drew R100 000 during the year for own use.
 - 1.2 Depreciation at 20% per annum on the straight-line method on furniture, as well as tools and equipment.

REQUIRED:

	Marks
Calculate the estimated profit or loss of F Focus Services for the year ended 30 April 2015.	17
	[17]

QUESTION 14 (26 marks)(30 minutes)

The following bank reconciliation statement at 30 June 2015 was prepared in the accounting records of Grey Services:

Bank reconciliation statement as at 30 June 2015		
	Debit	Credit
	R	R
Credit balance as per bank statement.....	-	1 749
Credit outstanding deposit.....	-	1 010
Credit incorrect entry on bank statement.....,	-	254
Debit outstanding cheques:		
No. 558.....	410	-
No. 813.....	152	-
No. 821.....	249	-
Debit balance as per bank account.....	2 202	-
	3 013	3 013

The following is a summary of the deposits and cheque payments recorded in the cash receipts journal and the cash payments journal for July 2015:

Cash receipts journal				Cash payments journal			
Doc. No.	Date	Details	Bank (Amount deposited)	Doc. No.	Date	Details	Bank (Amount paid)
			R				R
	7	Deposit	982	823	3	Telephone	410
	16	Deposit	2 042	824	6	Purchases	4 600
	20	L. Good	470	825	11	Insurance	294
	27	Deposit	2 202	826	16	Wages	302
	30	Deposit	1 152	827	20	F Andy	376
				SO	25	Salaries	2 000
				828	27	Water and electricity	84
				CU		K Dandy	142
				829	30	G Bush	685

Abbreviations:

SO = Stop order

CU = Cheque previously deposited, unpaid (R/D).

QUESTION 14 (continued)

The bank statement received on 31 July 2015, was as follows:

Bank statement: Grey Services – July 2015				
Date	Details	Debit	Credit	Balance
		R	R	R
1	Balance.....	-	-	1 749 Cr
	Error corrected	-	254	2 003 Cr
2	Deposit.....	-	1 010	3 013 Cr
	Cash deposit fee	21	-	2 992 Cr
7	Cheque no. 821.....	249	-	2 743 Cr
	Deposit.....	-	982	3 725 Cr
	Cash deposit fee	21	-	3 704 Cr
12	Deposit (rent).....	-	290	3 994 Cr
	Cash deposit fee	6	-	3 988 Cr
16	Cheque no. 823.....	410	-	3 578 Cr
20	Cheque no. 824.....	4 400	-	822 Dr
	Deposit.....	-	2 042	1 220 Cr
	Cash deposit fee	40	-	1 180 Cr
	Deposit.....	-	470	1 650 Cr
	Cash deposit fee	6	-	1 644 Cr
	MF.....	90	-	1 554 Cr
25	Cheque no. 825.....	294	-	1 260 Cr
27	Cheque no. 826.....	302	-	958 Cr
	Stop order.....	2 000	-	1 042 Dr
	Deposit.....	-	2 202	1 160 Cr
	Cash deposit fee	75	-	1 085 Cr
	Unpaid cheque (K Dandy)	142	-	943 Cr
	Cheque fees.....	25	-	918 Cr
	IN	12	-	906 Cr

Additional information

- Abbreviations:
MF = Management fee
IN = Interest on overdraft
- Cheque no. 558 was drawn on 25 November 2014 in favour of K Kara for repairs to the building. The cheque is stale and must be cancelled.
- The correct amount of cheque no. 824 is R4 400 and not R4 600.
- Cheque no. 828 was mislaid by the municipality and the bank was notified to stop payment. No entries were made to record this.

REQUIRED:

	Marks
(a) Finalise the cash receipts journal and the cash payments journal for July 2015. (Start your answer with the totals).	14
(b) Open and complete the bank account for July 2015 in the general ledger of Grey Services.	4
(c) Prepare the bank reconciliation statement as at 31 July 2015.	8
	[26]

QUESTION 15 (27 marks)(32 minutes)

The following information was obtained from the accounting records of Khulong Traders:

KHULONG TRADERS**POST-ADJUSTMENT TRIAL BALANCE AS AT 30 JUNE 2015**

	Debit	Credit
	R	R
Capital	-	100 000
Drawings	2 695	-
Land and buildings at cost	200 000	-
Vehicles at cost	122 000	-
Furniture and fittings at cost	65 000	-
Accumulated depreciation on vehicles (30 June 2015)	-	54 700
Accumulated depreciation on furniture and fittings (30 June 2015)	-	22 700
Trade receivables control.....	9 280	-
Trading inventory (1 July 2014).....	13 800	-
Bank	8 025	-
Petty cash.....	750	-
Mortgage	-	150 000
Loan from Africa Bank (final installment on 28 February 2016).....	-	50 000
Trade payables control	-	4 500
VAT control.....	-	1 500
Sales	-	257 070
Carriage on purchases	760	-
Commission income	-	15 000
Credit losses.....	349	-
Depreciation	15 400	-
Insurance.....	2 750	-
Packing material	4 300	-
Purchases	155 130	-
Purchases returns.....	-	1 130
Rental income.....	-	3 800
Sales returns	1 338	-
Credit losses recovered	-	2 500
Loss on sale of an asset	5 700	-
Settlement discount granted	303	-
Settlement discount received	-	405
Wages	51 325	-
Water and electricity	4 400	-
	663 305	663 305

Additional information

- On 30 June 2015 trading inventory had a balance of R15 335.

QUESTION 15 (continued)**REQUIRED:**

	Marks
(a) Prepare the following general ledger accounts in the general ledger of Khulong Traders for the year ended 30 June 2015:	
- Inventory	3
- Profit or loss	9
- Capital	3
(b) Prepare the statement of financial position of Khulong Traders as at 30 June 2015. The statement must comply with the requirements of International Financial Reporting Standards (IFRS) appropriate to the business of the entity.	12
	[27]
Please note: All calculations must be shown.	

QUESTION 16 (27 marks)(32 minutes)

The following information was obtained from the accounting records of Orange Traders:

ORANGE TRADERS**TRIAL BALANCE AS AT 28 FEBRUARY 2015**

	Debit R	Credit R
Capital	-	100 000
Drawings	2 445	-
Land and Buildings (at cost)	200 000	-
Vehicles (at cost)	120 000	-
Furniture and fittings (at cost)	65 000	-
Accumulated depreciation on vehicles (1 March 2014)	-	54 700
Accumulated depreciation on furniture and fittings (1 March 2014)	-	22 700
Trade receivables control	6 780	-
Inventory: Trading (1 March 2014)	13 550	-
Bank	7 775	-
Cash float	500	-
Mortgage	-	150 000
Loan from Africa Bank	-	50 000
Trade payables control	-	3 200
Sales	-	243 645
Carriage on purchases	660	-
Commission income	-	15 000
Credit losses	244	-
Insurance	2 400	-
Packing materials	3 300	-
Purchases	154 880	-
Purchases returns	-	245
Rental income	-	3 300
Sales returns	1 338	-
Settlement discount granted	553	-
Settlement discount received	-	155
Stationery	2 345	-
Wages	56 775	-
Water and electricity	4 400	-
	642 945	642 945

Additional information

- Inventory on hand at 28 February 2015
 - Trading inventory – R12 800
 - Stationery – R345.
- The insurance amount of R2 400 includes a premium of R200 for March 2015.
- The loan was obtained from Africa Bank on 1 September 2014. The loan bears interest at 12% per annum, compounded annually. The interest still has to be paid.
- Rental income for February 2015 is still outstanding.
- Depreciation must be provided as follows:
 - Vehicles – 20% per annum on the diminishing balance method.
 - Furniture and fittings – 10% per annum on the straight-line method.

QUESTION 16 (continued)**REQUIRED:**

	Marks
(a) Record the adjustments in the general journal of Orange Traders. (Ignore narrations)	6
(b) Prepare the statement of profit or loss and other comprehensive income of Orange Traders for the year ended 28 February 2015. The statement must comply with the requirements of International Financial Reporting Standards (IFRS), appropriate to the business of the entity.	21
	[27]

QUESTION 17 (20 marks)(26 minutes)

Pride Sales had the following information in respect of its property, plant and equipment for the year ended 30 September 2015:

Machines	Purple	Aqua
Date of purchase	1 April 2012	1 July 2013
Purchase price	R250 000	R570 000
Estimated useful life	10	3

Additional information

- The entity uses the straight-line method over the useful life of the machinery for calculating depreciation.
- On 31 December 2014, management decided to increase production capacity and purchased the Green machine on credit from Spring Colour Machinery for R525 000. The Aqua machine was traded in for the purchase of the Green machine, and the outstanding balance which is payable to Spring Colour Machinery with regards to the purchase is R175 000.
- The estimated useful life of the Green machine is 7 years.

REQUIRED:

	Marks
Prepare the following general ledger accounts in the accounting records of Pride Sales for the year ended 30 September 2015:	
- Accumulated depreciation	11
- Depreciation	3½
- Machinery realisation	5½
	[20]
Please note:	
All calculations must be shown.	

3. SOLUTIONS TO THE ADDITIONAL QUESTIONS

QUESTION 1 (28 marks)(34 minutes)

CALCULATION OF TOTAL COMPREHENSIVE INCOME OR LOSS:

	R	R
Rental income (R64 000 + R3 500)		67 500
Commission income (R2 700 - R750)		1 950
		69 450
Less: Expenses		(43 603)
Interest on mortgage (R23 870 + R2 170)	26 040	
Water and electricity (R2 750 + R310)	3 060	
Municipal taxes	4 333	
Insurance (R2 405 - R185)	2 220	
Stationery (R3 350 - R1 550)	1 800	
Credit losses (R1 600 + R2 650)	4 250	
Depreciation	1 900	
Profit for the year		25 847
Other comprehensive income for the year		-
Total comprehensive income for the year		25 847

(12)

MOON TRADERS

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	R	R
ASSETS		
Non-current assets		367 100
Property, plant and equipment (R350 000 + R34 000 - R15 000 - R1 900)	367 100	
Current assets		52 893
Inventories	1 550	
Trade and other receivables (R26 100 - R2 650 + R3 500 + R185)	27 135	
Cash and cash equivalent	24 208	
TOTAL ASSETS		419 993
EQUITY AND LIABILITIES		
Equity		168 763
Capital (R149 000 - R6 084 + R25 847)	168 763	
Non-current liabilities		248 000
Long-term borrowings	248 000	
Current liabilities		3 230
Trade and other payables (R750 + R310 + R2 170)	3 230	
TOTAL EQUITY AND LIABILITIES		419 993

(16)

QUESTION 2 (36 marks)(43 minutes)**Depreciation calculations****Furniture****1. Existing furniture: from 1 September 2014 to 31 August 2015**

$$R385\ 000 - R123\ 000 = R262\ 000 \times \frac{20}{100} = R52\ 400$$

2. New furniture: from 30 June 2015 to 31 August 2015

$$R66\ 000 \times \frac{20}{100} \times \frac{2}{12} = R2\ 200$$

3. Furniture sold: from 1 September 2014 to 30 June 2015

$$\text{Depreciation for 2011: } R123\ 000 \times \frac{20}{100} \times \frac{10}{12} = R20\ 500$$

$$\text{Depreciation for 2010: } R123\ 000 \times \frac{20}{100} = R24\ 600$$

4. Alternative calculation of depreciation on furniture

$$R385\ 000 \times \frac{20}{100} \times \frac{10}{12} = R64\ 167$$

$$R328\ 000 \times \frac{20}{100} \times \frac{2}{12} = R10\ 933$$

Vehicles**1. Existing vehicles: from 1 September 2014 to 31 August 2015**

$$R352\ 000 - R255\ 000 = R97\ 000 \times \frac{20}{100} = R19\ 400$$

2. New vehicles: from 1 September 2014 to 31 August 2015

$$\text{Vehicle 1: from 1 March to 31 August } R65\ 000 \times \frac{20}{100} \times \frac{6}{12} = R6\ 500$$

$$\text{Vehicle 2: from 31 July to 31 August } R93\ 000 \times \frac{20}{100} \times \frac{1}{12} = R1\ 550$$

3. Vehicles sold: from 1 September 2014 to 31 August 2015

Vehicle 1:

$$\text{Depreciation for 2015: Cost } (R255\ 000 - R30\ 000) \times \frac{20}{100} = R45\ 000$$

$$\text{Depreciation for 2014: Cost } R225\ 000 \times \frac{20}{100} = R45\ 000$$

Vehicle 2:

$$\text{Depreciation for 2015: Cost } R30\ 000 \times \frac{20}{100} = R6\ 000$$

$$\text{Depreciation for 2014: Cost } R30\ 000 \times \frac{20}{100} \times \frac{1}{12} = R500$$

4. Alternative calculation of depreciation on vehicles

$$R352\ 000 \times \frac{20}{100} = R70\ 400 \text{ (R19\ 400 + R45\ 000 + R6\ 000)}$$

$$\text{OR for the ones sold: } R255\ 000 \times \frac{20}{100} = R51\ 000 \text{ (R45\ 000 + R6\ 000)}$$

5. Alternative calculation of depreciation on vehicles

$$R352\ 000 \times \frac{20}{100} \times \frac{6}{12} = R35\ 200$$

$$R417\ 000 \times \frac{20}{100} \times \frac{5}{12} = R34\ 750$$

$$R510\ 000 \times \frac{20}{100} \times \frac{1}{12} = R8\ 500$$

(12)

QUESTION 2 (continued)**PECCO SCRAP DEALERS****NOTES FOR THE YEAR ENDED 31 AUGUST 2015****1. PROPERTY, PLANT AND EQUIPMENT**

	FURNITURE	VEHICLES	TOTAL
	R	R	R
Carrying amount: 1 September 2014	336 750	283 200	619 950
Cost	385 000	352 000	737 000
Accumulated depreciation	(48 250)	(68 800)	(117 050)
Additions	66 000	a 158 000	224 000
Disposal	(77 900)	(158 500)	(236 400)
Cost	123 000	255 000	378 000
Accumulated depreciation	b (45 100)	c (96 500)	(141 600)
Depreciation for the year	(75 100)	(78 450)	(153 550)
Carrying amount: 31 August 2015	249 750	204 250	454 000
Cost	328 000	255 000	583 000
Accumulated depreciation	(78 250)	(50 750)	(129 000)

Calculations

- a** (R65 000 + R93 000) = R158 000
b (R20 500 + R24 600) = R45 100
c (R45 000 + R45 000 + R500 + R6 000) = R96 500

(24)

QUESTION 3 (7 marks)(8 minutes)**Calculation of profit or loss for the year ended 31 January 2016**

	R
Land and buildings	120 000
Furniture and equipment (R65 000 - R18 000)	47 000
Inventories	30 000
Bank(favourable)	13 500
Trade receivables	35 000
Prepaid expenses	28 000
Accrued income	7 500
Trade payables	(15 000)
Long-term loan	(75 000)
Equity - 31 January 2016	191 000
Less: Equity - 1 February 2015	(78 000)
	113 000
Add: Drawings	34 800
Profit for the year	147 800

(7)

QUESTION 4 (13 marks)(16 minutes)

POMPEI TRADERS
GENERAL LEDGER

Dr					Bank					Cr				
				R									R	
2015					2015									
July	1	Balance	b/d	7 950	July	31	Total payments	CPJ					12 750	
	31	Total receipts	CRJ	15 960			Bank charges						650	
							R/D Cheque						2 354	
							Balance	c/d					8 156	
				23 910									23 910	
2015														
Aug	1	Balance	b/d	8 156										

(6)

POMPEI TRADERS

BANK RECONCILIATION STATEMENT AS AT 31 JULY 2015

	Dr	Cr
	R	R
Credit balance as per bank statement		4 756
Credit outstanding deposit		3 600
Debit outstanding cheques:		
No 324	300	
No 329	1 300	
No 333	950	
Error: Cheque no. 004 for Rompi		2 350
Debit balance as per bank account	8 156	
	10 706	10 706

(7)

QUESTION 5 (16 marks)(19 minute)

DUDU TRADERS
GENERAL LEDGER

Dr					Trade receivables control					Cr				
				R									R	
2015	31	Balance	b/d	24 000	2015	31	Credit losses	GJ	2 450					
Mar		Bank	GJ	5 600	Mar		Balance	c/d	28 150					
		Settlement discount granted	GJ	877										
		VAT output	GJ	123										
				30 600									30 600	
2015	1	Balance	b/d	28 150										
April														

(6)

Dr					Allowance for credit losses					Cr				
				R									R	
2015	31	Credit losses	GJ	150	2015	31	Balance	b/d	1 900					
Mar		Balance	c/d	1 750	Mar								1 900	
				1 900										
					2015	1	Balance	b/d	1 750					
					April									

(3)

Dr					Credit losses					Cr				
				R									R	
2015	31	Trade receivables control	GJ	2 450	2015	31	Allowance for credit losses	GJ	150					
Mar				2 450	Mar		Balance	c/d	2 300				2 450	
2015	1	Balance	b/d	2 300										
Apr														

(2½)

Dr					Credit losses recovered					Cr				
													R	
					2015	31	Bank	GJ	1 009					
					Mar									

(1)

Dr					VAT output					Cr				
				R									R	
2015	31	Balance	c/d	3 753	2015	31	Balance	b/d	3 489					
Mar					Mar		Trade receivables control	GJ	123					
							Bank	GJ	141				3 753	
				3 753										
					2015	1	Balance	b/d	3 753					
					Apr									

(3½)

QUESTION 6 (33 marks)(39 minutes)

a)

MILL TRADERS**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015**

	R
Revenue (R272 195 - R1 860 - R465)	269 870
Cost of sales	(197 741)
Inventory - 1 July 2014	28 300
Plus: Purchases (R190 800 - R245 - R225)	190 330
Plus: Carriage on purchases	750
Plus: Import duty on purchases	782
Plus: Insurance on purchases	329
Less: Inventory - 30 June 2015	(22 750)
Gross profit	72 129
Other income	27 600
Rental income (R6 500 - R500)	6 000
Commission income (R18 000 + R3 600)	21 600
	99 729
Distribution, administration and other expenses	(113 514)
Repairs	2 160
Insurance (R8 575 - R1 225)	7 350
Wages	64 115
Water and electricity (R5 100 + R500)	5 600
Petrol	3 479
Packing materials (R4 600 - R1 200)	3 400
Depreciation	19 100
Telephone expenses	2 420
Carriage on sales	1 250
Credit losses	4 640
Finance costs	(15 000)
Interest on mortgage (R105 000 x 11,5%)	12 075
Interest on short term loan (R15 000 x 19,5%)	2 925
Loss for the year	(28 785)
Other comprehensive income for the year	-
Total comprehensive loss for the year	(28 785)
	(30)

QUESTION 6 (continued)

b)

MILL TRADERS**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015**

	Capital R
Balance as at 1 July 2014	202 000
Comprehensive loss for the year	(28 785)
Less: Drawings	(27 000)
Balance as at 30 June 2015	<u>146 215</u>

(3)

QUESTION 7 (19 marks)(23 minutes)**PEOPLE TRADERS****GENERAL LEDGER**

Dr				Trade receivables control				Cr			
			R							R	
2015 Apr 30	Balance	b/d	15 123	2015 Apr 1	Sales (posting error) (R8 960 – R6 890)					2 070	
	Sales (undercast)		350		Credit losses					237	
	Interest income		150		Sales (analysis error)					1 850	
					Settlement discount granted (R1 980 - R1 850)			c/ d		130	
					Balance					11 336	
			<u>15 623</u>							<u>15 623</u>	
May 1	Balance	b/d	11 336								

(10)

PEOPLE TRADERS**TRADE RECEIVABLES RECONCILIATION AS AT 30 APRIL 2015**

	R
Balance as per list.....	13 897
Hoop CC: incorrect balancing (R10 283 – R9 734).....	(549)
Slot Stationers: written off.....	(237)
Dormat cleaners: CN SD2653 not posted	(45)
Emily supplier: incorrect analysis.....	(1 850)
Emily supplier: settlement discount granted.....	(130)
Fill Design: "R/D" cheque.....	250
Balance according to trade receivables control.....	<u>11 336</u>

(9)

QUESTION 7 (continued)**Alternative method****PEOPLE TRADERS****TRADE RECEIVABLES RECONCILIATION AS AT 30 APRIL 2015**

	Dr	Cr
	R	R
Balance as per list.....	13 897	
Hoop CC: incorrect balancing (R10 283 – R9 734).....		549
Slot Stationers: written off.....		237
Dormat cleaners: CN SD2653 not posted		45
Emily supplier: incorrect analysis.....		1 850
Emily supplier: settlement discount granted.....		130
Fill Design: "R/D" cheque.....	250	
Balance according to trade receivables control.....		11 336
	14 147	14 147

QUESTION 8 (23 marks)(27 minutes)

a)

F TARTA**STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2015**

ASSETS	R	R
Non-current assets		94 300
Property, plant and equipment (R22 950 + R46 350)	69 300	
32 Days Notice Deposit	25 000	
Current assets		35 780
Inventories	10 500	
Trade and other receivables (R1 850 + R2 430)	4 280	
Cash and cash equivalents	21 000	
TOTAL ASSETS		130 080
EQUITY AND LIABILITIES		
Total equity		84 075
Capital	84 075	
Non-current liabilities		15 500
Long term borrowings	15 500	
Current liabilities		30 505
Trade and other payables (R9 520 + R5 380 + R3 800 + R1 600 + R1 705)	22 005	
Bank overdraft	8 500	
TOTAL EQUITY AND LIABILITIES		130 080

(15)

QUESTION 8 (continued)

b)

F TARTA

STATEMENT OF ASSETS AND LIABILITIES AS AT 30 APRIL 2014

		R
ASSETS		
Furniture	^	25 500
Tools and equipment	^	51 500
Inventory		15 200
Bank		12 480
TOTAL ASSETS		104 680
LIABILITIES		
Long-term borrowing	^	19 000
Trade payables		5 700
Income received in advance	^	5 000
Accrued expenses	^	1 300
TOTAL LIABILITIES		31 000

Calculation of equity at the beginning of the period

$$\begin{aligned}
 \text{Equity} &= \text{Assets} - \text{Liabilities} \\
 &= \text{R}104\,680 - \text{R}31\,000 \\
 &= \text{R}73\,680
 \end{aligned}$$

(5½)

c)

Estimated profit/(loss) for the year

	R
Capital at the end of the financial period	84 075
Capital at the beginning of the financial period	(73 680)
Movement in capital during the year	10 395
Additions	(30 000)
Drawings	20 000
	395

(2½)

QUESTION 9 (25 marks)(31 minutes)

a)

DEPRECIATION CALCULATIONSDepreciation on Machinery: Straight-line method

Old: R220 000 - R50 000 = R170 000 x $\frac{10}{100}$	R17 000
New: Purchased 31 May 2014, R47 000 x $\frac{10}{100}$ x $\frac{9}{12}$	<u>R 3 525</u>
	<u>R20 525</u>
Old: Sold 31 May 2014	
2015: Cost R50 000 x $\frac{10}{100}$ x $\frac{3}{12}$	R 1 250
2014: Cost R50 000 x $\frac{10}{100}$	<u>R 5 000</u>
	<u>R 6 250</u>

Depreciation on Equipment: Diminishing balance method

Old: R70 000 - R7 000 = R63 000 x $\frac{10}{100}$	R 6 300
New: R56 400 x $\frac{10}{100}$ x $\frac{9}{12}$	R 4 230
New: R36 000 x $\frac{10}{100}$ x $\frac{1}{12}$	R 300

(8)

b)

CAMP DEALERS
GENERAL LEDGER

Dr				Machinery at cost				Cr		
				R					R	
2014					2014					
Mar	1	Balance	b/d	220 000	May	31	Asset realisation	CRJ	50 000	
May	31	Bank	CPJ	47 000	2015					
					Feb	28	Balance	c/d	217 000	
				<u>267 000</u>					<u>267 000</u>	
2015										
Mar	1	Balance	b/d	217 000						

(4)

Dr				Equipment at cost				Cr		
				R					R	
2014					2015					
Mar	1	Balance	b/d	70 000	Feb	28	Balance	c/d	162 400	
May	31	Bank	CPJ	56 400						
2015										
Feb	1	Trade payables control	GJ	36 000						
				<u>162 400</u>					<u>162 400</u>	
2015										
Mar	1	Balance	b/d	162 400						

(4)

QUESTION 9 (continued)

Dr					Accumulated depreciation: Machinery					Cr
				R						R
2014					2014					
May	31	Asset realisation	GJ	6 250	Mar	1	Balance	b/d		22 000
2015					May	31	Depreciation	GJ		1 250
Feb	28	Balance	c/d	37 525	2015					
					Feb	28	Depreciation	GJ		20 525
				43 775						43 775
					2015					
					Mar	1	Balance	b/d		37 525

(5)

Dr					Asset realisation					Cr
				R						R
2014					2014					
May	31	Machinery at cost	GJ	50 000	May	31	Accumulated depreciation: Machinery			
							Bank	GJ		6 250
							Loss on sale	CRJ		33 000
										10 750
				50 000						50 000

(4)

QUESTION 10 (27 marks)(32 minutes)**a) Trading inventory brought into account**

			Debit R	Credit R
	Trading account		13 550	
	Trading inventory (opening)			13 550
	Closing transfer of opening inventory			
	Trading inventory (closing)		14 885	
	Trading account			14 885
	Closing transfer of closing inventory			

(3)

b) Closing entries

			Debit R	Credit R
	Sales		553	
	Settlement discount granted			553
	Closing transfer of settlement discount			
	Settlement discount received		155	
	Purchases			155
	Closing transfer of settlement discount			
	Trading account		155 140	
	Carriage on purchases			660
	Purchases			154 480
	Closing transfers			
	Sales		1 338	
	Sales returns			1 338
	Closing transfer of sales returns			
	Purchases returns		245	
	Purchases			245
	Closing transfer of purchases returns			
	Sales		254 509	
	Trading account			254 509
	Closing transfers			
	Trading account		100 704	
	Profit or loss account			100 704
	Transfer of gross profit			
	Profit or loss account		82 519	
	Credit losses			244
	Depreciation			15 400
	Insurance			2 400
	Packing materials			3 300
	Wages			56 775
	Water and electricity			4 400
	Closing transfers			
	Commission income		15 000	
	Rental income		3 600	
	Profit or loss account			18 600
	Closing transfers			
	Profit or loss account		36 785	
	Capital			36 785
	Closing transfer of total comprehensive income			
	Capital		2 445	
	Drawings			2 445
	Closing transfer of drawings			

(14)

QUESTION 10 (continued)

c)

XYZ TRADERS
GENERAL LEDGER

Dr		Trading account		Cr	
		R			R
2015 Jun 30	Inventory (1/7/2014)	13 550	2015 Jun 30	Inventory (30/6/2015)	14 885
	Carriage on purchases	660		Sales	
	Purchases			(R256 400 - R553 -	254 509
	(R154 880 - R155 -	154 480		R1 338)	
	R245)				
	Profit or loss account	100 704			
	(gross profit)	269 394			269 394

Dr		Profit or loss account		Cr	
		R			R
2015 Jun 30	Credit losses	244	2015 Jun 30	Trading account	100 704
	Depreciation	15 400		Commission income	15 000
	Insurance	2 400		Rental income	3 600
	Packing materials	3 300			
	Wages	56 775			
	Water and electricity	4 400			
	Capital (Total comprehensive income for the year)	36 785			
		119 304			119 304

(10)

QUESTION 11 (25 marks)(30 minutes)

a)

M&S

TRIAL BALANCE AS AT 28 FEBRUARY 2015

	Dr R	Cr R
Trade payables control		28 900
Fixed deposit	5 000	
Trade receivables control	19 200	
Bank	6 000	
Furniture and equipment.....	24 300	
Land and buildings	108 000	
Mortgage		78 000
Vehicles.....	51 000	
Inventory.....	30 400	
Capital: Mica (1 March 2014)		150 000
	243 900	256 900
Total comprehensive loss for the year	13 000	
	256 900	256 900

(11)

It is important to draw up a trial balance first so that debit and credit balances can be differentiated. M&S had a loss of R13 000 for the year.

b)

M&S

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2015

	Capital R
Balance as at 1 March 2014.....	150 000
Total comprehensive loss for the year.....	(13 000)
Balance as at 28 February 2015.....	137 000

(4)

QUESTION 11 (continued)

c)

M&S

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2015

ASSETS	R	R
Non-current assets		188 300
Property, plant and equipment (R24 300 + R108 000 + R51 000)	183 300	
Fixed Deposit	5 000	
Current assets		55 600
Inventory	30 400	
Trade and other receivables	19 200	
Cash and cash equivalents	6 000	
TOTAL ASSETS		243 900
EQUITY AND LIABILITIES		
Equity		137 000
Capital	137 000	
Non-current liabilities		78 000
Long-term borrowings	78 000	
Current liabilities		28 900
Trade and other payables	28 900	
TOTAL EQUITY AND LIABILITIES		243 900

(10)

QUESTION 12 (31 marks)(37 minutes)**ABC DEALERS
GENERAL LEDGER**

Dr				Bank				Cr			
			R							R	
2015				2015							
Feb 1	Balance	b/d	2 150	Feb 28	Total payments	CPJ				17 878	
28	Total receipts	CRJ	27 584		Balance	c/d				11 856	
			29 734							29 734	
Mar 1	Balance	b/d	11 856								

(4)

QUESTION 12 (continued)

Dr				Cost of sales				Cr			
				R					R		
2015					2015						
Feb 1	Balance	b/d		192 000	Feb 28	Trading inventory	SRJ		125		
28	Trading inventory	CRJ		9 300		Balance	c/d		208 175		
	Trading inventory	SJ		7 000							
				208 300					208 300		
Mar 1	Balance	b/d		208 175							

(5)

Dr				Trading inventory				Cr			
				R					R		
2015					2015						
Feb 1	Balance	b/d		52 000	Feb 28	Cost of sales	CRJ		9 300		
28	Bank	CPJ		7 200		Cost of sales	SJ		7 000		
	Trade payables control	PJ		9 200		Trade payables control	PRJ		850		
	Cost of sales	SRJ		125		Balance	c/d		51 375		
				68 525					68 525		
Mar 1	Balance	b/d		51 375							

(7)

Dr				Sales				Cr			
				R					R		
2015					2015						
Feb 28	Balance	c/d		432 600	Feb 1	Balance	b/d		400 000		
					28	Bank	CRJ		18 600		
						Trade receivables control	SJ		14 000		
				432 600					432 600		
					Mar 1	Balance	b/d		432 600		

(3)

Dr				VAT input				Cr			
				R					R		
2015					2015						
Feb 1	Balance	b/d		1 600	Feb 28	Trade payables control	PRJ		119		
28	Trade receivables control	CRJ		20		Balance	c/d		3 797		
	Bank	CPJ		1 008							
	Trade payables control	PJ		1 288							
				3 916					3 916		
Mar 1	Balance	b/d		3 797							

(6)

QUESTION 12 (continued)

Dr				VAT output				Cr	
			R					R	
2015 Feb 28	Trade receivables control	SRJ c/d	35	2015 Feb 1	Balance	b/d	1 800		
	Balance		6 354	28	Bank	CRJ	2 604		
					Trade payables control	CPJ	25		
					Trade receivables control	SJ	1 960		
				6 389				6 389	
				Mar 1	Balance	b/d	6 354		

(6)

QUESTION 13 (17 marks)(20 minutes)**Calculation of profit/loss****F FOCUS SERVICES****STATEMENT OF ASSETS AND LIABILITIES AS AT 30 APRIL 2014**

ASSETS		R
Furniture.....		25 000
Tools and equipment.....		46 500
Inventory.....		9 800
TOTAL ASSETS		81 300
LIABILITIES		
Long-term borrowing.....		14 000
Trade payables.....		5 200
Income received in advance.....		3 800
Accrued expenses.....		1 600
Bank overdraft.....		6 500
TOTAL LIABILITIES		31 100

Calculation of equity at the beginning of the period

$$\begin{aligned}
 \text{Equity} &= \text{Assets} - \text{Liabilities} \\
 &= \text{R81 300} - \text{R31 100} \\
 &= \text{R50 200}
 \end{aligned}$$

(5½)

QUESTION 13 (continued)**F FOCUS SERVICES****STATEMENT OF ASSETS AND LIABILITIES AS AT 30 APRIL 2015**

	R
ASSETS	
Furniture	25 000
Tools and equipment.....	46 500
Inventory	10 200
Bank	2 480
TOTAL ASSETS	84 180
LIABILITIES	
Long-term borrowing	9 200
Trade payables	6 120
Income received in advance.....	5 000
Accrued expenses	1 300
TOTAL LIABILITIES	21 620

Calculation of equity at the end of the period

$$\begin{aligned}
 \text{Equity} &= \text{Assets} - \text{Liabilities} \\
 &= \text{R}84\,180 - \text{R}21\,620 \\
 &= \text{R}62\,560
 \end{aligned}$$

Estimated profit/loss:

	R
Capital at the end of the financial period	62 560
Capital at the beginning of the period	(50 200)
	<hr/>
Drawings	12 360
Adjustments: Depreciation	100 000
	(14 300)
Furniture	5 000
Tools and equipment	9 300
	<hr/>
Estimated profit for the year	98 060
	<hr/> <hr/> (11½)

QUESTION 14 (26 marks)(30 minutes)**(a)****GREY SERVICES****CASH RECEIPTS JOURNAL FOR JULY 2015**

				Receipts (Bank)
	31	Total		R
		Cheque 558 cancelled (repairs)		6 848
		Rental income (B/S)		410
		Correction - cheque 824 (purchases)		290
		Cancellation - cheque 828 (water and electricity)		200
				84
				7 832

(8)

GREY SERVICES**CASH PAYMENTS JOURNAL FOR JULY 2015**

				Payments (Bank)
	31	Total		R
		Interest on bank account (B/S)		8 893
		Bank Charges (R21 + R21 + R6 + R40 + R6 + R90 + R75 + R25)		12
				284
				9 189

(6)

(b)

Dr					Bank account					Cr				
				R									R	
2015					2015									
Jul	1	Balance	b/d	2 202	Jul	31	Total payments						9 189	
	31	Total receipts		7 832			Balance		c/d				845	
				10 034									10 034	
Aug	1	Balance	b/d	845										

(4)

(c)**GREY SERVICES****BANK RECONCILIATION STATEMENT AS AT 31 JULY 2015**

			Debit	Credit
			R	R
		Balance as per bank statement		906
		Credit outstanding deposit		1 152
		Debit cheques not yet presented for payment:		
		No. 813	152	
		No. 827	376	
		No. 829	685	
		Balance as per bank account	845	
			2 058	2 058

(8)

QUESTION 15 (27 marks)(32 minutes)

(a)

KHULONG TRADERS
GENERAL LEDGER

Dr					Cr				
Trading inventory									
				R					R
2014					2015				
Jul	1	Balance	b/d	13 800	Jun	30	Trading account	GJ	13 800
2015							Balance	c/d	15 335
Jun	30	Trading account	GJ	15 335					
				29 135					29 135
Jul	1	Balance	b/d	15 335					

(3)

Dr					Cr				
Profit or loss account									
				R					R
2015					2015				
Jun	30	Credit losses		349	Jun	30	Trading account		102 609
		Depreciation		15 400			Commission income		15 000
		Insurance		2 750			Rental income		3 800
		Packing materials		4 300			Credit losses recovered		2 500
		Wages		51 325					
		Water and electricity		4 400					
		Loss on sale of asset		5 700					
		Capital (Total comprehensive income for the year)		39 685					
				123 909					123 909

(9)

Dr					Cr				
Capital									
				R					R
201					201				
5	3	Drawings		2 695	4	1	Balance	b/d	100 000
Jun	0	Balance	c/d	136 990	Jul	30	Profit or loss account		39 685
				139 685	201				
					5				139 685
					Jun				
					Jul	1	Balance	b/d	136 990

(3)

QUESTION 15 (continued)**(b)****KHULONG TRADERS****STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**

	R
ASSETS	
Non-current assets	309 600
Property, plant and equipment (R200 000 + R122 000 - R54 700 + R65 000 - R22 700)	309 600
Current assets	33 390
Inventories	15 335
Trade and other receivables	9 280
Cash and cash equivalents (R8 025 + R750)	8 775
Total assets	<u>342 990</u>
EQUITY AND LIABILITIES	
Total equity	136 990
Capital	136 990
Non-current liabilities	150 000
Long term borrowings	150 000
Current liabilities	56 000
Trade and other payables (R4 500 + R1 500)	6 000
Current portion of long term borrowings	50 000
Total equity and liabilities	<u>342 990</u>

(12)

QUESTION 16 (27 marks)(32 minutes)

(a)

ORANGE TRADERS**ADJUSTMENTS: GENERAL JOURNAL**

			Debit R	Credit R
1.	Consumable stores on hand Stationery <i>Unused stationery at year end</i>		345	345
2.	Prepaid expenses Insurance <i>Premium paid in advance</i>		200	200
3.	Interest on loan Accrued expenses <i>Interest on loan payable (12% x 6 months x R50 000)</i>		3 000	3 000
4.	Accrued income Rental income <i>Rent for June not yet received</i>		300	300
5.	Depreciation Accumulated depreciation on vehicles Accumulated depreciation on furniture and fittings <i>Vehicles (20% on diminishing balance method)</i> <i>Furniture and fittings (10% on straight line method)</i>		19 560	13 060 6 500

(6)

QUESTION 16 (continued)**(b)****ORANGE TRADERS****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2015**

	R	R
Revenue (R243 645 - R1 338 - R553)		241 754
Less: Cost of sales		(155 890)
Trading inventory: (1 March 2014)	13 550	
Purchases (R154 880 - R155 - R245)	154 480	
Carriage on purchases	660	
Trading inventory: (28 February 2015)	(12 800)	
Gross profit		85 864
Other income		18 600
Rental income (R3 300 + R300)	3 600	
Commission income	15 000	
Distribution, administrative and other expenses		104 464
Stationery (R2 345 - R345)	2 000	(88 479)
Insurance (R2 400 - R200)	2 200	
Credit losses	244	
Depreciation (R13 060 + R6 500)	19 560	
Packing materials	3 300	
Wages	56 775	
Water and electricity	4 400	
Finance costs		(3 000)
Interest on loan ($R50\,000 \times 12\% \times \frac{6}{12}$)	3 000	
Profit for the year		12 985
Other comprehensive income for the year		-
Total comprehensive income for the year		12 985

(21)

QUESTION 17 (20 marks)(26 minutes)**(a)**

Dr					Accumulated depreciation					Cr				
				R									R	
2015 Sep	30	Realisation account (R47 500 + R190 000 + R47 500) Balance	GJ c/d	285 000 143 750		2014 Oct	1	Balance (R12 500 + R25 000 + R47 500 + R25 000 + R190 000)	b/d	300 000				
						Dec	31	Depreciation	GJ	47 500				
						2015 Sept	30	Depreciation	GJ	81 250				
				428 750									428 750	
						Oct	1	Balance	b/d	143 750				

(11)

Dr					Depreciation					Cr				
				R									R	
2014 Dec	31	Accumulated depreciation	GJ	47 500										
2015 Sep	30	Accumulated depreciation (R25 000 + R56 250)	GJ	81 250 128 750										

(3½)

Dr					Realisation account					Cr				
				R									R	
2014 Dec	31	Machinery Profit on sale of asset	GJ GJ	570 000 65 000		2014 Dec	31	Trade payables control (R525 000 - R175 000) Accumulated depreciation	GJ GJ	350 000 285 000				
				635 000									635 000	

(5½)

QUESTION 17 (continued)

CALCULATIONS:

1. PREVIOUS YEARS' DEPRECIATION:

R

Six months ended 30 September 2012

Machine purple: $R250\,000/_{10} \times 6/_{12} =$ 12 500

Financial year ended 30 September 2013

Machine Purple: $R250\,000/_{10} =$ 25 000

Machine Aqua: $R570\,000/_{3} \times 3/_{12} =$ 47 500

Financial year ended 30 September 2014

Machine Purple: $R250\,000/_{10} =$ 25 000

Machine Aqua: $R570\,000/_{3} =$ 190 000

Total opening balance as at 1 October 2014 300 000

2. CURRENT YEAR'S DEPRECIATION:

R

Financial year ended 30 September 2015

31 December 2014 Machine Aqua: $R570\,000/_{3} \times 3/_{12} =$ 47 500

30 September 2015 Machine Purple: $R250\,000/_{10} =$ 25 000

30 September 2015 Machine Green: $R525\,000/_{7} \times 9/_{12} =$ 56 250

81 250

Realisation: Accumulated depreciation

Machine Aqua: $R570\,000/_{3} \times 3/_{12} =$ 47 500

Machine Aqua: $R570\,000/_{3} =$ 190 000

Machine Aqua: $R570\,000/_{3} \times 3/_{12} =$ 47 500

285 000