



UNIVERSITY
OF
JOHANNESBURG

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DEPARTMENT OF ACCOUNTANCY

FINANCIAL REPORTING, ANALYSIS AND MANAGEMENT A - 2014
[FRAM 311]

SUPPLEMENTARY ASSESSMENT OPPORTUNITY: JULY 2014

COURSE: FRAM 311

MARKS: 100
TIME: 180 MINUTES

Name: Student number:

1. This paper consists of 7 pages.
2. Silent, non-programmable calculators are allowed.
3. Scratch out open spaces and empty pages.

QUESTION	TOPIC	MARKS	TIME
1	Bank reconciliation	17	30 minutes
2	Receivables/Payables	22	40 minutes
3	Financial statements	31	56 minutes
4	Assets	22	40 minutes
5	Theory	<u>8</u>	<u>14 minutes</u>
		<u>100</u>	<u>180 minutes</u>

QUESTION PAPER MUST BE HANDED IN

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QUESTION 1

[17 marks]

The following information was obtained from the records of Wolmarans Traders as at 31 March 2014:

1.

**WOLMARANS TRADERS
BANK RECONCILIATION STATEMENT AS AT 28 FEBRUARY 2014**

		R	R
Balance per bank statement			12 200
Outstanding deposit			<u>2 100</u>
			14 300
Outstanding cheques	No. 100	2 200	
	No. 106	740	
	No. 109	<u>540</u>	<u>(3 480)</u>
			<u>10 820</u>

2.

**WOLMARANS TRADERS
CASH BOOK FOR MARCH 2014**

Date	Details	Amount R	Date	Cheque no.	Details	Amount R
3	Sales & VAT	3 700	3	110	Water and electricity & VAT	400
4	H Stone	2 400	4	111	P Steyn	21 100
10	Deposit	3 100	9	112	K Jooste	350
15	Sales & VAT	850	10	113	Purchases & VAT	2 700
30	Deposit	1 670	12	114	Salaries	4 200
				115	Donation	500
			20	116	Purchases & VAT	3 150
				118	J Louw	600
	Pencil total	<u>11 720</u>			Pencil total	<u>33 000</u>

3.

**WOLMARANS TRADERS
BANK STATEMENT FOR MARCH 2014**

			Dr	Cr	Balance	
1	Balance	b/f			12 200	Cr
4	Cheque no. 111		21 100		8 900	Dr
	Deposit			3 700	5 200	
	Deposit			2 100	3 100	
5	Deposit			2 400	700	
	Service fee	60			760	
	Debit order	1 400			2 160	
10	Cheque no. 113	2 070			4 230	
	Cheque no. 110	400			4 630	
	Deposit			3 100	1 530	
	Cheque no. 112	530			2 060	
	Cheque no. 614	2 180			4 240	
	Cheque book	20			4 260	
	Cheque no. 109	540			4 800	
	Service fee	100			4 900	
12	Cheque no. 115	500			5 400	
15	Deposit			850	4 550	
20	Cheque no. 118	600			5 150	
	Deposit			4 050	1 100	

4. Additional information:

1. Cheque no. 100 was drawn on 15 September 2013 to pay wages.
2. Wolmarans Traders signed a debit order for the monthly instalment on the motor vehicle of the financial manager bought from Fast Motors.
3. Cheque no. 614 was not drawn by Wolmarans Traders.
4. According to the cheques paid, cheque no. 112 for R350 was drawn and cheque no. 113 for R2 070 was drawn.
5. A receivable deposited the amount of R4 050 owed by him directly into Wolmarans Traders' current bank account.

REQUIRED:

- a) Complete the cash book of Wolmarans Traders for March 2014 by starting with the pencil totals. (9)
- b) Prepare the bank reconciliation statement of Wolmarans Traders as at 31 March 2014. (8)

Please note: Wolmarans Traders is NOT registered for VAT purposes.

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QUESTION 2

(22 MARKS)

The following information was taken from the financial records of Cee-Gee Ltd for April 2014:

		R
April	1	
	Balance of the receivables account	130 250
	Balance of the payables account	255 000
	Balance of the allowance for bad debts account	7 000
	30	
	Cash purchases	285 000
	Cash sales	570 000
	Cheques received from receivables return by the bank marked as R/D	2 850
	Credit purchases	541 500
	Credit sales	456 000
	Interest charged on receivables accounts	1 140
	Office expenses paid cash	2 280
	Payments made to payables	741 000
	Payments received from receivables	427 500
	Purchase of passenger vehicle for cash	142 500
	Returns (in)	34 200
	Returns (out)	17 100

ADDITIONAL INFORMATION:

1. A receivable, A Matis, with an outstanding amount of R7 600, has been declared insolvent and his estate pays a final dividend of 70 cents to the Rand. The dividend is included in the amount received from receivables above. The balance of his account must be written off as bad debts.
2. A payable, Cash Super Stores granted Cee-Gee Ltd discount of 3% on the payment of their account of R 1 900. The payment is included in the payments made to payables above.
3. Cee-Gee LTD wants to keep the balance of the allowance for bad debts at 1% of credit sales.

REQUIRED:

- a) Prepare the following accounts in the general ledger of Cee-Gee Ltd for April 2014:

- | | |
|--|------|
| <input type="checkbox"/> Receivables control account | (11) |
| <input type="checkbox"/> Payables control account | (6) |

[17]

All accounts must be properly balanced.

- b) Prepare the journal for the adjustment of allowance for bad debts. (5)

Please note: Cee-Gee Ltd is NOT registered for VAT purposes.

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QUESTION 3

(31 MARKS)

The following information taken from the accounting records of La Rochele Traders for the year ended 31 December 2013 are presented to you:

	R	R
Sales		485 000
Purchases	360 000	
Returns (out)		10 000
Returns (in)	5 000	
Packing material	25 000	
Rent income		33 000
Salaries and wages	40 000	
Repairs	1 250	
Telephone	4 250	
Water and electricity	3 000	
Sundry expenses	2 000	
Interest expense	6 000	
Inventories (1 January 2013)	75 000	
Loan		90 000
Investment	60 000	

ADDITIONAL INFORMATION:

1. Interest is calculated at 6% per annum on the loan. On 30 June 2013 a capital repayment of R10 000 was made on the loan. The interest is paid annually on 30 June.
2. Repairs for R 3 150 done on the 29 December 2012 was not yet paid at 31 December 2013.
3. R60 000 was invested at ABC Bank at an interest rate of 5% on 1 March 2013. Interest is receivable annually on 31 December.
4. The rent income amounted to R2 500 per month from 1 January 2013 to 31 December 2013. From January 2012 the rent increased with 20% and the rent for January 2014 had already been received on 28 December 2013.
5. Packing material on hand on 31 December 2013 amounted to R2 500.
6. Inventories as at 31 December 2013 amounted to R80 000.

REQUIRED:

- a) Prepare the journal entries in the general journal of La Rochele Traders for all the adjustments that still need to be recorded. (narrations are not required) (10)
- c) Prepare the statement of profit or loss of La Rochele Traders for the year ended 31 December 2013. (21)

Please note: La Rochele Traders is NOT registered for VAT purposes.

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QUESTION 4

(22 MARKS)

The following information relate to the Property, Plant and Equipment of Sasa Ltd:

Balances on 28 February 2013

Machinery	Cost price	R800 000
	Accumulated depreciation	R 80 000
Motor vehicles	Cost price	R450 000
	Accumulated depreciation	R 50 000
Furniture	Cost price	R 20 000
	Accumulated depreciation	R 3 000

ADDITIONAL INFORMATION:

1. During the year ended 28 February 2014 the following assets were purchased:

30 April 2013	Furniture	R 6 000
1 October 2013	A new BMW	R240 000

2. Depreciation must still be provided as follows:

Machinery	25% straight-line method
Motor vehicle	20% straight-line method
Furniture	15% diminishing balancing method

REQUIRED:

- a) Calculate the depreciation expense of Sasa Ltd for the year ended 28 February 2014. (Show all calculations) (5)
- b) Prepare the journal entries for the depreciation of Sasa Ltd for the year ended 28 February 2014 (4)
- c) Disclose property, plant and equipment (PPE) in the statement of financial position of Sasa Ltd as at 28 February 2014 (13).

Please note: Sasa Ltd is NOT registered for VAT purposes.

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QUESTION 5

(8 MARKS)

The bank account can have a debit balance or a credit balance. Depending on the balance the bank account can be an asset or a liability to the entity.

REQUIRED:

Define the following elements:

- ☐ asset (4)
- ☐ liability. (4)

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