



UNIVERSITY OF JOHANNESBURG
DEPARTMENT OF ACCOUNTANCY

ACCOUNTING A – 2014
[REK0A01/ ACC0AA1]

FINAL ASSESSMENT OPPORTUNITY: 7 JUNE 2014

COURSE: ACOOUNTING A (REK0A01/ ACC0AA1)

MARKS: 100
TIME: 180 MINUTES

ASSESSORS: MR DP BASSON
MS S OSMAN

MODERATOR: MS Z PATEL

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| <ol style="list-style-type: none">1. This paper consists of 5 pages.2. Silent, non-programmable calculators are allowed.3. Scratch out open spaces and empty pages and rough work.4. Do each question in a separate colour book |
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QUESTION	TOPIC		MARKS	TIME
1	Theory / VAT	(Blue book)	29	52 minutes
2	Receivables and Payables	(Green book)	26	47 minutes
3	Bank reconciliation	(Orange book)	16	29 minutes
4	Financial statements and notes	(Purple book)	<u>29</u>	<u>52 minutes</u>
			<u>100</u>	<u>180 minutes</u>

COURSE: ACCOUNTING A

QUESTION 1 (Blue book)

(29 MARKS)

(This question consists of 2 independent parts)

PART A

(11 MARKS)

The Conceptual Framework provides valuable information for the accountant with regards to the definition of various elements of financial statements.

REQUIRED:

Define the following elements according to Conceptual Framework;

- Assets
- Liabilities
- Equity

(11)

PART B

(18 MARKS)

Mr Kriek, owner of Kriek Distributors, concluded the following transactions during March 2014:

1. Purchase merchandise on credit from D Dlamini for R3 990.
2. Borrowed R5 130 from ABBA Bank.
3. Sell merchandise on credit to P Pieters for R6 500 and grant R287 trade discount.
4. Bad debts of R513 is written off from a receivable, J Roos
5. The owner took merchandise to the value of R1 140 (Cost price of the merchandise taken, R 798).
6. Pay the telephone account, R3 762.

REQUIRED:

Journalise the above transactions in the financial records of Kriek Distributors for the month of March 2014. (18)

- Please note:**
1. Kriek Distributors and all the people with whom he concluded transactions are registered for VAT at a rate of 14%.
 2. Kriek Distributors uses the periodic inventory system.
 3. You are not required to give descriptions of the journals.

COURSE: ACCOUNTING A

QUESTION 2 (Green book)

(26 MARKS)

The following information was obtained from the records of Sams Traders.

Balances on 1 May 2013:

	Dr R	Cr R
Receivables ledger	20 000	1 200
Payables ledger	600	7 250
Allowance for bad debts		1 500

Transactions for the month ended 31 May 2013:

	R
Total sales	107 000
Total purchases	86 000
Returns (in)	11 000
Cheques received from receivables returned by bank marked "Refer to drawer"	2 500
Receivables on the debit side of cashbook	74 150
Interest charged to receivables	3 890
Returns (out)	3 500
Payables on credit side of cashbook	52 450

ADDITIONAL INFORMATION:

The following must be taken into consideration:

1. Credit sales amounts to 73% of total sales
2. R30 000 of the purchases was cash transactions.
3. One of the receivables account of R2 000 must be written off.
4. Allowance for bad debts must be adjusted to R1 300.
5. Transfer a credit balance of R800 in the receivables ledger to the payables ledger.
6. Balances on 31 May 2013:

	R
Total of debit balances on receivables list	?
Payables with debit balances	750
Receivables with credit balances	1 050
Total of credit balances on payables list	?

7. Sams Traders is **not** registered for VAT purposes.

REQUIRED:

- a) Prepare the following ledger accounts:

- | | |
|--|------|
| <input type="checkbox"/> Receivables control | (11) |
| <input type="checkbox"/> Payables control | (8) |

Insure the accounts are complete and balanced correctly

- b) Present receivables and payables in the statement of financial position of Sams Traders as at 31 May 2013.

(7)

COURSE: ACCOUNTING A

QUESTION 3 (Orange book)

(16 MARKS)

The following information was obtained from the financial records of Media Traders.

Favourable bank balance according to the bank account in the general ledger on 1 May 2014, R3 200.

The totals of the cash receipts and cash payments for the month of May 2014 were as follows:

Cash Receipts	R20 600
Cash Payments	R18 400

Outstanding transactions on 31 May 2014:

1. Receive R500 cash from Advert in settlement of a debt, previously written off as irrecoverable.
2. Pay R2 850 VDS Finance as an instalment on a motor vehicle bought on credit.
3. Cash sales of merchandise, R1 100.

ADDITIONAL INFORMATION:

A comparison of the cash receipts and the cash payments journal with the bank statement on 31 May 2014 revealed the following differences:

1. Overdraft bank balance according to bank statement on 31 May 2014, R2 550.
2. The following amounts were on the bank statement.
 - ☐ A cheque for R850 deposited on 8 April 2014 by A Coetzer as payment of his account was dishonoured, marked "RD".
 - ☐ Debit order for insurance premium, beneficiary Outthere Insurers, R650.
 - ☐ Bank charges, R88.
 - ☐ Cheque no. 7542, drawer Media Magic, R5 202.
3. The deposit of R1 600 on 31 May does not appear in the bank statement.
4. A deposit of R990 appeared on the bank statement. This deposit was for the owner's private bank account.
5. A list of outstanding cheques was compiled on 31 May.

Cheque no. 462	R1 000
Cheque no. 470	R 200

REQUIRED:

- (a) Prepare the bank account with the outstanding transactions of 31 May 2014 and the additional entries in the ledger. (9)
- (b) Prepare the bank reconciliation statement as at 31 May 2014. (7)

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

COURSE: ACCOUNTING A

QUESTION 4 (Purple book)

(29 MARKS)

On 30 April 2014 the following list of balances was prepared for Olympia Retailers:

Olympia Retailers	
List of balances as at 30 April 2014	
	R
Capital	168 800
Drawings	15 000
Land and Buildings	200 000
Machinery	30 000
Accumulated depreciation on machinery (1 May 2013)	10 000
Vehicles	80 000
Accumulated depreciation on vehicles (1 May 2013)	40 000
Inventory (1 May 2013)	16 000
Receivables control	21 000
Allowance for bad debts	2 000
Bank (favourable)	10 000
Mortgage Bond (10%)	100 000
Payables control	12 000
Sales	480 000
Purchases	300 000
Returns (in)	5 000
Returns (out)	3 000
Bad debts	1 400
Salaries	120 000
Rent income	13 000
Advertising	11 000
Water and Electricity	7 200
Insurance	9 600
Stationery	2 600

ADDITIONAL INFORMATION:

- On 30 April 2014 inventories and stationery on hand amount to R15 000 and R600 respectively.
- Insurance of R800 was prepaid while water and electricity for R300 was payable on 30 April 2014.
- Rent for May 2014 was received on 30 April 2014 and is included in the R13 000. Rent received amounts to R1 000 per month.
- Allowance for bad debts must be increased with R500.
- Provision for depreciation must be provided as follows:
 - Machinery at 5% per annum on straight-line method
 - Vehicles at 20% per annum on the carrying amount
- The 10% mortgage bond was incurred on 1 November 2013. The mortgage bond is registered over land and buildings. The loan is repayable in equal annual instalments from 30 June 2014. Interest must still be accounted for.

REQUIRED:

- Prepare the statement of profit or loss of Olympia Traders for the reporting period ended 30 April 2014 to comply with the requirements of International Financial Reporting Standards (IFRS). (15)
- Prepare ONLY the following notes to the financial statements:
 - Property, Plant and Equipment
 - Long Term Borrowings

(14)