



UNIVERSITY
OF
JOHANNESBURG

Department of Commercial Accounting

Financial Accounting 1B
FAC11B1

FINAL ASSESSMENT OPPORTUNITY

NOVEMBER 2014

Time: 3 hours

Marks: 100

Assessors: Mrs M. Carter, Mr H Coovadia, Mr V.Shandu, Mrs T. Rafube.

Moderator: Mr M Karodia

INSTRUCTIONS:

- This paper consists of **8** pages (including the cover page).
- Answer all questions. Show all calculations and workings clearly.
- Start each question on a new page.
- Silent, non-programmable calculators may be used.
- Where applicable, round all calculations to two decimal places, unless stipulated otherwise.
- The use of a pencil in answering the question paper will lead to the answer booklet being void.

Question	Topic	Marks	Time
1	Introduction to partnership	25	45 minutes
2	Business transactions	25	45 minutes
3	Admission/ Retirement of a partner	25	45 minutes
4	Partnership Financial Statements	25	45 minutes
		100	180 minutes

QUESTION 1**(25 MARKS)**

The following information relates to the partnership Applepie Traders with partners A. Apple and B. Pie. The business is offering a catering service and is registered for VAT.

Applepie Traders		
Extract of Trial Balance as at 31 December 2013		
	Debit	Credit
Capital: A Apple		100 000
Capital: B Pie		150 000
Current Account: A Apple	7 000	
Current Account: B Pie		9 000
Drawings: A Apple	58 140	
Drawings: B Pie	70 860	
Long term loan: A Apple		30 000
Services rendered		284 210
Interest on loan: A Apple	900	
Advertising	7 000	
Water and electricity	14 400	
Interest on overdraft	10 000	
Depreciation	15 192	
Bad debts	908	

Abstract from terms of the partnership agreement:

1. A. Apple and B. Pie are entitled to a monthly salary of R5 000 and R6 667 respectively. Both salaries form part of the distribution of profits.
2. A. Apple increased his capital contribution by R30 000 on the 31 August 2013. This amount has been taken into account when preparing the above trial balance.

Interest on capital will be calculated at a rate of 10% per annum on the closing balances of the capital accounts.
3. Interest on current accounts will be **charged or earned** at a rate of 8% per annum on the opening balances of the current accounts.
4. Interest is calculated at 5% per annum on the partners' drawings accounts as per partnership agreement.
5. The partners will share the profits and losses between A. Apple and B. Pie in the following ratio: 3: 5

REQUIRED:

1.1	Prepare the closing entries in the Profit and loss account of Applepie Traders for the year ended 31 December 2013.	(8)
1.2	Prepare the appropriation account in the general ledger of Applepie Traders.	(13)
1.3	Show the journal entry to close off the drawings account of partners in the general journal of Applepie Traders. (Ignore narration)	(4)
	ROUND TO THE NEAREST R1!!!	

QUESTION 2**(25 MARKS)**

Becker & partners started a partnership on the 1 January 2013. They specialise in cleaning material. The accountant has fallen ill and you were requested to assist with the following transactions.

The partners have provided you with the following information:

- a) Backer & partners is a registered VAT vendor
 - b) All sales are marked up at 20% on cost
 - c) The partners are charged 5% interest on capital
 - d) The partners Joe, Amy and Ebrahim share in profit/losses 3:2:1 respectively
-
1. Becker and partners sold 500 units of floor wiz mops to ABC (Pty) Ltd on credit. They had purchased the floor wiz mops at R20 (excluding VAT) per unit.
 2. Partner Ebrahim withdrew R 100 for his personal use.
 3. Process the following transactions. (NB: The transactions are processed in the Payments section)

Process Cash Books

Cash Book 01 - 8400/000 Last Bank Batch Type Normal batch entry Balance 172 008.33

Payments Receipts

	Per	Date	GCS	Account	R	Reference	Description	Tax	Bank Exclusive	Bank Inclusive	Disc. Tax
1	10-0	31/10/14	G	3900/000	N	00000011	Interest Paid	00 - Tax type 0	2 000.00	2 000.00	00
2	10-0	31/10/14	G	4300/000	N	00000012	Rent Paid	01 - Vat - Standard rate	3 070.18	3 500.00	00

4. Backer and partners received notification that Sunvest is insolvent. Sunvest notified Backer and Partners that tax invoice 2569 will be paid at the end of the next month. The partners have decided to write off the remainder of the balance as bad debts.

Educational No: Sage Pastel

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Prepared by: Educational Pack

Customer Detailed Ledger 01/03/13 to 31/12/13

Date	Entry Type	Reference	Contra Acc. (If Avail)	Description	Debit	Credit	Cumulative
SUN001 : Sunvest							
Opening Balance as at 01/03/13					0.00		
19/03/13	Sales	IN100002		Tax Invoice - 2569	6 000.00		6 000.00
25/03/13	Sales	IN100003		Tax Invoice - 2571	55 200.00		61 200.00
Closing Balance as at 31/12/13					<u>61 200.00</u>		
TOTAL CLOSING BALANCE AS AT 31/12/13					61 200.00		

----- End of Report -----

5. Process the following transaction

Process Supplier

Document Type

Return & Debit

Number

PC100001

Supplier

MB0001

Mega Brooms CC

Link / Create

☒ Inclusive
 ☐ Supplier User Defined Fields
 ☐ Additional Costs
 ☐ On Hold

Physical Address

58 1st Avenue
 Marydale
 1578

Ship / Deliver

Terms 30 days
 Freight Method
 Ship / Deliver Deliver
 Current Balance -600 000.00
 Credit Limit 2 000.00

Postal Address

Period	Date	Original Invoice	Discount %	Exch. Rate	Terms	Payment Due
10	01/12/13	SDG	0.00	1.000000	00	01/12/13

Type	Code	Description	Project	Unit	Quantity	Serial Numbers	Tax	Inc Price	Disc%	Nett
4 Item Code	BUC001	Bucket		Each	10 000.00		01 -	12.00		120 000.00

Discount	
Exclusive	105 263.16
Tax	14 736.84
TOTAL	120 000.00

Batch...

Delete / Insert...

Edit Document

Next Document

Print Document

Additional Fields

Close

REQUIRED:

Use the table below to show the effect of the transactions above on the accounting equation. **You must redraw this table in your answer sheet.** (Round off your answers to **Two** decimal Points)

[illegible]

QUESTION 3**(25 MARKS)**

V. Pata and X. Nisa are in a partnership called Patanisa Publishers which specialises in publishing and selling kids books. They share profits and losses in the ratio 2:3.

The following trial balance appeared in their books on the 31 December 2013.

Trial Balance

Patanisa Publishers

For: December 2013

Trial Balance

Page
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<u>Account</u>	<u>Account Type</u>	<u>Debits</u>	<u>Credits</u>
Balance Sheet			
5300 (Capital:Pata)	Capital		90 000
5301 (Capital:Nisa)	Capital		120 000
5400 (Current: Pata)	Capital		8 400
5400 (Current: Nisa)	Capital	21 400	
6100 (Land & Buildings)	Non-Current Asset	150 000	
6300 (Motor Vehicles)	Non-Current Asset	54 000	
6400 (Long term loan)	Non-Current Liability		20 000
7100>010 (Trade Receivables)	Accounts Receivable	18 000	
9100 (Trade Payables)	Accounts Payable		5 000
Totals		243 400	243 400

Additional Information

- On the 31 December 2013 B. Bazo joins the partnership and purchases 1/5 share of the business depositing R50 000 in the partnership's business account.
- Land and buildings are to be revalued to R105 000.
- The goodwill will not be reflected in the books of the partnership.
- The old partners wish to keep their old profit sharing ratios.
- The new partnership is to be renamed Bazopatanisa Publishers.

REQUIRED:

1	Calculate the Net Asset Value at 31 December 2013.	(3 marks)
2	Calculate the value of the Goodwill	(2.5 marks)
3	Calculate the new profit sharing ratios.	(3.5 marks)
4	Record the capital deposited by B. Bazo, Revaluation of assets and Goodwill in the General journal of Bazopatanisa Publishers. (Narrations are required)	(16 marks)

QUESTION 4**(25 MARKS)****SECTION A**

Below are two adjustments that were recorded in the general journal in pastel partner in the books of XYZ Traders.

Process Journals							
Entry Type		05 - General Journal			Batch Type		Normal batch entry
	Per	Date	Account	Reference	Description	Debit	Credit
1	12	28/02/14	3150/000	INV001	Provision for doubtful debt created	450.00	
2	12	28/02/14	8050/000	INV001	Provision for doubtful debt created		450.00
3	12	28/02/14	4301/000	INV002	Rent income received in advance	2 500.00	
4	12	28/02/14	9200/020	INV002	Rent income received in advance		2 500.00

REQUIRED:

4.1	Record the adjustments above in the general ledger of XYZ Traders for the period ending February 2014. (You do not have to balance and close off the accounts)	(4 marks)
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SECTION B

Gugu and Lulu are in a partnership called GuLu. They share profits and losses in a 2:1 ratio. Below is the trial balance for the period ended February 2014.

For: February 2014		
Trial Balance		
	<u>DR</u>	<u>CR</u>
5300 (Capital: Gugu)		55 000.00
5301 (Capital: Lulu)		35 000.00
5320 (Current account: Gugu)	3 250.00	
5321 (Current account: Lulu)		4 500.00
6300>010 (Motor vehicle>acc depr)		34 450.00
6300>020 (Motor vehicle>cost)	198 500.00	
7100>010 (Trade Receivables)	38 600.00	
7100>020 (Allowance for doubtful debts)		900.00
8420 Bank	381 100.00	
9100 (Payables Control)		14 791.50
9601 (Vat / Tax Control Account)		40 808.50
9200 (Loan payable)		206 000.00
5400 (Net profit before adjustments)		230 000.00
	<u>621 450.00</u>	<u>621 450.00</u>

Additional information:

1. Depreciation of 25% per annum on the diminishing balance method must still be provided on vehicles for the current financial period.
2. Office rent expense of R3 000 (excluding VAT) is still outstanding.

REQUIRED:

4.2	Record the above adjustments in the General Journal of GuLu for the period ending February 2014. (Narrations are not necessary)	(5.5 marks)
4.3	Assume that the remaining profit in the appropriation account is R185 987.50. Calculate the share of the remaining profit for Gugu and Lulu respectively.	(2 marks)
4.4	Prepare the statement of financial position (balance sheet) of GuLu for the period ending February 2014.	(13.5 marks)