
$\frac{\text { UNIVERSITY }}{\text { JOHANNESBURG }}$
Department of Commercial Accounting
Financial Accounting 1B
FAC11B1

## FINAL ASSESSMENT OPPORTUNITY

NOVEMBER 2016

## Time: 3 hours

Marks: 100

Assessors: Mr H. Coovadia, Ms. M. Carter, Mr. M Mamadi, Ms L. Nzama
Moderator: Mr N Ebrahim

## INSTRUCTIONS:

- This paper consists of 10 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 Partnerships | 25 | 45 minutes |  |
| 2 | Business Transactions | 25 | 45 minutes |  |
| 3 | Retirement/ Admission of a partner | 25 | 45 minutes |  |
| 4 | Financial Statements | $\frac{25}{100}$ | 180 minutes |  |
|  |  |  |  |  |

## QUESTION 1

Karabo and Archie have been operating as partners selling books for the past two years.
Below is the trial balance of the partnership for the year ended 30 September 2016.

| Account |  | DR | CR |
| :--- | :--- | :--- | :--- |
| $5300 / 000$ | Capital: Karabo |  | 70000 |
| $5301 / 000$ | Capital: Archie |  | 50000 |
| $5320 / 000$ | Current account: Karabo | 22000 |  |
| $5321 / 000$ | Current account: Archie | 6000 |  |
| $5600 / 000$ | Drawings: Karabo | 155800 |  |
| $7700 / 000$ | Inventory | 29019 |  |
| $1000 / 000$ | Sales | 1581 |  |
| $2000 / 000$ | Cost of Sales | 3768 |  |
| $3050 / 000$ | Advertising \& Promotions | 2000 |  |
| $3650 / 000$ | Electricity \& Water | 23456 |  |
| $4200 / 000$ | Printing \& Stationery | 1376 |  |
| $4400 / 000$ | Salaries \& Wages | $\mathbf{2 4 5 0 0 0}$ | $\mathbf{2 4 5 0 0 0}$ |
| $4600 / 000$ | Telephone \& Fax |  |  |
|  |  |  |  |

The partnership agreement contains the following terms and conditions:

1. Partners will earn interest on capital at $8 \%$ per annum.
2. Partners will be charged interest on drawings at $15 \%$ per annum. Interest rate on drawings increase every 6 months, on 1 March 2016 an increase of $0.5 \%$ was charged.
3. Karabo and Archie earn salaries of R35 000 and R25 000 every 6 months respectively and their salaries are earned through allocation of profit.
4. Karabo and Archie will share profit and losses in 3:2 ratio.
5. Net Profit was R28 800 as at 30 September 2016.

## REQUIRED:

| $\mathbf{1 . 1}$ | Record transactions with partners in the general journal for the year ended 30 <br> September 2016. (Narrations are required) | $\mathbf{1 0}$ Marks |
| :--- | :--- | :--- |
| $\mathbf{1 . 2}$ | Prepare the appropriation account general ledger for the year ended 30 <br> September 2016 | $\mathbf{9}$ Marks |
| $\mathbf{1 . 3}$ | Prepare the current account general ledger for Karabo for the year ended 30 <br> September 2016. | $\mathbf{6}$ Marks |

## QUESTION 2

Bio Partners is located in Johannesburg CBD. Bio Partners is a medical center that provides a range of medical services to patients and is a registered VAT vendor. Bio Partners also operates a pharmacy on its premises that dispenses medication to patients. The following transactions took place for the year ended 31 December 2015.

1) Bio Partners received the following document relating to the pharmacy:

|  | Sage Technology Park 102 Western Services Road Gallo Manor Ext 6 2191 |
| :---: | :---: |
| Educational No: Sage Pastel <br> PO Box 781893 <br> Sandton <br> 2146 <br> South Africa |  |


| Supplier Invoice |  |
| :--- | :---: |
| Date | $16 / 12 / 15$ |
| Page | 1 |
| Document No | PNA10001 |


| $\begin{aligned} & \text { Medpharm(Pty)Ltd } \\ & \text { PO BOX } 327 \\ & \text { Wits } \\ & 2026 \end{aligned}$ |  | Deliver to |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Your Reference | Tax Exempt Tax Reference Sales Code |  |  |  |  |  |
| 1234 | N |  |  |  | Exclusive |  |
| Code Description | Quantity | y Unit | Unit Price | Disc\% | Tax | Nett Price |
| GLOVES Gloves | $\begin{array}{r} 500.0 \\ 20.00 \\ 7000 \\ 000 \\ 1000 \\ 0.00 \end{array}$ |  | 20.00 |  | 14.00\% | 10000.00 |
| HEARTMONITOR HEARTMONITOR <br> NEEDLES Needles |  |  | $\begin{array}{r} 30000.00 \\ 0.30 \end{array}$ |  | $\begin{aligned} & 14.00 \% \\ & 14.00 \% \end{aligned}$ | $\begin{array}{r} 600000.00 \\ 2100.00 \end{array}$ |
| SYRINGE Syringe |  |  | 2.00 |  | 14.00\% | 20000.00 |


|  |  |
| :--- | :--- |
| Received in good order |  |
| Signed $\quad$ Date |  |


| Sub Total | 632100.00 |
| :--- | :---: |
| Discount @ $0.00 \%$ | 0.00 |
| Amount Excl Tax |  |
| Tax |  |
| Total |  |

© Sage South Africa (Pty) Ltd 2013
2) Bio partnership performed 42 surgical procedures for the month of December. All surgical procedures have a mark-up of $30 \%$ on cost $\&$ all procedures were on credit. A summary of the surgical procedures performed are as follows:

| Procedure | Total Cost Price for "Bio <br> Partners" per procedure <br> (incl VAT) |
| :--- | :--- |
| Heart surgery | R 320000 |
| Brain surgery | R 689000 |
| General surgery | R 416000 |

3) Due to medical malpractice (negligence), Bio Partners were fined R 500000 . The case was heard in the Johannesburg high court and the verdict by the judge stipulated that Bio Partners must pay $60 \%$ of the value they were originally fined. The lawyer's fees totaled R 300 000(incl VAT). Both payments were made on $23{ }^{\text {rd }}$ December 2016 but not recorded.
4) Mr. Z a patient of Bio Partners, queried an amount outstanding after receiving a statement on 30 November 2015. Further investigation revealed that the accountant did not record the payment made by Mr. Z. He settled $30 \%$ of the outstanding amount. The following is a breakdown of the age analysis on 30 November 2015.

Prepared by: Educational Pack
Customer Age Analysis for Monthly Customers as at 30/11/15

| Name | 120+ Days | 90 Days | 60 Days | 30 Days | Current | Total Due |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| MRA | 0.00 | 0.00 | 0.00 | 0.00 | 57000.00 | 57000.00 |
| Address |  | $\begin{array}{r} \text { Telephone: } \\ \text { Fax: } \\ \text { Contact: } \\ \text { Category: } 0 \\ \text { Payment Terms: } 0 \\ \text { Mobile Phone: } \end{array}$ |  | Curren Cre Sal Last Email | Code: 0 <br> Limit: 0.00 <br> List Price Code: <br> Paid: 0.00 ress: |  |
| MRC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Address |  | Telephone: Fax: Contact Category: 0 Payment Terms: 0 Mobile Phone: |  | Curren $\begin{array}{r} \text { Cre } \\ \mathrm{P} \\ \text { Sale } \\ \text { Last } A \\ \text { Email } \end{array}$ | Code: 0 <br> Limit: 0.00 <br> List Price Code: <br> Paid: 0.00 ress: |  |
| MRZ | 0.00 | 0.00 | 0.00 | 0.00 | 159600.00 | 159600.00 |
| Address |  | $\begin{array}{r} \text { Telephone: } \\ \text { Fax: } \\ \text { Contact: } \\ \text { Category: } 0 \\ \text { Payment Terms: } 0 \\ \text { Mobile Phone: } \end{array}$ |  | Curren $\begin{gathered} \mathrm{Cr} \\ \mathrm{P} \end{gathered}$ Sal Last A <br> Email | Code: 0 <br> Limit: 0.00 <br> List Price <br> Code: <br> Paid: 0.00 <br> ress: |  |
| MSB | 0.00 | 0.00 | 0.00 | 0.00 | 34200.00 | 34200.00 |
| Address |  | $\begin{array}{r} \text { Telephone: } \\ \text { Fax: } \\ \text { Contact } \\ \text { Category: } 0 \\ \text { Payment Terms: } 0 \\ \text { Mobile Phone: } \end{array}$ |  | Curren Cre Sal Last Email | Code: 0 <br> Limit: 0.00 <br> List: Price <br> Code: <br> Paid: 0.00 ress: |  |
| Totals: PERCENTAGE : | $\begin{array}{r} 0.00 \\ 0.00 \% \\ \hline \end{array}$ | $\begin{array}{r} 0.00 \\ 0.00 \% \\ \hline \end{array}$ | $\begin{array}{r} 0.00 \\ 0.00 \% \\ \hline \end{array}$ | $\begin{array}{r} 0.00 \\ 0.00 \% \\ \hline \end{array}$ | $\begin{array}{r} 250800.00 \\ 100.00 \% \\ \hline \end{array}$ | $\begin{array}{r} 250800.00 \\ 100.00 \% \\ \hline \end{array}$ |
| GRAND TOTALS : |  |  |  |  |  | 250800.00 |

5) Expenses for the month not recorded including VAT:

| Rates and Taxes | R 7 000 |
| :--- | :--- |
| Fuel | R 5 000 |
| Telephone | R 4 000 |

6) The following transaction must be recorded. Bio Partners paid the supplier.

7) Bio Partners purchased a new high tech heart transplant machine worth R 1600000 (incl VAT) on 31 December 2015. Bio Partners paid in cash and received a $5 \%$ trade discount.

## REQUIRED:

2.1 Prepare the General Journal entries for all the transactions (Show all

25
MARKS workings, round off to the nearest rand, journal narrations are NOT required)

Example: DR Water and Lights (PL) 500
CR Bank (SFP) 500

## QUESTION 3

## Part A

Raymond and Pleasure were in a partnership, sharing the profits and losses of the partnership in the ratio of $3: 2$ respectively. They formed a new partnership by admitting Bapela as a partner. Bapela obtained a $1 / 6$ share in the profits/losses of the new partnership. Raymond and Pleasure wish to retain their existing profit sharing ratio.

## REQUIRED.

| 1 | Calculate profit-sharing ratio of the partners in the new partnership. <br> Show Calculations. | 4.5 MARKS |
| :--- | :--- | :--- |

## Part B

Jan and Gift are in partnership, trading as Jan-G Traders. They share the profits/losses in the ratio of $3: 1$ respectively. For the purpose of admitting Nno and Kobe to the partnership on 1 May 2015, a goodwill of R75 000 was estimated.

The land and buildings with a carrying amount of R3 500000 were valued at a fair value of R4 000000 , and the furniture and equipment, with a carrying amount of R860 000, were valued at R860 000.

Jan, Gift, Nno and Kobe will share in the profits/losses of the new partnership, which will trade as Kobe Traders, in the ratio of 4:3:2:1 respectively.

## REQUIRED.

| $\mathbf{1}$ | Record goodwill in the general journal of Kobe Traders. Journal <br> narration not required. | $\mathbf{5}$ MARKS |
| :--- | :--- | :--- |
| $\mathbf{2}$ | Record fair value adjustments in the general journal of Jan-G Traders. <br> Journal narration not required. | 4.5 MARKS |

## Part C

Gilbert, Albert and Thakadu are in a partnership trading as Thakadu Services. They share in the profits and losses of the partnership in the ratio of 3:2:1 respectively.

On 30 June 2015 the following trial balance was prepared:

## Thakadu Services

Trial balance as at 30 June 2016

|  | Debit <br> R | Credit <br> R |
| :--- | :--- | :--- |
| Capital: Gilbert |  | 140000 |
| Capital: Albert |  | 100000 |
| Capital: Thakadu |  |  |
| Long term loan | 130000 |  |
| Trade payables | 212000 | 125000 |
| Trade receivables | 258000 |  |
| Land and buildings at carrying amount. | 18000 |  |
| Equipment at carrying amount |  |  |
| Bank | 24000 |  |
|  | 512000 | 512000 |

## Additional Information.

On 1 July 2016 Albert will retire from partnership.
Land and buildings were valued at R250 000.
Goodwill is estimated at R5 800 and it is recognised as an assets.
All other assets were fairly valued.
The balance on the capital account of Albert will be paid to him in cash on date of his retirement.

REQUIRED.

| $\mathbf{1}$ | Record the capital account of Albert in general ledger of Thakadu <br> services. | $\mathbf{5}$ MARKS |
| :--- | :--- | :--- |
| $\mathbf{2}$ | Record goodwill in general ledger of Thakadu services. | $\mathbf{4}$ MARKS |
| $\mathbf{3}$ | Record payment to Albert in the general journal of Thakadu services. <br> Journal narration not required. | $\mathbf{2}$ MARKS |

## QUESTION 4

25 MARKS
Buccaneer and Amakosi are in a partnership called Buckosi partnership. They share profits and losses in a 1:1 ratio. Below is the pre-adjustment trial balance for the period ended February 2016.

| Account |  | DR | CR |
| :---: | :---: | :---: | :---: |
| 5300/000 | Capital:Buccaneer |  | 40000 |
| 5301/000 | Capital: Amakosi |  | 20000 |
| 5320/000 | Current account: Buccaneer |  | 23000 |
| 5321/000 | Current account: Amakosi | 2000 |  |
| 5600/000 | Drawings: Buccaneer | 7000 |  |
| 5601/000 | Drawings: Amakosi | 3000 |  |
| 6250/000 | Land and buildings | 7500 |  |
| 6251/010 | Vehicles>cost | 150000 |  |
| 6251/020 | Vehicles>accumulated depreciation |  | 100000 |
| 7700/000 | Inventory | 21854 |  |
| 8000/010 | Receivables Control Account | 5750 |  |
| 8000/020 | Allowance for bad debt |  | 400 |
| 8400/000 | Bank | 90417 |  |
| 9000/000 | Payables Control Account |  | 50132 |
| 9500/000 | Vat / Tax Control Account | 2206 |  |
|  | Nett Profit |  | ? |
|  |  | 141727 | 141727 |
|  | Nett Profit | ? |  |
| 1000/000 | Sales |  | 104342 |
| 2000/000 | Cost of Sales | 47543 |  |
| 1100/000 | Rent received |  | 26000 |
| 3050/000 | Advertising \& Promotions | 3471 |  |
| 3650/000 | Electricity \& Water | 3038 |  |
| 4200/000 | Printing \& Stationery | 1580 |  |
| 4400/000 | Salaries \& Wages | 19877 |  |
| 4600/000 | Telephone \& Fax | 2638 |  |
|  |  | 54342 | 54342 |

## Adjustments:

1. Depreciation of $25 \%$ per annum on the diminishing balance method must still be provided on vehicles for the current financial period.
2. Rent income amounts to R2 000p/m (excluding VAT).
3. A receivable, B. Bafa is insolvent and his debt of R1 064 must be written off.
4. Allowance for bad debt must be adjusted to R500.
5. The telephone account of R456 (including VAT) is still outstanding.

## REQUIRED:

4.1 Prepare the statement of profit or loss (income statement) after
(10 MARKS) adjustments for Buckosi partnership for the period ending February 2016.

Show calculations where necessary.
4.2 Prepare the statement of financial position (balance sheet) of Buckosi
(15 MARKS) partnership for the period ending February 2016.

Assume the remaining profit in the appropriation account to share between partners is R40 262.

Show calculations where necessary.

Round all amounts to the nearest rand

