



FACULTY/COLLEGE	College of Business and Economics
SCHOOL	School of Accounting
DEPARTMENT	Accountancy
CAMPUS(ES)	APK, DFC
MODULE NAME	Accounting A
MODULE CODE	ACC0AA1/REK0A01
SEMESTER	First
ASSESSMENT OPPORTUNITY, MONTH AND YEAR	Final Summative Assessment Opportunity June 2019

ASSESSMENT DATE	3 June 2019	SESSION	08:30 – 10:30
ASSESSOR(S)	Mr DP Basson Mrs L Meyer		
MODERATOR(S)	Mrs M Ncalo		
DURATION	2 hours (120 min)	TOTAL MARKS	85

NUMBER OF PAGES OF QUESTION PAPER (Including cover page)	7
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INFORMATION/INSTRUCTIONS:

- This is a closed-book assessment.
- There are 4 questions. **Answer all the questions**
- Read the questions carefully and answer only what is required.
- Number your answers clearly and correctly as per the question paper. Start every new question at the top of a page
- Write neatly and legibly on both sides of the paper in the answer book, starting on the first page. Cross out open spaces and empty pages.
- Write in blue or black ink – **No pencil or tippex may be used**
- A non-programmable, silent calculator may be used

QUESTION	TOPIC		MARKS	TIME
1.	Bank reconciliation	Blue book	19	27 minutes
2.	Receivables & Payables	Green book	20	28 minutes
3.	Inventories & Financial Statements/notes	Red Book	24	34 minutes
4.	Value Added Tax	Yellow book	22	31 minutes
			<u>85</u>	<u>120 minutes</u>

QUESTION 1 (Blue Book)**(19 MARKS)**

Miller and Axe are friends who operate their business as Max Suppliers.

The following information was obtained from the assistant accountant of Max Suppliers:

MAX SUPPLIERS
EXTRACT OF BANK RECONCILIATION STATEMENT AS AT 31 MARCH 2019

		Debit R	Credit R
Outstanding payments:	411	4 250	
	479	7 780	
	481	3 560	
	487	2 410	
Outstanding deposit			14 450

After comparing the bank statement for April 2019 with the bank account for April 2019, the following items on the bank statement had not been marked off:

TYE BANK BANK STATEMENT OF MAX SUPPLIERS				
Date	Number/Details	Payments, etc	Deposits	Balance
03-04-2019	Dep 185		14 450	
12-04-2019	Unpaid (R/D)	9 010		
15-04-2019	Payment 487	2 140		
21-04-2019	Bank service fee	292		
25-04-2019	Debit order 1	2 980		
27-04-2019	Interest		271	
28-04-2019	Payment 5000	555		
28-04-2019	Debit order 2	975		
29-04-2019	D Lambert		9 920	
30-04-2019				(Cr) 32 865

ADDITIONAL INFORMATION:

- Payment 411 on the bank reconciliation as at 31 March 2019 was issued to Plumb-link for plumbing repairs. This payment was made on 31 October 2018.
- The unpaid item on 12 April 2019 was received from receivable Mr B. Rourke, as final settlement of his debt of R9 485.
- The debit order 1 was in favour of His Way, for insurance and debit order 2 was in favour of Telkom for the telephone account.
- The deposit on 29 April 2019 was made by a receivable, D Lambert.
- Entries in the bank account of April 2019 which did not appear on the bank statement:
 - Deposit, R24 265
 - Payment 555, R6 920
 - Payment 556, R4 425

QUESTION 1 (CONTINUED)

6. The following error was identified:
- Payment 487 (see bank statement) issued to Fancy Feasts for an office party held, was entered in the bank account as R2 410. Upon further investigation, it was discovered that the bank statement was correct.
 - Payment 5000 (see bank statement), drawn by Maxi Decorators, was erroneously included in Max Suppliers' bank statement.
7. On 30 April 2019 the bank account had a favourable balance of R33 546. This was after the month's receipts and payments had been considered but before the additional information given above had been taken into consideration.

REQUIRED:

- a) Complete the bank account in the general ledger of Max Suppliers for April 2019. (10)
- b) Prepare the bank reconciliation statement of Max Suppliers on 30 April 2019. (9)

Please note: Max Suppliers is NOT registered for VAT purposes.

QUESTION 2 (Green book)**(20 MARKS)**

The bookkeeper of Delriet Traders requests you to assist him with some of his accounting duties.

He supplies you with the following information:

2019

April		R
1	Debit balances of receivables	30 000
	Credit balances of receivables	300
	Credit balances of payables	18 000
	Debit balances of payables	0
30	Sales from sales journal	60 000
	Cash sales	33 000
	Purchases from purchases journal	48 000
	Purchases for cash	15 000
	Returns by receivables	1 950
	Returns to payables	1 800
	Allowance for credit losses should be increased with	6 000
	Bad debts written off	1 350
	Payments made to payables	19 500
	Payments received from receivables	36 000
	Interest charged by payables	210
	Interest charged to receivables	150
	Payments of credit balance to a receivable	450
	Payments received from receivables dishonoured	1 800
	Payment from a payable for an amount paid twice	270
	Set off debit balance of a receivable against the payables' account	360
	Credit balances of receivables	0
	Debit balances of payables	540

REQUIRED:

Prepare the receivables- and payables control accounts of Delriet Traders for April 2019. (20)

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

QUESTION 3 (Red book)**SECTION A****(10 MARKS)**

ICheck Solutions is a general dealer. The following information was taken from the trail balance for the financial period ending 31 May 2019:

	R
Sales	542 000
Inventories (31 May 2018)	280 000
Purchases	305 000
Returns (out)	36 000
Returns (in)	33 000
Freight (out)	7 980
Freight (in)	16 240
Commission on sales	27 600
Custom duties	4 600

Additional information:

1. During the year ICheck Solutions donated goods with a selling price of R6 880 (cost price R4 300) to a local charity. No entries were recorded for these transactions.
2. At the close of business on 31 May 2019 an inventory count was performed, and it was established that goods to the value of R235 000 was on the premises.

REQUIRED:

Prepare the trading section of the statement of profit or loss of ICheck Solutions for the financial period ending 31 May 2019. [10]

Note: ICheck Solutions is NOT a registered VAT vendor.

QUESTION 3 (Red book)**SECTION B****(14 MARKS)**

The following balances was extracted from the accounting records of Wonga Retailers on the 30 April 2019:

	Debit R	Credit R
Land and buildings at cost	200 000	
Vehicles at cost	80 000	
Accumulated depreciation on vehicles (30/04/2018)		40 000
Machinery at cost	30 000	
Accumulated depreciation on machinery (30/04/2018)		10 000
Bank	10 000	
Receivables control	21 000	
Inventories (30/04/2018)	16 000	
Payables		12 000
10% Mortgage bond		100 000
Allowance for credit losses		2 000

ADDITIONAL INFORMATION:

- Depreciation must still be provided as follows:
 - Machinery at 5% per annum on straight-line method
 - Vehicles at 20% per annum on the diminishing balance method
- The 10% mortgage bond incurred on 1 November 2018. The mortgage bond is registered over land and buildings. Interest is payable annually on 31 October. The capital amount is repayable in 10 equal annual instalments from 30 June 2019.

REQUIRED:

Disclose only the following notes to the financial statements for the reporting period ended 30 April 2019: (14)

- Property plant and equipment;
- Long term borrowings.

Note: Wonga Retailers is NOT registered for VAT purposes.

QUESTION 4 (Yellow book)

(22 MARKS)

The following transactions were concluded by Levi & Sons during the month of January 2019

1. Bought merchandise and paid R3 450 by EFT (Electronic Funds Transfer).
2. Received and paid the water and electricity account R4 600.
3. Purchased furniture on credit from Furniture City for R17 825.
4. Sold merchandise to J Jones for R8 625 on credit.
5. A new passenger vehicle was purchased from Tesla Motors on credit for a total invoice price of R230 000. A 20% deposit was paid by EFT.
6. Took a vehicle insurance contract and paid the current month's instalment of R2 530.
7. Paid wages for R6 840 by EFT.
8. A decision was made to write off 2% of the receivables as irrecoverable. The balance of the receivables control account was R776 250.

REQUIRED:

Journalise the above transactions in the general journal of Levi & Sons for the month of January 2019. (22)

Note:

- Levi & Sons and all the entities they conduct transactions with **are registered for VAT**.
- The applicable VAT rate is 15%.
- Journals narrations are **not** required.
- Levi & Sons uses the **periodic** inventory system to record inventory transactions.