



<b>FACULTY/COLLEGE</b>	College of Business and Economics
<b>SCHOOL</b>	School of Economics
<b>DEPARTMENT</b>	Commercial Accounting
<b>CAMPUS(ES)</b>	SWC
<b>MODULE NAME</b>	Financial Accounting
<b>MODULE CODE</b>	FAC11B1
<b>SEMESTER</b>	Second
<b>ASSESSMENT OPPORTUNITY, MONTH AND YEAR</b>	Final Summative Assessment Opportunity November 2019

<b>ASSESSMENT DATE</b>		<b>SESSION</b>	
<b>ASSESSOR(S)</b>	Ms. Marike Carter, Mr. Vusi Shandu and Mr. Husain Coovadia		
<b>MODERATOR(S)</b>	Mr. Kabelo Morake		
<b>DURATION</b>	3 hours (180 min)	<b>TOTAL MARKS</b>	100

<b>NUMBER OF PAGES OF QUESTION PAPER (Including cover page)</b>	
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#### INFORMATION/INSTRUCTIONS:

- This is a closed-book assessment.
- There are 6 questions.
- Read the questions carefully and answer only what is required.
- Number your answers clearly and correctly as per the question paper.
- Write neatly and legibly on both sides of the paper in the answer book, starting on the first page. Show all workings.

#### DETAILS

Question 1  
Question 2  
Question 3  
Question 4  
Question 5  
Question 6

#### MARKS

25  
15  
30  
12  
7  
11  
100

#### TIME

45 minutes  
31 minutes  
54 minutes  
18 minutes  
12 minutes  
20 minutes  
180 minutes

**QUESTION ONE****25 MARKS****Section A****8 MARKS**

Choose the correct answer for the following questions below regarding partnerships:

- 1.1 When you are recording interest on drawings, you will:
- DR interest on drawings and CR current account
  - DR current account and CR interest on drawings
  - DR interest on drawings and CR appropriation account
  - DR appropriation account and CR interest on drawings
- 1.2 When you are closing off operating expenses like the telephone account, you will:
- DR telephone and CR trading account
  - DR trading account and CR telephone
  - DR telephone and CR profit or loss
  - DR profit or loss and CR telephone
- 1.3 When a partner takes inventory for his own personal use
- Assets will decrease and equity will decrease
  - Assets will increase and equity will decrease
  - Assets will decrease and equity will increase
  - Assets will increase and equity will increase
- 1.4 When you are recording interest on capital, you will:
- DR interest on capital and CR current account
  - DR current account and CR interest on capital
  - DR interest on capital and CR appropriation account
  - DR appropriation account and CR interest on capital
- 1.5 When you are closing off partner X's salary, which forms part of distribution of profits, you will:
- DR salary and CR profit or loss
  - DR profit or loss and CR salary
  - DR salary:X and CR appropriation account
  - DR appropriation account and CR salary:X
- 1.6 If the remaining profit is a loss then you will:
- DR profit or loss and CR appropriation account
  - DR appropriation account and CR profit or loss
  - DR current account and CR appropriation account
  - DR appropriation account and CR current account
- 1.7 The net profit is R400 000. The remaining profit is R200 000. Both partner A and partner B contributed R50 000 capital. Partners share profits and losses in a 3:1 ratio. Calculate each partners' share of the profit:
- A: R200 000 and B: R200 000
  - A: R100 000 and B: R100 000
  - A: R300 000 and B: R100 000
  - A: R150 000 and B: R50 000

- 1.8 When you close off drawings you,
- DR drawings and CR appropriation account
  - DR appropriation account and CR drawings
  - DR current account and CR drawings
  - DR drawings and CR current account

**Section B****17 MARKS**

Lira and Beyonce have been operating as partners of Glamour Girls selling cosmetics for the past two years. Below is an extract from the trial balance of the partnership for the year ended 31 December 2018 before taking the partnership agreement into account

Account		DR	CR
5300/000	Capital: Lira (31 December 2018)		80 000
5301/000	Capital: Beyonce (31 December 2018)		40 000
5320/000	Current account: Lira (1 January 2018)		15 000
5321/000	Current account: Beyonce (1 January 2018)	4 000	
5600/000	Drawings: Lira	5 000	
5601/000	Drawings: Beyonce	8 000	

**The partnership agreement contains the following terms and conditions:**

- Partners will earn interest on capital at 10% per annum. Lira made an additional capital contribution of R20 000 on 1 September 2018.
- Partners were charged interest on drawings at 12% per annum. The interest rate on drawings was however increased to 13% on 1 July 2018. Lira withdrew R5 000 on 1 July 2018. Beyonce withdrew R8 000 on 1 March 2018.
- Lira and Beyonce earn salaries of R180 000 and R150 000 per annum respectively, which forms part of distribution of profits.
- Lira and Beyonce will share profit and losses in a 3:2 ratio.
- Net Profit was R500 000 as at 31 December 2018.

**REQUIRED:**

<b>1.9</b>	Prepare the statement of changes in equity of Glamour Girls partnership for the year ended 31 December 2018.	<b>17 Marks</b>
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**QUESTION TWO****17 MARKS**

DJ Fresh, DJ Euphonic and DJ Naves are in a partnership called Sisonke House DJ's. They decided to use their capital contributions as their profit/sharing ratio.

The following represents an extract of accounts from the Post-Closing Trial Balance of the partnership on 28 February 2019

Land and Buildings	160 000
Equipment	89 500
Accumulated depreciation on equipment	17 900
Receivables Control	32 400
Payables Control	41 000
Trade Inventory	46 800
Bank	136 550
Loan: Nine-nine Bank	82 100
Capital: Fresh	180 000
Capital: Euphonic	120 000
Capital: Naves	60 000
Current: Fresh	(39 100)
Current: Euphonic	11 200
Current: Naves	(6 850)

Additional Information:

1. Land and buildings fair value is considered to be R140 000.
2. Goodwill is R36 000 and must not be shown in the books of the partnership.
3. D.J Fresh plans to leave the partnership 28 February 2019. He however will not be taking all his money. He is to take 50% in cash and the rest will be converted into an interest-bearing loan.
4. The remaining two partners wish to keep their old profit sharing ratio.

**REQUIRED:**

<b>2.1</b>	Record the transactions in the general journal of Sisonke House DJ's 28 February 2019.	<b>15 Marks</b>
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**QUESTION THREE****30 MARKS**

Joe and Shandu are in a partnership. They share profits and losses in a 1:1 ratio. Below is the pre-adjustment trial balance for the period ended December 2018.

<b>Account</b>	<b>Description</b>	<b>DR</b>	<b>CR</b>
20001	Capital: Shandu		381,648
20002	Capital: Joe		34,234
20003	Current account: Shandu	234,234	
20004	Current account: Joe		454,353
20005	Drawings: Shandu	4,543	
20006	Drawings: Joe	2,500	
20007	Land and buildings	3,850,809	
20008	Motor Vehicles cost	56,788	
20009	Accumulated Depreciation: Motor Vehicles		4,234
20010	Inventory	342,456	
20011	Receivables Control Account	789,789	
20012	Allowance for bad debt		45,644
20013	Bank	435,435	
20014	Payables Control Account		787,976
20015	Vat / Tax Control Account	43,434	
100001	Sales		5,364,567
100002	Cost of Sales	927,392	
100003	Rent Expense	87,361	
100009	Interest Income		74,892
100004	Advertising	2,312	
100005	Electricity & Water	31,231	
100006	Interest Expense	54,456	
100007	Salaries & Wages	53,567	
100008	Telephone	231,241	
		<b>7,147,548</b>	<b>7,147,548</b>

**Adjustments:**

1. Salaries and wages for the month of November and December was not recorded. This equated to R 17 000 per month. Furthermore the Bonus for December was not recorded equating to 5 staff members at R3 000 per staff member.
2. The telephone expense for the month of December was not paid worth R 3 500(Ex VAT)
3. The rent expense includes payments till February 2019.
4. A bad debt worth R 6 000 for debtor XYZ must be written off.

**REQUIRED:**

3.1	Prepare the General Journal entries for the adjustment transactions stated above. Remember to show SFP or SPL <b>Show calculations where necessary.</b>	<b>(10 MARKS)</b>
3.2	Prepare the statement of profit or loss (income statement) after adjustments for the partnership for the period ending December 2018 <b>Show calculations where necessary.</b>	<b>(8 MARKS)</b>
3.3	Prepare the statement of financial position (balance sheet) for the partnership for the period ending December 2018 <b>Show calculations where necessary.</b>	<b>(12 MARKS)</b>

**QUESTION FOUR****13 MARKS**

Answer the following question with regard to Property, Plant and Equipment

- 1) A Vehicle was purchased to the value of R 720 000(incl VAT) on 1 August 2018. A trade discount of R 5 000 (excl VAT) was received. What will the initial recognition value of the equipment be on 1 August 2018?
- 2) Depreciation on the vehicle needs to be calculated at 10% pa on the straight line method. The year end for the entity is 31 December 2018. Calculate the depreciation for 2018 and record the journal entry.
- 3) Disclose the above vehicle in the notes for 2018. The following additional information is provided

Description	Amount
Vehicles Cost 1 January 2018	R 400 000
Vehicles Accumulated Depreciation 1 January 2018 (Depreciation is 10% on the straight line method)	R 30 000

**QUESTION FIVE****7 MARKS**

Crunchie & Aero provide construction services and are NOT registered for VAT. Crunchie and Aero signed a 3 year construction contract with Smartie on 1 January 2018 to build warehouses. The total construction of the warehouses over the 3 year period is R2 000 000 and they expect to make a 50% profit. Smartie has not yet paid any money to Crunchie and Aero, but they will receive the first year's payment in January 2019. At the end of December 2018 the construction was 30% complete and costs incurred were R350 000 however not yet paid.

**REQUIRED:**

<b>5.1</b>	Prepare the general journal of Crunchie & Aero for the year ended 31 December 2018. Narrations are not required.	<b>4 Marks</b>
<b>5.2</b>	Prepare the general journal of Crunchie & Aero at 31 January 2019. Narrations are not required.	<b>2 Marks</b>
<b>5.3</b>	What element is revenue receivable?	<b>1 Mark</b>

**QUESTION SIX****11 MARKS**

Makhanda Limited was incorporated on 28 February 2018 with the following authorized share capital:

- 200 000 Class A shares and,
- 75 000 Class B shares at R1,50 per share

On 1 March 2018, the directors advertised to the public the following offer:

- 150 000 Class A shares at R1 and,
- 70 000 Class B shares

**Additional Information**

1. On 31 March 2018 the public applied for the following  
175 000 Class A shares at R1 and  
80 000 Class B shares at par.
2. The company does not wish to issue more shares than what they have advertised.



3. Share issue cost amounted to 5% of the total shares subscribed.

**REQUIRED:**

6.1	Record the transactions in the general journal of Makhanda limited.	<b>(11 MARKS)</b>
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