



FACULTY/COLLEGE	College of Business and Economics
SCHOOL	School of Accountancy
DEPARTMENT	Commercial Accounting
CAMPUS(ES)	APB - STH
MODULE NAME	Financial Management Component
MODULE CODE	TTM22B2
SEMESTER	Second
ASSESSMENT OPPORTUNITY, MONTH AND YEAR	Final Assessment Opportunity 16 November 2019

ASSESSMENT DATE	16 November 2019	SESSION	X
ASSESSOR(S)	Mr R Rhodes		
MODERATOR(S)	Mr K Daly		
DURATION	180 min	TOTAL MARKS	100

NUMBER OF PAGES OF QUESTION PAPER (Including cover page)	8
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INFORMATION/INSTRUCTIONS:

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- This is a closed-book assessment.
 - There are 5 questions.
 - Unless otherwise indicated, work in 2 decimals for Rand values and percentages.
 - Answer all questions on the provided template.
 - Read the questions carefully and answer only what is required.
 - Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.
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QUESTION 1 – Multiple choice**[20 MARKS]**

1.1	A dentist is an example of a. a retailer b. a state-owned entity c. a wholesaler d. a service business e. a non-profit organization.
1.2	An example of an internal user of financial statements is..... a. investors b. employees c. government revenue services d. suppliers e. debtors
1.3	An example of an external user of financial statements is..... a. management b. employees c. government revenue services d. human resources e. directors.
1.4	In management accounting a. reports are prepared mainly for external users b. reports should be produced at least once a year c. only historical information is used d. information is provided about the anticipated future performance of the business e. reports are of a general nature and do not focus on specific areas or purposes
1.5	In financial accounting a. reports are prepared mainly for external users b. reports should be produced at least monthly c. historical information is not used d. information provided is mainly about the anticipated future performance of the business e. reports focus on specific areas and not on the overall performance of the entity.
1.6	Accounting is a system of: a. gathering, analysing, recording, repeating, and internalising financial information b. gathering, analysing, recording, reporting, and interpreting financial information c. gathering, analysing, receiving, reporting, and interpreting financial information d. garnishing, analysing, reaping, reporting, and internalising financial information e. garnishing, analysing, recording, reporting, and interpreting financial information.
1.7	The fundamental qualitative characteristics of useful financial information are: a. relevance and faithfulness b. relevance and faithful representation c. relevance and reliability d. reliability and completeness e. relevance, reliability, faithfulness and completeness.

1.8	Equity is defined as: a. the residual interest in the assets of an entity after deducting all its liabilities b. the residual interest in the liabilities of an entity after deducting all its assets c. the residual inflow of economic benefits to an entity after deducting all the outflows d. the residual interest in the non-current assets of an entity after deducting all the current assets e. none of the above.
1.9	Sixto (Pty) Limited has assets equal to R150 000 and liabilities equal to R90 000. The company's equity will be equal to: a. R 40 000 b. R 60 000 c. R 90 000 d. R150 000 e. R240 000.
1.10	Sixto (Pty) Ltd bought inventory from a supplier for R12 000 and paid cash. This transaction will result in: a. an increase in current assets and a decrease in non-current assets b. an increase in current assets and an increase in current liabilities c. an increase in non-current assets and an increase in current liabilities d. an increase in non-current assets and an increase in non-current liabilities e. an equal increase AND decrease in current assets.
1.11	Accounts are classified according to five main groups: a. assets, liabilities, equity, income and expenses; b. assets, liabilities, drawings and expenses; c. assets, liabilities, equity, income and drawings; d. assets, liabilities, income and expenses; e. none of the above.
1.12	The subsidiary journals used to record cash transactions are: a. Sales journal/Debtors journal; b. Purchases journal/Creditors journal; c. Cash receipts and cash payments journals; d. The general journal; e. Both a. and b.
1.13	The subsidiary journals used to record credit transactions are: a. Sales journal/Debtors journal; b. Purchases journal/Creditors journal; c. Cash receipts and cash payments journals; d. The general journal; e. Both a. and b.
1.14	Which subsidiary journal is best used when an entity needs to make a small cash payment: a. General journal; b. Cash payments journal; c. Petty cash journal; d. Cash receipts journal; e. Debtors journal.

1.15	A month-end expenses transaction involving the payment of electricity for the period will result in: a. an increase in assets and a decrease in equity; b. an increase in assets and an increase in equity; c. a decrease in assets and a decrease in equity; d. an increase in assets and an increase in liabilities; e. an equal increase AND decrease in assets.
1.16	A payment made to the business from a debtor for the period will result in: a. an increase in assets and a decrease in equity; b. an increase in assets and an increase in equity; c. a decrease in assets and a decrease in equity; d. an increase in assets and an increase in liabilities; e. an equal increase AND decrease in assets.
1.17	A payment made from the business to a creditor for the period will result in: a. an increase in assets and a decrease in liabilities; b. an increase in assets and an increase in equity; c. a decrease in assets and a decrease in equity; d. an equal decrease in both assets and liabilities; e. an equal increase AND decrease in assets.
1.18	Mickey Devon (Pty) Ltd bought spare parts from a supplier for R35 000 on account with thirty days to pay. This transaction will result in: a. an increase in current assets and a decrease in non-current assets; b. an increase in current assets and an increase in current liabilities; c. an increase in non-current assets and an increase in current liabilities; d. an increase in non-current assets and an increase in non-current liabilities; e. an equal increase AND decrease in current assets.
1.19	Mickey withdrew R10 000 from his business, Mickey Devon (Pty) Ltd, in order to pay his daughter's wedding. This transaction will result in: a. a decrease in assets and a decrease in equity; b. an increase in assets and an increase in equity; c. an increase in assets and a decrease in equity; d. an increase in assets and an increase in liabilities; e. an equal increase AND decrease in assets.
1.20	The format of a general journal consists of the following sections: a. the heading; b. the reference number of the journal; c. the date of the transaction; d. the names of accounts to be debited and credited; e. all of the above.

QUESTION 2 - General Journals**[15 MARKS]**

James Dlamini started a general trading business under the name of JDee Trading. JDee Trading uses the Periodic Inventory system.

Required:

Complete the following Journal entries in the General Journal of JDee Trading. (Narrations are required.)

2.1	James Dlamini deposited R150 000 into the bank account of JDee Trading as start-up capital.	(3)
2.2	JDee Trading purchased inventory for cash to the value of R80 000.	(3)
2.3	JDee Trading bought a truck for R200 000 and paid a deposit of R20 000 in cash to Mogale Trucks. The amount still owing to the creditor (Mogale Trucks) of R180 000 must be paid off from next month.	(3)
2.4	JDee Trading sold goods for cash during the month. The cash received was R30 000.	(3)
2.5	JDee Trading paid rent for the month of R 10 000 in cash to FM Rentals.	(3)

QUESTION 3 – General ledger**[20 MARKS]**

Ngwenya Lodge Tours is a tour operator running tours to the Kruger Park. Their bookkeeper has compiled the journals for the month, but has left the company. As you are the manager-in-training you have been tasked to take over and complete the bookkeeper's task.

Required:

3.1) Post the following journal entries accurately into the General ledger of Ngwenya Lodge Tours supplied to you for July 2019. The journal code must be reflected in the general ledger, and the GL accounts must be balanced. (16)

3.2) Extract and balance the trial balance. (4)

Jnl Code	Date	Description	Amount Dr. R	Amount Cr R
JU 1	31 Jul	Bank Cr. Sales Cash sales for month	260 550	260 550
JU 2	31 Jul	Trade debtors Cr Sales Credit sales for month	2 340 550	2 340 550
JU 3	31 Jul	Bank Cr Trade debtors Some debtors paid their accounts	1 660 000	1 660 000
JU 4	31 Jul	Purchases Cr Trade creditors Purchases on credit	953 250	953 250
JU 5	31 Jul	Trade creditors Cr Bank Paid Creditors amounts owing	675 300	675 300
JU 6	31 Jul	Furniture Cr Bank Creditor Hanks Furniture Bought furniture on credit and paid the first instalment due	120 000	30 000 90 000
JU 7	31 July	Wages paid Cr Bank Casual wages for the month paid	50 000	50 000
JU 8	31 July	Salaries Cr Bank Salaries paid	200 000	200 000

QUESTION 4 – Bank reconciliation**[25 MARKS]**

The bank statement of Ngwenya Tours for August reflects a credit balance of R4 651.00 on 31 August. On the same date his cash book reflects a debit balance of R2 019.70.

The following differences were noted by the bookkeeper

- The following cheques had not been presented for payment:
No 212 – R430.00
No 213 – R745.50
No 216 – R420.80;
- The bank has debited Ngwenya Tours account with R29 Bank charges. The entry had not been posted in the Cash Book;
- A deposit of R436 entered in the cash book on 31 August had only been deposited in the bank on the 1st September;
- A debtor J Dlamini paid his account of R500 by EFT and did not notify us.
- An electronic payment for rent of R1 000 was entered in the cash book as deducted on the 31st August. This payment was only deducted from the bank statement on the 1st September.

Required: (Note: Marks have been awarded for format used)

- 4.1) Complete the cash book for Ngwenya Tours for August 2019. (8)
- 4.2) Complete the Bank Reconciliation Statement for Ngwenya Tours for August 2019. (17)

QUESTION 5 – Financial statements**[25 MARKS]**

As a part-time bookkeeper, you are presented with the following trial balance extracted from the books of Peaceful Hideaway Tours (PHT). The year-end adjustments have been completed by the assistant.

<u>Trial Balance of Peaceful Hideaway Tours at the 28th February 2019</u>		
	Dr	Cr
Income from the Tour Operations		45 912 541
Tour cost of sales	19 024 596	
Admin expenses	3 025 654	
Audit expenses	500 000	
General expenses	273 215	
General salaries and wages	6 025 459	
Interest paid on loan	220 000	
Interest on bond	3 400 000	
Interest received from investments		108 000
Tax expense	4 810 787	
<u>Assets, Owners Equity and Liabilities</u>		
Land and buildings	80 000 000	
Tour motor vehicles	7 250 000	
Accumulated depreciation on tour vehicles		3 262 500
Catering equipment	6 500 000	
Accumulated depreciation on catering equipment		1 755 000
Tents and accommodation equipment	2 256 521	
Accumulated depreciation on accommodation equip		776 900
Bank balance	6 471 457	
Accounts receivable	865 252	
Investment in Ray's Chalets	600 000	
Bond over property		54 000 000
Capital		30 000 000
Long term loan at T E H bank		2 000 000
Accounts payable		1 008 000
Receiver of revenue		2 400 000
	141 222 941	141 222 941

Required:

- 5.1) Draft the Trading account, Profit and Loss account, and Balance Sheet for (25)
Peaceful Hideaway Tours as at the 28th February 2019.

TOTAL [100]