



COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF BUSINESS MANAGEMENT
FINAL SUMMATIVE ASSESSMENT

MODULE:	ACCOUNTING ASPECTS
CODE:	HC1ACAS
DATE:	11 JUNE 2020
TIME ALLOWED:	180 Minutes
TOTAL MARKS:	100

EXAMINER(S):	Mr M de Wet
MODERATOR:	Mrs S van Zyl
NUMBER OF PAGES:	15

INSTRUCTIONS:

- This paper consists of **15** pages (including the formulae sheet and interest factors tables) **AND a separate, pre-printed answer book.**
- All your answers must be provided on blackboard

Question 1**(19)****State whether the following statements are true or false:**

A) The 3 rd step in the bookkeeping process is to make a first entry into the book of Prime Entry.
B) The 8 th step of the bookkeeping process is to report any adjustments made.
C) A Petty Cash Journal is one of the 8 Books of First (Prime) Entry.
D) Double entry bookkeeping states that every transaction must have an impact on shareholders' equity.
E) In the trail balance, assets effects the credit balance.
F) In the trail balance, liabilities effects the credit balance.
G) In the trail balance, expenses effects the debit balance.
H) In the trail balance, an increase in equity will effect the debit balance.
I) In the trail balance, revenue effects the credit balance.
J) A key reason for drawing up a trail balance is to make sure that all debits and credits entered into the journals have been posted to the ledgers (i.e. Double entry bookkeeping).
K) In the trail balance you have to distinguish between items that are: <ul style="list-style-type: none">• Expenses• Liabilities (including provisions)• Income and• Assets
L) Cash is a non-current asset.
M) Tax expenses to be paid are short-term liabilities.
N) Funds due by a business for goods or services supplied by suppliers are long-term liabilities.
O) The total amount paid for a machine is an expense.
P) Shareholders are the only stakeholders of a firm.
Q) Raw materials is an example of inputs in the business cycle.
R) The Going Concern Concept refer to the assumption that a business will continue to operate (keep going) in the ordinary course of business.
S) The Matching (Accrual) Concept states that all expenses incurred and accumulated to generate income during a financial period (e.g. month) must be matched against the income generated during the same financial period in order to correctly calculate profit or loss for that period.

Question 2**(1)**

The accounting standard followed in South African is:

- A) International Financial Reporting Standards (IFRIS)
- B) Generally Accepted Accounting Principles (GAAP)
- C) South African Reporting Principals (SARP)
- D) South African Reporting Standards (SARS)

Question 3 (1)

The following transaction will be reported as a credit in the trail balance:

- A) Payment the electricity bill.
- B) Salaries
- C) Accumulated depreciation
- D) Depreciation

Question 4 (1)

The following is **not** a common source document:

- A) Invoice
- B) Cash sales slip
- C) Receipt
- D) Income statement

Question 5 (1)

Which of the following is an error that will **not** be revealed by a trail balance:

- A) Errors of omission
- B) A balancing error
- C) Errors of principle
- D) Compensating errors

Question 6 (1)

Unearned Revenues is what type of account?

- A) Asset
- B) Liability
- C) Stockholders' (Owner's) Equity

Question 7 (1)

Accounting entries involve a minimum of how many accounts?

- A) One
- B) Two
- C) Three

Question 8 (1)

The owner invests personal cash in the business.
Assets

- A) Increase
- B) Decrease
- C) No Effect

Question 9**(1)**

The owner invests personal cash in the business.
Liabilities:

- A) Increase
- B) Decrease
- C) No Effect

Question 10**(1)**

The owner invests personal cash in the business.
Owner's (or Stockholders') Equity:

- A) Increases
- B) Decreases
- C) No Effect

Question 11**(1)**

The owner withdraws cash from the business for personal use.
Assets:

- A) Increase
- B) Decrease
- C) No Effect

Question 12**(1)**

The owner withdraws cash from the business for personal use.
Liabilities:

- A) Increase
- B) Decrease
- C) No Effect

Question 13**(1)**

The company receives cash from a bank loan.
Assets:

- A) Increase
- B) Decrease
- C) No Effect

Question 14 (1)

The company receives cash from a bank loan.

Liabilities:

- A) Increase
- B) Decrease
- C) No Effect

Question 15 (1)

The company receives cash from a bank loan.

Owner's (or Stockholders') Equity

- A) Increases
- B) Decreases
- C) No Effect

Question 16 (1)

ABS Ltd adds R3827 to the cash float (cash tellers), in which book of first entry will the transaction be recorded?

- A) Petty Cash Journal
- B) Sales Journal (also known a *debtors journal*)
- C) Sales Returns Journal
- D) Cash Receipts Journal (known as a *cash journal*)

Question 17 (1)

A client from ABS Ltd returns a broken product, in which book of first entry will the transaction be recorded?

- A) Petty Cash Journal
- B) Sales Journal (also known a *debtors journal*)
- C) Sales Returns Journal
- D) Cash Receipts Journal (known as a *cash journal*)

Question 18 (1)

The company repays the bank that had lent money to the company.

Owner's (or Stockholders') Equity:

- A) Increases
- B) Decreases
- C) No Effect

Question 19

(1)

Which of the following fits in the trading section of an income statement?

- A) Sales
- B) Water and electricity
- C) Wages
- D) Depreciation

Question 20

(1)

ABS Ltd sells a product for R 1201 on credit, in which book of first entry will the transaction be recorded?

- A) Petty Cash Journal
- B) Sales Journal (also known a *debtors journal*)
- C) Sales Returns Journal
- D) Cash Receipts Journal (known as a *cash journal*)

Question 21

(1)

The company purchases equipment with its cash.
Owner's (or Stockholders') Equity:

- A) Increases
- B) Decreases
- C) No Effect

Question 22

(1)

The owner contributes his/her personal truck to the business.
Assets:

- A) Increase
- B) Decrease
- C) No Effect

Question 23

(1)

A trail balance will help in picking up the following error:

- A) Error of omission
- B) Error of principal
- C) A debit that should be a credit
- D) Compensating errors

Question 24 (1)

The owner contributes his/her personal truck to the business.
Owner's (or Stockholders') Equity:

- A) Increase
- B) Decrease
- C) No Effect

Question 25 (1)

The company purchases a significant amount of supplies on credit.
Assets:

- A) Increase
- B) Decrease
- C) No Effect

Question 26 (1)

The following line item does not form part of the profit from operations:

- A) Sales
- B) Cost of sales
- C) Wages
- D) Short-term liabilities

Question 27 (1)

The following is an example of a short-term asset:

- A) Income
- B) Cash
- C) Payments due
- D) Equipment

Question 28 (1)

The company purchases land by paying half in cash and signing a note payable for the other half.
Assets:

- A) Increase
- B) Decrease
- C) Increase and decrease

Question 29**(1)**

The company purchases land by paying half in cash and signing a note payable for the other half.

Liabilities:

- A) Increase
- B) Decrease
- C) Increase and decrease

Question 30**(1)**

The company purchases land by paying half in cash and signing a note payable for the other half.

Owner's (or Stockholders') Equity:

- A) Increases
- B) Decreases
- C) No Effect

Information for question 31 to 34

Company X provides consulting services to Client Q in May. Company X bills Client Q in May for the agreed upon amount of R5,000. The sales invoice shows that the amount will be due in June.

In May, Company X records the transaction by a debit to *Accounts Receivable* for R5,000 and a credit to *Service Revenues* for R5,000.

Question 31**(1)**

What is the effect of this entry upon the accounting equation for **Company X**?

Assets:

- A) Increase
- B) Increase and decrease
- C) No Effect

Question 32**(1)**

What is the effect of this entry upon the accounting equation for **Company X**?

Liabilities:

- A) Increase and decrease
- B) Decrease
- C) No Effect

Question 33 (1)

What is the effect of this entry upon the accounting equation for **Company X**?

Owner's (or Stockholders') Equity:

- A) Increases
- B) Decreases
- C) No Effect

Question 34 (1)

In June, Company X receives the R5,000. What is the effect on the asset part of the accounting equation?

- A) Increase
- B) Increase and decrease
- C) No Effect

Question 35 (1)

Which of the following is not a type of cash flows shown in the Cash Flow Statement?

- A) Operating cash flow
- B) Investing cash flow
- C) Accounting cash flow
- D) Financing cash flow

Question 36 (1)

Which of the following is not a current asset?

- A) Cash
- B) Accounts payable
- C) Inventory
- D) Property, plant and equipment

Indicate whether the following balances will be a debit or a credit balance in the trial balance: (Questions 37 – 40)

Question 37 (1)

Accumulated depreciation

- A) Debit
- B) Credit

Question 38 (1)

Pre-paid rent

- A) Debit
- B) Credit

Question 39 (1)

Water and electricity

- A) Debit
- B) Credit

Question 40 (1)

Creditors

- A) Debit
- B) Credit

Question 41 (1)

Which of the following will cause owner's equity to increase?

- A) Expenses
- B) Owner Draws
- C) Revenue

Question 42 (1)

Which of the following will cause owner's equity to decrease?

- A) Net Income
- B) Net Loss
- C) Revenue

Question 43 (1)

The Statement of Profit and Loss is also called the

- A) Balance Sheet
- B) Income Statement
- C) Statement of Cash Flows
- D) Statement of Financial Position

Question 44

(2)

A business has the following items in it:

- Land R1,000,000**
- Machinery R20,000**
- Cash R10,000**
- Debt R0**
- Owner's equity ?**

What is the value of the owner's equity?

- A) R1,000,000
- B) R1,020,000
- C) R1,010,000
- D) R1,030,000
- E) None of the above.

Question 45

(2)

A business has the following items in it:

- Land R1,500,000**
- Machinery R80,000**
- Cash R20,000**
- Owners equity R900,000**
- Loan R500,000**
- Creditors ?**

What is the value of the creditors?

- A) R200,000
- B) R700,000
- C) R800,000
- D) R1,100,000
- E) None of the above.

The following information relates to question 46 to 48

You are provided with the following pre-adjustment trail balance for Company XYZ. Answer question 48 to 50 with this information.

ACCOUNT NAME	DEBIT	CREDIT
A) Revenue		2 560 000
B) Purchases	1 440 000	
C) Depreciation	310 000	
D) Electricity	60 000	
E) Rent	40 000	
F) Salaries	120 000	
G) Bank	30 000	
H) Other operational expenses	102 500	
I) Creditors		80 000
J) Accrued Expense		2 500
K) Owner's equity		430 000
L) Prepaid Rent	40 000	
M) Shop fittings	1 550 000	
N) Accumulated depreciation		620 000
TOTALS	3 692 500	3 692 500

Question 46 (10)

Classify the following line item according to its nature, i.e. expense, income, asset, liability or equity.

ACCOUNT NAME	Income	Expense	Asset	Liability	Equity
A) Revenue					
B) Purchases					
C) Depreciation					
D) Electricity					
E) Rent					
F) Salaries					
G) Creditors					
H) Owner's equity					
I) Prepaid rent					
J) Accumulated depreciation					

Question 47**(2)**

The gross profit for Company XYZ is

- A) 132 0000
- B) 162 0000
- C) 192 0000
- D) 159 5000

Question 48**(3)**

Profit from operations for Company XYZ is

- A) 987 500
- B) 162 0000
- C) 957 500
- D) 985 000

Question 49**(2)**

If assets are 159436 and liabilities are 92272, how much is owner's equity?

Question 50**(2)**

If liabilities are 102500 and equity is 93000, what is the value of the company's assets?

Question 51**(2)**

If equity is 128241 and total assets are 572145, what amount represents total liabilities?

Use the following information to answer question 52 and 53. A company reports the following on its balance sheet:

Cash	10000
Accounts receivable	20000
Inventory	14000
Prepaid expenses	3000
Property, plant, and equipment	35000
Accumulated depreciation	2000
Accounts payable	5000
Accrued expenses	6000
Short-term notes	7000
Long-term notes	10000

Capital stock	40000
Retained earnings	12000

Question 52 (2)

What are the company's total liabilities?

Question 53 (2)

What is the company's total equity?

Use the following information to answer question 54 and 57. A company reports the following cash flows on its cash flow statement:

Cash receipts from customers	86772
Cash paid for inventory	7400
Cash paid for wages	53000
Cash receipts from sales of property and equipment	13500
Cash paid for purchase of equipment	17500
Cash paid for loan repayment	5000

Question 54 (2)

What is the net cash flow from Operations?

Question 55 (2)

What is the net cash flow from Investing?

Question 56 (2)

What is the net cash flow from Financing?

Question 57 (2)

What is the net increase in cash?

Question 58**(2)**

HDD Co. has current assets of 50000 and total assets of 150000. HDD has current liabilities of 30000 and total liabilities of 80,000. What is the amount of HDD's owner's equity?

-----THE END-----