

**General Studies**  
**Financial Accounting**  
**LEVEL (N4)**  
**TASK 1 (Assignment 1)**

**Date**  
19 – 23 August 2019

**Duration**  
5 Days

**Total marks**

200

**Instructions**

- 1 Answer ALL the questions.
- 2 Read ALL the questions carefully.
- 3 Number the answers according to the numbering system used in this question paper.
- 4 Write neatly and legibly.
- 5 Keep questions and sub-sections of questions together.
- 6 A non-programmable pocket calculator may be used.

## QUESTION 1

Cape Traders is a retail business which uses a markup of  $33\frac{1}{3}\%$  on the cost at all times. The business uses continuous inventory system.

REQUIRED:

Study the Creditors Control Account given below and answer the questions that follows:

### GENERAL LEDGER OF CAPE TRADERS

#### BALANCE SHEET ACCOUNT SECTION

##### CREDITORS CONTROL

2018 Aug	31	Bank	CPJ1	72 320	2018 Aug	1	Balance	b/d	142 220
		?	CPJ1	5 660		31	Total purchases	?	29 360
		Total allowances	?	1 230			Sundry accounts	GJ1	2 562
		Sundry accounts	GJ1	690					

- 1.1 Calculate the balance b/d on 1 September 2018. (2)
- 1.2 State whether the balance b/d is a debit balance or credit balance. (2)
- 1.3 What is the folio reference for the entry 'Total Allowance' - R1 230 on the debit side of the account? (2)
- 1.4 Name the contra account for the amount of R5 660 on the debit side of the account. (2)
- 1.5 Describe ONE transaction that could possibly give rise to the entry of R690 on the debit side of the account. (2)
- 1.6 What is the source document for the debit entry of R1 230? (2)
- 1.7 Describe TWO transactions that could give rise to the entry of R29 360 on the credit side of the account. (4)
- 1.8 Supply the missing folio number for Total Purchases on the credit side. (2)
- 1.9 State the source document for the sundry account. (2)

**[20]**

## QUESTION 2

The information given below was extracted from the accounting records of ABC Fashion Wholesalers for April 2018.

As a bookkeeper for the above mentioned organisation, you are required to:

- 2.1 Complete the Cash Receipts Journal and the Cash Payments Journal on 30 April 2018. Close off/cast the bank columns only. (16)
- 2.2 Post to the Bank Account in the General Ledger and balance it. (4)
- 2.3 Prepare the Bank Reconciliation Statement on 30 April 2018. (10)

**NOTE:** ABC Fashion Wholesalers operates a current bank account at Guess Bank.

INFORMATION:

### ABC FASHION WHOLESALERS BANK RECONCILIATION STATEMENT ON 31 MARCH 2018

	DEBIT	CREDIT
Balance as per bank statement	26 330	
Deposit not yet credited by the bank		9 500
Outstanding cheques:		
No. A50	3 300	
No. A54	6 700	
No. A57	2 250	
No. A59	1 800	
Balance as per Bank Account (unfavourable)		30 880
	<b><u>40 380</u></b>	<b><u>40 380</u></b>

### CASH RECEIPTS JOURNAL OF ABC FASHION WHOLESALERS – APRIL 2018 CRJ4

Doc. no	Day	Details	Analysis of receipts	Bank	Sales	Debtors control	Sundry account	Details sundry account
CRR1	1	Cash	18 000		18 000			
400	4	Travel Ltd	<u>2 100</u>	20 100			2 100	Commission
401	12	A. Tylor	800			800		
CRR2	15	Sales	<u>11 900</u>	12 700	11 900			
CRR3	24	Sales	<u>15 960</u>	15 960	15 960			
CRR4	25	Cash	9 600		9 600			
A402	26	Makro	<u>2 900</u>	12 500			2 900	Rent income
CRR5	30	Sales	<u>36 200</u>	36 200	36 200			
				<b>97 460</b>	<b>91 660</b>	<b>800</b>	<b>5 000</b>	

**CASH PAYMENTS JOURNAL OF ABC FASHION WHOLESALERS – APRIL 2018 CRJ4**

Doc. no	Day	Payee	Bank	Creditors control	Trading stock	Sundry amount	Account details
B20	12	Woolworths	13 000		13 000		
B21	15	Cash	7 500			7 500	Salaries
B22	18	Metro	600			600	Rates
B23	20	Bluff Ltd	16 100	16 100			
B24	23	Traders Ltd	11 200		11 200		
B25	25	Furniture Ltd	12 350			12 350	Equipment
B26	28	Telkom	625			625	Telephone
			<b>61 375</b>	<b>16 100</b>	<b>24 200</b>	<b>21 075</b>	

**GUESS BANK  
BANK STATEMENT**

ABC FASHION WHOLESALERS  
123 West Street  
Durban  
4001

30 APRIL 2018

B.S 101

DATE	DESCRIPTION	DEBIT	CREDIT	BALANCE
01/04	Balance			-26 330
	Deposit		9 500	-16 830
	Cheque no. A57	2 250		-19 080
	Cash deposit fee	1 770		-20 850
04/04	Credit		20 100	-750
07/04	Cheque no. A59	1 800		-2 550
10/04	Tax levy	140		-2 690
12/04	Cheque no. B20	13 000		-15 690
16/04	Credit		12 700	-2 990
16/04	Cheque (R/D)	3 250		-6 240
19/04	Cheque no. B22	650		-6 890
21/04	Interest	650		-7 540
22/04	Cheque no. B23	16 100		-23 640
24/04	Credit		15 960	-7 680
25/04	Cheque no. 634	15 740		-23 420
26/04	Credit		12 500	-10 920
28/04	Interest	1 330		-12 250
28/04	Credit		5 000	-7 250
29/04	Easy Insurers	12 900		-20 150
30/04	Credit		3 300	-16 850
30/04	Interest		230	-16 620
30/04	Service fee	535		-17 155
30/04	Cheque no. B25	12 350		-29 505
30/04	Cheque no. B25	12 350		-41 855

#### ADDITIONAL INFORMATION:

1. Cheque no. A50 was issued to Edgars in March 2018 in settlement of our account, was lost and subsequently stopped. A new cheque will be issued.
2. The bank statement showed an unpaid cheque of R3 250 that was received on 16 April 2018 from A. Tylor. This cheque was dishonoured because the debtor disappeared without a trace.
3. The debit entry on 29 April 2018 was in respect of a debit order in favour of Easy Insurers for the owner's personal insurance premium.
4. The credit entry on 28 April 2018 was in respect of an internet transfer that R. Reddy, a tenant, made into the firm's current account.
5. The credit entry on 30 April 2018 was in respect of a deposit that ABC Traders made directly into their account, but it appeared on the business's bank statement.
6. Cheque n. B22 was incorrectly entered in the Cash Payments Journal as R600, instead of R650 as it appears on the bank statement. The cheque was for Metro in respect of rates.
7. Cheque no. 634 for R15 740, withdrawn by the head office on their account, appeared on the business's bank statement.
8. Cheque no. B25 was erroneously debited twice on the Bank Statement.

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#### QUESTION 3

The information given below was extracted from the accounting records of Zungu's Fashion Suppliers on 28 February 2018.

As a bookkeeper for the above mentioned business, you are required to:

- 3.1 Draw up the Income Statement for the year ended 28 February 2018. (40)
- 3.2 Complete the following extract of the balance sheet:
  - OWNER'S EQUITY AND LIABILITY SECTION OF THE BALANCE SHEET (7)
  - The applicable NOTES/ANNEXURE as they appear on the ANSWER SHEET (12)

**NOTE:** ■ The complete balance sheet is not required.

- Stocktaking is conducted as per the periodic inventory system.

INFORMATION

**ZUNGU'S FASHION SUPPLIERS**  
**PRE-ADJUSTMENT TRIAL BALANCE ON 28 FEBRUARY 2018**

<b>BALANCE SHEET ACCOUNT SECTION</b>	<b>FOL.</b>	<b>DR</b>	<b>CR</b>
Capital	B1		670 522
Drawings	B2	53 890	
Equipment	B3	430 000	
Vehicles	B4	950 000	
Accumulated depreciation on equipment	B5		53 200
Accumulated depreciation on vehicles	B6		89 200
Creditors control	B7		16 660
Loan: Star Finance Co. (18% p.a)	B8		575 000
Debtors control	B9	43 500	
Stock (1 March 2017)	B10	85 800	
Bank	B11	86 700	
Petty cash	B12	3 500	
Cash float	B13	2 000	
Fixed deposit: Power Bank (12% p.a)	B14	145 000	
<b>NOMINAL ACCOUNT SECTION</b>			
Sales	N1		727 150
Purchases	N2	208 000	
Creditors allowances	N3		7 250
Rent income	N4		120 000
Discount allowed	N5	8 540	
Discount received	N6		800
Bad debts	N7	155	
Interest on fixed deposit	N8		7 800
Packing material	N9	7 050	
Custom duty	N10	8 400	
Water and electricity	N11	120 000	
Stationery	N12	74 500	
Interest on loan	N13	14 500	
Carriage on purchases	N14	12 990	
Carriage on sales	N15	13 057	
		<b><u>2 267 582</u></b>	<b><u>2 267 582</u></b>

ADJUSTMENTS AND ADDITIONAL INFORMATION

1. A Barry has disappeared. Write off his debt of R18 000 as irrecoverable.
2. Create provision for bad debts at 5% of debtors.
3. Create a provision for discount allowed at 8% of debtors.
4. According to a physical stock counting, the following stock was on hand on 28 February 2018:
  - Trading stock                      R42 500
  - Packing material                      215

5. An amount of R250 was still owing to Ram Slaim Couriers for carriage on goods sold. The cost price of the goods sold was R80 000.
6. The water and electricity account of R1 600 for February 2018 has not yet been paid.
7. Adjust the interest on fixed deposit as reflected on Trial Balance.
8. Provide for outstanding interest on loan.

**NOTE:** The interest rate on the loan was increased by 2% on 1 September 2017.

9. Rent has been received up to 31 March 2018.11.26

**NOTE:** There has been an increase of R1 000 per month implemented on 1 January 2018 as per lease agreement.

10. Provide for depreciation as follows:

- On vehicle at 15% p.a on cost price.  
**NOTE:** A new vehicle was purchased from NMI Motors on 1 December 2017, R250 000.
- On equipment at 12% p.a according to the diminishing balance method.

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#### QUESTION 4

The information given below was extracted from the books of Gaby Sports Club.

REQUIRED:

- 4.1 Prepare the membership fees account (10)
- 4.2 Prepare the statement of Income and Expenditure for the year ended 28 February 2018. (20)

INFORMATION:

A.

<b>BALANCES ON 1 MARCH 2017</b>	
Accumulated funds	55 310
Accumulated depreciation on vehicle	6 040
Vehicles at cost	24 000
Bank	1 320
Accrued income (membership fees)	2 000
Income received in advance (membership fees)	3 200
Loan: Barclays Bank (15%)	31 000
Prepaid expenses (insurance)	400
Fixed deposit: Barclays Bank (15% p.a)	60 000

B. **STATEMENT OF RECEIPTS AND PAYMENTS – 28 FEBRUARY 2018**

<b>RECEIPTS</b>		<b>PAYMENTS</b>	
	<b>R</b>		<b>R</b>
Gate takings	10 200	Insurance	680
Membership fees:		Equipment: 1 August 2017	8 000
2016	800	Stationery	720
2017	96 000	Interest on loan	2 000
2018	2 400	Water and electricity	800
Interest on fixed deposit	4 000	Sundry expenses	3 660
Entrance fees	22 000	Refreshments	500

C. **ADDITIONAL INFORMATION AND ADJUSTMENTS**

- Interest on fixed deposit is still due.
- Membership fees outstanding for 2016 must be written off.
- Four members must still pay their membership fees for 2017. Fees are R400 per member per year.
- Stationery on hand on 28 February 2017 is R250.
- Depreciation on vehicles at 15% p.a on cost
- 85% of the entrance fees must be capitalised.
- Interest on loan is still outstanding.

**[30]**



## QUESTION 5

### REQUIRED:

- 5.1 Draw up the Cash Flow Statement of Umtata Motor Dealers for the year ended 28 February 2018. (25)
- 5.2 You must also show the following notes/calculations:
- Cash received from clients/customers
  - Cash paid to suppliers and employees (11)

### INFORMATION:

The following represents an extracts of the financial statements for the current financial year:

**UMTATA MOTOR DEALERS  
INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2018**

Turnover for the year		941 120
Less: Cost of sales		292 030
Gross profit for the year		649 090
Add: Other income		22 690
Trading stock surplus	6 290	
Interest on fixed deposit	7 320	
Interest income	5 580	
Profit on sale of equipment	3 500	
Gross income for the year		671 780
Less: Expenses for the year		347 880
Depreciation	48 600	
Salaries	265 280	
Loss on sale of vehicle	2 000	
Interest on loan	16 000	
Stationery	16 000	
Net profit for the year		

**UMTATA MOTOR DEALERS  
BALANCE SHEET AS AT 28 FEBRUARY 2018**

	NOTES	2017	2018
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	1	1 991 000	2 193 900
Other financial assets	2	40 000	60 000
Current assets			
Trading stock		18 200	40 000
Trade and other debtors		16 900	4 700
Cash and cash equivalents	3	10 900	21 200
<b>TOTAL ASSETS</b>		<b>2 077 000</b>	<b>2 319 800</b>
<b>EQUITY AND LIABILITIES</b>			
Capital			
		1 393 900	1 647 800
Non-current liabilities			
Interest bearing liabilities (14% p.a)		620 000	600 000
Current liabilities			
Trade and other creditors		63 100	72 000
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 077 000</b>	<b>2 319 800</b>

**NOTE 1: PROPERTY, PLANT AND EQUIPMENT**

	2017		
	Gross carrying amount	Accumulated depreciation	Net carrying amount
Land and buildings	880 000	-	880 000
Equipment	190 000	24 500	165 500
Vehicles	970 000	24 500	945 500
	<b>2 040 000</b>	<b>49 000</b>	<b>1 991 000</b>
	2018		
	Gross carrying amount	Accumulated depreciation	Net carrying amount
Land and buildings	1 080 000	-	1 080 000
Equipment	203 000	30 400	172 600
Vehicles	990 000	48 700	941 300
	<b>2 273 000</b>	<b>79 100</b>	<b>2 193 900</b>

**NOTE 2: OTHER FINANCIAL ASSETS**

	2017	2018
Fixed deposit: Southbank (14% p.a)	60 000	40 000

**NOTE 3: CASH AND CASH EQUIVALENTS**

	2017	2018
Bank	10 900	21 200

## ADDITIONAL INFORMATION

During the current financial year the following transactions took place:

- Equipment (cost price R12 000) was sold for cash. The accumulated depreciation written off was R8 500.  
**NOTE:** A Sumsung laptop was bought on credit.
- A delivery van (cost price R30 000) was sold on 28 February 2018 for R18 000 cash.  
**NOTE:** A vehicle was purchased from BMW for R50 000.
- The proprietor increased his drawings by R70 000.

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## QUESTION 6

Masithulela specializes in selling products from two departments, children's clothes and children's toys. Balances are on 31 December 2018.

REQUIRED:

Use the given information to draw up the following accounts:

- 6.1 The Purchases Account (10)
- 6.2 The Departmental Trading Statement (15)

	CHILDREN'S CLOTHES	CHILDREN'S TOYS
Sales	670 000	870 000
Purchases	330 000	235 000
Carriage on purchases	20 000	15 000
Sales returns	450	1 200
Carriage on sales	8 000	-
Bank	750 000	420 000
Trading inventory (01/01/2018)	185 000	130 000
Trading inventory (31/12/2018)	280 000	195 000
Import duties	6 900	-

## ADDITIONAL INFORMATION AND ADJUSTMENTS

1. Purchase to the value of R800 from the children's clothing department have been returned due to poor quality.
2. Donations to Mbeki's children's home were made from the children's toy department to the value of R2 500.
3. The owner took children's clothing to the value of R300 for the baby shower of a personal friend.
4. Carriage on purchases amounting to R500 on children's clothing, was still outstanding for the current financial year.

5. Import duties for one month are still outstanding.
6. Carriage on sales for children's toys was paid up to 28 February 2019.
7. Purchases from the children's clothing department to the value of R40 000 have been transferred to the children's toys department.

**GRAND TOTAL**      **[25]**  
**[200]**