



UNIVERSITY  
OF  
JOHANNESBURG

Department of Commercial Accounting  
**Applied Accounting Skills 1A**  
AAS11A1

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**Final Assessment Opportunity 2016**

**11 June 2016**

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**Time:** 2 hours **Marks:** 70

**Assessors:** Mr H. Reddy, Mr E. Kodisang, Mr F. Hemmings, Mr M. Maseko

**Moderators:** Mrs I. Baigrie (internal)

**INSTRUCTIONS:**

- This paper consists of 8 pages (including the cover page and the attached templates for questions 2 and 6 – please place these in your answer book when you hand it in.).
- Answer all questions in **INK** in the answer books provided.
- Show all calculations and workings clearly.
- Silent, non-programmable calculators may be used.
- Where applicable, round all calculations to the nearest Rand, unless stipulated otherwise.

Question	Topic	Marks	Time
1	Accounting Theory	10	18 minutes
2	Accounting Equation	12	20 minutes
3	Accounting Cycle and Journal Entries	10	18 minutes
4	Current and Non-Current Assets	14	24 minutes
5	Financial Statements	12	20 minutes
6	Value Added Tax	12	20 minutes
		<b>70</b>	<b>120 minutes</b>

**QUESTION 1****(10 MARKS)**

- 1.1 A profit company is formed for the purpose of financial gain for the shareholders. Name the FOUR types of profit companies identified in the Companies Act of South Africa, No 71 of 2008. (4)
- 1.2 Fruit is an example of a zero-rated supply in relation to value added tax. List TWO other examples of goods that are zero-rated for value added tax. (2)
- 1.3 Provide the definition of “equity” as outlined in the Accounting Framework. (2)
- 1.4 List two of the four enhancing qualitative characteristics that need to be considered when preparing financial statements. (2)

**[10]****QUESTION 2****(12 MARKS)**

Mr M. Moses is the owner of Moses Trading. He uses the perpetual inventory system. The following transactions took place during the month of May 2016:

May 2016

Example: Mr Moses deposited R50 000 into the business bank account.

- 01 Borrowed R60 000 from ABC Bank. The capital together with the interest is to be paid in full in 18 months' time. Interest is calculated at 12 % per annum compounded monthly.
- 03 Paid the “Daily Newspaper” for advertising, R900.
- 08 Sold merchandise on credit to customers for R3 000. The items sold had a cost of R2 500.
- 12 Purchased a vehicle for the sales manager for R240 000 from Delta Motors. A deposit of R40 000 was paid on signing the documents and the balance to be paid in equal monthly instalments of R7 500 commencing on 1 July 2016.
- 22 Paid the account of a supplier, R1 700.
- 24 The owner took merchandise costing R925 from stock as a donation to the Soweto Child and Family Welfare Society.
- 28 Received rental income of R6 250 for the equipment which is let to a supplier.
- 29 The owner contributed his personal computer to the business, valued at R12 000.

**QUESTION 2 continued...****REQUIRED:**

- 2.1 Use the attached template, which is in the format below, to record the above transactions under the accounting equation. Show an increase with a plus (+) and a decrease with a minus (-). (9)

NOTE: An amount without a (+) or (-) sign will be marked incorrect.

ASSETS						OWNER'S EQUITY		LIABILITIES	
Date	Bank	Receivables	Inventory	Equipment	Vehicles	Capital	Income / Expenses	Long-term loans	Payables
Opening balances	+23 300	+19 700	+4 800	+90 000	+180 000	+200 000	+111 000	-	+6 800
Example	+50 000					+50 000			

- 2.2 Calculate the closing balances and use the template provided to prove that the accounting equation balances. (3)

**[12]**

**QUESTION 3**

**(10 MARKS)**

Mr More is the owner of More Stores. He is not VAT registered as he has not yet reached the VAT threshold. He uses the perpetual inventory system and expenses stationery as it is purchased. The following transactions took place during the month of May 2016:

**MAY 2016**

- 03 Purchased inventory on credit from Ebony Wholesalers, R5 500.
- 06 Paid for stationery, R1 300.
- 16 Sold merchandise to credit customer, L. Lionel, for R4 000. The items cost R2 500.
- 23 Paid R3 500 on account to Ebony Wholesalers.
- 31 Purchased equipment and paid R4 400 by cheque.

**REQUIRED:**

- 3.1 Prepare the journal entries for the above transactions as they would be recorded in the journals of More Stores for the month of June 2015.

Journal narrations are not required.

**[10]**

**QUESTION 4****(14 MARKS)**

- 4.1 The following information was extracted from the financial records of Beta Traders for the reporting period ended 31 December 2015:

	Cost price	Net Realisable value
Inventory: Product Brick (1 800 units)	R14.30	R16.00
Product Tile (740 units)	R21.00	R19.50

**REQUIRED:**

- 4.1 Calculate the value of the closing inventory of Beta Traders on 31 December 2015. (4)

- 4.2 Delta Traders uses the periodic inventory system to record inventory. The following information relates to the reporting period ended 29 February 2016:

Inventory on 1 March 2015	R 110 000
Purchases for cash	R 650 000
Purchases on account	R 290 000
Purchases returns	R 34 700
Carriage on purchases	R 12 000
Courier costs for delivery to clients	R 14 300
Inventory on 29 February 2016	R 125 000

**REQUIRED:**

- 4.2 Calculate the cost of sales for Delta Traders for the year ended 29 February 2016. (4)

- 4.3 Echo Traders, who are not VAT registered, purchased equipment on 1 January 2015 for R456 000. The directors decided that the equipment will have a useful life of 6 years and a residual value of R36 000 at the end of its useful life. On 1 May 2015, they purchase a motor vehicle for R252 000. They resolved to depreciate the motor vehicle at 20% per annum to a zero residual value, as the vehicle will be donated to charity at the end of its useful life. They depreciate all their equipment and motor vehicles on the straight line basis.

**REQUIRED:**

- 4.3 Calculate the depreciation expense for Echo Traders for the year ended 31 December 2015. (6)

**[14]**

**QUESTION 5****(12 MARKS)**

Preston Stores is a retail general dealer. They are not VAT registered and use the perpetual inventory system. The following information is from the accounting records for the reporting period ended 29 February 2016:

Trial Balance at 29 February 2016:

	DEBITS	CREDITS
Capital		145 130
Drawings	123 000	
Vehicles	178 340	
Accumulated depreciation on vehicles		35 600
Loan from Delta Bank		50 000
Investments	60 000	
Inventory	46 000	
Receivables	16 270	
Bank	8 090	
Payables		7 780
Sales		958 900
Cost of sales	567 810	
Rent expense	44 000	
Advertising	3 400	
Salaries	134 890	
Depreciation	14 200	
Telephone	1 400	
Interest expense	4 560	
Interest income		4 550
	1 201 960	1 201 960

**ADDITIONAL INFORMATION:**

The bookkeeper has advised you that she had not yet paid the February 2016 rent of R4 000.

**REQUIRED:**

- 5.1 Prepare the Statement of Profit or Loss for Preston Stores for the reporting period ended 29 February 2016. (9)
- 5.2 Prepare the statement of changes in equity of Preston Stores for the reporting period ended 29 February 2016. (3)

**[12]**

**QUESTION 6****(12 MARKS)**

Jabu Traders is a registered VAT vendor that retails clothing. Jabu Traders transacts with registered and non-registered VAT vendors. The following transactions were entered into for the month of February 2016:

Date	Transaction	Amount inclusive of VAT if applicable	Supplier VAT registered	Input VAT	Output VAT	No VAT ( <input type="checkbox"/> )	Reason if no VAT
01/02/2016	Purchased inventory for cash	R22 230.00	Yes				
02/02/2016	Paid the rent for February 2016	R13 452.00	Yes				
3/02/2016	Purchased stationery on credit from CAN Stationers	R1 368.00	No				
04/02/2016	Sold goods on credit (cost price R11 200)	R16 872.00					
05/02/2016	Bought office furniture on account from Furniture Warehouse	R31 920.00	Yes				
08/02/2016	Paid the weekly wages	R11 571.00					
09/02/2016	Paid for fuel	R684.00	Yes				
11/02/2016	Bought fruit for office use	R 126.00	Yes				
14/02/2016	Paid the interest on the loan	R1 140.00					
16/02/2016	Received R4 000 from customers in payment of their accounts	R4 332.00					

**REQUIRED:**

- 6.1 Complete the table above on the attached template, showing the VAT amount, and indicating whether it is an input VAT or an output VAT. Where a transaction has no VAT, provide the reason for this as follows: not a supply, not a VAT vendor, zero-rated, prohibited input or exempt supply.
- 6.2 Calculate the total input VAT for Jabu Traders for the month of February 2016.
- 6.2 Calculate the total output VAT for Jabu Traders for the month of February 2016.

**[12]**

**TOTAL: 70 MARKS**