JUNE 2012 EXAMINATION

DATE: 13 JUNE 2012

TIME: 14H00 – 16H30

TOTAL: 100 MARKS

DURATION: 2½ HOURS

PASS MARK: 40%

(QL-11 / AU-55)

BOOKKEEPING AND ACCOUNTING 1

THIS EXAMINATION PAPER CONSISTS OF 2 SECTIONS:

SECTION A: CONSISTS OF 15 TRUE OR FALSE QUESTIONS

Answer all the questions (15 marks)

SECTION B: CONSISTS OF 5 QUESTIONS

Answer all the questions (85 marks)

INSTRUCTIONS:

1. Read the following instructions carefully before answering the paper, as failure to act upon them will result in a loss of marks.
2. Write your answers in your answer book, which is provided in the exam.
3. Ensure that your name and student number are clearly indicated on your answer book.
4. Write your answers in either blue or black ink in your answer book.
5. Read each question very carefully before you answer it and number your answers exactly as the questions are numbered.
6. Begin with the question for which you think you will get the best marks.
7. Note the mark allocations for each question – give enough facts to earn the marks allocated. Don’t waste time by giving more information than required.
8. You are welcome to use diagrams to illustrate your answers.
9. Please write neatly – we cannot mark illegible handwriting.
10. Any student caught cheating will have his or her examination paper and notes confiscated. The College will take disciplinary measures to protect the integrity of these examinations.
11. If there is something wrong with or missing from your exam paper or your answer book, please inform your invigilator immediately. If you do not inform your invigilator about a problem, the College will not be able to rectify it afterwards, and your marks cannot be adjusted to allow for the problem.
12. This paper may be removed from the examination hall after the examination has taken place.

NOTE: YOU ARE ALLOWED TO USE A NON-PROGRAMMABLE CALCULATOR.
SECTION A

(15 MARKS)

ANSWER ALL THE QUESTIONS

TRUE OR FALSE QUESTIONS

Indicate whether the following statements are true or false. Write only 'true' or 'false' for your answer.

1. The debtors control account reflects the amount owed to the business.

2. The owners of a close corporation are called directors.

3. Proprietary accounts are often referred to as the accounts of the owners.

4. Owner's equity = assets – liabilities.

5. Assets refer to resources controlled by the firm as a result of past events from which future benefits are likely to flow.

6. VAT output is the amount the firm owes to another business.

7. Bank overdraft is the amount the business owes the bank.

8. Transactions to capital and drawings, referred to as proprietary accounts, are not included in the calculation of owner's equity but form part of the calculation of profits.

9. Invoice basis sales means that VAT must be recorded the moment the sale takes place.

10. An electronic funds transfer (EFT) slip is a valid document for VAT purposes.

11. Petty cash amounts are limited to R100 daily.

12. Credit sales are beneficial to a business because a larger customer base can be reached.

13. A separate debtors ledger is opened for every debtor.

14. If business discovers an error on their side when reconciling the bank account, then they must inform the bank to make the correction in their books.

15. A remittance advice is a statement that accompanies payment to a creditor.
QUESTION 1

Below is a list of assets and liabilities for Jonas Trading for April 2012:

<table>
<thead>
<tr>
<th>Amount</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>300 000</td>
</tr>
<tr>
<td>Debtors control</td>
<td>60 000</td>
</tr>
<tr>
<td>Petty cash</td>
<td>10 000</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>5 000</td>
</tr>
<tr>
<td>Vehicles</td>
<td>450 000</td>
</tr>
<tr>
<td>Creditors control</td>
<td>75 000</td>
</tr>
<tr>
<td>Land and buildings</td>
<td>1 000 000</td>
</tr>
<tr>
<td>Mortgage loan</td>
<td>625 000</td>
</tr>
<tr>
<td>Cash float</td>
<td>2 500</td>
</tr>
<tr>
<td>Trading inventory</td>
<td>37 500</td>
</tr>
<tr>
<td>Loan from bank</td>
<td>310 000</td>
</tr>
</tbody>
</table>

You are required to:

Calculate the total of

(a) non-current assets. (4)
(b) current assets. (5)
(c) non-current liabilities. (3)
(d) current liabilities. (3)
(e) owner's wealth (equity). (5) [20]

QUESTION 2

(a) Explain the difference between zero-rated supplies and exempt goods with relation to VAT (value added tax). (5)

(b) Complete the following table:

<table>
<thead>
<tr>
<th>VAT EXCLUDED</th>
<th>VAT</th>
<th>VAT INCLUDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 942,50</td>
<td></td>
<td>1 254,00</td>
</tr>
<tr>
<td>3 800,00</td>
<td></td>
<td>12 400,00</td>
</tr>
<tr>
<td>7 600,00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(10) [15]
QUESTION 3

Use the data below to draft general ledger accounts (use T-format):

- Issue cash cheque for cleaning services: 1 500
- Purchase computer cartridges on credit: 350
- Pay for refreshments from petty cash: 750
- Sold goods on credit for: 75 000
- With a cost of sales price: 75%  

QUESTION 4

(a) List the column headings of a debtors journal and give a brief description of each column.  
(b) Define what a creditor is.  
(c) Describe the recording process for a credit purchase.  

QUESTION 5

(a) The owner of Lucky's Clothing takes merchandise for own use valued at R1 000, exclusive of VAT, on the first day of the month. On the 15th day, he returns 50% of the goods.

Use the perpetual inventory system and draft general journals to record the above transactions.

(b) In question 5(a) you are required to use the perpetual inventory system. Name the other inventory system.

(c) A bank offers a range of different accounts. List two of these accounts.

Section A: 15 marks
Section B: 85 marks
TOTAL: 100 MARKS