

## UNIT 1

### Sample tests and exams

#### CONTROL TEST 1

Marks: 100

Time: 60 minutes

You are provided with a question paper and an answer book.

#### Instructions

- Answer all questions.
- Use the formats provided in order to reflect your answers.
- Workings must be shown in order to achieve part-marks.
- Non-programmable calculators may be used.

Question 1: Reconciliation, internal control and ethics	(28)
Question 2: Fixed assets and ethics	(30)
Question 3: Partnerships, ledger accounts and internal control	(42)

#### Question 1: Bank Reconciliation

The following information was extracted from the accounting records of Letti Traders for March 20.9.

#### Extract

One of Letti's customers, Ray Rite, informed Letti that something strange happened when he settled his account of R800 in cash. I Take, the cashier, handed him a receipt that did not look like the normal receipts issued by Letti Traders. Upon closer inspection of the Debtors Statement, he saw that a General Journal entry had been made to reduce the account. Letti then checked the receipts and found that there was no record of the R800 having been receipted or deposited by the cashier.

## Information

- 1 The following are the final totals of the cash journals on 31 March 20.9, after the necessary entries were made from the Bank Statement:
 

<b>Cash Receipts Journal (CRJ8)</b>	<b>Cash Payments Journal (CPJ8)</b>
Bank R23 676	Bank R18 115
- 2 The BANK account in the books of Letti Traders reflected a debit balance of R6 060 on 1 March 20.9.
- 3 The following information relates to the Bank Reconciliation Statement only:
  - The Bank Statement received from Khaye Bank reflected a credit balance of R12 053 on 31 March 20.9.
  - Cheque number 267 for R400 and cheque number 271 for R1 632, both drawn by Letti Traders, were not presented to the Bank for payment,
  - Cheque number 272 for R1 540 appeared in the CPJ, but not on the Bank Statement. The cheque was dated 30 April 20.9.
  - A deposit of R3 140, which was made on 31 March 20.9, did not appear on the Bank Statement.
- 4 A dishonoured cheque for R960, received from L Barker, a debtor, was received with the Bank Statement. The cheque was dishonoured as it was marked “RD – insufficient funds”.

## Required

Use the necessary information to prepare the following:

- 1.1 The BANK account for March 20.9, properly balanced. (7)
- 1.2 The Bank Reconciliation Statement on 31 March 20.9. (12)
- 1.2.1 Briefly explain the problem, that exists in this business. (3)
- 1.2.2 Provide TWO steps that should be taken to resolve the problem. (6)

[28]

## Question 2: Fixed assets

## Information

### GENERAL LEDGER OF LA TRADERS BALANCE SHEET ACCOUNTS SECTION

Dr				VEHICLES				Cr			
20.8											
Mar	1	Balance	b/d	81 000	20.8	Aug	31	Asset disposal			27 000

### ACCUMULATED DEPRECIATION: VEHICLES

20.8											
Aug	31	Asset disposal		22 950	20.8	Mar	1	Balance	b/d		38 400
					Aug	31		Depreciation			1 350

## NOMINAL ACCOUNTS SECTION

Dr	ASSET DISPOSAL						Cr
20.8 Aug 31	Vehicles		27 000	20.8 Aug 31	Accumulated depreciation: vehicles		?
				Aug 31	Creditors control		9 000

### Required

Study the ledger accounts provided and answer the following questions:

- 1 Calculate the rate of depreciation applied to vehicles. (4)
- 2 State the method of depreciation applied to vehicles. (2)
- 3 Calculate the book value of vehicles on 28 February 20.9. (8)
- 4 Calculate the book value of vehicles on 31 August 20.8. (3)
- 5 Calculate the profit or loss on the sale of vehicles on 31 August 20.8. (4)
- 6 What amount will appear in respect of depreciation in the PROFIT AND LOSS account on 28 February 20.9? (3)
- 7 The owner wishes to trade this vehicle for a new vehicle for his son.  
In your opinion, is the entry on the credit side of the ASSET DISPOSAL account correct? Motivate. (6)

[30]

### Question 3: Partnerships

#### Information

The perpetual inventory system is used. Where necessary, estimate all calculations to the nearest Rand.

- Balances on 1 March 20.8
 

	R
Capital: C Chai	100 000
Capital: L Latte	70 000
Current account: C Chai (Dr)	1 800
Current account: L Latte (Cr)	2 500
- The Income Statement showed a net profit of R680 000 on 28 February 20.9.
- C Chai took goods worth R800 per month for his private use from 31 March 20.8, and thereafter on the last day of each month. On the same dates L Latte took goods worth R900 each month. No entries were made in the books for these transactions.
- A private telephone account of R3 600 was paid with a business cheque on behalf of L Latte on 31 August 20.8. This cheque was posted to the TELEPHONE account.

#### Additional information and stipulations of the partnership agreement

- The partners are entitled to a salary of R144 000 p.a. By 31 January 20.9, each received R132 000. It was recorded in the partners' DRAWINGS accounts.

- Both partners are entitled to a 15% interest per annum on their capital contribution as on the first day of the financial year. On 28 February 20.9 L Latte deposited R30 000 into the partnership's BANK account to increase his capital. The capital account of C Chai stayed unchanged.
- The remaining profit must be divided in the ratio of the partners' capital account balances on the last day of the financial year.

### Required

- 1 Complete the following ledger accounts of ChaiLatte Traders:
 

CURRENT ACCOUNT: C CHAI	(14)
DRAWINGS: L LATTE	(8)
APPROPRIATION	(16)
  - 2 Do you think the business has proper internal control procedures? Give a reason for your answer. (4)
- [42]**
- TOTAL: 100**
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