

**JUNE EXAM PREPARATION (LIVE)**

**28 MAY 2015**

**Section B: Exercises**

**ADJUSTMENTS**

Nominal Accounts Section	R
Sales	?
Cost of sales	8 200 000

Goods are sold at a mark-up of 60% on cost price. The company held discounted cash sales during the year to clear excess stock. The total of trade discount given to customers was R702 000.

Sales	
Packing material	43 900

notes for...

Packing material to the value of R41 000 was used during the year ended 30 June 2014.

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Packing material	
Packing material	57 800

notes for...

A physical stock count on 30 June 2014 reflected the stock of packing materials on hand as R7 800.

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Packing material	
Salaries and wages	788 000
Employer's contribution (Pension and UIF)	81 000

*notes for...*

One employee was omitted from the Salaries Journal for June 2014. His salary details are:

<b>Deductions</b>	<b>Employer's Contribution</b>	<b>Net salary</b>
2 020	1 610	4 980

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<b>Salaries and wages</b>	
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<b>Employer's contribution</b>	
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notes for...

The loan statement from Puma Bank on 30 June 2014 reflected:

Balance at beginning of financial year	R1 470 000
Repayments during the year	840 000
Interest capitalised	?
Balance at end of financial year	750 000

Interest expense	
Rent income	69 160

notes for...

Rent income for July 2014 has already been received. The monthly rent was increased by 10% on 1 May 2013.

Rent income	
Rent income	176 880

notes for...

The rent increased by R1 320 on 1 April 2011. The tenant has paid rent until the end of July 2013.

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Rent income	
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notes for...

No entries have been made for stock stolen at the beginning of June 2013. The insurance company has informed Selati Ltd that they have transferred R32 000 into the business' bank account in respect of the insurance claim. Selati Ltd bears 20% of any stock loss.

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Loss due to stock theft	
Debtors' control	521 300
Provision for bad debts	22 000



notes for...

An amount of R1 700 received from M Mpoani had been credited to the Debtors' Control Account in June 2013. The account of M Mpoani was written off as a bad debt during May 2013.

The provision for bad debts must be adjusted to 4% of outstanding debtors.

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Bad debts recovered	
Provision for bad debts adjustment	
Vehicles	450 000
Accumulated depreciation on vehicles	390 000

*notes for...*

Depreciate vehicles at 20% p.a. on cost. The vehicles have been used for the whole year.

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Depreciation	
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notes for...

## Section C: Solutions

### ADJUSTMENTS

Sales (13 120 000✓✓ – 702 000✓)	<input checked="" type="checkbox"/> 12 418 000
Packing material	✓41 000
Packing material (57 800✓–7 800✓✓)	<input checked="" type="checkbox"/> 50 000
Salaries and wages(788 000✓+ 7 000✓✓ )	<input checked="" type="checkbox"/> 795 000
Employer's contribution(81 000✓+ 1 610✓)	✓82 610
Interest expense	✓✓ <input checked="" type="checkbox"/> (120 000)
Rent income (69 160✓– 5 720✓✓)	<input checked="" type="checkbox"/> 63 440
Rent income ((176 880✓ – 14 520✓✓)	<input checked="" type="checkbox"/> 162 360
Loss due to stock theft (40 000 – 32 000)	<input checked="" type="checkbox"/> ✓8 000
Bad debts recovered	✓✓1 700
Provision for bad debts adjustment	<input checked="" type="checkbox"/> ✓✓1 080
Depreciation	<input checked="" type="checkbox"/> ✓✓59 999