



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N560(E)(J10)H
JUNE EXAMINATION
NATIONAL CERTIFICATE
FINANCIAL ACCOUNTING N4
(4010164)

10 June 2016 (Y-Paper)
13:00–16:00

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1 pages.



DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA
NATIONAL CERTIFICATE
FINANCIAL ACCOUNTING N4
TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
 2. Answer ALL the questions in the attached ANSWER BOOK.
 3. Write your EXAMINATION NUMBER and CENTRE NUMBER at the top of each page of the ANSWER BOOK.
 4. Red or green ink may NOT be used.
 5. The time to be spent on each question is indicated next to the question number. Use the given time as a guideline for completing the question paper.
 6. Ensure that the pages of the ANSWER BOOK are arranged in the correct sequence and staple together before submitting the ANSWER BOOK.
 7. Write neatly and legibly.
-

QUESTION 1 (10 minutes)

Coastal Traders is a retail business which uses a variable mark-up on cost.

REQUIRED

Use the information given below to draft the Debtors Control Account in the General Ledger. Balance this account on 31 May 2015.

INFORMATION

BALANCES ON 1 MAY 2015		
Debtors control		R 45 500
Creditors control		R 36 900

Cash Receipts Journal	Sales	R77 400
	Cost of sales	38 350
	Debtors	50 400
	The total of this column includes the discount allowed	
	Creditors	11 870

Cash Payments Journal	Trading stock	R47 988
	Creditors	29 350
	Discount received	1 400
	Wages	19 500
	Debtors	7 230

Creditors Journal	Total column	R46 000
	Trading stock	23 500
	Equipment	19 600
	Sundry accounts	2 900

Creditors Allowances Journal	Total column	R13 400
	Trading stock	3 500
	Equipment	9 600
	Sundry accounts	300

Debtors Journal	Sales	R113 400
	Cost of sales	73 000

Debtors Allowances Journal	Debtors allowances	R13 000
	Cost of sales	9 100

General Journal	DEBTORS LEDGER		CREDITORS LEDGER	
	Dr	Cr	Dr	Cr
	R240	R75	R105	R40

[11]

QUESTION 2 (29 minutes)

The information given below was extracted from the accounting records of ABC Fashion Wholesalers for April 2015.

As a bookkeeper for the abovementioned organisation, YOU are required to:

- 2.1 Complete the Cash Receipts Journal and the Cash Payments Journal on 30 April 2015. 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 2015. (12)

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

INFORMATION

ABC FASHION WHOLESALERS
BANK RECONCILIATION STATEMENT ON 31 March 2015

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

CASH RECEIPTS JOURNAL OF ABC FASHION WHOLESALERS – APRIL 2015 CRJ 4

Doc. No.	Day	Details	Analysis of Receipts	Bank	Sales	Debtors Control	Sundry Account	Details of Sundry
CRR1	1	Cash	18 000		18 000			
400	4	Travel Ltd	2 100	20 100			2 100	Commission
401	12	A.Taylor	800			800		
CRR2	15	Sales	11 900	12 700	11 900			
CRR3	24	Sales	15 960	15 960	15 960			
CRR4	25	Cash	9 600		9 600			
A402	26	Makro	2 900	12 500			2 900	Rent income
CRR5	30	Sales	36 200	36 200	36 200			
				97 460	91 660	800	5 000	

CASH PAYMENTS JOURNAL OF ABC FASHION WHOLESALERS - APRIL 2015 CPJ 4

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
			61 375	16 100	24 200	21 075	

GUESS BANK BANK STATEMENT

ABC FASHION WHOLESALERS
123 West Street
Durban
4001

30 April 2015

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 2015 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 2012 from A. Taylor. This cheque was dishonoured because the debtor disappeared without a trace.
3. The debit entry on 29 April 2015 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 2015 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 2015 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 no. 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. **[32]**

QUESTION 3 (50 minutes)

The information given below was extracted from the accounting records of Zungu's Fashion Suppliers on 28 February 2015.

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

- 3.1 Draw up the Income Statement for the year ended 28 February 2015 (36)
- 3.2 Complete the following extract of the Balance Sheet:
 - OWNER'S EQUITY AND LIABILITIES section. (7)
 - The applicable NOTES/ANNEXURE to the Balance Sheet as at 28 February 2015. (12)

NOTE: ❖ The complete Balance Sheet is not required.

❖ Stocktaking is conducted as per the periodic inventory system.

INFORMATION

ZUNGU'S FASHION SUPPLIERS
PREADJUSTMENT TRIAL BALANCE ON 28 FEBRUARY 2015

BALANCE SHEET ACCOUNTS SECTION		DR	CR
Capital	B1		670 522
Drawings	B2	53 890	
Equipment	B4	430 000	
Vehicles	B5	950 000	
Accumulation depreciation on equipment	B6		53 200
Accumulated depreciation on vehicles	B7		89 200
Creditors control	B8		16 660
Loan: Star Finance Co. (18% p.a.)	B9		575 000
Debtors control	B10	43 500	
Stock (1 March 2015)	B11	85 800	
Bank	B12	86 700	
Petty cash	B13	3 500	
Cash float	B14	2 000	
Fixed deposit: Power Bank (12% p.a.)	B15	145 000	
NOMINAL ACCOUNTS SECTION			
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	
Customs 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	
		2 267 582	2 267 582

ADJUSTMENTS AND ADDITIONAL INFORMATION

1. A Barry has disappeared. Write off his debt of R18 000 as irrecoverable.
2. Create a provision for bad debts at 5% of debtors.
3. Create a provision for discount allowed at 8% of debtors.

4. According to a physical stocktaking, the following stock was on hand on 28 February 2015:

- Trading stock R 42 500
- Packing material 215

5. An amount of R250 was still owing to Ram Slam 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 2015 has not yet been paid.

7. Adjust the interest on fixed deposit as reflected in the Trial Balance.

8. Provide for the outstanding interest on loan.

NOTE: The interest rate on the loan was increased by 2% on 1 September 2014.

9. Rent has been received up to 31 March 2015.

NOTE: There has been an increase of R1 000 per month implemented on 1 January 2015 as per the lease agreement.

10. Provide for depreciation as follows:

- On vehicles at 15% p.a. on cost price

NOTE: A new vehicle was purchased from NMI Motors on 1 December 2014, R250 000.

- On equipment at 12% p.a. according to the diminishing balance method.

[55]

QUESTION 4 (34 minutes)**REQUIRED**

- 4.1 Draw up the Cash Flow Statement of Umtata Motor Dealers for the year ended 28 February 2015. (25)
- 4.2 You must also show the following notes/calculations:
- ❖ Cash received from customers/clients
 - ❖ Cash paid to suppliers and employees. (13)

INFORMATION

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

A.

UMTATA MOTOR DEALERS
INCOME STATEMENT FOR YEAR ENDED 28 FEBRUARY 2015

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		323 900

**B. UMTATA MOTOR DEALERS
BALANCE SHEET AS AT 28 FEBRUARY 2015**

	NOTES	2014	2015
ASSETS			
Non-current assets			
Property, equipment and vehicles	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
TOTAL ASSETS		2 077 000	2 319 800
EQUITY AND LIABILITIES			
Capital		1393 900	1647 800
Non-current liabilities			
Interest bearing liabilities (14% p. a)		620 000	600 000
Current liabilities			
Trade and other creditors		63 100	72 000
TOTAL EQUITY AND LIABILITIES		2 077 000	2 319 800

NOTES/ANNEXURES

NOTE 1: PROPERTY, EQUIPMENT AND VEHICLES

	2014		
	GROSS CARRYING AMOUNT	ACCUMULATED DEPRECIATION	NET CARRYING AMOUNT
Land and building	880 000	-	880 000
Equipment	190 000	24 500	165 500
Vehicles	970 000	24 500	945 500
	2 040 000	49 000	1 991 000

	2015		
	GROSS CARRYING AMOUNT	ACCUMULATED DEPRECIATION	NET CARRYING AMOUNT
Land and building	1 080 000	-	1 080 000
Equipment	203 000	30 400	172 600
Vehicles	990 000	48 700	941 300
	2 273 000	79 100	2 193 900

NOTE 2: OTHER FINANCIAL ASSETS

	2014	2015
Fixed deposit: Southbank (14% p.a.)	40 000	60 000

NOTE 3: CASH AND CASH EQUIVALENTS

	2014	2015
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 Samsung laptop was bought on credit.

- A delivery van (cost price R30 000) was sold on 28 February 2015 for R18 000 cash.

NOTE: A vehicle was purchased from BMW for R50 000.

- The proprietor increased his drawings by R70 000.

[38]

QUESTION 5 (30 minutes)**REQUIRED**

Use the information given below to prepare the Departmental Income Statement of Electronic Enterprises for the year ended 28 February 2015.

INFORMATION

- ❖ Electronic Enterprises trades in cell phones and computers.
- ❖ All goods are marked up at 50% on cost.
- ❖ This business operates by using the periodic inventory system.
- ❖ General information:

DEPARTMENT	NO. OF WORKERS	FLOOR SPACE
Cellphone	8	40 m ²
Computer	12	60 m ²

- ❖ The following was extracted from the accounting records on 28 February 2016:

BALANCES/TOTALS	R	CELLPHONE DEPARTMENT	COMPUTER DEPARTMENT
		R	R
Debtors control		405 230	355 800
Bank	825 620		
Equipment (cost price)		360 000	220 000
Trading inventory (1 March 2014)		320 500	370 000
Trading inventory (28 February 2015)		80 500	192 500
Sales		670 000	829 000
Purchases		320 000	160 000
Carriage on purchases		18 000	9 000
Carriage on sales		16 600	25 000
Sales returns		12 200	9 000
Purchases returns		-	12 500
Discount received		21 500	2 800
Sundry expenses		18 000	14 000
Salaries	880 000		
Rent expense	118 000		
Advertising	90 000		

ADDITIONAL INFORMATION

1. Costs are allocated as follows:
 - Salaries as per the number of workers
 - Rent expense as per floor space
 - 75% of advertising is apportioned to the computer department
2. On 28 February 2015, Samsung laptop valued at R9 700 was transferred to the Cellphone Department. No entry has been in the books.
3. An amount of R5 870 was owing to Ram Slam Couriers for delivery of 10 computers sold to Thekwini College.
4. An outstanding amount of R1 300 for a cellphone must be written off as irrecoverable.
5. Bonuses must be provided for the managers of the respective departments as follows:
 - Cellphone: R12 500
 - Computer: 1% of this department's net sales
6. Depreciation must be written off on equipment at 20% p.a. on the straight line method.

[33]**QUESTION 6 (27 minutes)**

The information given below, amongst others, was extracted from the books of Chiefs Soccer Club on 28 February 2015.

REQUIRED

- 6.1 Draw up the following accounts in the General Ledger:
 - 6.1.1 Accumulated fund (5)
 - 6.1.2 Membership fees (10)Balance/close off these accounts on 28 February 2015.
- 6.2 Prepare the Statement of Income and Expenditure as at 28 February 2015. (16)

INFORMATION

A. BALANCES/TOTALS ON 1 MARCH 2014

	R
Accumulated fund (Cr)	12 345
Bank (Dr)	889
Membership fees:	
• Accrued income	1 800
• Income received in advance	3 600
Rent expense:	
• Accrued expense	500
Loan: TVET Bank (12% p.a.)	5 000
Fixed deposit : Get Rich	1 500

B. EXTRACT: RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015

RECEIPTS	R
Legacy: P. Motsepe	15 000
Entrance fees	3 150
Membership fees:	
2014	600
2015	19 200
2016	2 400
Cake sale takings	2 250
PAYMENTS	
Interest on loan	200
Wages	325
Water and electricity	335
Honorarium	775
Rent expense	17 000
Membership fees refunded	1 200

C. ADDITIONAL INFORMATION AND ADJUSTMENTS

- Provide for the outstanding interest on loan.
- An investment at Get Rich was made on 28 February 2015 at 14% p.a.
- There was no increase in membership fees, which remained at R600 per member per year.
- Membership fees still outstanding for 2014 must be written off.
- Seven members must still pay their subscriptions for 2015.
- Provide for the membership fees which were received in advance.
- Half of the legacy must be used to defray expenses whilst the balance must be capitalised.
- One third of entrance fees must be transferred to the accumulated fund.
- An honorarium of R450 to the treasurer must still be provided for.

[31]**TOTAL: 200**