



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N570(E)(J19)H

**NATIONAL CERTIFICATE
FINANCIAL ACCOUNTING N4**

(4010164)

**19 June 2017 (X-Paper)
09:00–12:00**

Nonprogrammable calculators may be used.

This question paper consists of 15 pages and an answer book of 12 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. Read ALL the questions carefully.
 3. Number the answers according to the numbering system used in this question paper.
 4. Each question must be answered on the correct ANSWER SHEET of the ANSWER BOOK.
 5. Write your EXAMINATION NUMBER as well as the CENTRUM NUMBER at the top of each ANSWER SHEET.
 6. Arrange the ANSWER SHEETS in the correct question sequence and staple it together before submitting.
 7. Red or green ink may NOT be used.
 8. The time to be spent on each question is indicated next to the question number. Use the time given as a guideline for completing the question paper.
 9. Write neatly and legibly.
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QUESTION 1 (49 minutes)

- 1.1 Draw up the income statement of Super Fashion Store for the year ended 30 June 2015.
- 1.2 Complete the equity and liabilities section of the balance sheet.
- 1.3 Show the relevant notes/annexure to the balance sheet.

- Note:**
- The business uses the perpetual inventory system.
 - The complete balance sheet is not required.

Information:**SUPER FASHION STORE****PREADJUSTMENT TRIAL BALANCE AS ON 30 JUNE 2015**

BALANCE SHEET ACCOUNTS SECTION	DR	CR
Capital		612 000
Drawings	131 200	
Creditors' control		15 980
Debtors' control	43 500	
Equipment	470 500	
Vehicles	825 000	
Accumulated depreciation on equipment		171 500
Accumulated depreciation on vehicles		225 200
Bank	13 780	
Petty cash	5 000	
Loan: National Bank (20% p.a.)		302 000
Provision for bad debts		3 250
Trading stock	43 210	
NOMINAL ACCOUNTS SECTION		
Sales		666 215
Cost of sales	191 115	
Debtors' allowances	16 215	
Rent income		65 000
Discount received		18 250
Interest on loan	25 000	
Bank charges	4 220	
Interest on overdraft	1 520	
Bad debts	3 155	
Salaries	250 500	
Insurance	15 000	
Stationery	11 230	
Sundry expenses	20 000	
Consumable stores	9 250	
	2 079 395	2 079 395

Adjustments and additional information:

1. A physical stocktaking on 30 June 2015 reflected the following:
 - Trading stock R44 000
 - Consumable stores 2 555
2. During the current financial year, stationery to the value of R710 was bought, but the sundry expenses account was incorrectly debited.
3. Provide for depreciation as follows:
 - 3.1 On equipment:
 - At 12% p.a. according to the diminishing balance method
 - 3.2 On vehicles:
 - At 15% p.a. on cost
 - A company vehicle was purchased for the manager on 1 January 2015 for R325 000.
4. Write off the debt of Mrs R Naidoo, a debtor, as irrecoverable, R1 500.
5. Adjust the provision for bad debts to 5% of debtors.
6. Make provision for discount allowed at 5% of debtors.
7. The rental amount in the trial balance includes rent received for July 2015.

Note: The lease agreement makes provision for a monthly increase of 10% in rent on 31 August 2015.
8. Insurance includes a yearly premium of R6 000 which is paid on 1 January each year.
9. Interest on loan must be adjusted accordingly.

Note: The interest rate on the loan will be increased to 21% on 1 July 2015.
10. Salaries were paid up to 31 December 2014 only.
11. The following items appeared in the bank statement for June 2015 but not in the cash journals of the business:
 - Interest on overdraft R5 020
 - Cash deposit fee 675
 - Cheque book 850
 - Service fees 220

[55]

QUESTION 2 (34 minutes)

As a bookkeeper for Thabang Furniture Wholesalers, you are required to use the information given below to extract the following:

2.1 Cash flow statement for the year ended 30 June 2015.

2.2 Notes/calculations:

- Cash received from customers/clients
- Cash paid to suppliers and employees

Information:

A. **THABANG FURNITURE WHOLESALERS**
BALANCE SHEET AS ON 30 JUNE 2015

	NOTES	2014	2015
ASSETS			
Noncurrent assets			
Property, equipment and vehicles	1	751 750	827 150
Other financial assets	2		5 000
Current assets			
Stock		18 100	24 400
Trade and other debtors		22 750	20 000
Cash and cash equivalents	3	1 500	-
TOTAL ASSETS		794 100	876 550
EQUITY AND LIABILITIES			
Capital	4	602 900	632 050
Noncurrent liabilities			
Mortgage bond: Rosetta Bank		180 000	230 000
Current liabilities			
Trade and other creditors		11 200	14 000
Bank overdraft		-	500
TOTAL EQUITY AND LIABILITIES		794 100	876 550

Annexure to the balance sheet:

Note 1 Property, equipment and vehicles

2014			
	Gross carrying amount	Accumulated depreciation	Net carrying amount
Land and building	500 000	-	500 000
Equipment	132 500	17 250	115 250
Vehicles	173 100	36 600	136 500
	805 600	53 850	751 750

2015			
	Gross carrying amount	Accumulated depreciation	Net carrying amount
Land and building	560 000	-	560 000
Equipment	138 500	26 750	111 750
Vehicles	205 200	49 800	155 400
	903 700	76 550	827 150

Note 2 Other financial assets

	2014	2015
Fixed deposit: Rosetta Bank (13% p.a.)	-	5 000

Note 3 Cash and cash equivalents

	2014	2015
Bank	1 000	(500)
Cash float	300	-
Petty cash	200	-

B. An extract from the income statement for the year ended 30 June 2015:

	R
Sales	532 200
Cost of sales	175 100
Gross income	357 100
Interest on loan	8 330
Interest on overdue a/c	7 670
Interest on overdraft	770
Interest on fixed deposit	225
Net income	38 350

- C. A delivery vehicle was sold on 30 June 2015. Details regarding the sale is as follows:
- Selling price: R13 200
 - Cost price : 22 750
 - Book value: 12 000
- D. The owner drew a cheque for his personal use during the financial year, R15 000.
- E. The owner increased his capital contribution by R5 800 during the financial year.

[38]**QUESTION 3** (22 minutes)

Various possible options are provided as answers to the following questions. Choose the correct answer and write only the letter (A–D) next to the question number (3.1–3.10) in the ANSWER BOOK.

Information:

- Hypermarket CC consists of two departments namely: Groceries and Garden.
 - The business uses the periodic inventory system.
- A. The following balances/totals amongst others appeared on 30 June 2015:

	GROCERIES DEPARTMENT	GARDEN DEPARTMENT
Sales	1 000 000	615 500
Carriage on sales	11 360	19 920
Purchases	315 000	210 000
Carriage on purchases	18 500	23 250
Stock (1 July 2015)	650 000	413 000
Stock (30 June 2016)	23 660	72 500
Debtors' allowances	-	15 500
Commission income	500 000	228 500

Expenses	
Bad debts	17 990
Advertising	56 200
Insurance	36 000
Rent expense	84 000
Salaries	750 000

B. Additional information:

DEPARTMENT	NO. OF WORKERS	FLOOR SPACE
Groceries	26	70 m ²
Garden	24	30 m ²

C. Costs are allocated as follows:

- Insurance as per net turnover
- Rent expense according to floor space
- Bad debts apportioned equally
- Salaries according to the number of workers
- 40% of advertising costs are apportioned to the garden department

D. Adjustments not yet taken into account:

- Insurance for June 2015 still outstanding, R4 000
- A debt of R1 010 must be written off as irrecoverable
- Washing powder valued at R210 was transferred to the garden department

E. Multiple-choice questions:

3.1 The groceries department has made a gross profit of ...

- A R959 630.
- B R1 000 000.
- C R7 000.
- D R40 370.

(4)

3.2 Which ONE of the following amounts represents the purchases amount for the garden department:

- A R210 000
- B R210 210
- C R209 790
- D R233 250

(2)

3.3 Insurance will be recorded as ... in the income statement.

	GROCERIES DEPARTMENT	GARDEN DEPARTMENT
A	R25 000	R15 000
B	R15 000	R25 000
C	R1 000 000	R600 000
D	R22 500	R13 500

(2)

3.4 Which ONE of the following will represent rent expense:

	GROCERIES DEPARTMENT	GARDEN DEPARTMENT
A	R25 200	R58 800
B	R42 000	R42 000
C	R70 000	R30 000
D	R58 800	R25 200

(2)

3.5 Which ONE of the following will represent bad debts in the income statement:

	GROCERIES DEPARTMENT	GARDEN DEPARTMENT
A	R505	R505
B	R9 500	R9 500
C	R8 995	R8 995
D	R17 990	R17 990

(2)

3.6 Advertising will be allocated according to which ONE of the following amounts:

	GROCERIES DEPARTMENT	GARDEN DEPARTMENT
A	R33 720	R22 480
B	R22 480	R33 720
C	0	R22 480
D	R33 720	0

(2)

3.7 Which ONE of the following will represent salaries in the income statement:

	GROCERIES DEPARTMENT	GARDEN DEPARTMENT
A	R360 000	R390 000
B	R375 000	R375 000
C	R750 000	R750 000
D	R390 000	R360 000

(2)

3.8 The groceries department will make a net profit of ...

- A R540 370.
- B R500 000.
- C R11 990.
- D R40 370.

(4)

- 3.9 The effect of bad debts on the accounting equation will be ...
(assume that bank is unfavourable)

	A	OE	L
A	0	+R19 000	+R19 000
B	+R19 000	-R19 000	0
C	-R19 000	-R19 000	0
D	+R19 000	+R19 000	0

(2)

- 3.10 The adjustment journal entry for insurance will be ...

	DEBIT	CREDIT
A	salaries	prepaid expense
B	prepaid expense	salaries
C	salaries	accrued expense
D	accrued expense	salaries

(2)
[24]

QUESTION 4 (34 minutes)

Use the information from the books of Game Equipment Store given below to:

- 2.1 Make the supplementary entries in the cash book on 31 October 2015.
Balance the cash book at the end of the month.
- 2.2 Prepare the bank reconciliation statement as on 31 October 2015.

Note: Game Equipment Store operates a current bank account at Sahara Bank.

Information:

Bank reconciliation statement as on 30 September 2015

	DEBIT	CREDIT
Cr balance as per bank statement		32 111
Cr deposit not yet credited by bank		77 009
Dr outstanding cheques:		
No. 799	12 210	
881	17 400	
888	23 990	
889	32 900	
892	500	
Dr balance as per cash book	22 120	
	109 120	109 120

Additional information:

1. The bookkeeper compared the previous month's bank reconciliation statement with the October 2015 bank statement. He noted the following differences:
 - 1.1 The balance as per cash book was correct.
 - 1.2 A deposit of R77 009 appeared in the bank statement.
 - 1.3 The following cheques have not yet been presented to the bank for payment:
 - No. 888
 - No. 889
 - 1.4 We received notification from a creditor, China Stores, that cheque no. 799, which was issued to them on 6 May 2014, was not presented for payment. Cancel this cheque. A new cheque will be issued to them shortly.
2. The bookkeeper compared the cash book for October 2015 with the bank statement received for October 2015.

The following differences were noted:

- 2.1 A debtor, Chris Gumede, made an electronic transfer of R8 000 into the current banking account on 13 October 2015.
- 2.2 The bank statement showed an unfavourable balance of R6 122 on 31 October 2015.
- 2.3 The current banking account of the business has not yet been credited with a deposit of R84 294 made on 13 October 2015.
- 2.4 A debit order in favour of SA Eagle is for insurance of the contents of the business, R3 800.
- 2.5 The bank statement showed a monthly stop order for R2 350 in favour of Edgars. This was to pay the owner's clothing account.
- 2.6 The bank statement revealed the following debits:

	R
Cash deposit fee	1 322
Cheque book	500
Interest on credit balance	102
Interest on debit balance	230
Service fees	658

- 2.7 A cheque of R9 800, received from a debtor, J Tsobane, was dishonoured because of insufficient funds.
- 2.8 The bank statement showed a debit order of R3 000 in favour of *Daily News* as payment of the business' monthly advertisement.
- 2.9 The following cheques appeared in the cash book payments only.
- Cheque no. 811 ... R250
 - Cheque no. 816 ... R500
- 2.10 Cheque no. 832 was erroneously debited twice on the bank statement, R2 500.
- 2.11 A credit entry of R3 580 was in respect of a deposit that Game Stores made directly on their account, but it appeared on the business bank statement.
- 2.12 A cheque no. A2 amounting to R1 675, withdrawn by Game Liquor out of their account, appears as a debit on the bank statement.
- 2.13 Cheque no. 829 was incorrectly entered on the credit side of the cash book as R700 instead of R900, as reflected on the bank statement. This cheque was issued to MTN for October 2015 subscriptions.

3. The register for postdated cheques reflected the following details:

Received:	
1.	Cheque no. A56 from S Smith – a debtor – dated 24 December 2015 – R1 300
Issued:	
1.	Cheque no. 860 – issued to Mail Traders for purchases – dated 15/12/2015 – R555

[38]

QUESTION 5 (28 minutes)

The information below was taken from the books of Madiba's Social Club on 31 December 2015.

Draw up the following ledger accounts:

- Trading account for the canteen (5)
- Income received in advance (4)
- Accrued income (4)
- Membership fees account (11)

- Affiliation fees (4)
- Entrance fees (3)

Balance/close off these accounts at the end of the financial year.

Information:

A. Extract from the balance sheet as on 1 January 2015:

• Sports equipment (cost)	R 19 500
• Accumulated fund	2 010
• Fixed deposit: Allied Bank	8 000
• Stock: Canteen	1 026
• Bank (Dr)	550
• Income received in advance (Subscriptions)	600
• Accrued income (Subscriptions)	450
• Prepaid expense (Affiliation fees)	220

B. Summary of receipts and payments: 31 December 2015

RECEIPTS			PAYMENTS	
		R		R
Donations			Purchases: Canteen	2 999
Sales: Canteen		4 750	Affiliation fees	500
Entrance fees		2 600	Honorarium	725
Interest on fixed deposit		260	Subscriptions (refunds)	300
Membership fees:	2014	300	Insurance	2 100
	2015	3 600	Bank charges	105
	2016	900	Repairs	220
Legacy: R Strauss		6 000		
Gate takings		7 230		

C. Additional information and adjustments:

1. Stock on hand: Canteen – 31 December 2015, R1 175
2. The investment was concluded on 31 December 2015 at a rate of 20% p.a.
3. Information regarding the subscriptions is as follows:
 - Fees are levied at R150 per member per annum.
 - Write off the outstanding 2014-fees.
 - Five members must still pay their fees for 2015.
 - Some members paid their fees in advance.
4. 25% of the entrance fees must be capitalised and the balance must be used to defray expenses.
5. The club is affiliated to the National Social Association. An amount of R650 was still due.

[31]**QUESTION 6 (13 minutes)**

As a bookkeeper for Orient Electronics, you are requested to use the following information to complete the wage journal for the week ended 6 November 2015.

Note: All calculations must be rounded off to the nearest rand.

Information:

- The normal hours are 45 hours a week consisting of SIX days: Mondays to Fridays EIGHT hours per day and Saturdays FIVE hours.
- K. Krisantha, an employee, worked during the week ending 6 November 2015 as follows:
 - Monday: 8 hours
 - Tuesday: 10 hours
 - Wednesday: 9 hours
 - Thursday: 12 hours
 - Friday: Absent. She was on paid sick leave.
 - Saturday: 6 hours
- Normal time rate per hour: R250
- Overtime rate per hour: R300

➤ Deductions:

EMPLOYEE	DEPENDANTS	MEDICAL AID FUND	PENSION FUND	PAYE	UIF
K. Krisantha	2	R450 for the main member and R330 for each dependant	7% of normal wage	20% of gross wage after pension has been taken into account	1% of normal wage

➤ Employer's contribution:

- Pension fund: 60% of the contribution of the employee
- UIF: R1,50 for each R1,00 contributed by the employee

[14]

TOTAL: 200

