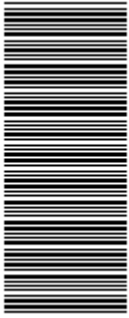


20131H095



# higher education & training

Department:  
Higher Education and Training  
**REPUBLIC OF SOUTH AFRICA**

**N530(E)(N6)H  
NOVEMBER EXAMINATION  
NATIONAL CERTIFICATE  
FINANCIAL ACCOUNTING N5**

(4010175)

**6 November 2013 (Y-Paper)  
13:00–16:00**

**This question paper consists of 8 pages and an 8-page answer book.**

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**REPUBLIC OF SOUTH AFRICA**  
NATIONAL CERTIFICATE  
FINANCIAL ACCOUNTING N5  
TIME: 3 HOURS  
MARKS: 200

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**INSTRUCTIONS AND INFORMATION**

1. Answer ALL the questions.
  2. Read ALL the questions carefully.
  3. Answer ALL the questions in the attached ANSWER BOOK.
  4. Each question must be answered on the CORRECT PAGE in the ANSWER BOOK.
  5. Write your EXAMINATION NUMBER on each page of the ANSWER BOOK.
  6. Show ALL calculations in brackets, where applicable.
  7. Financial statements must be according to the 2001 Syllabus.
  8. Use only BLUE or BLACK ink.
  9. Tipp-Ex must NOT be used.
  10. Write neatly and legibly.
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**QUESTION 1**

Bella and Donna are partners in the firm Belladonna. From the following trial balance, compile the income statement and appropriation statement for the year ended 31 October 2013.

Pre-adjustment Trial Balance of Belladonna at 31 October 2013.

<b>Balance sheet section</b>	Debit	Credit
Capital: Bella		180 000
Capital: Donna		90 000
Drawings: Bella	28 000	
Drawings: Donna	16 280	
Current account: Bella		52 300
Current account: Donna	26 400	
Loan: Donna (18% p.a.)		6 000
Fixed deposit Lotto Bank (9% p.a.)	187 000	
Trading stock	114 640	
Debtors' control	27 700	
Provision for bad debts		1 630
Bank	87 576	
Creditors' control		16 870
<b>Nominal accounts section</b>		
Sales		634 549
Cost of sales	396 693	
Water and electricity	9 520	
Rent income		18 700
Salaries and wages	52 200	
Salaries: Bella	40 000	
Salaries: Donna	10 000	
Insurance	4 360	
Stationery	1 290	
Bad debts	1 670	
Telephone	6 220	
Interest on loan	500	
Interest on fixed deposit		10 000
	1 010 049	1 010 049

**ADJUSTMENTS:**

1. Included in the amount for insurance is R2 500 for Bella's family car.
2. An amount of R1 220 is owing for water and electricity.
3. In terms of the lease agreement, rental escalates annually on 1 October by 10% per annum. The rental for October 2013 is still outstanding.
4. The loan was raised from Donna on 1 April 2013.
5. The fixed deposit was invested on 1 January 2010.
6. Donna took merchandise with a selling price of R800 (cost price R600) for her own use. The bookkeeper recorded the transaction in the Debtors' Journal as a credit sale to Donna and posted it accordingly.
7. Adjust the provision for bad debts to 5% of outstanding debtors.
8. Closing inventories on 31 October 2013 were: Trading stock R112 460 and stationery R270.
9. According to the partnership agreement the following must be taken into account:
  - a. Interest must be calculated as follows:
    - On capital @ 14% p.a.
    - On current accounts @ 15% p.a.
    - On drawings @ 20% p.a.
  - b. Bella must receive a salary of R4 000 every month and Donna must receive a salary of R30 000 at the end of the year.
  - c. Create a general reserve of R10 000.
  - d. The remainder of the profit must be divided in the ratio of the capital contributions of partners.

**[50]****QUESTION 2**

Below is information on Beechies Traders' branch in Bisho. Draw up the following accounts in the books of the head office of Beechies Traders as for the year ended 30 September 2013.

- 2.1 Branch stock
- 2.2 Branch adjustment
- 2.3 Branch debtors
- 2.4 Branch bank
- 2.5 Goods to branch
- 2.6 Branch profit and loss

Goods are sent to the branch at sales price, which is cost price plus 40%. All money received are deposited in the bank account of the branch and periodically transferred to head office.

Balances on 1 October 2012:	
Branch bank	42 000
Branch debtors	44 240
Branch stock at sales price	115 920
Transactions for the year:	
Goods received from head office	869 960
Returns to head office	8 890
Cash sales	532 140
Credit sales	343 840
Returns by debtors	20 590
Payments by debtors	294 100
Cash transferred to head office	802 680
Bad debts	2 370
Branch expenses paid by head office:	
Salaries	43 000
Insurance	7 840
Expenses paid by branch:	
Telephone	14 560
Rent	15 000

Additional information:

- Insurance includes a new policy for R3 360 which is annually payable on 1 August.
- Stock at sales price on 30 September 2013 was R99 120.

[40]

### QUESTION 3

Enter the transactions below on the stock cards of Millicent Traders for October 2013 based on the following evaluation methods:

- LIFO
- Average cost price

October 2013

1	Stock on hand	168 units @ R42.60
9	Purchased	60 units @ R43.00
11	Sold	36 units @ R61.50
14	Sold	78 units @ R62.00
21	Purchased	53 units @ R44.10
27	Sold	18 units @ R 62.80
30	Sold	40 units @ R63.20

[40]

**QUESTION 4**

D. Mtshali of DM Dealers did not keep proper accounting records during the year ended 31 Augustus 2013. For the year ended 31 Augustus 2012 he had the following balances:

<b>Assets</b>		
Land and buildings		287 000
Furniture	29 400	
Less accumulated depreciation	(4 200)	25 200
Stock		56 840
Debtors	92 400	
Less: Provision for bad debts	(4 620)	87 780
		<b>456 820</b>
<b>Equity and liabilities</b>		
Capital		392 420
Creditors		44 800
Bank		19 600
		<b>456 820</b>

The following information for the year ended 31 Augustus 2013 was available:

1. Mtshali bought a delivery van for R162 000 on 1 February 2013. Depreciation at 20% per annum on the cost price must be written off.
2. Write off depreciation on the diminished value of furniture at 10% per annum.
3. A loan of R220 000 was made on 1 November 2012 from BBB Bank @ 18 % interest per annum. The interest is still due.
4. Stock according to stocktaking, R123 200.
5. Stationery on hand, R350.
6. On 31 Augustus 2013 debtors owed R94 000. The provision for bad debts must still be adjusted to 5% of outstanding amounts and a provision for discount allowed of 2% must be created.
7. On 31 August 2013 the bank statement reflected a credit balance of R9 600. There was however, an outstanding deposit of R2 100 and cheques drawn in favour of creditors for R17 300 had not been presented by them.
8. The business started with a petty cash with an imprest amount of R100.
9. Amount owing to creditors at 31 August 2013 according to their statements totalled R52 400. The cheques mentioned in number 7 had been received by the creditors and indicated on their statements.
10. Amounts drawn by D. Mtshali totalled R53 900.
11. An amount of R35 100 had been received for rent. This includes the rent for September 2013.

**REQUIRED:**

Draw up the balance sheet of DM Dealers on 31 August 2013.

**[40]**

**QUESTION 5**

The following information on Buchard Brothers was obtained from their records on 30 September 2013:

Total current assets	58 800
Stock 1-10-2012	25 300
Stock 30-9-2013	16 700
Debtors 1-10-2012	44 800
Debtors 30-9-2013	39 200
Cost of sales	168 000
Total sales	252 000
Net profit	33 600
Long-term loan	42 000
Capital	168 000
Current liabilities	21 000

Additional information:

- The business maintains a gross profit margin of 35% on turnover.
- 80% of sales were on credit, and all purchases were on credit.
- A good turnover rate for similar businesses in South Africa is 6 times.
- The business allowed 60 days credit to debtors and received 90 days credit from creditors.

REQUIRED:

- 5.1 Calculate the stock turnover rate and comment on it. (5)
- 5.2 Determine the debtors collection period and comment on it. (5)
- 5.3 Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (5.3.1 – 5.3.5) in the ANSWER BOOK.
- 5.3.1 According to banking practice the current capital ratio should be at least:
- A 1 : 1  
B 1 : 2  
C 2 : 1  
D 2 : 2
- 5.3.2 The gross profit percentage for the year is 33,3%.
- A This is better than expected.  
B This is worse than expected.

5.3.3 The formula for acid-test ratio (quick ratio) is:

- A Total assets : Total liabilities
- B Current assets : Current liabilities
- C Total assets less stock : Total liabilities
- D Current assets less stock : Current liabilities

5.3.4 The solvency ratio is 292 700 : 63 000. This equals:

- A 4,65 : 1
- B 1 : 4,65
- C 4,65
- D 4,65%

5.3.5 Return on owner's equity equals:

- A 20
- B 20 times
- C 20%
- D 20 : 1

(5 × 2) (10)

5.4 Calculate the following and write only the Rand value next to the question number (5.4.1–5.4.5) in the ANSWER BOOK.

5.4.1 Credit sales

5.4.2 Gross profit

5.4.3 Cash sales

5.4.4 The total liabilities

5.4.5 The cash and cash equivalents

(5 × 2) (10)

**[30]**

**TOTAL: 200**



**ANSWER BOOK EXAMINATION NUMBER:**

**CENTRE NUMBER:**

**FINANCIAL ACCOUNTING N5**

**6 NOVEMBER 2013**

QUESTION 1	
QUESTION 2	
QUESTION 3	
QUESTION 4	
QUESTION 5	
TOTAL	
<b>PERCENTAGE</b>	

**QUESTION 1**

**INCOME STATEMENT OF BELLADONNA FOR THE YEAR ENDING 31 OCTOBER 2013**


EXAMINATION NUMBER:

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APPROPRIATION STATEMENT

		Bella	Donna	Total

(21)  
[50]

QUESTION 2

BRANCH STOCK


(8)

BRANCH ADJUSTMENT


(6)

EXAMINATION NUMBER:

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BRANCH DEBTORS


(6)

BRANCH BANK


(7)

GOODS TO BRANCH


(5)

BRANCH PROFIT & LOSS


(8)

[40]

EXAMINATION NUMBER:

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### QUESTION 3

3.1 L I F O

Date	Receipts		Issues		Balance on hand		
	Units @ R	Total R	Units @ R	Total R	Units @ R	Total R	Total to date

(20)

3.2 AVERAGE COST PRICE

Date	Receipts		Issues		Balance on hand	
	Units @ R	Total R	Units @ R	Total R	Units @ R	Total to date

(20)  
[40]

EXAMINATION NUMBER:

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**QUESTION 4**

BALANCE SHEET OF DM DEALERS ON 31 AUGUST 2013


(10)

NOTES TO THE BALANCE SHEET




**EXAMINATION NUMBER:**

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**QUESTION 5**

**5.1 STOCK TURNOVER RATE**

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Comments:

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(5)

**5.2 DEBTORS COLLECTION PERIOD (days)**

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Comments:

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(5)

EXAMINATION NUMBER:

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5.3	5.3.1	_____		
	5.3.2	_____		
	5.3.3	_____		
	5.3.4	_____		
	5.3.5	_____	(5 × 2)	(10)
5.4	5.4.1	_____		
	5.4.2	_____		
	5.4.3	_____		
	5.4.4	_____		
	5.4.5	_____	(5 × 2)	(10)
				<b>[30]</b>
			<b>TOTAL:</b>	<b>200</b>