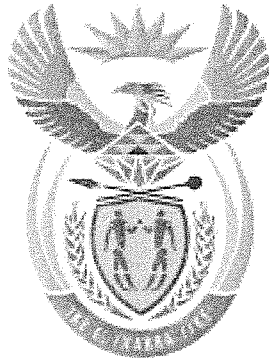
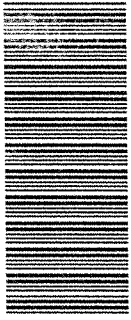


0000000000



# higher education & training

---

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

N520(E)(N14)H  
**NOVEMBER EXAMINATION**

**NATIONAL CERTIFICATE**

**FINANCIAL ACCOUNTING N4**

(4010164)

**14 November 2014 (Y-Paper)**  
**13:00–16:00**

**Nonprogrammable calculators may be used.**

**This question paper consists of 13 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. Each question must be answered on the correct ANSWER SHEET of the ANSWER BOOK.
  4. Write your EXAMINATION NUMBER and CENTRE NUMBER at the top of each ANSWER SHEET.
  5. Arrange the ANSWER SHEETS in the correct question sequence and staple them together before submitting them.
  6. Red or green ink may NOT be used.
  7. 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.
  8. Write neatly and legibly.
-

**QUESTION 1** (16 minutes)

The information was extracted from the books of Chris Nair and Associates.

**REQUIRED**

Analyse the following transactions according to the headings that appear in the ANSWER BOOK.

**NOTE:**

- The perpetual inventory is used.
- Assume that the bank balance is favourable at all times.
- The business makes use of a Debtors and Creditors control system.
- Goods are marked up at 20% on cost price.
- Show the effect on A, O or L as follows:
  - + increase
  - decrease
  - 0 unchanged
- Refer to the example below:

Issued a cheque to Incredible Electronics for the purchase of a Samsung laptop, R12 250

No	General Ledger		A	O	L
	Account debited	Account credited			
Eg.	Equipment	Bank	+ 12 250 - 12 250	0	0

**Transactions**

- 1.1 Sold merchandise on credit to M.Carey for R1 500.
- 1.2 Issued a cheque to Game Stores in full payment of our account of R12 000 less 2% settlement discount.
- 1.3 The bank statement from NEDBANK reflected a fixed deposit of R50 000 (including interest) which had matured.
- 1.4 A Amla's account of R3 500 was outstanding for three months. The accountant decided to impose a 20% interest p.a.

**[18]**

**QUESTION 2** (29 minutes)

The information given below was extracted from the books of Modern Furniture Store.

**REQUIRED**

- 2.1 Make the supplementary entries in the Cash Book on 31 August 2014.  
Close off the Cash Book at the end of the month. (19)
- 2.2 Prepare the Bank Reconciliation Statement as at 31 August 2014. (13)

**NOTE:** Modern Furniture Store operates a current bank account at Barclays Bank.

**INFORMATION****Bank Reconciliation Statement as at 31 July 2014**

	DEBIT	CREDIT
Balance as per bank statement		777 500
Outstanding deposit		12 470
Outstanding cheques:		
No. 199	252 922	
201	7 400	
208	123 990	
209	332 900	
212	700	
Balance as per Cash Book	72 058	
	789 970	789 970

**ADDITIONAL INFORMATION**

1. A comparison of the July Bank Reconciliation Statement with the bank statement received for August 2014 revealed the following :
- 1.1 The following cheques had not yet been presented to the bank for payment:
- No. 208
  - No. 209
  - No. 212
- 1.2 The outstanding deposit for July 2014 was credited on the bank statement.
- 1.3 Cheque no.199 which was issued on 8 July 2014 to Mega Packaging as part-payment of account must now be cancelled because it got lost in the post. A new cheque will be issued in September 2014.

2. A comparison of the Cash Book with the bank statement received for August 2014 revealed the following differences:
- 2.1 The bank statement showed a favourable balance of R656 875 on 31 August 2014.
  - 2.2 A tenant N Nosipho had made a direct rental deposit into the current account of Modern Furniture Store, R9 500.
  - 2.3 A fixed deposit at Barclays Bank had matured and an electronic funds transfer was made into the firm's current account, R269 900.
  - 2.4 A debit order in favour of insurance is for insurance of three delivery vehicles, which belongs to Modern Furniture Store, R8 800.
  - 2.5 R Mandy's cheque of R4 250 in payment of her account had been returned by the bank marked 'R/D insufficient funds'.
  - 2.6 The bank statement revealed the following items:
    - Cash deposit fee R1 350
    - Service fees 1 990
    - Cheque book 412
    - Interest on debit balance 5 980
    - Interest on credit balance 1 290
  - 2.7 Cheque no. 218 for R12 700 appeared in the Cash Book payments only.
  - 2.8 The following postdated cheques were issued during August 2014:
    - Cheque no. 251 valued at R1 800.
    - Cheque no. 266 valued at R300.
  - 2.9 The current account of the business was not yet credited with a deposit of R408 771, which was made on 31 August 2014.
  - 2.10 Cheque no. 229 was incorrectly entered on the credit side of the Cash Book as R29 700 instead of R27 900, as reflected on the bank statement. This cheque was issued to MTN for August 2014 subscriptions.
  - 2.11 Cheque no. 232 was erroneously debited twice on the bank statement, R4 432.
  - 2.12 A credit entry on 19 August 2014 to the value of R13 000 was in respect of a deposit that Furniture Store CC made on their account, but it appeared on the business bank statement.

[32]

**QUESTION 3** (64 minutes)

As a bookkeeper for Goldfield Traders, you are supplied with the relevant components of the accounting records for the year ending 30 June 2014.

You are requested to:

- 3.1 Draw up the Income Statement for the year ended 30 June 2014. (37)
- 3.2 Complete the assets section of the Balance Sheet.
- Show the relevant notes/annexure to the Balance Sheet.
  - The business uses the periodic inventory system. (34)

## INFORMATION

**PREADJUSTMENT TRIAL BALANCE ON 30 JUNE 2014**

<b>BALANCE SHEET ACCOUNTS SECTION</b>	<b>DR</b>	<b>CR</b>
Capital		368 960
Drawings	18 800	
Equipment	152 000	
Vehicles	258 840	
Accumulated depreciation on equipment		23 200
Accumulated depreciation on vehicles		31 800
Loan: Easy Finance cc (18% p.a.)		95 000
Creditors control		7 800
Debtors control	42 700	
Stock (1 March 2013)	45 860	
Bank	136 700	
Cash float	2 000	
<b>NOMINAL ACCOUNTS SECTION</b>		
Sales		413 700
Purchases	143 500	
Debtors allowances	7 250	
Rent income		12 000
Discount allowed	6 540	
Discount received		570
Bad debts	8 155	
Bad debts recovered		1 880
Sundry expenses	33 660	
Custom duties	10 400	
Salaries	69 000	
Stationery	4 500	
Interest on loan	12 000	
Carriage on purchases	990	
Carriage on sales	1 065	
Packing material	950	
	954 910	954 910

## ADJUSTMENTS AND ADDITIONAL INFORMATION:

1. A physical stocktaking on 30 June 2014 revealed the following:
  - Trading stock R41 999
  - Packing material 390
2. Custom duty of R550 was still outstanding for May and June 2014.
3. R825 worth of trading goods was returned during this financial period. These goods were included with the stocktaking but no other entries were made.
4. An additional amount of R120 has to be written off as irrecoverable.
5. Create a provision for bad debts at 5% of debtors.
6. Provide for the outstanding interest on loan.  
**NOTE:** The interest rate on the loan from Easy Finance CC was increased by 2% on 1 January 2014.
7. Salaries were paid for 10 months only.  
**NOTE:** On 1 May 2014 salaries were increased by 10%.
8. Sundry expense account includes an amount of R14 430 for annual insurance premium which was paid up to 30 September 2014.
9. Rent has been received up until 31 December 2013.
10. Provide for depreciation as follows:
  - On equipment at 20% p.a. according to the diminishing balance method.
  - On vehicles at 15% p.a. on cost price.

**NOTE:** A new vehicle was purchased from VW Motors on 31 December 2013, R200 000.

[71]

**QUESTION 4 (30 minutes)**

**REQUIRED**

You are the bookkeeper of Pavilion Supermarket. The owner, Mr Anxious, requests you to use the information given below to extract the following as soon as possible.

4.1 Cash Flow Statement of Pavilion Supermarket for the year ended 31 August 2014. (19)

- 4.2 Notes/Calculations: (14)
- Cash received from customers/clients
  - Cash paid to suppliers and employees

**INFORMATION**

You are provided with a Balance Sheet which reflects the financial position of the business as at 31 August 2013 and 31 August 2014:

**BALANCE SHEET OF PAVILION SUPERMARKET AS AT 31 AUGUST 2014**

	NOTES	2013	2014
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, equipment and vehicles	1	680 400	867 700
Other financial assets	2	20 000	14 000
<b>Current Assets</b>			
Stock		92 000	77 400
Trade and other debtors		60 000	93 000
Cash and cash equivalents	3	6 000	300
<b>TOTAL ASSETS</b>		<b>858 400</b>	<b>1 052 400</b>
<b>EQUITY AND LIABILITIES</b>			
Capital	4	404 000	608 400
<b>Non-Current Liabilities</b>			
Interest bearing liabilities	5	360 000	320 000
<b>Current Liabilities</b>			
Trade and other creditors		94 400	103 200
Bank overdraft		-	20 800
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>858 400</b>	<b>1 052 400</b>



## NOTES

1. PROPERTY, EQUIPMENT AND VEHICLES			
2013			
	Gross Carrying Amount	Accumulated Depreciation	Net Carrying Amount
Land and building	440 400	-	440 400
Equipment	192 00	72 000	120 000
Vehicles	640 000	520 000	120 000
			680 400

2014			
	Gross Carrying Amount	Accumulated Depreciation	Net Carrying Amount
Land and building	547 700	-	547 700
Equipment	198 000	78 000	120 000
Vehicles	800 000	600 000	200 000
			867 700

RECONCILIATION OF CARRYING AMOUNT	LAND AND BUILDING	EQUIPMENT	VEHICLES
Balance at beginning of year	440 400	120 000	120 000
Additions at cost price	107 300	6 000	310 000
Disposals at carrying amount			(70 000)
Depreciation for the year		(6 000)	(160 000)
Balance at the end of the year	547 700	120 000	200 000

2. OTHER FINANCIAL ASSETS	2013	2014
Fixed Deposit: NBS Bank (15% p.a.)	20 000	14 000

3. CASH AND CASH EQUIVALENTS	2013	2014
Bank	5 600	-
Petty cash	400	300

4. CAPITAL	2013	2014
Balance	472 400	444 000
Add: Net profit/loss	(8 400)	184 400
LESS: Drawings	(60 000)	(20 000)

5. INTEREST BEARING LIABILITIES	2013	2014
Mortgage loan: NBS Bank (15%)	360 000	320 000

**ADDITIONAL INFORMATION**

1. Only the following was extracted from the INCOME STATEMENT for the current financial year:
  - Turnover R1 800 000
  - Interest on bank overdraft 360
  - Net profit 184 400
2. Part of the mortgage loan was paid back on 31 May 2014.
3. A fixed deposit of R6 000 at NBS Bank matured on 31 March 2014 but this amount was not re-invested.
4. The owner made an additional capital contribution during the financial year.
5. Details regarding the sale of a delivery vehicle:
  - Date of sale: 31 October 2013
  - Cost price of vehicle: R150 000
  - Accumulated depreciation (until date of sale): R80 000
  - Profit on sale of this vehicle: R10 000

**[33]**

**QUESTION 5 (22 minutes)****REQUIRED**

From the information given below in the books of Free State General Dealers, you are requested to draw up:

- 5.1 The Departmental Purchases Account and close off this account. (8)
- 5.2 The Departmental Trading Statement for the year ended 30 June 2014. (16)

**INFORMATION**

- Free State General Dealers consists of two departments:
  - Butchery department
  - Groceries department
- The business conducts its stocktaking as per the periodic inventory system.

The following was extracted from their books on 30 June 2014:

	<b>BUTCHERY DEPT</b>	<b>GROCERIES DEPT</b>
	R	R
Bank	62 750	125 876
Equipment	115 320	22 890
Vehicle	250 000	105 000
Trading inventory (01/07/2013)	127 900	119 800
Trading inventory (30/06/2014)	78 880	181 700
Sales	276 120	155 600
Purchases	75 550	89 900
Carriage on sales	6 600	22 300
Carriage on purchases	11 860	11 100
Import duties	12 800	
Sales returns	1 750	1 600

**ADDITIONAL INFORMATION AND ADJUSTMENTS**

1. On 12 June 2014, groceries marked at R750 were taken by the proprietor for use at his home.

**NOTE:** These groceries were marked-up at 20% on cost.

2. Meat valued at R1 750 was donated to Newlands Hospice on 25 December 2013.
3. Carriage is still due to Ram Couriers for meat delivered from Meat Wholesalers, R630.

4. A few items of groceries amounting to R120 were transferred to the Butchery department.
5. Depreciate vehicles at 20% on cost.

[24]

**QUESTION 6 (19 minutes)****REQUIRED**

The information given below was taken from the books of Chiefs Football Club on 31 May 2014.

Compile the following ledger accounts and close them off at the end of the financial year.

- 6.1 Refreshment trading account (5)
- 6.2 Membership fees account (11)
- 6.3 Prepaid expense (2)
- 6.4 Insurance (4)

**INFORMATION**

As a treasurer of this club, you have the following information:

**A EXTRACT FROM THE BALANCE SHEET AS AT JUNE 2013.**

	R
Stock of refreshments	6 150
Sports equipment (cost)	49 500
Fixed deposit: Protea Bank (8%) p.a.	10 000
Accumulated fund	9 100
Bank (Dr)	9 220
Accrued income: Membership fees	2 400
Income received in advance: Membership fees	800
Prepaid expense: Insurance	245

**B SUMMARY OF RECEIPTS AND PAYMENTS: 31 MAY 2014**

Receipts		Payments	
Membership fees: 2013	800	Purchase of refreshment	8 550
2014	15 200	Wages	375
2015	4 000	Insurance	6 130
Sale of refreshment	13 200	Flea market expenses	3 100
Entrance fees	6 200	Membership fees (refunds)	1 600
Interest on fixed deposit	2 330		
Flea market proceeds	7 900		

**C ADDITIONAL INFORMATION AND ADJUSTMENTS**

1. Refreshment stock on hand on 31 May 2014, R2 470.
2. 25% of entrance fees must be transferred to the accumulated fund account.
3. Membership fee is R800 per member per annum.
4. The membership fees of 2013, not yet received, must be written off.
5. Four members must still pay their membership fees for 2014.
6. An insurance premium of R900 is still outstanding.

[22]

**TOTAL: 200**