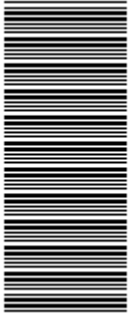


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# higher education & training

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

**N530(E)(J12)H  
JUNE EXAMINATION**

**NATIONAL CERTIFICATE**

**FINANCIAL ACCOUNTING N4**

**(4010164)**

**12 June 2015 (Y-Paper)  
13:00–16:00**

**Nonprogrammable calculators may be used**

**This question paper consists of 15 pages and an answer book of 11 pages.**

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

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**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 your CENTRE NUMBER at the top of each ANSWER SHEET.
  6. Arrange the ANSWER SHEETS in the correct question sequence and staple them 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 given time as a guideline to help you complete each question in time.
  9. Write neatly and legibly.
-

**QUESTION 1** (14 minutes)

Various options are given as possible answers to the following questions. Choose the correct answer and write only the letter (A–D) next to the question number (1.1.1–1.1.5) in the ANSWER BOOK.

- 1.1 The following totals, amongst others, were extracted from the Salaries Journal of Aka Booksellers for May 2014 (for employee: Ms. Z. Zahara).

ANNUAL SALARY NOTCH:	R222 000
MONTHLY EMPLOYEE DEDUCTIONS:	
Pension fund	R1 500
Medical fund	R350
SARS – PAYE	(25% of gross monthly salary after pension fund deduction). ?
UIF	R100
MONTHLY EMPLOYER CONTRIBUTIONS:	
Pension Fund	60% of employee contribution. ?
Medical Fund	R for R basis. ?
UIF	0, 1% of gross monthly salary. ?

- 1.1.1 PAYE deduction will be ...

A R4 625.  
 B R4 250.  
 C R55 125.  
 D R55 500.

- 1.1.2 The monthly contribution of the employer to the pension fund will be ...

A R900.  
 B R1 500.  
 C R2 400.  
 D R600.

- 1.1.3 The employer's monthly contribution to the medical fund will be ...

A R1 350.  
 B R1 050.  
 C R700.  
 D R350.

1.1.4 A cheque (dated 31 May 2014) amounting to ... will be issued to the Department of Labour in respect of UIF.

- A R285
- B R185
- C R100
- D R2 220

1.1.5 The nett monthly salary payable to Ms. Z. Zahara will be ...

- A R215 800.
- B R12 300.
- C R10 865.
- D R214 365.

(5 x 2) (10)

1.2 The owner of Designers CC had taken clothing, valued at R2 060, from the business for his personal use. (Stocktaking is conducted as per the perpetual system).

The double-entry will be ...

- |   |                  |                  |
|---|------------------|------------------|
| A | Dr Drawings      | Cr Trading stock |
| B | Dr Drawings      | Cr Purchases     |
| C | Dr Purchases     | Cr Drawings      |
| D | Dr Trading stock | Cr Drawings      |

(2)

1.3 The total amount of the creditors control column in the Creditors Journal will be posted to the ...

- A debit side of the creditors control a/c.
- B credit side of the creditors control a/c.
- C credit side of the debtors control a/c.
- D debit side of the debtors control a/c.

(2)

1.4 Ms. R. Rihanna, a debtor, made a direct deposit of R1 500 into the current banking account of the business. (favorable bank balance)

The source document for the above-mentioned entry is ...

- A duplicate receipt.
- B duplicate invoice.
- C bank statement.
- D original invoice.

(2)

[16]

**QUESTION 2** (26 minutes)

The information given below was extracted from the books of Sasco Cash and Carry Traders.

**REQUIRED:**

- 1.1 Record any supplementary entries in the Cash Receipts Journal and Cash Payments Journal on 31 March 2014.
  - Close off/Cast the bank columns in both the journals.
- 1.2 Update the bank account in the General Ledger and balance it.
- 1.3 Prepare the Bank Reconciliation statement on 31 March 2014.

**INFORMATION:****Bank Reconciliation Statement as at 28 February 2014**

	DEBIT	CREDIT
Balance as per Bank statement		57 200
Cr deposit not yet been credited by bank		79 200
Dr outstanding cheques:		
No. 865	18 300	
952	15 400	
968	14 200	
970	3 900	
Cr cheque no. A52 incorrectly debited		2 600
Balance according to bank account	87 200	
	139 000	139 000

**Cash Receipts Journal of Sasco Cash and Carry – March 2014**

Date	Details	Bank	Sales	Debtors Control	Sundry Accounts
31	Total	16 660	12 500	1 450	2 710

**Cash Payments Journal of Sasco Cash and Carry – March 2014**

Date	Details	Bank	Creditors Control	Trading Stock	Sundry Accounts
31	Total	15 660	3 870	4 800	6 990

## ADDITIONAL INFORMATION

- 1 The bank statement (received from New Africa Bank) reflected the following amounts:

Cost of cheque book	R360
Interest on debit balance	R11 875
Cash deposit fee	R1 200
Service fees	R525
Interest on credit balance	R102

- 2 The bank statement showed a favourable balance of R69 624 on 31 March 2014.
- 3 The bank had credited an outstanding deposit of R79 200 on the bank statement for March 2014.
- 4 A deposit of R83 850, which was made on 31 March 2014, did not appear on the bank statement.
- 5 The following cheques had not yet been presented to the bank for payment:
- No. 865
  - No. 970
- 6 Cheque no. 865 was lost in the post. This cheque, which was originally issued to Vodacom for telephone, must now be cancelled and a new cheque will be issued in April 2014.
- 7 The bank statement for March 2014 included the adjustment for the wrong cheque no. A52, which appeared on the previous month's bank reconciliation statement.
- 8 A cheque received from P Princess as part payment of account had been dishonoured due to insufficient funds, R1 880.
- 9 The following electronic transfers were credited on the March 2014 bank statement:
- Rent from Bakery Ltd: R5 500
  - A fixed deposit with ABSA had matured: R55 000
- 10 A debit order was issued in favour of SA Eagle on the 28 March 2014 for building insurance, R5 800.
- 11 On 11 March 2014 cheque no. 971 for R7 200 was drawn in favour of A. Keys for purchase of a desk. The cheque was dated 30 May 2014.

- 12 Cheque no. 982 for R2 880 appeared only in the Cash Payments Journal.
- 13 Cheque no.981 for R2 430, issued to CNA for stationery, was incorrectly entered in the cash payments journal as R2 340.
- 14 Cheque no. 999 was erroneously debited twice on the bank statement, R5 328.
- 15 A cheque no.145 for R550, withdrawn by the owner, out of his personal current account appears on the bank statement of the business.
- 16 The register for *post-dated cheques received* revealed the following cheques:
- Cheque no. BZ111 R770
  - Cheque no. 51 R630

**[29]****QUESTION 3** (57 minutes)

You are provided with the pre-adjustment trial balance of New Fashion Designers, together with the adjustments to be made, for the financial period which ended on 28 February 2014.

**REQUIRED:**

- 3.1 Draw up the Income Statement for the year ended 28 February 2014.
- 3.2 Complete only the notes/annexures to the Balance sheet as at 28 February 2014.

- NOTE:
- The Balance sheet is NOT required.
  - Stocktaking is conducted as per the perpetual inventory system.

## INFORMATION:

## A. PRE-ADJUSTMENT TRIAL BALANCE AS AT 28 FEBRUARY 2014:

BALANCE SHEET ACCOUNTS SECTION	DR	CR
Capital		631 935
Drawings	122 450	
Equipment (at cost price)	389 900	
Vehicles (at cost price)	505 400	
Fixed deposit: Sanlam	100 000	
Loan: Metro Bank (18% p.a.)		45 000
Debtors control	38 700	
Trading stock	78 750	
Bank		3 620
Cash float	1 750	
Petty cash	900	
Creditors control		44 620
Provision for bad debts		280
Accumulation depreciation on equipment		84 600
Accumulated depreciation on vehicles		95 500
NOMINAL ACCOUNTS SECTION:		
Sales		945 000
Cost of sales	150 600	
Debtors allowances	8 050	
Carriage on sales	22 620	
Bank charges	1 750	
Bad debts	445	
Stationery	8 360	
Insurance	27 400	
Telephone	19 480	
Rent expense	92 000	
Consumable stores	550	
Discount received		7 700
Salaries	291 000	
Bad debts recovered		1 850
	1 860 105	1 860 105



**B. ADJUSTMENTS AND ADDITIONAL INFORMATION:**

1. The owner took R50 worth of stationery for his son, but this was NOT recorded in the books.
2. According to a physical stock count, the following stocks were on hand on 28 February 2014:
  - Trading Stock                      R79 100
  - Consumable Stores                      450
3. On 1 March 2012, New Fashion Designers acquired a warehouse as per a lease agreement. A rental of R12 000 per month was agreed upon. Rent was increased by 10% on 1 January 2014. Adjust the rent payable accordingly.
4. Write off a further amount as irrecoverable, R700.
5. Adjust the provision for bad debts to 5% of current debtors.
6. Depreciation must be provided for as follows:
  - On equipment at 20% per annum on cost.

NOTE: A bar fridge was purchased for R9 500 on 1 December 2013.

  - On vehicles at 15% per annum according to the diminishing balance method.
7. Salaries had been paid for 15 months.
8. A loan agreement with Metro Bank was signed on 01 October 2012 at an initial rate of 16% p.a. Metro Bank increased the interest rate by 2% on 30 November 2013.
9. On 28 February 2014, an amount of R100 000 was invested in a fixed deposit account at Sanlam at a rate of 4.5% p.a.
10. Insurance included an amount of R400 which was payable for March 2014.

**[63]**

**QUESTION 4** (29 minutes)**REQUIRED:**

The information provided below was drawn up by a trainee bookkeeper. As a senior bookkeeper of RIO Supermarket, you are requested by your supervisor to use the necessary information to do the following:

- Draw up the cash flow statement for the year ended 31 May 2014.
- You must also show the following notes/calculations:
  - Cash received from customers/clients
  - Cash paid to suppliers and employees.

**INFORMATION:**

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

A. **INCOME STATEMENT – 31 May 2014:**

Turnover for the year	R1 640 000
Gross profit for the year	960 000
Interest income	5 600
Loss on sale of equipment	2 400
Depreciation: Vehicles	56 000
Depreciation: Equipment	26 800
Interest on overdraft	1 000
Interest on loan	7 600
Nett profit for the year	441 800

**B. BALANCE SHEET - 31 May 2014:**

OWNER'S EQUITY:	2013	2014
Capital balance	474 600	?
Nett profit/loss	177 400	441 800
Drawings	(172 000)	(71 800)
<b>NON-CURRENT LIABILITIES:</b>		
Mortgage loan: Capital Bank (18%)	250 000	50 000
<b>CURRENT LIABILITIES:</b>		
Trade and other creditors	28 600	170 000
Bank Overdraft	140 000	-
<b>TOTAL EQUITY AND LIABILITIES:</b>	<b>898 600</b>	<b>1 090 000</b>
<b>NON-CURRENT ASSETS:</b>		
Equipment at cost	172 000	168 000
Accumulated depreciation on equipment	(56 800)	(58 000)
Vehicles at cost	640 000	800 000
Accumulated depreciation on vehicles	(364 000)	(420 000)
Fixed Deposit: Nedbank (12%)	60 000	40 000
<b>CURRENT ASSETS:</b>		
Trading stock	280 000	32 000
Trade and other debtors	167 400	190 000
Bank	-	50 000
<b>TOTAL ASSETS:</b>	<b>898 600</b>	<b>1 090 000</b>

**ADDITIONAL INFORMATION:**

During the current financial year the following transactions took place:

- The proprietor of RIO Supermarket increased his capital contribution during the current financial year.

**NOTE:** The trainee bookkeeper omitted the opening capital balance for 2014.

- Equipment (cost price R32 000) was sold for R4 000 cash. The accumulated depreciation until the date of sale was R25 600.

**[32]**

**QUESTION 5** (36 minutes)**REQUIRED:**

Use the information given below to prepare the departmental income statement of RIDGEWAY TRADERS for the year ended 28 February 2014.

**INFORMATION:**

- RIDGEWAY CAFÉ consists of the following two departments :  
Take-away  
Restaurant
- ALL goods are marked up at 25% on cost
- This business operates by using the periodic inventory system

The following was extracted from the accounting records on 28 February 2014:

A. BALANCES/TOTALS		TAKE-AWAY DEPT	RESTAURANT DEPT
		R	R
Equipment (cost price)		480 000	190 000
Trading Inventory (1 July 2012)		116 500	70 000
Trading Inventory (30 June 2013)		55 000	32 500
Sales		525 000	369 000
Purchases		190 000	160 000
Carriage on purchases		2 000	6 000
Carriage on Sales		10 600	4 000
Sales returns		1 000	200
Purchases returns		195	2 500
Sundry expenses		23 000	14 00
Insurance	28 500		
Rent expense	228 000		
Salaries	240 000		
Advertising	45 000		

**ADDITIONAL INFORMATION:**

1. Allocation of workers and floor space is as follows:

DEPARTMENT	NO. OF WORKERS	FLOOR SPACE
Take-away	8	80 m <sup>2</sup>
Restaurant	12	120 m <sup>2</sup>

2. Overheads are allocated as follows:
  - 60% of the annual insurance premium must be apportioned to the restaurant department.
  - Rent expense as per floor space.
  - Salaries as per the number of workers.
  - Advertising must be shared equally.
3. Bonuses must be provided for the managers of the respective departments as follows:
  - Take-away: 1.5% of the nett sales of this department.
  - Restaurant: 1% of this department's nett sales.
4. On 28 February 2014, bread R500 (cost price), was transferred to the take-away department.
5. Carriage on sales still owing by the take-away department, R800.
6. An amount of R1 350 due by customers to the restaurant must be written off as irrecoverable.
7. Depreciation must be written off on equipment at 15% p.a. on cost.

**[40]****QUESTION 6** (18 minutes)

The information given below, amongst others, was extracted from the books of Henley Road Social Club on 28 February 2014.

**REQUIRED:**

Draw up the following accounts in the general ledger:

**NOTE:** Close off the membership and entrance fees accounts only.

- 6.1 Income received in advance
- 6.2 Accrued income
- 6.3 Membership Fees account
- 6.4 Entrance Fees

## INFORMATION:

**A.** The following balances and totals were extracted on 1 March 2013:

	R
Equipment (at cost)	48 900
Accumulated depreciation on equipment	11 250
Accumulated Fund	19 360
Bank (Dr balance)	22 310
Loan: Natal Bank (20% p.a.)	25 000
Income received in advance (Membership fees)	1 000
Accrued income (Membership fees)	1 500
Accrued expense (Stationery)	80

**B.** The following was extracted from the Receipts and Payments records for the year ending 28 February 2014.

<b>RECEIPTS:</b>	
Membership fees	
2013	1 000
2014	6 500
2015	3 000
Gate takings	9 590
Entrance fees	3 840
Interest on current account	75
<b>PAYMENTS:</b>	
Honorarium	825
Interest on loan	3 000
Water and electricity	1 225
Sundry expenses	775
Rent expense	24 500
Membership fees refunded	500

**C. ADDITIONAL INFORMATION AND ADJUSTMENTS:**

- Membership fees are R500 per member.
- Membership fees still outstanding for 2013 must be written off.
- Seven members must still pay their subscriptions for 2014.
- Provide for the membership fees which were received in advance.
- Three quarter of the entrance fees must be transferred to the accumulated fund.
- An honorarium of R450 to the treasurer must still be provided for.
- Provide for the outstanding interest on loan.

**[20]**

**TOTAL: 200**

GENERAL STUDIES