higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

INTRODUCTORY ACCOUNTING N4

(4010154)

6 October 2020 (X-paper)
09:00–12:00

This question paper consists of 10 pages.

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
INTRODUCTORY 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. No pencil should be used.
5. Use only a black or blue pen.
6. Write neatly and legibly.

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SECTION A

QUESTION 1 (9 minutes)

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 (1.1–1.10) in the ANSWER BOOK.

1.1 An asset which is purchased by a firm with the intention of exchanging it for cash within a year is ...

A a fixed asset.
B a current asset.
C part of owner's equity.
D a current liability.

1.2 People who owe money to a business are known as …

A trade creditors.
B receipts.
C fixed assets.
D debtors.

1.3 Which one of the following transactions will not be recorded in the cash payments journal?

A Employee's wages
B Increase in owner's capital contribution
C Cash purchases of equipment
D Rent of building in which the business is conducted

1.4 Which one of the following normally has a credit balance?

A Expenditure
B Assets
C Capital
D Expenses

1.5 The payment of expenses …

A increases owner's equity and increases assets.
B increases owner's equity and decreases assets.
C decreases owner's equity and decreases assets.
D decreases owner's equity and increases assets.

1.6 The source document used to record the payment of the owner's personal telephone account by cheque is a …

A cheque counterfoil.
B cheque.
C duplicate receipt.
D telephone account.

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1.7 Which account must be debited and credited when merchandise is sold for cash?

A Debit bank and credit sales
B Debit sales and credit bank
C Debit stock and credit bank
D Debit bank and credit purchases

1.8 The source document used to record cash purchases of goods is a …

A duplicate petty cash voucher.
B duplicate cash register roll.
C cheque counterfoil.
D cheque.

1.9 Determine owner's equity if the opening balance of the capital account is R182 500, the net profit at the end of the financial year is R24 800 and the withdrawals by the owner is R32 500.

A R172 500
B R102 800
C R125 200
D R174 800

1.10 Which one of the following source documents does not form part of the cash receipts journal?

A Cash register roll
B Cheque counterfoil
C Duplicate receipts
D Duplicate deposit slip

(10 × 1) **[10]**

QUESTION 2 (4 minutes)

Indicate whether the following statements are TRUE or FALSE by writing only 'True' or 'False' next to the question number (2.1–2.5) in the ANSWER BOOK.

2.1 The aim of accountancy is to keep record of transactions.

2.2 In partnership the partners are jointly and severally responsible for debts.

2.3 A profit is made when an organisation's expenditure exceeds the income.

2.4 The money that the owner uses to start the business is called cash float.

2.5 The bank reconciliation statement is an extension of the bank account of the business.

(5 × 1) **[5]**

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QUESTION 3 (9 minutes)

Choose a term from COLUMN B that matches a description in COLUMN A. Write only the letter (A–J) next to the question number (3.1–3.10) in the ANSWER BOOK.

COLUMN A		COLUMN B	
3.1	Land and building	A	current assets
3.2	Trading stock	B	income
3.3	Bank overdraft	C	fixed assets
3.4	Cost of sales	D	owner's equity
3.5	Long-term loan	E	current liabilities
3.6	Discount received	F	expense
3.7	Capital	G	non-current liabilities
3.8	Cheque counterfoil	H	wage
3.9	Income tax	I	source document
3.10	Temporary labour	J	PAYE

(10 × 1) **[10]**

QUESTION 4 (18 minutes)

Use the following information and advise the owner of WEST BAKERY on how to calculate the net wage of Zee and Jed for the week ended on 25 November 2018.

All calculations must be rounded off to the nearest rand.

INFORMATION:

- Normal hours are 45 hours per week of 6 days. Mondays to Fridays 8 hours per day and Saturdays 5 hours.
- Zee worked 8 hours on Monday, 11 hours on Tuesday, 9 hours on Thursday, 10 hours on Friday and 5 hours on Saturday. He attended a doctor's appointment on Wednesday (R30 per hour for normal time and R45 per hour for overtime).
- Jed worked 13 hours on Monday, 14 hours on Tuesday, 8 hours on Wednesday, 8 hours on Thursday, 2 hours on Friday and 6 hours on Saturday. He made arrangements with the owner of West Bakery to take off Tuesday's overtime hours on Friday instead of getting paid for the hours (R20 per hour for normal time and R30 per hour for overtime).

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Details of deductions:

- Pension fund contribution needs to be deducted at 7,5% of employees' wages for normal time.
- PAYE (income tax) is 25% of the gross wage after pension has been taken into consideration.
- UIF must be deducted at 1% of employees' gross wage for normal time.

Medical fund contributions are deducted as follows:

- Zee R175 and Jed R150 per week.

Show the following calculations for Zee and Jed:

4.1 Normal-time hours

4.2 Overtime hours

4.3 Gross wage

4.4 Pension fund

4.5 Medical aid

4.6 PAYE (income tax)

4.7 UIF

4.8 Total deductions

4.9 Net wage

4.10 The total amount of wages for the two employees that the bookkeeper should show in the cash payments journal of West Bakery for November 2018.

(10 × 2) **[20]**

TOTAL SECTION A: 45

SECTION B

QUESTION 5 (43 minutes)

The following balances and totals appeared in the general ledger of SAINT GERBY TRADERS on 30 November 2018, the end of their financial year.

5.1 Use the following information to prepare the trading account and profit and loss account for the year ended 30 November 2018. (23)

5.2 Prepare only the assets section of the balance sheet for the year ended 30 November 2018. (8)

5.3 Show the notes to the balance sheet. (19)
[50]

TRIAL BALANCE OF SAINT GERBY TRADERS ON 30 NOVEMBER 2018

BALANCE SHEET SECTION	DEBIT	CREDIT
Capital		1 931 720
Drawings	10 000	
Land and buildings	800 000	
Equipment	730 000	
Vehicles	705 400	
Trading stock (1 December 2017)	345 000	
Debtors control	750 000	
Bank		635 000
Petty cash	6 000	
Cash float	5 700	
Creditors control		55 000
Loan: ABSA BANK (22%)		80 000
NOMINAL ACCOUNT SECTION		
Sales		1 700 600
Purchases	770 000	
Import duties	18 900	
Stationery	43 270	
Carriage on purchases	25 000	
Salaries and wages	400 900	
Commission received		93 685
Carriage on sales	13 255	
Water and electricity	150 680	
Rent received		300 700
Legal costs	22 600	
	4 796 705	**4 796 705**

Trading stock on hand, after physical stocktaking on 30 November 2018, was valued at R280 000.

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QUESTION 6 (85 minutes)

Livia Hardware Traders is a trading undertaking which specialises in selling different types of hardware.

Use the following source documents and complete:

6.1	The cash receipts journal. Do not close off the journal.	(20)
6.2	The cash payment journal. Do not close off the journal.	(28)
6.3	The petty cash journal. Close off the journal.	(30)
6.4	Draw up and balance the petty cash account in the general ledger.	(12)
		[90]

DETAILS OF SOURCES DOCUMENTS

DUPLICATES OF RECEIPTS ISSUED

December 2018

1 no. 230 to Clay Tiles for rent, R2 400

6 no. 231 to Builders for discount, R3 620,20

11 no. 232 to Laurent Ltd for money withdrawn from his private account and deposited into business account, R10 000

21 no. 233 to Sidonia for commission on building materials sold, R2 600

CASH REGISTER ROLL

December 2018

8 R3 255,70

31 R562,15

DUPLICATES OF BANK DEPOSIT SLIPS

December 2018

6 R6 020,20
11 R13 255,70
21 R2 600,00
31 R562,15

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CHEQUE COUNTERFOIL

December 2018

1 no. 900 cash for petty cash, R200

2 no. 901 to Wiggles for 5 lawnmowers at R5 164 each

4 no. 902 to Shahab Municipality for rates, R850

10 no. 903 cash for petty cash, R50

11 no. 904 to DIY for hardware bought, R6 720

12 no. 905 for stock received from Afrox paving, R5 970

13 no.906 for advertising to Serine Printers, R1 050

15 no. 907 to Telkom for telephone of business, R240, and the owner's private telephone, R85

21 no. 908 to Walton's for printing paper and envelopes, R200

31 no. 909 cash to restore the petty cash imprest amount

PETTY CASH VOUCHERS ISSUED

December 2018

1 no. 721 for stamps, R26

3 no. 722 for tube for delivery vehicle, R40

8 no. 723 for temporary labour, R50

20 no. 724 for coffee and tea, R23

22 no. 725 for the owner's fuel, R21

24 no. 726 for casual worker, R97

25 no. 727 for hardware purchased, R73

26 no. 728 for pens and pencils from J and Lee Traders, R120

29 no. 729 for cash donated to SANTA orphanage, R286

31 No. 730 for merchandise bought at an auction, R164

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QUESTION 7 (12 minutes)

The following information appeared in the books of Mollie Traders on 30 November 2018:

7.1 The bank statement has already been compared with the cash receipts journal as well as the cash payments journal and the supplementary entries have been done in the above-mentioned cash journals for November 2018.

7.2 The bank account in the general ledger of Mollie Traders showed a debit balance of R520,60 on 1 November 2018.

7.3 The total of the bank column in cash receipts journal was R82 760,50.

7.4 The total of the bank column in the cash payments journal was R53 693,26.

7.5 The following cheques did not appear on the bank statement:

Cheque number 324	570,80
Cheque number 329	920,60
Cheque number 333	1 524,77

7.6 A deposit of R5 890,70 made by Mollie Traders on 30 November 2018 did not appear on the bank statement of November 2018.

7.7 The bank statement showed a favourable balance of R26 713,31 on 30 November 2018.

REQUIRED:

Prepare only the bank reconciliation statement for the month ended 30 November 2018. (Do not prepare the cash receipts and payments journals.) **[15]**

TOTAL SECTION B: 155
GRAND TOTAL: 200

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