higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

INTRODUCTORY ACCOUNTING N4

(4010154)

26 November 2019 (X-Paper)
09:00–12:00

Calculators may be used.

This question paper consists of 7 pages and an answer book of 11 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. Use only BLUE or BLACK ink.
5. Write neatly and legibly.

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QUESTION 1 (44 min)

The following trial balance appeared in the books of OMEGA DESIGN on 30 October 2017.

REQUIRED:

1.1 Complete the profit and loss account and the trading accounting in the general ledger of OMEGA DESIGN for the year ended 30 October 2017.

1.2 Draw up the balance sheet for the year ended 30 October 2017 (show only the Equity and Liabilities Sections).

1.3 Show the notes to the balance sheet.

TRAIL BALANCE OF OMEGA DESIGN ON 30 OCTOBER 2017

BALANCE SHEET SECTION	**DEBIT**	**CREDIT**
Capital		520 000
Drawings	79 600	
Land and buildings	206 400	
Equipment	437 000	
Vehicles	348 600	
Trading stock (1 September 2016)	69 000	
Debtors control	43 000	
Bank	67 100	
Petty cash	1 100	
Cash float	900	
Creditors control		63 600
Loan: ABSA Bank (19,5%)		89 400
NOMINAL ACCOUNT SECTION		
Sales		998 500
Purchases	419 700	
Carriage on purchases	6 300	
Carriage on sales	9 000	
Interest income		50 900
Salaries	96 750	
Import taxes	6 250	
Dividend income		40 100
Commission paid	7 339	
Rent expenses	2 661	
Advertising	4 720	
Discount received		44 000
Repairs	1 080	
	1 806 500	**1 806 500**

ADDITIONAL INFORMATION:

The merchandise was valued at R197 690 after a physical stocktaking on 30 October 2017. **[47]**

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QUESTION 2 (22 min)

Use the following information and complete the wages envelopes for the week ended on 28 October 2017 of OMEGA DESIGN'S employees, Sinai and Andy.

NOTE: **ALL calculations must be rounded off to the nearest rand**.

INFORMATION:

- The normal hours are 45 hours for a week consisting of 6 days. Mondays to Fridays 8 hours per day and Saturdays 5 hours.
  Sinai worked on Monday 8,5 hours, Tuesday 8 hours, Wednesday 8 hours, Thursday 11 hours, and Friday 7,5 hours. She arranged with Omega to use the half hour of Monday to cover the normal time of Fridays, attended his father's funeral on Saturday. (R20 per hour for normal time, and R30 per hour for overtime)
- Andy worked on Monday 8 hours, Tuesday 9 hours, Wednesday 10 hours, Thursday 9 hours and Friday 8 hours. He did not inform Omega, the owner, that he would engage in an illegal strike on Saturday. (R22 per hour for normal time, and R33 per hour for overtime)
- Deductions:

Employee	Dependants	Medical Aid Fund	Pension Fund	PAYE	UIF
Sinai Andy	2 3	R100 for the member and R40 for each dependant	7,5% of normal wage	22,5% of gross wage after pension has been taken into account	1% of normal wage

Abbreviations:
PAYE – Income Tax
UIF – Unemployment Insurance Fund **[24]**

QUESTION 3 (74 min)

The following transactions occurred in the books of OMEGA DESIGN during October 2017.

REQUIRED:

1. Enter the transactions in the cash receipts, cash payments and petty cash journals. Close off only the petty cash journal at the end of the month.

2. Draw up and balance the petty cash account in the general ledger of OMEGA DESIGN.

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ADDITIONAL INFORMATION:

- On 1 October 2017 the owner, Omega, appointed a petty cashier to deal with their petty cash payments. It was decided to work according to the imprest system.
- Money is deposited on 3, 5, 11, 19, 24 and 30 October 2017.

TRANSACTIONS:

OCTOBER 2017:

1. The petty cashier received a cheque no. 501 as an advance, R3 970.
3. Cash sales according to the total of the cash register roll R80 600.
4. Bought staples and scissors from the CNA, R160. Petty-cash voucher 001 is issued.
5. Received from Windy Design R4 000 for commission on sales of jackets. Receipt 401 is issued.
6. Bought leather paints from Cashion's Design and pay R35 000 by cheque 502.
7. Withdrew R2 750 by cheque no. 503 to pay wage for a casual gardener.
8. Cash sales according to the total of the cash register roll R82 700.
9. Sent a cheque no. 504 to Material Matt as partial payment of our account, R76 900.
10. Bought printer cartridge for R430. Petty-cash voucher 002 is issued.
11. The owner, Omega gave a cheque of 460 000 to increase his capital. Receipt 402.
12. Cash sales according to the total of the cash register roll R92 650.
13. Drew a cash cheque no. 505 to buy the owner's bus ticket, R1 000.
14. Bought newspapers for reception, R65. Petty cash voucher 003 is issued.
15. The petty cashier received cheque no 506 from chief cashier, R1 030.
16. Issued a cheque no. 507 to Fabric World for material, zip, chiffon, cotton threads, sewing kit and buttons, R56 000.
18. Cash sales according to the total of the cash register roll, R52 600.
19. Received a cheque of R38 900 from Seraphina Design, in settlement of her account. Receipt 403 is issued.
20. Purchased an overlock machine and a sewing machine R180 000 from Sonja Electrical Ltd, by cheque no. 508.
21. Bought Omega's (the owner's) kids school bags, R1 235. Petty-cash voucher 004 is issued.
22. Cash sales according to the total of the cash register roll, R65 300.
23. Purchased electric scissors from Sewing Africa Ltd by cheque no. 509, R15 000.
24. Paid Eskom, R20 200, by cheque no. 510.
24. Cash sales according to the total of the cash register roll, R125 700.
25. Paid Omega's (the owner's) vehicles instalment to Jeep, by cheque no. 511, R4 775.
25. Bought lining, buttons, interfacing and needles for R19 400 Oriental Plaza and pay by cheque no. 512.
26. Received R59 000 from Standard Bank for fixed deposit. Receipt 404 is issued.
27. Issued cheque no. 513 to Fabric Ltd for beads and shoulder pads, R2 000.
28. Bought catalogues for R900. Petty-cash voucher 005 is issued.

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29. Received R1 900 from Bagman for discount on fabrics bought. Receipt 405 is issued.
30. Paid Mangaung municipality by cheque no. 514, R28 700.
30. Cash sales according to the total of the cash register roll, R68 100.
30. Drew cheque no.515 to restore the imprest amount of the petty cash. **[87]**

QUESTION 4 (40 min)

Use the information obtained from the books of OMEGA DESIGN to complete the following:

4.1 Make the supplementary entries in the cash receipts journal and cash payments journal of Omega Design on the 30 October 2017. Close off only the bank column totals in both journals on the 30 October 2017.

4.2 Prepare the bank account in the general ledger of Omega Design, properly balanced, on 30 October 2017.

4.3 Prepare the bank reconciliation statement of Omega Design on 30 October 2017.

INFORMATION

1. Totals of the cash journals as on 30 October 2017.

Cash receipts journal	R15 685
Cash payments journal	R13 236

2. A comparison of the bank statement with the cash receipts and the cash payments journal on 30 October 2017 revealed the following differences:

2.1 The bank statement from African Bank showed a favourable balance of R8 169.
The bank account had a favourable balance of R750.

2.2 The following cheques had not yet been presented for payment:

No.856	R1 680
No. 863	R2 320
No. 870	R1 689

2.3 Cheque no. 857 to the value of R1 650, issued to a creditor Formula Ltd on 17 March 2017, has become stale. A new cheque will be posted.

2.4 A cheque issued by Oman Design, another client of the bank, to the value of R980, appears on the business bank statement.

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2.5 Items appearing on the bank statement for October 2017, but not in the cash receipts and cash payments journals of the same period:

Cost of a cheque book	R115
Cash handling fees	R65
Tax levies	R135
Interest on overdraft	R310
A deposit by a tenant, Aloof	R2 800
Interest on credit balance	R730

2.6 A deposit made on 10 October 2017 of R2 000. On enquiring at African Bank, it was stated that the amount was erroneously deposited in the business bank account.

2.7 The bank statement showed a debit order of R350 in favour of Liberty in payment of the business monthly insurance.

2.8 The bank had not yet credited a deposit of R4 054, which was made on 30 October 2017.

2.9 The bank statement showed a monthly stop order for R650 in favour of One Life. This was to pay the owner's life cover.

2.10 A review of the bank statement for October 2017 showed that a deposit of R1 250 was made by another client of the bank.

2.11 A cheque for R1 500, issued to Melon Fabrics during October 2017 as payment for cash purchases, was recorded in the cash payment journal as R150. This error must be rectified.

2.12 IQ deposited R270 directly into the current account of the business in settlement of his account.

2.13 A cheque of R1 410, received from a debtor, Vincent, returned by the bank, marked R/D. **[42]**

TOTAL: 200

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