higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N550**(E)**(N23)H

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N4

(4010164)

23 November 2018 (X-Paper)
09:00–12:00

This question paper consists of 13 pages and an answer book of 10 pages.

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
FINANCIAL ACCOUNTING N4
TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. This question paper consists of SIX questions.
2. Answer ALL the questions in the ANSWER BOOK provided.
3. Read ALL the questions carefully.
4. Show ALL calculations in order for marks to be allocated.
5. Ensure that the ANSWER SHEETS are in the correct sequence and stapled together before submitting them.
6. Use only black or blue ink. Lead pencil answers will not be marked.
7. Round off amounts to the nearest rand.
8. Write neatly and legibly.

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QUESTION 1

M Mukondi, the owner of Vokos Traders, provided the following totals of the subsidiary journals:

Balances as on 30 September 2017:

Debtors control: R16 175
Creditors control: R5 850

CASH RECEIPTS JOURNAL OF VOKOS TRADERS - 30 SEPTEMBER 2017

Date	Details	Fol.	Bank	Sales	Cost of sales	Debtors control	Discount allowed	Sundry account
30	Totals		19 967	9 375	3 936	4 500	281	1 875

CASH PAYMENTS JOURNAL OF VOKOS TRADERS - SEPTEMBER 2017

Date	Details	Fol.	Bank	Trading stock	Debtors control	Creditors control	Discount received	Sundry accounts
30	Totals		18 525	4 200	450	11 625	750	1 500

DEBTORS JOURNAL	AMOUNTS
Sales	16 000
Cost of sales	12 000

DEBTORS ALLOWANCES JOURNAL	AMOUNTS
Debtors allowance	1 688
Cost of sales	800

PETTY CASH JOURNAL	AMOUNTS
Petty cash	700
Sundry accounts (carriage on purchase was paid on behalf of a debtor = R450)	450
Stationery	200

GENERAL JOURNAL	AMOUNTS
Debtors control - debits	150
Debtors control - credits	200

REQUIRED

Complete the Debtors Control Account in the ANSWER BOOK. **[15]**

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QUESTION 2

The information given below was extracted from the books of Ringani Traders for the year ending 31 August 2016.

REQUIRED

1. Compare the Bank Statement with the Cash Receipts Journal and Cash Payments Journal. Make supplementary entries in both journals. Close off the bank columns in both journals.

2. Post to the Bank Account in the General Ledger and balance the account.

3. Prepare the Bank Reconciliation Statement on 31 August 2016.

INFORMATION

BANK RECONCILIATION STATEMENT ON 31 AUGUST 2015

Credit balance as per Bank Statement		64 725
Credit deposit not yet credited by the bank		112 500
Debit outstanding cheques:		
No. 18	85 875	
No. 20	13 050	
No. 21	4 725	
No. 23	2 250	
Debit balance according to bank account	71 325	
	177 225	177 225

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CASH RECEIPTS JOURNAL OF RINGANI TRADERS - AUGUST 2016

Doc. No.	Date	Details	Analysis of receipts	Bank	Sales	Debtors control	Sundry account	Details of sundry account
EFT	1	NEDBANK		210 000			210 000	Loan
CRR1	3	Sales	21 150		21 150			
170		M Vanessa	15 000	36 150			15 000	Capital
CRR2	14	Sales	19 725	19 725		19 725		
171	17	O Tuks	15 953	15 953				
CRR3	27	Sales	19 725	19 725	19 725			
173	29	T Hazel	16 875	16 875			16 875	Rent income
				318 428				

CASH PAYMENTS JOURNAL OF RINGANI TRADERS - AUGUST 2016

Doc. No	Date	Payee	Bank	Trading stock	Creditors control	Sundry amounts	Details of sundry
24	3	Metro Ltd	41 250			41 250	Equipment
25		Boxer Sibasa	4 950			4 950	Trading licence
26	5	Milky Ltd	4 313		4 313		
27	7	Telkom	11 625			11 625	Telephone
28	11	Cash	1 575			1 575	Drawings
29	14	Tomas Traders	8 700	8 700			
30		Cash	750			750	Wages
31	25	Mbeu Bookshop	5 475			5 475	Stationery
32	30	Cash	12 667			12 667	Cash float
			91 303	8 700	4 313		

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NEDBANK
BANK STATEMENT 31 AUGUST
2016

RINGANI TRADERS
PO BOX 3288
VHEMBE
0956 Bank Statement
No. 20

DATE	DESCRIPTION	DEBIT	CREDIT	BALANCE
01/08	Balance			64 725
	Deposit		112 500	177 225
	Deposit		210 000	387 225
	Cheque: 18	85 875		301 350
03/08	Deposit		21 150	322 500
	Cheque: 21	4 725		317 775
	Deposit		15 000	332 775
	Cheque: 24	41 250		291 525
	Cheque: 25	4 950		286 575
05/08	Cheque: 26	4 313		282 263
07/08	Cheque: 27	11 625		270 638
11/08	Cheque: 28	1 575		269 063
14/08	Deposit		19 725	288 788
	Cheque: 29	8 850		279 938
17/08	Deposit		15 953	295 891
18/08	Interest on credit balance		1 312	297 204
25/08	Cheque: 200	705		296 499
	Cheque: 31	5 475		291 024
27/08	Deposit		19 725	310 749
28/08	Deposit		6 600	317 349
29/08	Stop order	3 900		313 449
	Service fees	255		313 194
	Cheque book	206		312 988
30/08	Cheque: 32	12 667		300 321
	Cheque: 32	12 667		287 654
31/08	Unpaid cheque	15 953		271 701

ADDITIONAL INFORMATION

1. Cheque no. 20 was lost and subsequently stopped. It was issued to Muthambi Traders in respect of trading stock. A new cheque would be issued in September 2016.

2. The deposit of R6 600 on 28 August 2016 was made by debtor, M Manugeni.

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3. Cheque no. 29 was incorrectly entered in the Cash Payments Journal as R8 700, instead of R8 850 (which is correct on the Bank Statement).

4. Cheque no. 200 was drawn by another client, Pro Traders. The error will be rectified on next month's Bank Statement.

5. The stop order of R3 900 represented an insurance premium for Metropolitan.

6. Cheque no. 32 was erroneously debited twice on the Bank Statement.

7. The unpaid cheque on 31 August 2016 was received from a debtor, M Makhuvele (Refer to 17 August 2016 in CRJ). **[29]**

QUESTION 3

The information given below was extracted from the books of RINGANI TRADERS

REQUIRED

3.1 Prepare the Income Statement for the year ending 30 June 2018.

3.2 Complete only the ASSET section of the Balance Sheet and do the following notes:

3.2.1 Property, equipment and vehicles

3.2.2 Stock

3.2.3 Trade and other receivables

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PREADUSTMENT TRIAL BALANCE OF RINGANI TRADERS ON 30 JUNE 2018

BALANCE SHEET ACCOUNTS SECTION	Fol	DR	CR
Capital	B1		307 500
Drawings	B2	31 875	
Loan: Nedbank	B3		82 500
Land and buildings	B4	337 500	
Equipment	B5	39 000	
Vehicles	B6	66 000	
Accumulated depreciation on equipment	B7		12 900
Accumulated depreciation on vehicles	B8		45 000
Fixed deposit: Nedbank (9% p.a.)	B9	37 500	
Debtors control	B10	40 725	
Creditors control	B11		34 200
Trading stock	B12	30 375	
Bank	B13		2 250
Provision for bad debts	B14		2 175
Petty cash	B15	131	
NOMINAL ACCOUNTS SECTION			
Sales	N1		374 213
Cost of sales	N2	213 750	
Debtors allowances	N3	7 875	
Interest on loan	N4	11 138	
Water and electricity	N5	7 087	
Interest on fixed deposit	N6		900
Bad debts	N7	1 313	
Consumable stores	N8	776	
Insurance	N9	5 100	
Salaries and wages	N10	70 687	
Discount received	N11		4 200
Sundry expenses	N12	1 425	
Discount allowed	N13	1 313	
Rent income	N14		48 750
Bank charges	N15	817	
		914 588	914 588

ADDITIONAL INFORMATION

1. Stock on hand on 30 June 2017
   Trading stock R30 263
   Consumable stores on hand R64

2. Debtor, Mary Musiwa, has been declared insolvent and her debt of R188 must be written off.

3. The provision for bad debts must be adjusted to 5% of debtors.

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4. The premium of R900 on a policy that expires on 30 September 2017 is included in the insurance amount.

5. Depreciation is provided for as follows:

   - Equipment at 10% p.a. on cost (equipment to the value of R900 was bought on 1 April 2017)
   - Vehicles at 20% p.a. on the diminishing balance method

6. The loan was obtained on 1 August 2015. Interest is payable yearly from 2015. The interest for the last three months must still be paid.

7. Rent has been received until 30 April 2018. This amount has already been entered in the books.
   NOTE: According to the contract signed by the tenant, the monthly rental will increase on 1 June 2018 by 10%. Calculate the outstanding rent.

8. Interest on the fixed deposit is due.
   NOTE: An amount of R9 375 was invested at Mutual Bank on 1 March 2017. **[34]**

QUESTION 4

REQUIRED

4.1 Draw up the Cash Flow Statement of Fusion Express for the year ended 31 August 2017.

4.2 Show the following notes/calculations:

Cash received from customers/clients
Cash paid to suppliers and employees

INFORMATION

You are provided with an extract of the Income Statement and Balance Sheet.

NOTE: The notes to the Balance Sheet were not appropriately drawn by the bookkeeper.

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INCOME STATEMENT OF FUSION EXPRESS FOR THE YEAR ENDED 31 AUGUST 2017

Sales		630 375
Less: Cost of sales		240 000
Gross profit for the year		390 375
Add other income		11 700
Interest income	11 700	
Gross operating income for the year		402 075
Less expenses for the year		79 597
Consumables	4 500	
Administrative costs	14 925	
Loss on sale of equipment	1 050	
Interest on bank overdraft	697	
Interest on loan	16 950	
Depreciation on equipment	16 875	
Depreciation on vehicles	24 600	
Net profit for the year		322 478

BALANCE SHEET OF FUSION EXPRESS AS AT 31 AUGUST 2017

	NOTES	2016	2017
ASSETS			
Noncurrent assets			
Property, equipment and vehicles	B1	657 750	869 250
Other financial assets	B2	45 000	30 000
Current assets			
Stock	B3	285 000	315 000
Trade and other debtors	B4	200 550	217 500
Cash and cash equivalents	B5	-	37 500
TOTAL ASSETS		1 188 300	1 469 250
EQUITY AND LIABILITIES			
Capital	B6	273 353	697 477
Noncurrent liabilities			
Mortgage bond: First Bank (14%)		637 500	487 500
Current liabilities			
Trade and other creditors	B7	157 673	284 273
Bank overdraft		119 775	-
TOTAL EQUITY AND LIABILITIIES		1 188 300	1 469 250

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NOTES TO THE BALANCE SHEET

NOTE 1: PROPERTY, EQUIPMENT AND VEHICLES

	2016		
	Gross carrying amount	Accumulated Depreciation	Net Carrying Amount
Equipment	315 375	(146 250)	169 125
Vehicles	832 500	(223 875)	608 625
	1 147 875	(370 125)	777 750

	2017		
	Gross carrying amount	Accumulated Depreciation	Net Carrying Amount
Equipment	312 375	(174 150)	165 225
Vehicles	952 500	(248 475)	704 025
	1 264 875	(422 625)	869 250

NOTE 2: OTHER FINANCIAL ASSETS

	2016	2017
Fixed deposit: First Bank (12%)	45 000	30 000

ADDITIONAL INFORMATION

1. The owner contributed additional capital of R23 873 during the financial year.
   Trading stock and cash taken by the owner for his personal use for the 2016 financial year amounted to R17 100.
   Trading stock and cash taken by the owner for his personal use for the 2017 financial year amounted to R37 500.
   Equipment was sold during the financial year. The accumulated depreciation until the date of sale was R19 200 and cost price was R24 000.

2. Included in the amount for trade and other creditors for 2017 is an amount of R1 500 which is for expenses paid. **[55]**

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QUESTION 5

Masithulela specialises in selling children's clothes and children's toys in two separate departments.

	CHILDREN'S CLOTHES	CHILDREN'S TOYS
Sales	670 000	870 000
Purchases	330 000	235 000
Carriage on purchases	20 000	15 000
Sales returns	450	1 200
Carriage on sales	8 000	-
Bank	750 000	420 000
Trading inventory (01/01/2016)	185 000	130 000
Trading inventory (31/12/2016)	280 000	195 000
Import duties	6 900	-

ADDITIONAL INFORMATION AND ADJUSTMENTS

1. Purchases to the value of R800 from the children's clothing department have been returned due to their poor quality.

2. The children's toy department gave donations to Mbeki's children's home to the value of R2 500.

3. The owner took children's clothing to the value of R300, for the baby shower of a personal friend.

4. Carriage on purchases amounting to R500 on children's clothing was still outstanding for the current financial year.

5. Import duties for one month are still outstanding.

6. Carriage on sales for children's toys was paid up to 30 February 2017.

7. Purchases from the children's clothes department to the value of R40 000 has been transferred to the children's toys department.

REQUIRED

Use the information above to draw up the following accounts:

5.1 The purchases account

5.2 The departmental trading statement **[22]**

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QUESTION 6

The information given below was extracted from the books of Gaby Sports Club.

REQUIRED

6.1 Prepare the Membership Fees Account.

6.2 Prepare the statement of Income and Expenditure for the year 29 February 2017.

INFORMATION

A. **BALANCES ON 1 MARCH 2016**

Accumulated funds	55 310
Accumulated depreciation on vehicle	6 040
Vehicle at cost	24 000
Bank	1 320
Accrued income (membership fees)	2 000
Income received in advance (membership fees)	3 200
Loan: Barclays Bank (15%)	31 000
Prepaid expenses (insurance)	400
Fixed deposit: Barclays Bank (15% p.a.)	60 000

B. **STATEMENT OF RECEIPTS AND PAYMENTS – 29 FEBRUARY 2017**

RECEIPTS		PAYMENTS	
	R		R
Gate takings	10 200	Insurance	680
Membership fees		Equipment 1 August 2016	8 000
2015	800	Stationery	720
2016	96 000	Interest on loan	2 000
2017	2 400	Water and electricity	800
Interest on fixed deposit	4 000	Sundry expenses	3 660
Entrance fees	22 000	Refreshments	500

C. ADDITIONAL INFORMATION AND ADJUSTMENTS

- Interest on the fixed deposit is still due.
- Membership fees outstanding for 2015 must be written off.
- Four members must still pay their membership fees for 2016. Fees are R400 per member per year.
- Stationery on hand is R250 on 29 February 2017.
- Depreciation on vehicle at 15% p.a. on cost.
- 85% of the entrance fees must be capitalised.
- Interest on the loan is still outstanding.

[45]

TOTAL: 200

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