higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N560**(E)**(J3)H

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N5

(4010175)

3 June 2019 (X-Paper)
09:00–12:00

This question paper consists of 9 pages.

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
FINANCIAL ACCOUNTING N5
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. Write your EXAMINATION NUMBER on each page of the ANSWER BOOK.
5. Show ALL calculations in brackets, where applicable.
6. Use pens with blue or black ink only.
7. Do NOT use Tipp-Ex.
8. Prepare ALL financial statements according to the 2001 syllabus.
9. Write neatly and legibly.

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QUESTION 1

1.1 Katsande and Negomash are in partnership, trading as KZ Stores. The partnership agreement stipulates the following:

Trial balance of KZ Stores for the year ending 28 February 2017

	DEBIT	CREDIT
	R	R
BALANCE SHEET SECTION		
Capital: Katsande		40 000
Negomash		20 000
Current: Katsande		15 600
Negomash	10 900	
Drawings: Katsande	8 000	
Negomash	2 737	
Equipment	126 200	
Accumulated depreciation on equipment		85 200
Inventory	34 942	
Debtors control	6 838	
Creditors control		8 324
Provision for bad debts		530
Loan: Negomash (19% per annum)		90 000
NOMINAL SECTION		
Sales		250 500
Cost of sales	22 200	
Sales returns	500	
Municipal services	12 302	
Telephone and postage	10 160	
Stationery	943	
Bad debts	5 962	
Interest on loan	12 825	
Insurance	18 400	
Rent expenses	35 289	
Bad debts recovered		1 057
Discount received		6 830
Salary: Katsande	90 000	
Wages	60 000	
Discount allowed	3 259	
	611 257	611 257

The partnership agreement states the following:
Partner Katsande is entitled to a salary of R8 000,00 per month, while partner Negomash received a salary of R80 000,00 at the end of the financial period.

- The interest on capital must be charged at 15% per annum.
- Interest on the current account is 10% per annum.
- Interest on drawings is at 10% per annum.
- Provision should be made for a special employee's bonus of 2% of the net profit before appropriation.

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- According to the provisions of the partnership agreement, the remaining profit/loss must be distributed in the ratio of their capital.

Adjustments:

- Depreciation on equipment is written off at 20% per annum according to the diminishing balance method. Take into account that a new machine was bought at a cost price of R6 200,00 on 1 September 2016.Write off the debts of J Smith, a debtor, as irrecoverable, R790,00.Create a provision for discount allowed at 6% of good debtors.The interest on the loan is due for THREE months.According to a physical stock taking, the following are on hand: stationery, R264,00, and trading stock, R34 500.Included in the discount received is an amount of R347,00 which should be recorded in the next financial year.

REQUIRED:

Prepare the income statement and appropriation statement of KZ Stores for the year ending 28 February 2017.
Round off ALL amounts to the nearest rand, where necessary.

[50]

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QUESTION 2

2.1 Provide journal entries for the following transactions related to a branch. Write a narration for each entry.

2.1.1 On 5 January 2017, the branch bought stock of R25 000,00 on credit from J Smith. ℘

(The branch uses a decentralised system.) (3)

2.1.2 Debtor S Swanepoel paid R4 300,00 on his account on 17 January 2017.

(The branch uses a decentralised system.) (3)

2.1.3 On 25 January 2017, stock of R5 300,00 was sold on credit to debtor R Nel.

(The branch uses a decentralised system.) (3)

2.1.4 The branch returned stock with a cost price of R2 400,00 and a selling price of R3 000,00 to head office. ℘

(The branch uses a centralised system.) (4)

2.1.5 On 30 June 2017, head office paid wages of R60 700,00 on behalf of the branch.

(The branch uses a centralised system.) (3)

2.2 The head office supplies all stock to its branch at selling price, which is cost plus 100%.

ALL money received is deposited into the head office bank account.

From the information given below, show the following ledger accounts of the branch in the books of the head office for the year ended 30 April 2017:

2.2.1 Branch stock account ℘ (9)

2.2.2 Branch adjustment account (7)

2.2.3 Branch petty cash account (8)

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	R
Stock at the branch: 1 May 2016	14 700
Branch petty cash: 1 May 2016	2 000
Branch debtors: 1 May 2016	5 260
Goods sent to the branch during the year	188 400
Goods returned by the branch	8 400
Branch cash sales	76 570
Branch credit sales	47 800
Collection from debtors	39 600
Cash supplied by head office	10 700
Bad debts written off	250
Discount allowed to debtors	5 720
Discount allowed on sales	8 90
Expenses paid by branch from petty cash	
Telephone	2 450
Diesel	1 670
Sundry expenses	3 880
Expenses paid by head office	
Branch equipment bought on 1 May 2016	12 400
Branch salaries	30 910
Branch rent paid	2 400
Stock on hand: 30 April 2017	16 580
Cash in the petty cash on 30 April 2017	1 600

Adjustments:

1. Sundry expenses have been paid for 15 months.

2. Depreciation of 15% on the cost price of equipment must be written off.

3. The difference in the petty cash account represents a donation which the branch has made.

[40]

QUESTION 3

3.1 The following is a summary of product YX 501. Show the stock card of ONE of the products sold by L Kotzee in May 2017 according to the FIFO method.

1 May 2017	Stock on hand: 50 units @ R20,00
6	Sold: 15 units @ R25,50
8	Purchased: 35 units @ R20,70
9	Sold: 10 units @ R26,40
14	Sold: 30 units @ R27,00
21	Purchased: 43 units @ R21,20
24	Sold: 55 units @ R28,90
31	Purchased: 20 units @ R29,60

(27)

3.2 Do the different calculations, as indicated, in your ANSWER BOOK. Show ALL the calculations.

3.2.1 A dealer sold an item for R805,00 and incurred a loss of 5%. Calculate the cost price and the loss. (5)

3.2.2 The cost price of an item was R80,00.

What should the dealer's mark-up price have been to make a profit of 25% after a discount of 8% has been allowed? (3)

3.2.3 The dealer uses EDUCATIONS as his code price. Indicate the code price if the cost price of his item is R1 750,49. (2)

3.2.4 The item was sold at a profit of 100% plus a cost price of R450,00. Calculate the selling price of the item. (3)

[40]

QUESTION 4

You are required to prepare the following ledger accounts for the year ending 31 December 2017 from a single-entry record of Sony Trader. Close off the accounts.

4.1 Debtors control account (15)

4.2 Creditors control account (12)

4.3 Vehicle account (4)

4.4 Accumulated depreciation on vehicle account (5)

4.5 Assets disposal account (4)

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The following appears in the incomplete records of Sony Traders for the year ending 31 December 2017:

℘	R
Capital	135 000
Drawings	19 000
Vehicle	132 000
Accumulated depreciation on vehicle	67 200
Trading stock (2017/01/01)	241 400
Debtors control (2017/01/01)	53 100
Creditors control (2017/01/01)	39 300
Bank	20 400

During the year, cheques were drawn for:	R	
Telephone	4 200	
Salary and wages	210 100	
Maintenance services	8 200	℘
Rent	18 000	
Creditors	14 400	
Discount received from creditors	630	

Cash received during the year includes:		
Collection from debtors	36 200	
Discount allowed	1 350	

- No entry has been made for a vehicle (cost of R29 000) that was sold on credit to J Nel on 1 January 2017 for R20 000. The accumulated depreciation on the vehicle amounted to R13 850 on 1 January 2017.
- The balances of the debtors control account and the creditors control account on 31 December 2017 are R42 800 and R32 100, respectively. ℘
- Two cents (2 cents) of the debtors control account at the beginning of the year were written off as bad debts.

[40]

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QUESTION 5

The information below was obtained from the financial records of Tiger Stores at the end of 2016 and 2017.

	2016	2017
Debtors	R158 000	R220 800
Creditors	R56 000	R77 000
Inventory	R168 000	R151 200
Bank	R37 000	R40 000
Petty cash	R5 000	R5 000
Cash float	-	R2 500
Gross profit	R1 087 000	R1 775 600
Cost of sales	R253 000	R204 400
Total expenditures	R47 300	R93 800
Sales (60% on credit)	R1 340 000	R1 980 000

Additional information:

1. The stock turnover rate for similar stores in South Africa is THREE times per year.

2. The business maintained a 70% gross profit mark-up on turnover.

3. The business granted TWO months' credit to creditors and received THREE months credit from its suppliers.

REQUIRED:

Calculate the following for the business for 2017 and comment on each calculation:

Round off ALL amounts to the nearest TWO decimals.

5.1 Acid test ratio

5.2 Average collection period for debtors

5.3 Gross profit percentage on turnover

5.4 Stock turnover rate

5.5 Current ratio

(5 × 6) **[30]**

TOTAL: 200

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