higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N560**(E)**(N22)H
NOVEMBER EXAMINATION

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N5

(4010175)

22 November 2016 (X-Paper)
09:00–12:00

Calculators may be used.

This question paper consists of 10 pages and an answer book of 9 pages.

GENERAL STUDIES

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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. Answer ALL the questions in the attached ANSWER BOOK.
4. Write your EXAMINATION NUMBER and CENTRE NUMBER on every page of the attached ANSWER BOOK.
5. Show ALL calculations in brackets, where applicable.
6. Financial statements MUST be according to the 2001 syllabus.
7. Use only blue or black ink.
8. Tipp-Ex may NOT be used.
9. Write neatly and legibly.

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QUESTION 1

The information presented below is from the records of KayCo Stores for the financial year ended 29 February 2016. KayCo Stores is a partnership with partners Kayt and Corrie.

PREADJUSTMENT TRIAL BALANCE AS AT 29 FEBRUARY 2016

	Debit	Credit
Balance sheet account section		
Capital: Kayt		264 000
Corrie		176 000
Current : Kayt	7 880	
Corrie		10 200
Drawings: Kayt	6 880	
Corrie	19 310	
Land and buildings	420 000	
Equipment	62 030	
Accumulative depreciation on equipment		26 250
Trading inventory	71 010	
Debtors control	22 220	
Creditors control		51 680
Loan: Partner Corrie (12%)		68 000
Cash and cash equivalents	4 020	
Nominal accounts section		
Sales		432 210
Cost of sales	270 130	
Rent income		37 200
Salary: Kayt	60 000	
Corrie	60 000	
Salaries and wages	34 080	
Insurance	6 980	
Stationery	7 430	
Water and electricity	13 460	
Bad debts	1 850	
Discount received		1 740
	1 067 280	1 067 280

Take the following adjustments into account:

A debtor who owed R580 was declared insolvent. His estate paid 35% of his debt, and this has been correctly recorded. The remaining balance must be written off as a bad debt.

The rent increased by R200 on 1 December 2015. The tenant has paid the rent until the end of March 2016.

Depreciation on equipment of R12 406 must be taken into account.

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During a burglary at the shop, stock costing R24 000 was stolen. The insurance company has agreed to pay out an amount of R18 000, but this has not yet been received.

The physical count at 29 February 2016 revealed the following on hand:

Trading stock R45 210
Stationery R620

The loan from Corrie is reduced by R5 000 on 31 July of each year.

The partnership agreement made provision for the following:

Kayt is entitled to an annual salary allowance of R90 000.
Corrie receives a monthly salary of R6 000 per month.
Interest on capital is calculated at 8% per annum on capital balances.
Interest on current accounts will be levied at 7,5% per annum.
The remaining profit or loss is distributed in the ratio 2:1 between Kayt and Corrie.

REQUIRED

1.1. Complete the Income and Appropriation Statement for the year ended 29 February 2016. (33)

1.2. Prepare the note to the Balance Sheet for the current accounts of the partners. (17)
[50]

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QUESTION 2

2.1 KZ Traders has a branch in Kwakwatsi. Stock is dispatched to the branch at cost price. Cash is transferred to head office at the end of each month.

The following information relates to branch transactions for the year ending 29 February 2016:

Stock on 1 March 2015	3 520
Stock on 29 February 2016	3 270
Cash in bank on 1 March 2015	12 060
Cash in bank on 29 February 2016	10 500
Sundry debtors on 1 March 2015	8 080
Goods received from head office	11 280
Returns to head office	280
Cash sales	7 840
Credit sales	13 780
Discount to customers	310
Returns from customers	240
Cash received from debtors	13 800
Expenses paid by the branch:	
Wages	600
Telephone	3 690
Municipal expenses	4 270
Branch expenses paid by head office:	
Salaries	9 800
Sundry expenses	3 700

REQUIRED

Use the information given and prepare the following accounts in the general ledger of the head office. Balance the accounts on 29 February 2016, the end of the financial year.

2.1.1 Branch stock (8)

2.1.2 Branch debtors (6)

2.1.3 Branch bank (8)

2.1.4 Goods to branch (3)

2.1.5 Branch profit and loss (8)

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2.2 Toyland has its head office in Pretoria and a branch in Petit. The head office keeps only one account in its books in which all transactions with regard to the branch are entered.

The following is a summary of these transactions.

Balance due by the branch on 1 March 2015	60 800
A desk transferred from the head office to the branch	2 400
Goods supplied by head office to the branch	43 200
Branch salaries paid by head office	32 600
The branch sent cash to head office	88 200
On 29 February 2016 the profit and loss account of the branch showed a net profit	5 500

REQUIRED

Show the branch account in the general ledger of head office. Balance the account on 29 February 2016, the end of the financial year. (7)
[40]

QUESTION 3

February 2015

1	Stock on hand	180 items @ R28,80
8	Purchased	560 items @ R29,50
12	Sold	130 items @ R46,60
16	Sold	370 items @ R47,20
22	Purchased	760 items @ R30,60
25	Sold	140 items @ R48,00
26	Sold	530 items @ R50,30

Enter the following transactions on the stock cards of Wandile Traders for February 2015 if the following stock systems were used:

3.1 FIFO (20)

3.2 Average cost price (20)
[40]

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QUESTION 4

Mr P Nkomo of Prime Stores does not keep full records of all transactions.

TRIAL BALANCE ON 28 FEBRUARY 2015

Capital		192 000
Drawings	59 400	
Profit and loss		251 000
Vehicles	240 000	
Accumulated depreciation: Vehicles		72 000
Stock	294 410	
Debtors control	28 200	
Loan: My Bank (12%)		78 000
Creditors control		42 900
Provision for bad debts		1 410
Bank	15 300	
	637 310	637 310

A new vehicle was bought on credit for R180 000 on 1 October 2015. Mr Nkomo also paid to have a sound system installed costing R10 000. Vehicles are depreciated by 15% per annum on cost.

A physical count on 29 February 2016 revealed the following on hand:

Trading stock R200 300
Stationery R380

Debtors outstanding balance is R71 000. The provision for bad debts is to be increased by R2 140.

A supplier has overpaid commission to Prime Stores, R460. This will be offset against future commission.

Rent income for February 2016, R4 600 is still owed.

The insurance account had a total of R21 750. Included in this, is an amount of R3 750 paid on an annual insurance contract on 1 November 2015.

The loan was enlarged by R20 000 on 1 December 2015.

The interest on the loan for February 2016 has not been paid yet.

All cash received was banked, except for R500 per month that Mr Nkomo took for personal use.

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The February bank statement showed a credit balance of R76 300. Cheque number 482 for R2 900 (dated 17 March 2016) issued to a creditor, was still outstanding on the bank statement.

The balance of the creditors control account amounts to R49 900.

REQUIRED

From the information above obtained on 29 February 2016:

4.1 Draw up the balance sheet (9)

4.2 The notes at that date (31)
[40]

QUESTION 5

5.1 The following information was obtained from the financial records of Pringle Traders on 30 April 2015 and 2016:

	2016	**2015**
Credit sales	1 140 000	720 000
Cost of goods sold	576 000	444 000
Net profit	48 000	36 000
Debtors control	108 000	90 000
Stock	240 000	144 000
Creditors control	54 000	39 000
Cash purchases	116 000	119 000
Capital	300 000	204 000
Current assets	428 000	284 000

- The business maintains a gross profit percentage of 55% on turnover.
- For the year ended 30 April 2016 80% of sales and 80% of purchases were on credit.
- The business allowed 60 days credit to debtors and received 90 days credit from creditors.

REQUIRED

Calculate the following ratios for the year ended 30 April 2016:

5.1.1 Net profit percentage on turnover (5)

5.1.2 Average payment period to creditors (days) (5)

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5.2 Various options are given as possible answers to the following questions. Choose the answer based on the financial year ended 30 April 2016 and write only the letter (A–D) next to the question number (5.2.1–5.2.5) in the ANSWER BOOK.

5.2.1 The formula for the solvency ratio is:

A Current assets : Current liabilities
B Total assets: Total liabilities
C Current assets minus stock : Current liabilities
D Total assets : Current assets

5.2.2 The return on owner's equity, $\frac{48\,000}{252\,000} \times \frac{100}{1}$ is equal to:

A 19
B 19 : 1
C 19%
D 19 times

5.2.3 According to banking practice the ratio for the acid test should be at least …

A 2 : 2
B 2 : 1
C 1 : 2
D 1 : 1

5.2.4 The gross profit percentage on turnover is 60%.

A This is better than expected.
B This is poorer than expected.

5.2.5 In the formula for gross profit percentage on turnover, the sales amount is …

A 1 140 000.
B 720 000.
C 1 425 000.
D 285 000.

(5 × 2) (10)

GENERAL STUDIES

5.3 Calculate the following based on the financial year ended 30 April 2016. Write only the answer in rand value:

5.3.1 Cash sales equals …

5.3.2 Total purchases equals …

5.3.3 Average stock equals …

5.3.4 Gross profit equals …

5.3.5 Cash and cash equivalents equals …

(5 × 2) (10)
[30]

TOTAL: 200

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