higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N560**(E)**(N20)H

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N5

(4010175)

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

This question paper consists of 8 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 N5
TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
2. Read ALL the questions carefully.
3. The Financial Statement must be according to the 2001 syllabus.
4. Use only BLUE and BLACK ink.
5. Show ALL the calculations in brackets, where applicable.
6. Write your EXAMINATION NUMBER and the CENTRE NUMBER on every page in the attached ANSWER BOOK.
7. Tipp-Ex must NOT be used.
8. Write neatly and legibly.

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QUESTION 1

The Trial Balance of Hester and Nester, trading as HN Dealers, contained the following on 31 August 2016, the end of their financial period:

	DEBIT	CREDIT
Capital: Hester		120 000
Nester		130 000
Current account: Hester	15 600	
Nester		21 800
Drawings: Hester	34 500	
Nester	13 400	
Salary: Nester	5 000	
Loan: Hester (20%)		20 000
General reserve		42 000
Profit and loss		106 193

According to the partnership agreement, the net profit or loss must be distributed as follows:

1. The partners received interest on their capital at 15% per annum. Take into account that Nester increased the balance of her capital account by R10 000 on 1 June 2016.

2. As a manager of the business Hester receives a monthly salary of R8 000 and Nester must receive a salary of R24 000 at the end of the financial period.

3. Each partner is entitled to 20% interest per annum on his/her current account.

4. Interest on the Drawings Account must be calculated at 18% per annum.

5. Interest on the loan made by Hester is calculated at the end of the financial period. R5 000 is paid back to her every year at the end of February.

6. The general reserve must be adjusted to R30 000.

7. An employee bonus fund of R8 000 must be provided.

8. The remaining profit or loss is distributed equally between the partners.

REQUIRED

1.1 Prepare the Income Statement and Appropriation Statement for the year ended 31 August 2016. (30)

1.2 Show the notes of the current account in the Balance Sheet. (20)

[50]

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QUESTION 2

From the given details, draw up the following accounts in the books of the head office of Tshepo Traders with a branch in Polokwane, for the year ended September 2016. ALL money received are deposited in the branch bank.

Goods are sent to the branch at sales price, which is cost price plus 60%. Balance all the accounts. Convert to the nearest Rand.

2.1 Branch stock (8)

2.2 Branch adjustment (11)

2.3 Branch bank (5)

2.4 Goods to branch (5)

2.5 Branch profit and loss (11)

The following information has been supplied by the branch for the year ended September 2016

Stock at the branch at 1 September 2016 (selling price)	99 360
Balance of the branch bank at 1 September 2016	36 000
Branch equipment	47 000
Branch accumulated depreciation equipment	2 360
Goods sent to branch during the year at selling price	984 680
Goods returned to head office during the year at selling price	10 080
Branch cash sales	567 120
Branch credit sales	414 720
Collection from debtors	372 000
Return by debtors	23 540
Expenses paid by the branch	
Stationery	760
Advertising	6 000
Expenses paid by head office on behalf of the branch	
Salaries	41 000
Telephone	11 340

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ADDITIONAL INFORMATION

a) Stock on hand at 31 September 2016 (at selling price) was R99 210 and stationery, R210.

b) Write off depreciation on equipment at 20% per annum according to the diminished balance method.

c) The branch sustained a loss of R4 000 because of stock that had to be marked down.

d) The branch manager decided to write off the outstanding balance of debtor M. Lebo, R400.

e) Advertising includes an amount of R2 000 which is applicable in the next financial period.

[40]

QUESTION 3

The following data is a summary of the transactions for a product that Mpho Dealers had during May 2016. Show the stock card for the item concerned using the:

3.1 Average cost price method (17)

3.2 FIFO method (23)

May 2016	
1.	Stock on hand: 46 units @ R53,40
7.	Purchased: 16 units @ R55,80
11.	Sold: 10 units @ R86,50
21.	Sold: 22 units @ R87,50
24.	Purchased: 14 units @ R56,90 Carriage R126,00
30.	Sold: 20 units @ R90,80 Carriage R58,00

[40]

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QUESTION 4

The following trial balance has been taken from the records of Sunnyday Stores on 30 August 2015:

	DEBIT	CREDIT
Capital		144 840
Drawings	15 120	
Net profit		91 360
Investment: Best Bank (9%)	60 000	
Mortgage bond (15%)		90 000
Equipment	38 880	
Accumulated depreciation on equipment		5 180
Vehicle	228 920	
Accumulate depreciation on vehicle		19 780
Inventory	80 930	
Debtors control	36 860	
Bank		28 420
Provision for bad debts		1 474
Creditors control		80 220
Petty cash	300	
Expenses payable: Rent paid		960
Prepaid expenses: Insurance	1 224	
	462 234	462 234

The business did not keep complete records of its transactions, but the following information was available on 30 August 2016, the end of their financial period:

NOTES FOR BALANCE SHEET

1. Depreciation must be written off on equipment at 10% on the book value and on the vehicle at 20% on cost price.

2. A stocktaking revealed that the following was on hand:
   Trading stock R96 750
   Stationery R270

3. Interest of R800 is due on the investment and R870 is due for water and electricity.

4. Petty cash imprest was increased by R50.

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5. Debtors owe R56 760, of which R1 440 must be written off as irrecoverable. Provision for bad debts must be adjusted to 5% of good debts.

6. The amount drawn by the owner totalled R71 360.

7. Creditors amounted to R75 420.

8. R10 000 has been repaid on the loan on 1 September 2015. All interest has been paid for the year.

9. During the year, R608 360 was deposited and cheques to the value of R580 720 were issued.

REQUIRED

The Balance Sheet of Sunnyday Stores on 30 August 2016

[40]

QUESTION 5

Calculate the following for the business, Fun Hardware, on 31 February 2016, the end of the financial period. Round off to 2 decimals.

5.1 Return on owners' equity

5.2 Gross profit percentage

5.3 Turnover rate of debtors

5.4 Average payment period to creditors (days)

5.5 Stock turnover rate

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5.6 Acid-test ratio

	31 February 2015	31 February 2016
	R	R
Capital	R528 000	R600 000
Debtors	235 000	365 000
Drawings	21 000	14 000
Creditors	220 000	240 000
Mortgage bond	120 000	120 000
Inventory	480 000	600 000
Savings	375 000	420 000
Purchases	600 000	1 200 000
Cash sales	480 000	720 000
Credit sales	1 680 000	2 160 000
Total operating expenses	800 000	682 000
Gross profit	540 000	576 000
Total operating income	390 000	250 000

The following information is also available:

a) The business maintains a gross profit percentage of 20% on turnover.
b) The business receives 90 days' credit from creditors.
c) Debtors are given 60 days to pay their accounts to the business.
d) A good turnover rate for similar businesses in South Africa is FOUR times per year.
e) 40% of purchases were in cash.

(6 × 5) **[30]**

TOTAL: 200

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