higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N5

(4010175)

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

This question paper consists of 7 pages and an ANSWER BOOK 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. Write your EXAMINATION NUMBER on each page of the ANSWER BOOK.
4. Answer each question on the correct page of the ANSWER BOOK.
5. Financial statements must be according to the 2001 syllabus.
6. Show ALL calculations in brackets where applicable.
7. Red or green ink may NOT be used.
8. Tipp-Ex may NOT be used.
9. Write neatly and legibly.

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QUESTION 1

Sugar Fairy is a sweet shop that is owned by Choc and Late. The following balances appear in the trial balance of Choc and Late on 31 July 2018 after the trading profit and loss accounts have been compiled.

	(DR)	(CR)
Capital: Choc		R65 000
Late		R25 000
Drawings: Choc	R22 500	
Late	R31 550	
Current account: Choc	R3 450	
Late		R6 210
Salary: Choc	R35 000	
Late	R 54 000	
Loan: 20% Late		R10 000
Profit and loss		R210 330

Their partnership agreement stated the following:

1. Choc has a salary allowance of R3 500 per month and Late R54 000 per annum which he had received.
2. Partners are entitled to interest on capital at 15% per annum.
3. Partners' interest on the current account is determined at 20% per annum.
4. Partners must pay interest on their drawings as if they had drawn the amount for FOUR (4) months at 16% per annum.
5. Interest on the loan from Late is calculated at the end of the financial period, however this interest has not yet been calculated.
6. General reserve of R6 700 must be provided.
7. Choc and Late share the profit/loss in the ratio of 2:1 respectively.

Required:

1.1 Draw up the income statement and appropriation statement of Sugar Fairy for the year ending 31 July 2018. (34)

1.2 Show the current accounts of both partners at the end of the financial period. (8 + 8) (16)

[50]

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QUESTION 2

Best Beads in Centurion has a branch in Benoni. The head office supplies ALL trading stock to branches at selling price (cost plus 60%) and receives regular summaries from branches. Money received by the branches are deposited into the bank accounts of the branches. The branches received an advance of R1 000 from the head office.

Draw up the following accounts in the books of the head office at the end of the financial period ending on 31 May 2017.

2.1. Branch stock (9)

2.2 Branch adjustment (8)

2.3 Branch debtors (5)

2.4 Branch bank (8)

2.5 Goods to branch (5)

2.6 Branch profit and loss (5)

	R
Stock on 1 June 2016	144 000
Goods supplied by head office at selling price	880 000
Goods returned to head office at selling price	18 000
Cash sales	240 000
Credit sales	640 000
Stock marked-up	1 500
Collection from debtors	356 000
Discount allowed to debtors	4 800
Discount allowed on selling price	3 200
Expenses paid by head office	
Salary	65 400
Telephone	6 773
Stationery	2 472
Expenses paid by branch	
Water and electricity	5 808
Repairs	560
Fuel	700

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Adjustments:

1. Write off the debt of debtor D. Human R276 as irrecoverable.

2. The following accounts have been received for May 2017, but not yet paid:

   - Water and electricity: R528
   - Telephone: R231

3. According to stocktake on 31 May 2017, stationery of R389 was on hand. **[40]**

QUESTION 3

3.1 Set the stock card for the specific product according to the:

3.1.1 LIFO method (16)

3.1.2. Average weighted method (14)

Round off the amounts to TWO decimals.

Date	Details	Units @ R
1	Stock on hand	30 units @ R10,80
4	Purchased	45 units @ R11,10
7.	Sold	55 units @ R12,40
18	Sold	15 units @ R14,80
28	Purchased	20 units @ R13,50

3.2 The total sales of Duncson Traders is R2 780 000 during the financial period ending on 28 March.

A gross profit mark-up of 60% on cost was maintained on normal sales.

Stock sold to wholesalers at cost plus 45% amounts to R485 000.

Stock sold to staff at cost plus 10% amounts to R910 500.

Calculate the total gross profit. Show ALL calculations. Round off amounts to TWO decimals. (10)
[40]

QUESTION 4

Zenani Traders did not keep proper accounting records during the year ended 28 February 2018.

Balances in the balance sheet for 28 February 2017:

	R
Land and buildings	200 000
Vehicles	32 000
Accumulated depreciation on vehicles	5 800
Trading stock	20 560
Debtors	6 350
Capital	221 414
Creditors	15 700

The following information for the year ended 28 February 2018 was available:

1. On 1 November 2017 Zenani Traders bought a motorbike for deliveries for R9 600.
2. Depreciation at 20% per annum must be written off on diminishing balance.
3. Trading stock on 28 February 2018 was R22 560.
4. Amount drawn by the owner totalled R40 220.
5. The bank statement reflected a credit balance of R12 477.
6. Petty cash was R150.
7. Water and electricity for February 2018 is still payable – R412.
8. On 28 February 2018 debtors and creditors were R9 443 and R12 470 respectively.
9. The stock done on 28 February 2018 shows the following on hand:

   - Packaging: R976
   - Stationery: R144

Required:

4.1 Balance sheet of Zenani Traders on 28 February 2018. (12)

4.2 Show the notes to the balance sheet for land, buildings and vehicles, inventory, cash and cash equivalents, capital and trade and other creditors. (28)

[40]

QUESTION 5

Eyathu Traders is a retail business. The information was taken from their financial statements for the years ended 28 February 2017 and 2018.

	2017	2018
Sales	R450 000	R520 000
Cost of sales	R250 000	R262 500
Gross profit	R198 500	R191 140
Net profit	R171 244	R91 890
Operating expenses	R37 849	R94 890
Debtors control	R60 150	R88 100
Inventories	R40 000	R65 000
Creditors control	R62 000	R44 300
Equipment	R200 000	R200 000
Land and building	R542 000	R542 000
Loan	R248 000	-

Additional information:

1. ALL sales were on credit.
2. The business maintains gross profit of 85% on cost.
3. The stock turnover rate for similar business is SIX times per annum.
4. The business allows 60 days credit and receives 90 days credit from creditors.

Required:

Use the given information to calculate the following for the year ended February 2018. Round off amounts to TWO decimals.

5.1 Gross profit on cost of sales

5.2 Net profit percentage on sales

5.3 Stock turnover rate

5.4 Solvency ratio

5.5 Debtors collection period (in days)

5.6 Acid-test ratio

(6 × 5) **[30]**

TOTAL: 200

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