higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N5

(4010175)

30 September 2020 (X-paper)
09:00–12:00

This question paper consists of 8 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. Financial statements must be according to the 2001 syllabus.
5. Use only a blue or black pen.
6. Tipp-Ex must not be used.
7. Each question must be answered on the correct page in the ANSWER BOOK.
8. Show all calculations in brackets, where applicable.
9. Write neatly and legibly.

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QUESTION 1

Sam and Sanny are in partnership known as S&S STORES and the financial period is for six months, which ended on 30 September 2018. The partnership agreement stipulates that:

1. Interest on capital must be calculated at 8% per annum.

2. Interest on current account and drawings must be calculated at 12% and 10% respectively.

3. Partners Sam and Sanny received salaries of R30 000 and R36 000 respectively at the end of the financial period.

4. For the financial period, Sanny must receive a bonus of R7 000.

5. Create employee bonus fund of R11 000.

6. General reserve must be adjusted to R15 000.

7. The remaining profit must be shared at a ratio of 2:1.

The following is an extract from the trial balance of S&S Stores on 30 September 2018 after net profit for the six months has been calculated:

	Debit (R)	Credit (R)
Capital account: Sam		200 000
Sanny		180 000
Current account: Sam		60 000
Sanny	30 000	
Drawings: Sam	80 000	
Sanny	60 000	
General Reserve		20 000
Loan : Sam (at 11% p.a.)		15 000
Salary: Sam	8 000	
Salary: Sanny	10 000	
Net profit		110 400

ADDITIONAL INFORMATION:

Only R350 of the interest on the loan was paid (the interest on loan account has been closed off already).

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REQUIRED:

Show the following accounts at the end of the financial period of SIX months on 30 September 2018:

1.1 Current account of Sam (11)

1.2 Current account of Sanny (10)

1.3 Interest on capital (4)

1.4 Appropriation account (15)

1.5 Show only the equity section on the balance sheet. (10)
[50]

QUESTION 2

2.1 Always Dealer has branches in Polokwane and Tzaneen. Show the followings entries in the General Journal of Always Dealer on 30 May 2018.

2.1.1 The head office sends stock at cost price of R20 500 to Tzaneen and R33 200 to Polokwane on 05 May 2018. (6)

2.1.2 The stock to the value of R15 700 is transferred from Polokwane to Tzaneen on 19 May 2018. (4)

2.1.3 The Tzaneen branch pays stationery of R1 420 and telephone of R320 from its bank account on 20 May 2018. (6)

2.1.4 The head office pays vehicle costs of R50 600 on behalf of Polokwane branch on 22 May 2018. (4)

2.2 ABC Traders with its head office in Venda has a branch in Vhembe that keeps a complete set of books.

Use the summary of the transactions of the branch for the year ending 31 September 2018 to draw up the following accounts in the General Ledger.

2.2.1 Head office account (9)

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2.2.2 Bank account (11)

Summary of transactions

	R
Merchandise provided to branch by head office at cost price	160 000
Merchandise purchased by branch:	
Cash	65 000
Credit	344 500
Merchandise return to head office by branch at cost price	12 500
Cash returns of merchandise by customers	7 650
Trading expenditures of branch paid by head office:	
Insurance	13 400
Property tax	6 780
Trading expenditures paid by branch:	
Sundry expenses	13 400
Donation	700
Wages	10 250
Stationery	2 600
Collection from debtors	587 400
Vehicle paid by head office	67 300
Cash payment to creditors	105 700
Rent received by branch for part of building rented	96 000
Cash settlement to head office	220 000

[40]

QUESTION 3

Romeo Limited is a retailer that uses the weighted average cost method. On 1 March 2018 there were 200 units of inventory on hand at R45 each.

During March the following purchases and sales were made:

02 Purchased 200 units @ R46 each
08 Sales 100 units
10 Sales 200 units
15 Purchased 150 units @ R48 each
16 Sales 50 units
22 Purchased 120 units @ R50 each
28 Sales 170 units
29 Purchased 100 units @ R51 each
30 Sales 30 units

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REQUIRED:

3.1 Show the stock card using the weighted average cost method. (20)

3.2 On 15 April 2018 the entire warehouse of a certain general dealer was destroyed in a fire, except for the stock to the value of R156 000.

The general dealer sold stock to a wholesaler at cost plus 25%, to staff at cost plus 10% and to the public at cost plus 30%.

The following information is available:

	R
Inventory on 01 April 2018	170 000
Purchases	260 870
Freight on purchases	4 600
Custom duty	2 300
Total sales	277 900
Sales to wholesalers	98 300
Sales to staff	72 640
Purchases returns	11 780

REQUIRED: Round off all numbers to the nearest rand.

3.2.1 Calculate the amount of sales to the public. (4)

3.2.2 What is the gross profit made on wholesalers? (4)

3.2.3 Calculate the profit made on staff. (4)

3.2.4 Calculate the total gross profit. (5)

3.2.5 How much is the amount of purchases that must be recorded in the trading account? (3)

[40]

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QUESTION 4

T Ugly requested you to draw up the balance sheet as on 30 September 2018.

Calculate the net profit through the owner's equity. Also show the notes.

Trial balance on 30 September 2018

	R
Capital	83 000
Land and building	158 140
Debtors control	86 000
Creditors control	52 200
Equipment at cost	86 000
Accumulated depreciation: Equipment	30 000
Mortgage bond	69 000
Trading stock	26 000
Drawings	7 860
Bank (favourable)	48 461

Additional information:
The following errors and adjustments were identified:

a Stationery on hand at 30 September 2018 amounted to R3 400.
b Commission income amounting to R1 600 was earned for October and November 2018.
c A debtor owing the business R5 300 disappeared without a trace; it was decided to write it off as irrecoverable.
d Provision for depreciation on equipment at 12% per annum on the diminishing balance method.
e Water and electricity account for August 2018; R650 has not yet been paid.
f At the end of September 2018 one of the tenants owed two months' rent; the monthly rental payable by a tenant is R3500.

[40]

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QUESTION 5

The financial records of MB Shabangu Hardware, which started trading on 1 February 2018, showed the following information for two consecutive years.

	2017	2018
	R	R
Inventory	31 000	63 000
Debtors	342 400	886 000
Creditors	210 000	400 000
Sales (all on credit)	622 400	913 600
Cost of sales	389 000	508 000
Purchases (80% on credit)	420 000	540 000

The following information is also available:

a. The business maintained a gross profit of 60% on cost price during the year.
b. The periodic system was used.
c. There were no cash sales during the year.
d. Debtors received 30 days for credit and creditors allowed 60 days credit to the business.
e. A good stock turnover rate for the business was calculated at seven times per year.

REQUIRED:

Calculate the following, using the financial records of MB Shabangu. Round off to TWO decimals.

5.1 Debtors collection period for 2017 and 2018 in months. (10)

5.2 Stock turnover rate for 2017 and 2018. (10)

5.3 Creditors collection period for 2017 and 2018 in months. (10)
[30]

TOTAL: 200

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