higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N6

(4010216)

7 June 2021 (X-paper)
09:00–12:00

Nonprogrammable calculators may be used.

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

229Q1J2107

Copyright reserved

DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
FINANCIAL ACCOUNTING N6
TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer all the questions in the ANSWER BOOK.
2. Read all the questions carefully.
3. Write your EXAMINATION NUMBER and CENTRE NUMBER on every page of the ANSWER BOOK.
4. Round off all amounts to the nearest rand (whole number).
5. Use only a black or blue pen.
6. Write neatly and legibly.

Copyright reserved

QUESTION 1

1.1 Give ONE term for each of the following descriptions by writing it next to the question number (1.1.1–1.1.5) in the ANSWER BOOK.

1.1.1 Resources owned and controlled by a company from which future economic benefits are expected

1.1.2 Obligations of a company that must be settled within one financial year

1.1.3 Payments made that neither increase the asset nor decrease a liability

1.1.4 Receipts not only from equity participants, but which also increase the assets

1.1.5 The net worth of the company

(5 × 2) (10)

1.2 Calculate the VAT to be charged or claimed by the business (Mahlakoane Ltd) in the following transactions. If VAT is not charged or claimed, state the reason. The VAT rate is 15%. Amounts are VAT inclusive, where relevant.

1.2.1 Stationery of R1 150 bought on credit from Kwapa Traders, a registered VAT vendor (2)

1.2.2 Petrol of R3 250 bought from Shell garage (2)

1.2.3 R150 charged for bank charges (R20 was for interest on overdraft) (3)

1.2.4 R980 charged to customers for overdue account (3)

1.2.5 Took trading stock of R2 750 from the business for personal use (2)

1.2.6 Bought trading stock of R3 150 from Tlokwe Traders, which is not a VAT vendor (3)

1.3 What is the purpose of a VAT control account in the ledger? (3)

1.4 What is a VAT vendor? (2)

[30]

Copyright reserved

QUESTION 2

2.1 Name the type of company or other form of business ownership that would be started or registered under the following circumstances:

2.1.1 Mrs Selepe wants to start a business for which she alone is responsible without worrying about the registrations and other legal matters.

2.1.2 Malope was surprised to learn that the auditing of financial statements is compulsory and unconditional for the company in which she bought shares.

2.1.3 Matjeke needs a lot of capital to start this business and will allow anyone in the general public to apply to buy shares.

2.1.4 Salome and Maria want to combine their capital to start a catering business without having to worry about the registration of their company.

2.1.5 Malapane wants to own a business of which he is a member and not a shareholder.

2.1.6 Thabo is a charitable person, who likes to help poor people. He wants to formalise his business as rendering a service to the poor, although he will not charge them for his services.

2.1.7 Sizwe and Jabu want to open a registered law company that will hold accountable the current and former directors for any maladministration (poor administration) that has financial implications for the business and was contracted during their time.

(7 × 2) (14)

2.2 Give ONE term for each of the following descriptions by writing it next to the question number (2.2.1–2.2.10) in the ANSWER BOOK.

2.2.1 Part of profit distributed to shareholders

2.2.2 Shares held by owners of the company who have voting rights

2.2.3 Shares that give the holder the first claim to the profit of the company

2.2.4 Reserves that cannot be used to pay shareholders their share of profit

2.2.5 The total number of shares a company registers

2.2.6 The score sometimes used to determine whether the private company must be audited or not

Copyright reserved

2.2.7 Type of company that is owned by the government

2.2.8 Standard is followed in preparation of financial statements

2.2.9 Statement used to calculate the profit of the company

2.2.10 Statement in which the assets, liabilities and equities are recorded at year end

(10 × 2) (20)

2.3 Study the following financial statement and answer the questions:

MASEBE INC AS AT 31 DECEMBER 2018

ASSETS		
NONCURRENT ASSETS		**?**
CURRENT ASSETS		
TOTAL ASSETS		**520 000**
EQUITY AND LIABILITIES		
NONCURRENT LIABILITIES		**250 000**
CURRENT LIABILITIES		**10 000**
TOTAL EQUITY AND LIABILITIES		

2.3.1 What is the above financial statement called? (2)

2.3.2 What type of company is Masebe Inc? (2)

2.3.3 How does the company raise capital? (2)

2.3.4 Calculate the amount of equity. (3)

2.3.5 How much will be recorded in the statement of noncurrent assets if the following information is given:

Land and buildings	R300 000
Equipment	R30 000
Accumulated depreciation: Equipment - 31/12/2017	R15 000
Depreciation	R5 000

(4)

2.3.6 Calculate the amount for the current assets. (3)

2.3.7 Where does the current portion of long-term borrowing fall in the statement in QUESTION 2.3? (2)

Copyright reserved

2.3.8 Where will the fixed deposit that matures on 1 January 2020 fall in the statement in QUESTION 2.3? (2)

2.4 **STATEMENT OF …… FOR THE YEAR ENDED 31 DECEMBER 2018**

	SHARE CAPITAL	GENERAL RESERVE	RETAINED INCOME

2.4.1 What is the above statement called? (2)

2.4.2 What is the purpose of the general reserve? (2)

2.4.3 Calculate the retained income if the following information is given:

Retained income on 1 January 2018 R45 000
Net profit before tax R220 000
General reserve still to be transferred to retained income R5 000
Preliminary expenses to be written off against retained income R1 200

Bad debts of R700 recovered were not recorded.
Accrued rent expense of R250 was left out when calculating net profit
Income tax is 28% (10)

2.4.4 Calculate the amount of share capital using the information below:

Authorised shares 2 000 000 at R1,50 each
Unissued shares 800 000 (4)

2.4.5 Name TWO types of reserves. (2)

2.4.6 Name TWO types of shares. (2)

2.5 What are shareholders given as proof of holding shares in a company? (2)

2.6 Name the document that states the number of shares the company is registered with and all other policies and regulations of the company. (2)

[80]

QUESTION 3

The following post-closing trial balance appeared in the books of Letlavhimbi CC on 28 February 2018, the financial year end of the business.

LETLAVHIMBI CC
POST-CLOSING TRIAL BALANCE AT 28 FEBRUARY 2018

BALANCE SHEET ACCOUNTS SECTION	FOL.	DEBIT	CREDIT
Members' contribution			240 000
Retained earnings (1 March 2017)			39 946
Loan: M Letlalo (member)		24 600	
Loan: T Luvhimbi (member)			20 100
Mortgage bond: VBS Bank (19% p.a.)			330 000
Land and buildings		537 000	
Equipment		186 000	
Accumulated depreciation on equipment			77 820
Trading stock		177 900	
Debtors control		69 450	
Provision for bad debts			3 474
SARS (Income tax)			63 000
Creditors control			47 400
Fixed deposit (12% p.a.)		22 500	
Bank		24 450	
Cash float		1 500	
Distribution to members			180 000
Revaluation surplus			15 000
Accrued expense			5 700
Prepaid expense		1 140	
Income received in advance			3 600
Accrued income		180	
Packing material on hand		1 320	
Net profit for the year			20 000

REQUIRED

Prepare the statement of the financial position as at 28 February 2018 according to IFRS for SME'S.

NOTE: Show calculations in brackets where applicable. **[30]**

Copyright reserved

QUESTION 4

The following information appeared in the books of Asnat LTD.

ASNAT LTD
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

Sales	250 000
Cost of sales	(150 000)
Gross profit	100 000
Other costs	(80 400)
Finance cost	(4 600)
Profit before tax	15 000
Tax expenses	(6 750)
Profit for the year	8 250
Dividends declared	5 000

Included in other cost is depreciation of R6 000.

ASNAT LTD
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	NOTES	2017	2016
ASSETS			
NONCURRENT ASSETS		**91 350**	**75 500**
Property, plant and equipment		91 350	75 500
CURRENT ASSETS		**47 500**	**50 150**
Inventory		30 000	26 000
Trade and other receivables		11 500	14 300
Cash and cash equivalents		5820	9 850
TOTAL ASSETS		**138 850**	**125 650**
EQUITY AND LIABILITIES			
Issued share capital		83 000	65 000
Retained income		7 250	4 000
NONCURRENT LIABILITIES		**20 000**	**30 000**
Long-term borrowings		20 000	30 000
CURRENT LIABILITIES		**23 600**	**26 650**
Trade and other payables		14 620	13 400
SARS		600	800
Shares for dividends		3 000	2 250
TOTAL EQUITY AND LIABILITIES		**138 850**	**125 650**

ADDITIONAL INFORMATION

1.Property, plant and equipment	2017	2016
Land and buildings	60 000	47 500
Equipment (book value)	37 350	28 000
Asnat Ltd sold equipment at book value during the year, R2 400		

Copyright reserved

REQUIRED

4.1 Prepare the cash flow statement for the year ended 30 June 2017. (16)

4.2 Do the following notes:

4.2.1 Reconciliation of profit before tax with cash generated from operations (8)

4.2.2 Dividends and taxation paid (6)
[30]

QUESTION 5

5.1 State THREE differences between *external audit* and *internal audit.* Tabulate your answer. (2 × 6) (12)

5.2 Differentiate between the following:

5.2.1 Qualified opinion

5.2.2 Unqualified opinion
(2 × 2) (4)

5.3 Define *internal control.* (6)

5.4 State the FOUR steps of internal auditing. (4 × 2) (8)
[30]

TOTAL: 200

Copyright reserved