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higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N5

(4010175)

1 June 2021 (X-paper)
09:00–12:00

This question paper consists of 9 pages and an answer book of 11 pages.

161Q1J2101

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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. Write your EXAMINATION NUMBER on each page of the ANSWER BOOK.
5. The financial statement must be compiled according to the 2001 syllabus.
6. Show all calculations in brackets, where applicable.
7. Use only a black or blue pen.
8. Non-programmable calculators may be used.
9. Tipp-Ex must not be used.
10. Write neatly and legibly.

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QUESTION 1

Pre-adjustment trial balance of Jonny and Jayson Traders – 30 July 2019

	R	R
BALANCE SHEET SECTION:		
Capital: Jonny		180 000
Jayson		160 000
Current: Jonny	5 800	
Jayson		2 080
Drawings: Jonny	46 000	
Jayson	30 000	
Land and buildings	161 000	
General reserves	23 000	
Vehicles	103 200	
Equipment	27 840	
Accumulated depreciation: vehicles		38 400
Accumulated depreciation: equipment		10 320
Loan: ABBC Bank (15%) Jonny		60 000
Trading stock	28 600	
Debtors control	20 050	
Bank	4 560	
Creditors control		6 740
NOMINAL SECTION:		
Sales		192 600
Cost of sales	98 000	
Debtors allowances	2 600	
Salary: Jonny	30 000	
Salary: Jayson	25 000	
Bad debts	9 115	
Auditors fees	9 680	
Administrative expenses	2 763	
Rates and taxes	1 110	
Stationery	780	
Salaries and wages	25 400	
Telephone	5 363	
Interest received		14 700
Insurance	4 979	
	664 840	664 840

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Adjustment and additional information:

1. Trading stock on 30 July 2019 R30 500

   Stationery on hand R280

2. Bad debt of R300 had to be written off as irrecoverable. Create provision for bad debt of 5% of the good book debt.

3. R150 of the amount of rates and taxes has been paid for the next financial period.

4. Depreciation must be written off at 15% per annum on cost for vehicles and at 25% per annum on the diminished balance for equipment. Take into account that new equipment to the value of R3 000 was bought on 1 March 2019 and was recorded.

   Partner's agreement

   a. The interest on the loan by Jonny must be credited against his current account. No interest was calculated for this financial period.

   b. Partners are debited or credited with interest at 9% per annum on the balance of current accounts at the beginning of the year.

   c. Interest on capital is 12% per annum.

   d. Interest on drawings must be calculated at 10% per annum.

   e. The general reserve must be increased to R30 000.

   f. Partner Jayson must be credited with a bonus of R5 500 for special services rendered to the business.

   g. Jonny receives a monthly salary of R7 500 and Jayson receives R85 000 at the end of the financial period.

   h. The remaining profit or loss must be distributed between the partners at the ratio of 4:3.

Required:

Income statement and appropriation statement of the business for the accounting period ending 30 July 2019. **[50]**

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QUESTION 2

The head office of Lion Stores in Gauteng invoices goods to branches at cost price. The head office has a complete set of books for each branch.

Balances on 1 January 2019 of the assets at Tembisa branch were as follows:

	R
Stock at cost price	88 000
Debtors' control	27 500
Equipment at cost	40 800
Accumulated depreciation on equipment	21 400
Money in the bank	31 570

Transactions:	R
Head office sent goods to branch	168 000
Goods returned to head office by branch	68 000
Cash sales	690 530
Credit sales	480 500
Cash received from debtors	455 000
Discount allowed to debtors	3 620
Bad debt written off	2 800
Equipment paid by branch bank on 31/06/2019	18 600
Operating expenses paid by head office:	
Wages	62 000
Rent paid	23 700
Operating expenses paid by branch:	
Salaries	100 000
Stationery	5 600
Insurance	13 200

Additional information:

(a) Insurance amount of R550 is still due.

(b) The amount of repairs R200 was incorrectly recorded in the salary account.

(c) Depreciation on equipment at 15% must be written off with the diminished balance method.

(d) Stock at branch on 30 December 2019 amounted to R45 400.

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Show the Tembisa branch account in the head office General Ledger on 30 December 2019.

2.1 Branch stock (9)

2.2 Branch debtors' control (6)

2.3 Branch equipment (3)

2.4 Goods to branch (4)

2.5 Branch insurance (4)

2.6 Branch profit and loss (14)
[40]

QUESTION 3

Transactions during November 2019.

01	Stock on hand	900 units @	R4,00 each
04	Issued	300 units @	R11 each
08	Purchased	200 units @	R3,20 each
09	Issued	420 units @	R12 each
15	Purchased	150 units @	R3,60 each
17	Issued	250 units @	R12,50 each
22	Purchased	130 units @	R3,80 each
27	Issued	180 units @	R13 each
29	Purchased	120 units @	R4,00 each
30	Issued	200 units @	R13.50 each

Required:

Show the stock card of Tiger Traders for November 2019 using the following methods:

3.1 First-in-first-out method (20)

3.2 Last-in-first-out method (20)
[40]

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QUESTION 4

J. Guma has been trading as general dealer and did not keep complete accounting records. He approached you to draw up his financial position for the year ended 30 March 2019.

The following balances were in his book on 30 March 2018.

	R	R		R	R
Vehicles	25 000		Capital	90 000	
Accumulated depreciation on vehicles	(6 300)	18 700	Add: Net profit	30 000	
Equipment	83 400		Less: Drawings	12 000	108 000
Accumulated depreciation on equipment	(14 600)	68 800			
Trading stock		34 000	Loan: Ugly Bank (15%)		15 000
Debtors' control		29 650	Creditors' control		22 400
			Property tax owing		1 450
			Bank overdraft		3 300
		150 150			150 150

After conducting an investigation, you established the following:

1. According to physical stocktaking, he had stock to the value of R60 000 and stationery of R720 on hand.

2. The last bank statement showed a credit balance of R10 700. No deposits or cheques were outstanding.

3. Trade debtors amount to R56 700, but the amount of R6 700 has to be written off.

4. The provision for bad debt must be created at 4% and provision for discount at 2% of the good debtors.

5. Creditors' control amounted to R18 000.

6. The owner made an additional capital contribution of R10 000 in January 2019 and took R15 680 for personal use.

7. A fixed deposit of R13 000 at 7% interest per annum was made at Ugly Bank on 1 December 2018; to date no interest has been received.

8. Equipment with a cost price of R6 700 and carrying value (book value) of R2 200 were sold on 1 April 2018. New equipment was bought for R9 300 on 30 January 2019. Write off depreciation at 10% per annum on cost price.

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9. Write off depreciation on vehicle at 15% per annum on diminished balance.

Required:

Draw up the balance sheet for the year ended 30 March 2019 and show the notes as indicated in the ANSWER BOOK. **[40]**

QUESTION 5

5.1 Name TWO users who are interested in the information contained in the financial statement. (2 × 2) (4)

You are presented with the following summaries of Sama Trader for two years: October 2018 and October 2019.

	2018	**2019**
	R	R
Non-current assets	178 000	220 000
Inventory	95 000	310 000
Bank	120 000	-
Debtors' control	86 000	125 000
Total assets	479 000	655 000
Capital	281 500	453 300
Mortgage bond (10%)	67 000	55 000
Creditors' control	130 500	98 000
Bank overdraft	-	48 700
Total equity and liabilities	479 000	655 000

Additional information:

a. Business maintains a gross profit percentage of 30% on turnover.

b. Debtors are allowed 60 days credit.

c. Creditors are allowed 90 days credit.

	2018 R	**2019 R**
Purchases: Credit	321 000	468 000
Cash	80 000	150 000
Sales: Cash	550 000	600 000
Credit	600 000	680 000
Other expenses	215 000	320 000

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Required:

5.2 Calculate the following for the year ended 2019. Round off to TWO decimals.

5.2.1	Acid test ratio	(6)
5.2.2	Net profit percentage	(5)
5.2.3	Turnover rate of debtors	(5)
5.2.4	Average payment period to creditors (in days)	(5)
5.2.5	Solvency ratio	(5)
		[30]

TOTAL: 200

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