



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
FINANCIAL ACCOUNTING N4

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This question paper consists of 11 pages.

DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA
NATIONAL CERTIFICATE
FINANCIAL ACCOUNTING N4
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 neatly and legibly.
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QUESTION 1

Present the following information in an accounting equation format.

The information given below was extracted from the books of XYZ Traders.



The mark-up on cost for the business is 25% and the business conduct its stocktaking on a periodic basis.

- 01 Mrs Mandi the owner of XYZ deposited R200 000,00 cash in the Bank account of the business as her initial contribution to the capital of the entity.
- 11 Sold equipment to Royal Garden hotel to the value of R300 000 for cash.
- 24 Purchased trading inventory from ZZY Ltd at R180 000 cash.
- 26 Purchased stationery on credit to the value of R700.

**[20]****QUESTION 2**

The information given below was extracted from the books of Madzhia Traders.

REQUIRED

- 2.1 Complete the Cash Receipts Journal and Cash Payments Journal on 30 June 2018. (12)
- 2.2 Post to the Bank account of the Balance Sheet Accounts Section in the General Ledger and balance the account. (6)
- 2.3 Prepare the Bank Reconciliation Statement on 30 June 2018. (7)



**INFORMATION**

The following information was obtained after comparing the Cash Receipts Journal and Cash Payments Journal of Madzhia Traders with the Bank statement on 30 June 2018. Madzhia Traders held an account with Bona Bank.

Balances	
Favourable balance in the Bank account (01-06-2018)	46 000
Overdrawn balance in the Bank statement (30-06-2018)	126 013
Totals of Bank columns on 30 June 2018 on the following:	
Cash Receipts Journal	541 600
Cash Payments Journal	602 133



ADDITIONAL INFORMATION

- 1 The bank erroneously debited Madzhia Traders' account with cheque No. 233 of R70 667 drawn by Mazwia Traders. 
- 2 A deposit of R42 667 entered in the Cash Receipts Journal on 30 June 2018 was electronically deposited at the Bank on 1 July 2018.
- 3 Cheques No. 231 and 232 appeared on the Bank statement for September, but cheque No. 234 does not appear on it, R4 000.
- 4 A debtor, M Zahara paid R12 667 directly into the Bank account of Madzhia Traders at Bona Bank.
- 5 A cheque of R4 666, received from K Manugeni in settlement of her account was returned on 24 June 2018.
- 6 A stop order of R8 267 in respect of the insurance for the building payable for Santum Insurers appeared on the Bank Statement on 21 June 2018.
- 7 The following items appeared on the debit side of the Bank statement for June 2018: 


Interest	R747
Service fee	R973
Chequebook fees	R160

[25]

QUESTION 3

The information below was extracted from the books of Petunialink Traders for the year ending 28 February 2018.

REQUIRED 

- 3.1 Prepare the Income Statement of Petunialink Traders for the year ending 28 February 2018. (30)
- 3.2 Prepare the Equity and Liabilities Section of the Balance Sheet for the year ending 28 February 2018. (5)
- 3.3 Do the following notes to the balance sheet:
 - 3.3.1 Property, equipment and vehicles (14)
 - 3.3.2 Cash and cash equivalents (4)
 - 3.3.3 Capital  (4)
 - 3.3.4 Trade and other payables (5)

INFORMATION

PREADJUSTMENT TRIAL BALANCE OF PETUNIALINK ON 28 FEBRUARY 2018

	FOL	DR	CR
BALANCE SHEET ACCOUNTS SECTION			
Capital	B1		308 250
Drawings	B2	62 465	
Equipment	B3	298 890	
Vehicles	B4	449 425	
Accumulated depreciation on equipment	B5		126 096
Accumulated depreciation on vehicles	B6		279 690
Trading stock (1 March 2017)	B7	324 740	
Debtors control	B8	48 180	
Bank	B9	11 995	
Petty cash	B10	1 500	
Cash float	B11	1 250	
Creditors control	B12		60 910
Loan: Tek Bank (15%)	B13		250 000
NOMINAL ACCOUNTS SECTION			
Sales	N1		801 150
Cost of sales	N2	317 375	
Debtors allowances	N3	15 625	
Discount allowed	N4	16 170	
Interest on loan	N5	37 500	
Water and electricity	N6	26 170	
Interest on fixed deposit	N7		13 420
Bad debts recovered	N8		475
Bad debts	N9	16 225	
Bank charges	N10	2 265	
Insurance	N11	170 000	
Advertising	N12	11 480	
Discount received	N13		18 140
Wages		41 700	
Stationery		5 170	

ADDITIONAL INFORMATION





1. Physical stocktaking was done at the end of the financial year, 28 February 2018 and the following was still on hand:

Trading stock	R316 245
Stationery	R1 920


2. The account of M Tshedza, a debtor, must be written off as irrecoverable, R680.



3. Adjust the provision for bad debts to 5% of trade debtors
4. Provision for discount allowed must be created at 4% of the of trade debtors
5. The water and electricity account of R4 965 is still payable. 
6. Provide for depreciation on vehicles at 20% per annum on cost price and on equipment at 15% p.a. according to the diminishing-balance method. (Take into account that the vehicle with a gross carrying value of R150 000 was sold for cash for R91 000. The accumulated depreciation until the date of sale was R71 465.
7. Interest received include the amount of R3 000 which is applicable for the next financial year.
8. Provide for the outstanding interest on the loan. The loan was made on 01 March 2015.
9. Create provision for legal cost for R40 000 which will be payable in the next financial year. 
10. The insurance includes a policy with an annual premium of R120 000 which is payable on 1 January every year.

[62]


QUESTION 4**REQUIRED**

4.1 As an accountant for Thana Traders, you are requested to discuss the cash position of the business by drawing up the cash flow statement for the year ended 28 February 2018.  (19)

4.2 Show the following note/calculations:

Reconciliation of profit with cash generated from operations (14)

BALANCE SHEET OF THANA TRADERS AS AT 28 FEBRUARY 2018

	NOTES	2017	2018
ASSETS			
Noncurrent assets			
Property, equipment and vehicles		199 725	242 925
Other financial assets		15 000	30 000
Current assets			
Stock		28 950	35 475
Trade and other debtors		19 650	10 350
Cash and cash equivalents		19 050	4 425
TOTAL ASSETS 		282 375	323 175
EQUITY AND LIABILITIES			
Capital		150 000	238 875
Noncurrent liabilities			
Mortgage bond: Trust Bank		112 500	75 000
Current liabilities			
Trade and other creditors		19 875	9 300
TOTAL EQUITY AND LIABILITIES		282 375	323 175



NOTES TO THE BALANCE SHEET



NOTE 1: PROPERTY, EQUIPMENT AND VEHICLES

	2017		
	Gross carrying amount	Accumulated depreciation	Net carrying amount
Land and building	136 800		136 800
Equipment	67 500	18 525	48 975
Vehicles	33 150	19 200	13 950
	237 450	37 725	199 725

	2018		
	Gross carrying amount	Accumulated depreciation	Net carrying amount
Land and building	180 000		180 000
Equipment	52 500	19 125	48 975
Vehicles	48 750	19 200	13 950
	281 250	38 325	342 925


	2017	2018
NOTE 2: OTHER FINANCIAL ASSETS		
Fixed deposit: World Bank	15 000	30 000
NOTE 3: STOCK		
Trading stock	28 950	35 475
NOTE 4: TRADE AND OTHER DEBTORS		
Debtors control	19 650	10 350
NOTE 5: CASH AND CASH EQUIVALENTS		
Bank	19 050	4 425
NOTE 6: CAPITAL		
Balance at beginning of year	108 975	150 000
Add: Net profit	59 775	118 875
Less: Drawings	18 750	30 000
	150 000	238 875
NOTE 7: INTEREST-BEARING LIABILITIES		
Long-term loan: Trust bank (19%)	112 500	75 000
NOTE 4: TRADE AND OTHER CREDITORS		
Creditors control	19 875	9 300

ADDITIONAL INFORMATION




- The following information was extracted from the Income Statement for the year ended 28 February 2018:

Turnover	R 118 875
Interest on loan	?
Interest on fixed deposit	?
Depreciation	34 350

- During the financial year, equipment with a cost price of R33 750 was sold. Its accumulated depreciation written off at the time of sale, was R15 000.
- Vehicle with the cost price of R41 250 was sold during the year at book value. The book value at the time of sale was R22 500. 
- On 28 February 2018 Thana Traders decided to pay R37 500 of their loan.
- The fixed deposit was increased by R15 000 on 31 August 2018.

[33]**QUESTION 5****REQUIRED**

Use the information given below to prepare the Departmental Income Statement of Jeremiah Traders for the year ended 31 January 2018.

Jeremiah Traders trades in women's clothing and perfumes. All goods are marked up at 40% on cost. 

The business operates by using the periodic inventory system when conducting stocktaking.

The following information appeared in the books of Jeremiah Traders on 28 February 2017.



		Department of women's clothing	Department of perfumes
		R	R
Purchases		120 000	60 000
Carriage on sales		6 225	9 375
Vehicle		95 000	45 000
Trading inventory 1 July 2017		118 688	63 750
Trading inventory 30 June 2018		35 625	30 938
Sales		213 750	160 875
Carriage on purchases		6 750	3 375
Sales returns		2 250	1 500
Purchases returns		250	938
Discount received		563	300
Sundry expenses		6 750	5 250
Stationery	2 600		
Advertising	16 875		
Wages	165 000		
Rent income	44 250		



GENERAL INFORMATION

Departments	No. of workers	Floor space
Women's clothing	7	70 m ²
Perfumes	3	30 m ²

ADJUSTMENTS

1. Depreciation must be written off on equipment at 18% p.a. on cost.
2. Stationery used up to 1 May 2018. 
3. Carriage on sales still outstanding for women clothing's department, R320
4. A debt to the value of R500 from the perfumes department must be written off as irrecoverable.
5. Perfumes to the value of R400 must be transferred to the women's clothing department. No entry has been made in the books.
6. The manager of the perfume department has not yet received her performance bonus for this year, R5 000.
7. The value of the closing stock according to a physical stocktaking is as follows: Harvey tiles R81 972 and floor tiles R114 717.
8. Costs are allocated as follows:
 - Wages as per number of workers 
 - Advertising according to sales
 - Rent income is to be shared equally

[40]

QUESTION 6

The information below was extracted from the books of Rosa's Football Club on 31 December 2017.

REQUIRED

Draw up the following accounts in the General Ledger:

- 6.1 Complete the Tuck Shop Trading account of Rosa's Football Club for the year ended 28 February 2018. (5)
- 6.2 Prepare the Membership Fees account. (15)
- A. The following balances and totals were extracted on 01 January 2017:

	R
Tuck shop stock (1 March 2017)	4 000
Income received in advance (Membership fees)	625
Fixed deposit: VBS Bank (20% p.a.)	62 500
Accrued income (Membership fees)	1 875
Accrued expenses (Stationery)	300
Accumulated fund	101 500
Vehicle at cost	68 750
Accumulated depreciation on vehicle	24 875
Debtors control	16 938

- B. The following was extracted from the Receipts and Payments records for the year ending 31 December 2018:



PAYMENTS		RECEIPTS	
	R		R
Gate takings	6 525	Rent expense	8 000
Entrance fees	7 250	Membership fees refunded	700
Membership fees:		Interest on loan	3 000
2016	625	Honorarium	2 000
2017	11 875	Water and electricity	1 230
2018	3 125	Sundry expense	1 100
		Tuck shop purchases	11 188

ADDITIONAL INFORMATION AND ADJUSTMENTS

- Membership fees are R625 per member.
- Four members must still pay their membership fees for 2017.
- Membership fees still outstanding for 2016 must be written off as irrecoverable.
- Membership fees which were received in advance must be provided for.
- The trading stock for the tuck shop on 28 February 2018 amounted to R5 688.
- Depreciation on equipment is calculated at 22%.

[20]**TOTAL: 200**