



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE FINANCIAL ACCOUNTING N4

(4010164)

**4 June 2021 (X-paper)
09:00–12:00**

Nonprogrammable calculators may be used.

This question paper consists of 16 pages and an answer book of 12 pages.

215Q1J2104

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. Arrange the pages in the ANSWERBOOK in the correct question sequence and staple them together before submitting.
 5. Write your EXAMINATION NUMBER at the top of each page of the ANSWERBOOK.
 6. Start each question on a new page.
 7. Use only a black or blue pen.
 8. Write neatly and legibly.
-

QUESTION 1

1.1 Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1–1.1.10) in the ANSWER BOOK.

1.1.1 One of the following statements below is not a reason why a business should perform a bank reconciliation statement every month:




- A To check that the cash journals have been recorded and totalled correctly.
- B To identify and record bank transactions that are not recorded in the cash journals.
- C To explain any differences between the bank balance according to the bank statement and the bank balance according to the journals of the business.
- D To check whether the balance on the bank statement corresponds with the one on the statement of income and expenditure.

1.1.2 The source document for recording trading inventory taken by the owner for personal use is ...

- A an internal journal memo.
- B a cheque counters foil.
- C a bank statement.
- D a cash payment journal.

1.1.3 Interest earned on the debit side of the bank statement is recorded on the ... when preparing the bank reconciliation statement.

- A bank reconciliation on the debit side 
- B cash receipts journal as interest on current income
- C cash payment journal as interest on bank overdraft
- D cash payment journal as correction of error

1.1.4 Tumelo Traders collects R2 000 cash for services rendered to Mr Fakeni and deposits the money into its bank account.

Which of the answers in the table below is correct? 

	Source document	Journal	Account debited	Account credited
A	Receipt	CRJ	Bank	Current income
B	Cash register roll	CRJ	Bank	Sales
C	Cash register roll	CRJ	Bank	Current income
D	Original receipt	CRJ	Current income	Sales

- 1.1.5 Thabo Traders received a settlement amount of R300 from Ms Sima's account who owed the business R330. A discount was offered to her.



How will you record the transaction on the accounting equation?

Accounting equation			
	A	=	O + L
A	+300 -330		-30 0
B	+330		-330 0
C	-300 +330		-30
D	+300		-330 +30

- 1.1.6 Which of the following statements is correct in the sequence in which they occurred?

- A An accounting cycle consists of journals, source documents, ledger, trial balance, financial statements.
 B An accounting cycle consists of source documents, journals, ledger, trial balance, financial statements.
 C An accounting cycle consists of source documents, journals, ledger, financial statements, trial balance.
 D An accounting cycle consists of journals, trial balance, financial statements, source documents, ledger.



- 1.1.7 The owner of the business purchased equipment for their new offices.

In which journal will this transaction be recorded?

- A Cash payment journal
 B Sales journal
 C General journal
 D Petty cash journal



- 1.1.8 One of the following statements describes non-current assets:

- A These assets will be owned and used by a business enterprise for a period of more than 12 months.
 B These assets will be owned and used by a business enterprise for a period of more than six months.
 C These assets will be owned and used by a business enterprise for a period of less than a year.
 D These assets will not be owned and used by a business enterprise for a period of more than 12 months.

1.1.9 Which of the following statements describes the various elements of financial statements?

- A Five elements of financial statements are assets, land and building, liabilities, equity and fixed deposit.
- B Five elements of financial statements are cash flow statement, bank reconciliation statement, sports club, income statement and balance sheet.
- C Five elements of financial statements are cost of sales, sales, liabilities, equity and debtor's control.
- D Five elements of financial statements are assets, income, liabilities, equity and expenses.



1.1.10 Which of the different forms of ownership below obtains its capital by inviting the public to buy shares?

- A Sole trade
- B Public company
- C Private company
- D Close corporation

(10 × 2) (20)

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

REQUIRED:

1.2.1 Complete the CASH RECEIPTS and CASH PAYMENTS JOURNALS on 30 April 2019.  (18)

1.2.2 Prepare the BANK ACCOUNT in the general ledger. (5)

1.2.3 Prepare the BANK RECONCILIATION STATEMENT on 30 April 2019. (7)

INFORMATION: Manyike Traders banks with Capitec Bank.

BANK RECONCILIATION STATEMENT ON 31 MARCH 2019

Credit balance as per bank statement		361 349
Credit deposit not yet credited by the bank		2 000
Debit outstanding cheques:		
No. 56	240	
No. 58	320 000	
Debit balance according to bank account	43 109	
	363 349	363 349



BANK STATEMENT OF MANYIKE TRADERS**ZAMA BANK****VAT NUMBER: 13130873****ACCOUNT NUMBER: 630 789 444****STATEMENT NO: 30****STATEMENT DATE: 30 April 2019****Branch: Shingedzi, P.O. Box 236, Malamulele, Tel. (015) 967 3244**

Date	Description	Debit	Credit	Balance
01/04/19	Balance b/d			361 349
01/04/19	Deposit		2000	363 349
01/04/19	Cheque 56	240		363 109
01/04/19	Cheque 58	320 000		43 109
01/04/19	Cheque 59	10 000		33 109
02/04/19	Cheque 60	2000		31 109
05/04/19	Deposit		8 000	39 109
08/04/19	Cheque 61	2 568		36 541
10/04/19	Deposit		7 000	43 541
12/04/19	Cheque 62	2 920		40 621
14/04/19	Deposit		3 200	43 821
15/04/19	Mamba Insurance	1 000		42 821
16/04/19	Cheque 63	348 000		-305 179
17/04/19	Deposit		3200	-301 979
20/04/19	Deposit		800	-301 179
21/04/19	Deposit		6000	-295 179
30/04/19	Deposit		3200	-291 979
30/04/19	Bank charges	340		-292 319
30/04/19	Internet bank fee	180		-292 499
30/04/19	Interest paid	8 600		-301 099
30/04/19	Virgin Mobile	800		-301 899
30/04/19	Deposit – N. Mukoni		6000	-295 899
31/04/19	Unpaid cheque	3 200		-299 099
31/04/19	Service fee	1200		-300 299





CASH RECEIPTS JOURNAL OF MANYIKE TRADERS ON 30 APRIL 2019

Doc no.	Day	Details	Fol.	Analysis of receipts	Bank	Sales	Cost of sales	Sundry account	
								Amount	Details
13	5	Cash		8 000	8 000	8 000	6 667		
14	10	T. Manugeni		6 000	6 000			6 000	Rent income
15	14	Cash		3 200	3 200	3 200	2 667		
16	17	P. Nzala		3 200	3 200			3 200	Debtor control
17	20	Cash		800	800	800	667		
18	21	Cash		6 000	6 000	6 000	5 000		
19	30	A. Mafela		3 200				3 200	Rent received
20	30	Zama Bank		8 600				8 600	Interest received
21	30	M. Rachel		2 000	13 800			2 000	Debtor control
					41 000				



CASH PAYMENTS JOURNAL OF MANYIKE TRADERS ON 30 APRIL 2019

Doc no.	Day	Details	Bank	Trading stock	Petty cash	Insurance	Sundry accounts	
							Amount	Details
59	1	Thuthuka	6 000				6 000	Rent paid
60	2	Cash	2 000		2 000			
61	8	Telkom	2 568				2 568	Telephone
62	12	Thulamela	2 920				2 920	Water & electricity
	15	Santam	1 000			1 000		
63	16	Dama H.	340 000	340 000				
64	25	Jerico Royal	100 000	100 000				
			454 488					

ADDITIONAL INFORMATION:

- The amount of R8 600 for interest received entered in the cash receipts journal was incorrectly entered by the accountant. This amount was for interest paid, as indicated on the bank statement.
- A deposit paid by N. Mukoni on 30/04/2019 was paid directly into the business account.
- The rent received from T. Manugeni on 10/04/2018 was incorrectly entered on the cash receipts journal. The correct amount is R7 000.



4. The payment of R3 200 received for sales on 14/04/2019 was returned by the bank with a debit slip informing the business that there was no money in their bank account.
5. A debtor, M. Rachel, paid her account on 30/04/2019, but this amount is not reflecting on the bank statement of the business.
6. A debit order of R800 has been deducted from the bank account, but this amount has not yet been recorded in the books of the business.
7. Cheque no. 59 should have been R10 000 for the rent paid to Thuthuka.
8. Cheque no. 63 was incorrectly entered as R348 000 on the bank statement.
9. The business paid Jerico Royal on 25/04/2019 an amount of R100 000 by cheque, but the cheque has not been presented to the bank for payment.

**[50]****QUESTION 2**

The following information was extracted from the accounting records of TLB Traders.

REQUIRED:

- 2.1 Prepare only the following notes in the statement of financial position:



NOTE: The net profit for the year amounts to R13 980.

- | | | |
|-------|-------------------------------|------|
| 2.1.1 | Property, plant and equipment | (16) |
| 2.1.2 | Trade and other receivables | (5) |
| 2.1.3 | Statement of change in equity | (4) |
| 2.1.4 | Trade and other payables | (5) |



PRE-ADJUSTMENT TRIAL BALANCE OF TLB TRADERS 30 JUNE 2019		
	DEBIT	CREDIT
BALANCE SHEET ACCOUNT SECTION		
Capital		150 000
Drawing	13 200	
Equipment at cost	69 000	
Vehicles at cost	135 000	
Accumulated depreciation on equipment		12 960
Accumulated depreciation on vehicles		9 540
Loan: Capitec Bank (20% per annum)		37 500
Trading inventory	19 740	
Trade receivables	9 810	
Bank	11 010	
Cash float	600	
Fixed deposit: Discovery Bank (10% per annum)	22 500	
Trade payables		8 340
Allowances for credit losses		465
NOMINAL ACCOUNT SECTION		
Turnover		163 365
Cost of sales	105 000	
Sales returns	5 144	
Rent income		39 450
Interest on fixed deposit	2 067	
Discount allowed	1 962	
Salaries	29 700	
Interest on loan	6 000	
Credit losses	2 446	
Sundry expenses	10 098	
Stationery	4 350	
Packing material	315	
Discount received		168



Adjustment:

- An invoice of R150 must still be recorded in the financial records of TLB Traders. This invoice was received for stationery bought on credit. 
- The owner took cash from the business to pay his personal telephone account of R105. No entry has been made to date.
- Depreciation is as follows: 
 On vehicles at 12% per annum on the cost.
 NOTE: A new vehicle was purchased on 1 December 2018, R60 000.
 On equipment at 15% per annum, according to the diminishing balance

method.


4. A physical inventory count on 28 February 2018 revealed the following:
- | | |
|--------------------|---------|
| Trading inventory: | R19 650 |
| Packing material: | R285 |
5. A debtor, Ms Raphalalani, with an outstanding balance of R810, has been declared insolvent. Write off the outstanding balance as irrecoverable. 
6. Adjust the allowances for credit losses to 5% of the outstanding debtors.
7. Salaries were paid for only 11 months.
8. Interest on a fixed deposit was still outstanding at the end of the financial year.
9. Provide the outstanding interest on loan:
The interest for loan from Capitec Bank was increased by 2% on 1 September 2017. 
10. The monthly rent up to 31 December 2017 was R3 000.
An increase of 5% was implemented on 1 July 2018 as per lease agreement.

[30]

QUESTION 3

Chaka Traders has provided you with the following information for the year ended 28 February 2019.

REQUIRED:

- 3.1 Prepare the statement of comprehensive income for the year ending on 28 February 2019. 

(30)



NOTE: ROUND UP YOUR ANSWERS TO THE NEAREST RAND.

INFORMATION:**PRE-ADJUSTMENT TRIAL OF CHAKA TRADERS ON 28 FEBRUARY 2019**

BALANCE SHEET ACCOUNT SECTION	FOL.	DR	CR
Capital	B1		168 750
Drawings	B2	6 937	
Land and buildings	B3	183 750	
Equipment	B4	43 125	
Accumulated depreciation on equipment	B5		6 525
Vehicle	B6	53 250	
Accumulated depreciation on vehicles	B7		11 400
Fixed deposit: Thikho Bank	B8	10 500	
Trading inventory (1 March 2018)	B9	20 213	
Trade receivable control	B10	13 875	
Bank	B11		4 463
Cash float	B12	113	
Petty cash	B13	75	
Trade payable control	B14		10 950
Allowances for credit losses	B15		750
Loan: Barclays Bank (14% per annum)	B16		61 875
NOMINAL ACCOUNT SECTION			
Turnover	N1		124 313
Purchases	N2	31 875	
Sales return	N3	750	
Interest on loan	N4	6 497	
Interest on fixed deposit	N5		1 575
Credit losses	N6	135	
Bank charges	N7	600	
Vehicle expense	N9	2 250	
Credit losses recovered	N10		225
Carriage in	N11	840	
Discount allowed	N12	488	
Rent income	N13		5 325
Wages	N14	18 000	
Stationery	N15	1 153	
Import tariffs	N16	1 035	
Commission income	N17		5 250
Sundry expenses	N18	4 875	
Insurance	N19	2 790	
Purchase return	N20		1 725
		403 125	403 125




ADDITIONAL INFORMATION:

1. According to a physical stock count, the following were still on hand at 28 February 2019:
 - Trading inventory: R19 875 
 - Stationery: R291
2. Write off N. Singo's account as irrecoverable – R1 125.
3. Allowances for credit losses must be adjusted to R638 of trade debtors.
4. Allowances for settlement granted must also be calculated at R242.
5. Interest on the fixed deposit was calculated at R1 260 for the year. Adjust accordingly.
6. Provide for depreciation on equipment at 15% per annum with the diminishing balance method, and on vehicles at 25% per annum on cost price. Take into account that a vehicle with a gross carrying value of R15 000 was purchased on 1 September 2018.
7. Provide for the outstanding interest on the mortgage loan. 
8. The insurance account includes an amount of R540 in respect of the period from 1 December 2018 to 30 November 2019.
9. Chaka Traders allowed the following returns:
Mr Denga – R844. No entries were made, but the returned stock has been accounted for during stock-taking on 28 February 2019.

[30]**QUESTION 4**

The information below was taken from the books of City Traders on 28 February 2019.

REQUIRED:

- 4.1 As an accountant for City Traders, you are requested to discuss the cash position of the business by drawing up the statement of cash flow for the year ended on 28 February 2019. (18)
- 4.2 Show the following notes/calculations: 
 - 4.2.1 Cash received from customers/clients. (3)
 - 4.2.2 Cash paid to suppliers and employees. (9)

BALANCE SHEET OF CITY TRADERS ON 28 FEBRUARY 2019

	NOTES	2019	2018
ASSETS			
Non-current assets		68 875	37 125
Property, vehicles and equipment	1	62 625	34 000
Other financial assets	2	6 250	3 125
Current assets		38 092	71 340
Inventory	3	41 093	54 939
Trade and other receivables	4	3 359	10 952
Cash and cash equivalents	5	(6 360)	5 449
TOTAL ASSETS		106 967	108 466
EQUITY AND LIABILITIES			
Capital	6	61 122	85 308
Non-current liabilities			
Long term loan: First Bank (25%)	7	10 000	12 500
Current liabilities			
Trade and other payables	8	35 845	10 658
TOTAL EQUITY AND LIABILITIES		106 967	108 466

NOTES TO THE BALANCE SHEET**NOTE 1: PROPERTY, EQUIPMENT AND VEHICLES**

	Vehicle	Equipment	Total
Carrying value at the beginning of the year	23 375	10 625	34 000
Cost	32 000	18 750	50 750
Accumulated depreciation	(8 625)	(8 125)	16 750
Movements			
Additions at cost	31 250	10 625	41 875
Disposal at carrying value		(1 700)	(1 700)
Depreciation	(10 087)	(1 463)	(11 550)
Carrying value at the end of the year	44 538	18 087	62 625
Cost	63 250	23 937	87 188
Accumulated depreciation	(18 712)	(7 100)	(25 813)

	2019	2018
NOTE 6: STATEMENT OF CHANGES IN EQUITY		
Balance at beginning of year	85 308	74 252
Add: Net profit	5 814	33 556
Less: Drawings	(30 000)	(22 500)
Balance at the end of the year	61 122	85 308

ADDITIONAL INFORMATION:

1. The following information was extracted from the income statement for the year ended on 28 February 2019:



• Turnover	R112 404
• Cost of sales	57 728
• Sundry accounts	54 000
• Interest on debit balance (bank statement)	670
• Interest charged on overdue debtors	563
• Interest on loan	2 500
• Interest on fixed deposit	6 250
• Depreciation	11 550
• Credit losses	5 010
• Wages	10 000

2. During the financial year, equipment with a book value of R1 700 was sold for R2 075.

3. The repayment of the loan was made on 1 March 2019.


**[30]****QUESTION 5**

The information below was extracted from the books of Gundo Trading Enterprise.

	TOTAL	FLOWERS	GIFTS
Inventory	1 897 650	879 600	1 018 050
Sales returns	32 250	13 500	18 750
Carriage on sales	12 000	8000	4000
Carriage on purchases	24 450	11 400	13 050
Purchase returns	41 175	22 950	18 225
Purchases	887 250	357 000	530 250
Salaries	72 000	31 500	40 500
Inventory (1 January 2019)	324 000	139 500	184 500



ADDITIONAL INFORMATION:

1. Inventory on hand at 31 December 2019 were as follows:
 Flowers: R126 300
 Gifts: R240 330 
2. An invoice of R2 500 for flowers purchased was erroneously posted to the purchase account of the gifts department.
3. Depreciation of equipment was provided for at 20% per annum. Depreciation for three months is still outstanding.
4. The owner took flowers to the value of R500 to give to his wife for their anniversary. No entry has been made in the books of the business.
5. Carriage on purchases to the value of R400 from the gifts department was still due.
6. Sales of flowers (R7 800) and of gifts (R2 000) which were sold on credit have not yet been recorded.
7. Flowers to the value of R800 were donated to the children's home. 
8. Purchases to the value of R5 000 for flowers and R7 000 for gifts were not recorded by mistake, but the transaction was taken into account during stock-taking at the end of the year.

REQUIRED:

Draw up the following ledger accounts and close them off:


- | | | |
|-----|------------------|-------------|
| 5.1 | Sales account | (12) |
| 5.2 | Purchase account | (18) |
| | | [30] |

QUESTION 6

The following information was taken from the accounting records of Lutande Sports Centre on 31 July 2019.

REQUIRED:

Complete the following ledger accounts and balance/close off the accounts:

- | | | |
|-----|---|------|
| 6.1 | Tuck shop trading account  | (5) |
| 6.2 | Subscription fees account | (12) |
| 6.3 | Prepare the statement of profit and loss | (13) |

INFORMATION:

A. BALANCES ON 1 APRIL 2018	
Accrued income (subscription fees)	1 350
Income received in advance (subscription fees)	900
Bank	2 020
Sports equipment	10 000
Tuck shop's trading inventory on hand	6 640
Accumulated funds	12 950
Loan	16 000



B. STATEMENT OF RECEIPTS AND EXPENDITURE ON 31 MARCH 2019			
RECEIPTS	R	PAYMENTS	R
Gate takings	6 760	Purchases of the tuck shop	13 200
Tuck shop sales	12 782	Stationery	250
Entrance fees	2 300	Water and electricity	1 050
Subscription fees: 2018	900	Honorarium	700
2019	5 850	Subscription fees refunded	1 800
2020	2 700	Creditors	3 200
Interest on fixed deposit	130	Salaries	1 500

C. ADDITIONAL INFORMATION AND ADJUSTMENTS:

1. The tuck shop's trading inventory on hand amounted to R4 200.
2. Subscription fees still outstanding for 2018 must be written off.
3. Each member must contribute R450 per year to the club as joining fees.
4. Five members must still pay their subscription fees for 2019.

**[30]****TOTAL: 200**