



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
FINANCIAL ACCOUNTING N4

(4010164)

13 October 2020 (X-paper)
09:00–12:00

Non-programmable calculators may be used.

This question paper consists of 11 pages and an answer book of 8 pages.

233Q1B2013

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 in the ANSWER BOOK provided.
 2. Read all the questions carefully.
 3. Write your EXAMINATION NUMBER at the top of each page of the ANSWER BOOK.
 4. Use only a black or blue pen.
 5. Write neatly and legibly.
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QUESTION 1

Use the information below to complete the table.

Example: The owner received rent for the building that he let to M Duka, R8 000. Receipt no. 03 was issued.



No.	Source document	Account debited	Account credited	Effect on accounting equation		
				A	O	L
Example	Duplicate receipt	Bank	Current income	+8 000	+8 000	

- The owner increased her capital contribution from R600 000 to R750 000,00 an additional capital.
- Mr Maanda, a debtor who owes R3 500, has been declared insolvent and part of his debt has to be written off. The layers informed you that an amount of 30c in the rand will be paid and the rest must be written off.
- The business establishes a cash float for its cash registers by cashing a cheque to the value of R500 using a varying imprest system.
- The bank returned Miss Vule's cheque for R800. The cheque was dishonoured due to insufficient funds.

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

The information given below was extracted from the books of Thegu Traders on 31 October 2019. The business bank with Baroda Bank.

REQUIRED





- 2.1 Make supplementary entries in the cash receipts and cash payments journals and close the bank columns of all journals. (16)
- 2.2 Post to the bank account in the general ledger and balance the account. (5)
- 2.3 Prepare the bank reconciliation statement on 31 October 2019. (9)

**INFORMATION****CASH RECEIPTS JOURNAL OF THEGU TRADERS ON 31 OCTOBER 2019**

Doc no	Date	Details	Analysis of receipts	Bank	Sales	Sundry accounts	
						Amount	Details
	31/10/19	Totals		63 519	23 500	40 019	

CASH PAYMENTS JOURNAL OF THEGU TRADERS ON 31 OCTOBER 2019

Doc no	Date	Payee	Bank	Trading stock	Wages	Sundry accounts	
						Amount	Details
	31/10/19	Totals	88 977	28 500	18 000	42 477	

1. The bank account of Thegu Traders showed a debit balance of R64 407 on 31 October 2019. 
2. The bank statement showed a favourable balance of R116 237 on 31 October 2019.
3. The following cheques were not yet presented for payment on 31 October 2019:
 - No.112 R13 848
 - No:115 R12 512
 - No:116 R8 766
4. A deposit of R117 490 did not appear on the bank statement of October. 
5. A cheque for R11 198, received from a debtor, V Munei, was dishonoured by the bank due to insufficient funds.
6. The bank statement showed the following charges:
 - Service fees R590
 - Cash handling fees R187
 - Cheque book R60
7. Cheque no.112 has expired. It was issued to Ndumeliso Suppliers, a creditor.
8. A cheque for R5 914, received from a debtor, O Bongi, was dishonoured because it was dated 31 December 2019. 
9. The bank statement showed a deposit of R35 400. It was paid directly into the cheque account of Thegu Traders by J Ratshilumela in respect of the rent.
10. Cheque no.121 was incorrectly entered in the cash payments journal as R5 175 instead of R6 525 as appeared on the bank statement. The cheque was to Vele Wholesalers for trading stock.
11. The bank statement showed a debit order of R11 490 for an insurance premium paid to MYWAY insurers.
12. The bank statement showed a credit entry for the interest on the current bank account of R1 086. 
13. Thegu Traders' bank account was incorrectly debited by the bank with cheque no.132, of R78 515. The cheque was cashed by Z Tombo.

[30]

QUESTION 3

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



**POSTADJUSTMENT TRIAL BALANCE OF CINDY TRADING ENTERPRISE
ON 30 JUNE 2019**

Consumable goods on hand	570
Equipment	150 000
Loan	87 000
Accrued income	12 966
Accumulated depreciation on equipment	42 732
Drawings	6 300
Cash float	2 400
Net profit for the year	28 365
Fixed deposit	48 000
Accrued expenses	7 650
Prepaid expenses	1 386
Vehicle	240 000
Capital	570 000
Accumulated depreciation on vehicle	40 680
Land and building	294 000
Bank (Cr)	21 615
Provision for bad debt	900
Debtors control	21 000
Trading stock	39 300
Creditors control	16 980

ADDITIONAL INFORMATION

1. Depreciation for the vehicle and equipment was provided as R21 600 and R16 812 respectively for the current financial year.
2. An old vehicle with an accumulated depreciation of R51 000 and a book value of R39 000 was traded in on a new vehicle of R120 000 during the financial year.

REQUIRED

- 3.1 Prepare the balance sheet of Cindy Trading Enterprise as on 30 June 2019. (16)
- 3.2 Complete the following notes to the balance sheet:
 - 3.2.1 Property, vehicle and equipment (20)
 - 3.2.2 Trade and other receivables (6)
 - 3.2.3 Capital (4)

[46]

QUESTION 4

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

**BALANCE SHEET OF MADUKA TRADING ENTERPRISE AS AT
28 FEBRUARY 2019**



	NOTES	2019	2018
ASSETS			
Non-current assets			
Property, equipment and vehicles	1	354 710	333 330
Other financial assets	2	25 000	15 000
Current assets			
Stock	3	44 880	23 600
Trade and other receivables	4	6 400	8 510
Cash and cash equivalents	5	160	-
TOTAL ASSETS		431 150	380 440
EQUITY AND LIABILITIES			
Capital	6	397 630	134 340
Non-current liabilities			
Long-term loan: First Bank (25%)	7	26 000	176 000
Current liabilities			
Trade and other payables	8	4 800	12 500
Bank overdraft		2 720	57 600
TOTAL EQUITY AND LIABILITIES		431 150	380 440



NOTES TO THE BALANCE SHEET



NOTE 1: PROPERTY, EQUIPMENT AND VEHICLES

	Equipment	Vehicle	Total
Carrying value at the beginning of the year	84 650	50 680	135 330
Cost	108 100	70 000	178 100
Accumulated depreciation	(23 450)	(19 320)	(42 770)
Movements			
Additions at cost	20 100	26 970	47 070
Disposal at carrying value	–	(18 400)	(18 400)
Depreciation	(2 500)	(4 790)	(7 290)
Carrying value at the end of the year	102 250	54 460	156 710
Cost	128 200	76 420	204 620
Accumulated depreciation	(25 950)	(21 960)	(47 910)

	2019	2018
NOTE 6: CAPITAL		
Balance at beginning of the 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

- The following information was extracted from the income statement for the year ended 28 February 2019:
 - Interest on bank overdraft R185
 - Interest on loan 330
 - Interest on fixed deposit 445
 - Depreciation 36 450
 - Provision for bad debts 4 500
 - Salaries 7 000
 - Sales 124 000
- During the financial year a vehicle with a cost price of R20 550 and a book value of R18 400 was sold for R19 040.
- The owner increased her capital contribution by R264 620 during the financial year.
- Drawings at the end of both the financial years were as follows:

28 February 2018: R5 040
28 February 2019: R23 000

REQUIRED

- 4.1 As an accountant for Maduka Trading Enterprise, you are requested to discuss the cash position of the business by drawing up the cash flow statement for the year ended 28 February 2019. (19)
- 4.2 Show the following notes/calculations:
- 4.2.1 The net profit for the year  (4)
- 4.2.2 Cash received from customers/clients (3)
- 4.2.3 Cash paid to suppliers and employees (10)

[36]**QUESTION 5**

Mandiwana Traders is a business that specialises on microwaves and stoves.

Mandiwana Traders conduct its stocktaking periodically. This information was taken from its books on 31 December 2019





	Debit	Credit
BALANCE SHEET ACCOUNTS SECTION		
Capital		225 000
Equipment	37 500	
Debtors control	48 765	
Loan: Baroda Bank (12% p.a.)		22 500
Bank	1 875	
Trading inventory microwaves (1 January 2019)	113 700	
Trading inventory stoves (1 January 2019)	93 750	
NOMINAL ACCOUNTS SECTION		
Sales: Microwaves		449 800
: Stoves		533 800
Purchases: Microwaves	247 800	
: Stoves	293 700	
Carriage on sales: Microwaves	3 750	
Carriage on purchases: Stoves	22 875	
Creditors allowances; microwaves		8 700
Sales returns: Microwaves	10 500	
Insurance	12 600	
Administrative expense	52 800	
Salaries	78 000	
Discount allowed	3 750	

ADDITIONAL INFORMATION AND ADJUSTMENTS


1. According to a physical stocktaking on 30 December 2019, the following was on hand:

Microwaves	R22 800
Stoves	R34 200

2. Miss Mathe returned a stove she purchased on credit, R3 750. This transaction was not recorded. 
3. The owner took a microwave, R5 250 and an electric stove, R9 750 to give to his daughter as a wedding gift.
4. Stock to the value of R37 500 for microwaves, was posted to the department of stoves.
5. Carriage on the purchase invoice for stoves, R4 800, that were delivered to the premises of the business is still outstanding.
6. Included in the amount of carriage on sales of microwaves was R750, which is a prepaid amount. 
7. The owner took three stoves to the value of R12 750, to donate to a children's home.
8. Nedbank granted a loan to Mandiwana Traders at 12% p.a. The loan was used to increase the stock of stoves offered by the business. Make provision for interest on the loan.
9. Provide for depreciation on equipment at 20% on cost. All equipment were purchased on 01 March 2014
10. Microwaves are only sold for cash. All credit sales relate to the sale of stoves. All expenses related to credit sales must be recorded under the stoves department.

Write off the bad debts to the value of R1 125.

11. Allocate depreciation 50/50 to the two departments.

Allocation of other expenses: 

- Insurance: according to the floor space
- Salaries: according to number of employees
- Administrative expenses: equal between departments
- Discount allowed: according to sales

Department	No. of employees	Floor space
Microwaves	6	120
Stoves	9	30

REQUIRED

Use the information given above of Mandiwana Traders for the year ended 31 December 2019.



- 5.1 Prepare the departmental purchases account and close it off. (10)
- 5.2 Prepare the departmental income statement for the year ended 31 December 2019. (30)
- [40]**

QUESTION 6

Fungudimbe is a sports club that was opened two years ago around Makhado. It accepts all people in and around Makhado who wants to be developed in all kinds of sports. Members pay a subscription fee of R250 per year.

On 1 November 2018, Fungudimbe sports club had the following information:



- A. The following balances and totals were extracted on 1 November 2018:


	R
Bank	15 800
Stock on hand	2 066
Amount owed for insurance	667
Membership fees in arrears	1 000
Savings account: 12% p.a.	5 000
Equipment at cost	6 000
Income received in advance (membership fees)	1 250
Vehicle at cost	20 000

- B. The treasurer of Fungudimbe was able to present the following information about the sports centre on 31 October 2019:



RECEIPTS		PAYMENTS	
R		R	
Donation from members	3 500	Rent expense	6 700
Tuck shop sales	41 230	Membership fees refunded	6 750
Membership fees:		Stationery	600
2018	750	Refreshments	4 800
2019	40 000	Honorarium	1 200
2020	500	Insurance	4 480
Interest on savings account	330	Purchases	28 334

ADDITIONAL INFORMATION AND ADJUSTMENTS


- Stock on hand for the bar as on 31 October 2019, R4 260 
- Five members must still pay their subscription fees for 2018.
- The committee for the sports club decided to write off any arrears of affiliation fees for the year ending 2018.
- 1/3 of the donations received by the club must be capitalised.
- Provide for the outstanding interest on the savings account.
- An amount of R200 which is still payable for administration expenses was by mistake included in the honorarium account.



REQUIRED

Draw up the following accounts in the general ledger accounts:

NOTE: Close off the membership fees and trading accounts only.

6.1	Trading account 	(5)
6.2	Membership fees account	(10)
6.3	Income and expenditure	(13)
		[28]
	TOTAL:	200