higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N4

26 November 2019

This marking guideline consists of 7 pages.

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QUESTION 1

ACCOUNTING EQUATION

Day	Account debit	Account credit	A =	L +	O		
					Capital	Income	Expense
01	Bank✓	Capital✓	+200 000 ✓		+200 000 ✓		
11	Bank✓	Sales✓	+300 000 ✓			+300 000 ✓	
	Cost of sales✓	Trading inventory✓	-240 000 ✓				-240 000 ✓
24	Trading Inventory✓	Bank✓	+180 000 ✓ +180 000 ✓				
26	Stationery ✓	Creditors control✓		+700 ✓			-700 ✓

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QUESTION 2

2.1 CASH RECEIPTS JOURNAL OF MADZHIA TRADERS ON 30 JUNE 2018

Doc no.	Day	Details	Fol	Bank	Debtors control	Sundry amount	Details of sundry
	30	Totals	b/f	541 600 ✓			
		Zahara M		12 667 ✓	12 667 ✓		
				554 267 ✓			

CASH PAYMENT JOURNAL OF MADZHIA TRADERS ON 30 JUNE 2018

Doc no.	Day	Details	Bank	Creditors control	Sundry amount	Details of sundry
	30	Totals	602 133 ✓			
		K Manugeni	4 666 ✓			Debtors control✓
		Bank	1 880 ✓		747	Interest on overdraft✓
		Bank			1 133	Bank charges✓
		Santum Insurers	8 267 ✓		8 267	Insurance✓
			616 946			

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2.2 GENERAL LEDGER OF MADZHIA TRADERS
BALANCE SHEET ACCOUNTS SECTION

Dr **BANK ACCOUNT** **Cr**

01 June	Balance	b/d	46 000 ✓	30 Jun	Total payments		616 946 ✓
30 June	Total receipts		554 267 ✓				
01 July	Balance	c/d	16 679 ✓				
			600 267 ✓				600 267
				1 July	Balance	b/d	16 679 ✓

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2.3 **BANK RECONCILIATION STATEMENT OF MADZHIA TRADERS AS AT 30 JUNE 2018**

	DR	CR
Debit balance as per Bank statement	126 013 ✓	
Credit outstanding deposit		42 667 ✓
Debit outstanding cheques:		
No. 234	4 000 ✓	
CR cheque No. 233 incorrectly debited		70 667 ✓
Credit balance as per Bank account		16 679 ✓
	130 013 ✓	130 013 ✓

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QUESTION 3

3.1 **INCOME STATEMENT OF PETUNIALINK TRADERS FOR THE YEAR ENDING 28 FEBRUARY 2018**

Sales (801 250 -15 625)		785 540 ✓✓
Cost of sales		(317 375) ✓
Gross profit		468 150 ✓
Other income		41 500 ✓
Interest on fixed deposit (13 420 – 3 000)	10 420 ✓✓	
Discount received	18 140 ✓	
Bad debts recovered	475 ✓	
Profit on sale of vehicle	7 465 ✓✓	
Gross operating profit		509 650 ✓
Expenses		(423 885) ✓
Interest on loan (37 500 + 25 000)	62 500 ✓✓	
Water and electricity (26 170 + 4 965)	31 135 ✓✓	
Stationery (5 170 – 1 920)	3 250 ✓✓	
Bad debts (16 225 + 680)	16 905 ✓✓	
Insurance (170 000 -100 000)	70 000 ✓✓	
Wages	41 700 ✓	
Discount allowed	16 170 ✓	
Advertising	11 480 ✓	
Bank charges	2 265 ✓	
Trading stock deficit	8 495 ✓✓	
Depreciation (89 885 + 25 920)	115 805 ✓✓✓✓	
Provision for bad debts adjustment	2 375 ✓✓	
Provision for discount allowed adjustment	1 805 ✓	
Provision for legal costs adjustment	40 000 ✓	
Net profit for the year		85 765 ✓✓

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3.2 **EQUITY AND LIABILITIES SECTION OF THE BALANCE SHEET FOR THE YEAR ENDING 28 FEBRUARY 2018**

		R	R
Equity and liabilities	Notes		331 550
Capital	5	331 550 ✓	
Noncurrent liabilities			250 000
Interest-bearing liabilities	6	250 000 ✓	
Current liabilities			133 875
Trade and other creditors	7	133 875 ✓	
Total equity and liabilities			715 425 ✓✓

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3.3 **NOTES TO THE BALANCE SHEET**

3.3.1 PROPERTY, EQUIPMENT AND VEHICLES			
	Gross carrying amount	Accumulated depreciation	Carrying value
Land and Building	0	-	0
Equipment	299 425 ✓	298 110 ✓	1 315 ✓
Vehicle	298 890 ✓	152 010 ✓	146 880 ✓
	598 315	450 120	148 195 ✓

RECONCILIATION OF CARRYING AMOUNT			
	Land and building	Equipment	Vehicle
Balance at the beginning of year	0	172 800 ✓✓	169 735 ✓✓
Addition at cost	0		150 000 ✓
Depreciation		25 920 ✓	18 420 ✓
Balance at the end of the year	0	146 880	1 315

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3.3.2 CASH AND CASH EQUIVALENTS			105 745 ✓
Bank (11 995 + 91 000)		102 995 ✓	
Cash float		1 250 ✓	
Petty cash		1 500 ✓	

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3.3.3 CAPITAL			
Balance at the beginning of year		308 250 ✓	
Plus: Net profit of the year		85 765 ✓	
Less: Drawings		62 465 ✓	
Balance at the end of the year		331 550 ✓	

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3.3.4 TRADE AND OTHER PAYABLES			133 875 ✓
Creditors control		60 910 ✓	
Provision for legal costs		40 000 ✓	
Income received in advance		3 000 ✓	
Accrued expenses		29 965 ✓	

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QUESTION 4

CASH FLOW STATEMENT OF THANA TRADERS AS AT 28 FEBRUARY 2018

Cash flow from operating activities		115 425 ✓
Cash received from client	489 975 ✓	
Cash paid to suppliers	(326 550) ✓	
Cash generated from operations	163 425 ✓	
Interest on income	3 375 ✓	
Interest paid	(21 375) ✓	
Drawings	(30 000) ✓	
Cash flow from investing activities		(92 550) ✓
Addition to land and building	(43 200) ✓	
Addition to equipment	(18 750) ✓	
Addition to vehicle	(56 850) ✓	
Investment made	(15 000) ✓	
Proceed on equipment	18 750 ✓	
Proceed from fixed deposit	22 500 ✓	
Cash flow from financing activities		(37 500) ✓
Repayment of loan	(37 500) ✓	
Net decrease in cash		(14 625) ✓
Cash at beginning of the year		19 050 ✓
Cash at end of the year		4 425 ✓

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NOTE 1		
Cash received from clients		489 975 ✓
Sales	480 675 ✓	
Decrease in debtor	9 300 ✓	
Cash paid to suppliers and employees		(326 550) ✓
Sales	480 675 ✓	
Profit for the year	118 875 ✓	
Expenses for the period	(361 800) ✓	
Interest received	(3 375) ✓✓	
Interest paid	21 375 ✓✓	
Depreciation	34 350 ✓	
Increase in stock	(6 525) ✓	
Increase in creditors	10 575 ✓	

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QUESTION 5

DEPARTMENTAL INCOME STATEMENT OF JEREMIAH TRADERS FOR THE YEAR ENDED 31 JANUARY 2018

	TOTAL	WOMEN'S CLOTHING	PERFUMES
SALES		311 500 ✓✓	259 375 ✓✓
COST OF SALES		209 963 ✓	94 849 ✓
Opening stock		118 688 ✓	63 750 ✓
Purchases		120 150 ✓✓	58 662 ✓✓
Carriage on purchases		6 750 ✓	3 375 ✓
Less: Closing stock		35 625 ✓	30 938 ✓
Gross profit		101 537	160 526
Other income			
Discount received		563 ✓	300 ✓
OPERATING PROFIT		102 100	160 826
OPERATING EXPENSES		163 278	100 267
Rent paid		22 125 ✓	22 125 ✓
Wages		115 500 ✓	49 500 ✓
Carriage on sales		6 545 ✓	9 375 ✓
Advertisement		9 208 ✓	7 667 ✓
Bonuses			5 000 ✓
Insurance		3 150 ✓	1 350 ✓
Sundry expenses		6 750 ✓	5 250 ✓
Net loss/surplus as per department	619 ✓	(61 178) ✓	60 559 ✓
Plus:			
Rent income	14 400 ✓		
Less: Items not allocated:			
Depreciation	(8 100) ✓✓		
Stationery	(600) ✓		
Bad debts	(400) ✓		
Net profit for the year	5 919 ✓✓		

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QUESTION 6

6.1 **GENERAL LEDGER OF ROSA'S FOOTBALL CLUB FOR THE YEAR ENDED 28 FEBRUARY 2018**

TUCK SHOP TRADING ACCOUNT

Doc	Day	Details	Fol	Amount	Doc	Day	Details	Fol	Amount
		Opening stock		4 000 ✓			Sales		12 000 ✓
		Purchases		11 188 ✓			Closing stock		5 688 ✓
		Income and expenditure		2 500 ✓					
				17 688					17 688

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6.2 **MEMBERSHIP FEES ACCOUNT**

Doc	Day	Details	Fol	Amount	Doc	Day	Details	Fol	Amount
		Accrued income		1 875 ✓			Income received in advance		625 ✓
		Income received in advance		3 125 ✓			Bank:2016 :2017 :2018		625 ✓ 11 875 ✓ 3 125 ✓
		Bank (refund)		700 ✓			Membership fees written off (1 875 - 625)		1 250 ✓ ✓
		Income and expenditure		14 300 ✓ ✓			Accrued income (4 x 625)		2 500 ✓ ✓
				20 000 ✓					20 000 ✓

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TOTAL: 200

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