higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N5

11 JUNE 2018

This marking guideline consists of 7 pages.

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QUESTION 1

INCOME STATEMENT OF RIVER SAND TRADERS FOR THE YEAR ENDING 31 OCTOBER 2017

Sales		✓372 000
Less: Cost of sales		(298 600)
Gross profit		73 400 Θ
Add: Other income		✓31 120
Rent income	✓✓29 500	
Interest received on fixed deposit	✓✓1 440	
Provision for bad debts adjustment	✓✓180	
Operating income		104 520 Θ
Less: Operating expenses		(154 160) Θ
Water and electricity	✓9 260	
Salary and wages	✓86 380	
Bad debts	✓✓2 290	
Interest on loan	✓✓5 250	
Consumable store	✓✓1 850	
Stationery	✓3 820	
Telephone	✓5 940	
Insurance	✓10 800	
Property tax	✓18 600	
Staff expenses	✓2 070	
Advertisement	✓2 890	
Repairs	✓✓3 430	
Trading stock deficit	✓✓1 580	
Net loss for the year		✓ (49 640)

(30)

APPROPRIATION STATEMENT

		R. RIVER	S. SAND	TOTAL
Interest on capital		✓33 600	✓16 800	50 400Θ
Interest on current account		✓1 260	✓ (1 358)	(98)Θ
Interest on drawings		✓✓(4 433)	✓ ✓ (3 433)	(7 866) Θ
Salary		✓70 000	-	70 000 Θ
Bonus			✓3 000	3 000 Θ
General reserve	✓5 000	-	-	5 000 Θ
Profit sharing (current account)		(113 384) Θ	(56 692) Θ	(170 076)
	5 000	(12 957)	(41 683)	(49 640) Θ

NOTE: Θ means principle mark (20)

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QUESTION 2

2.1 **HEAD OFFICE ACCOUNT**

Bank	✓83 540	Merchandise from head office	✓145 300
Profit and loss (net loss)	✓219 370	Salary	✓192 300
Balance c/d	193 530	Water and electricity	✓11 760
		Bank	✓64 680
		Vehicle	✓82 400
Totals	496 440		496 440
		Balance b/d	✓193 530

(8)

2.2 **BANK ACCOUNT**

Head office	✓64 680	Purchases	✓35 280
Debtors	✓151 620	Stationary	✓1 960
Sales	✓199 900	Creditors	✓102 600
		Head office	✓83 540
		Balance c/d	192 820
TOTALS	416 200		✓416 200
Balance b/d	✓192 820		

(9)

2.3 **DEBTORS CONTROL**

Sales	✓169 680	Bank	✓151 620
		Bad debts	✓1 890
		Balance c/d	16 170
	169 680		169 680
Balance c/d	✓16 170		

(4)

2.4 **CREDITORS CONTROL**

Bank	✓102 600	Purchases	✓113 400
Discount received	✓2 520		
Balance c/d	8 280		
	113 400		✓113 200
		Balance b/d	8 280

(4)

2.5 **TRADING ACCOUNT**

Merchandise from head office	✓145 300	Sales	✓369 580
Purchases	✓148 680	Closing stock	✓18 600
Profit and loss✓	✓94 200		
	388 180		✓388 180

(7)

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2.6 **PROFIT AND LOSS ACCOUNT**

Branch discount allowed	✓5 760	Branch bank	✓146 800
		Brach returns	✓8 700
		Branch bad debts	✓2 370
		Balance c/d	30 570
TOTALS	194 200		194 200
Balance b/d	30 570		

(8)
[40]

QUESTION 3

3.1 **LIFO METHOD**

DATE	RECEIPTS		ISSUED		STOCK ON HAND		TOTAL TO DATE
	UNITS @ R	AMOUNT	UNITS @ R	AMOUNT	UNITS @ R	AMOUNT	AMOUNT
1					168 @ R12	R2 016	✓R2 016,00
					168 @R12	✓R2 016	
5	60 @ R13	✓R780			60 @R13	R780	✓R2 796,00
					168 @R12	R2 016	
9			36 @ R13	✓R468	24 @R13	✓R312	✓R2 328,00
15			24 @ R13	✓R2 328			
			54 @ R12	✓R6 48	114 @ R12	✓R1 368	✓R1 368,00
					114 @ R12	✓R1 386	
19	53 @ R14,50	✓R768,50			53 @ R14,50	✓R768,50	✓R2 154,50
					114 @ R12	✓R1 368	
27			18 @ R14,50	✓R261	35 @ R14,50	✓R507,50	✓R1 875,50
					114 @ R12	✓R1 368	
					35 @ R14,50	✓R507,50	
30	40 @ R15,50	✓R620				R620	✓✓R2 495,50

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3.2 **AVERAGE COST PRICE**

DATE	RECEIPTS		ISSUED		STOCK ON HAND	
	UNITS	AMOUNT	UNITS	AMOUNT	UNITS	AMOUNT
1					168 @ R12,00	✓R2 016,00
5	60 @ R13	✓R780			228 @ R12,26	✓R2 795,28
9			36 @R12,26	✓441,36	192 @ R12,26	✓R2 353,92
15			78 @R12,26	✓R956,28	114 @ R12,26	✓R1 397,64
19	53@ R14,50	✓R768,50			167 @ R12,97	✓R2 165,99
27			18@ R12,97	✓R233,46	149 @ R12,97	✓R1 932,53
30	40@ R15,50	✓620			189 @ R13,50	✓✓2 551,50

(14)
[40]

QUESTION 4

4.1

DATE	DETAILS	DEBIT	CREDIT
14	G. Hamese	✓500	
	J. Gamese		✓500
	Correction of error✓		
25	K. Louw	✓100	
	Sales		✓100
	Incorrect recording of sales✓		

(6)

4.2 **BALANCE SHEET OF SARA'S STORE ON 30 APRIL 2017**

	Notes		
ASSETS			✓486 675
Noncurrent assets	1	✓451 075	
Other financial assets		✓35 600	
Current assets			✓144 750
Inventory/stock		✓46 200	
Trade and other receivable	2	✓77 300	
Cash and cash equivalent	3	✓21 250	
Total assets			631 425Ɵ
EQUITY AND LIABILITIES			
Capital	4		500 645Ɵ
Noncurrent liabilities			✓95 000
Mortgage bond		95 000	
Current liabilities			35 780
Trader and other payable	5	✓35 780	
Total equity and liabilities			631 425Ɵ

(12)

NOTE 1 **LAND AND BUILDINGS AND VEHICLES**

	GROSS CARRYING AMOUNT	ACCUMULATED DEPRECIATION	NET CARRYING AMOUNT
Land and buildings	384 950		✓384 950
Vehicles	85 500	✓19 375	✓66 125
	470 450	**19 375**	**✓451 075**

(4)

RECONCILIATION OF CARRYING AMOUNT

	LAND AND BUILDINGS	VEHICLES
Balance at beginning of year	384 950	✓✓70 000
Depreciation for the year	-	✓✓(3 875)
Balance at the year end	**384 950**	**66 125Ɵ**

(4)

NOTE 2 **TRADE AND OTHER RECEIVABLES** **77 300✓**

Debtors control		✓81 000	
Less: Provision for bad debts		✓ (4 050)	
		76 950	
Add: Accrued income		✓350	
Rent income	350		

(4)

NOTE 3 **CASH AND CASH EQUIVALENTS** **21 250✓**

Bank		✓20 300	
Petty cash		✓950	

(3)

NOTE 4 **CAPITAL** **631 425Θ**

Balance at beginning of year	✓384 950		
Plus: Net profit	**292 675Θ**		
Less: Drawings		✓(46 200)	

(3)

NOTE 5 **TRADE AND OTHER PAYABLES** **35 780✓**

Creditors control		✓32 400	
Add: Accrued expenses		**3 380**	
Repairs	✓1 880		
Water and electricity	✓1 500		

(4)
[40]

QUESTION 5

5.1 $= \frac{gross\ profit}{turnover} \times 100$✓

$= \frac{40\ 000}{80\ 000} \times 100$✓✓

= 50%✓✓

5.2 $= \frac{net\ profit}{turnover} \times 100$✓

$= \frac{27\ 000}{80\ 000} \times 100$✓✓

= 33,75%✓✓

5.3 = Current assets : Current liabilities✓

= 48 600 : 25 000✓✓

= 1,9 : 1✓✓

5.4 = Current assets – Stock: Current liabilities✓

= 48 600 – 12 000 : 25 000✓✓

= 1,5 : 1✓✓

5.5 $= \frac{cost\ of\ sales}{average\ stock}$ ✓

$= \frac{40\ 000}{1/2(10000+12\ 000)}$✓✓

= 3,6 times✓✓

5.6 = Total assets : Total liabilities✓

= 48 600 : 40 000✓✓

= 1,2 : 1✓✓

(6 × 5) **[30]**

TOTAL: 200

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