higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N5

3 JUNE 2019

This marking guideline consists of 8 pages.

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QUESTION 1

1.1 **INCOME STATEMENT OF KZ STORES ON 28 FEBRUARY 2017**

Sales – 500		✓250 000
Less: Cost of sales	✓22 200	
Gross profit		✓227 800
Plus: Other incomes		7768
Discount received (6 830 – 347)	✓✓6483	
Bad debts recovered	✓1 057	
Provision for bad debts adjustment	✓✓228	
Operating incomes		235 568
Less: Operating expenses		(269 548)
Municipal expenses	✓12 302	
Telephones and postage	✓10 160	
Stationery – 264	✓✓679	
Bad debs + 790 (5 962 + 790)	✓✓6 752	
Interest on loan	✓✓17 100	
Rent expenses	✓35 289	
Salary: Katsande	✓✓96 000	
Discount allowed	✓3 259	
Wages	✓60 000	
Insurance	✓18 400	
Provision for discount allowed	✓✓345	
Trading stock deficit	✓✓442	
Depreciation (8 200 + 620)	✓✓✓8 820	
Net loss		✓ (33 980)

(30)

APPROPRIATION STATEMENT

		KATSANDE	NEGOMASH	TOTAL
Interest on capital		✓✓6 000	✓✓3 000	☑9 000
Interest on current account		✓✓1 560	✓✓(1090)	470
Interest on drawings		✓ (800)	✓(274)	☑ (1 074)
Salary		–	✓80 000	☑80 000
Employee bonus fund	✓1 828			☑1 828
Current account		☑ (82 803)	☑ (41 401)	☑ (124 204)
Net profit	1828	(76 043)	40235	(33 980)

(20)

☑ Principle/method marks

QUESTION 2

2.1 JOURNAL ENTRIES

2.1.1

DATE	DETAILS	DEBIT	CREDIT
5/01/2017	Purchases	✓25 000	
	Creditors control (J Smith)		✓25 000
	Stock purchases on credit✓		

(3)

2.1.2

DATE	DETAILS	DEBIT	CREDIT
17/01/2017	Bank	✓4 300	
	Debtors control (S Swanepoel)		✓4 300
	Debtors paid his account✓		

(3)

2.1.3

DATE	DETAILS	DEBIT	CREDIT
25/01/2017	Debtors control (R Nel)	✓5 300	
	Sales		✓5 300
	Stock sold on credit to debtor✓		

(3)

2.1.4

DATE	DETAILS	DEBIT	CREDIT
28/01/2017	Goods to branch	✓2 400	
	Branch adjustment	✓600	
	Branch stock		✓3 000
	Stock returned to head office✓		

(4)

2.1.5

DATE	DETAILS	DEBIT	CREDIT
30/01/2017	Branch wages	✓60 700	
	Head office bank		✓60 700
	Wages paid by head office✓		

(3)

(Any relevant narration)

The whole line entry must be correct and the amount must appear in the correct column.

2.2 2.2.1

BRANCH STOCK ACCOUNT

Balance b/d	✓14 700	Goods to branch	✓8 400
Goods to branch	✓188 400	Branch bank	✓76 570
		Branch debtors	✓47 800
		Branch adjustment	✓890
		Branch deficit	✓✓52 860
		Balance c/d	16 580
	203 100		203 100
Balance b/d	✓16 580		

(9)

2.2.2

BRANCH ADJUSTMENT

Balance c/d	8 290	Balance b/d	✓7 350
Goods to branch	✓4 200	Goods to branch	✓94 200
Branch stock (deficit)	✓52 860		
Branch stock	✓890		
Branch profit and loss	✓35 310		
	101 550		101 550
		Balance b/d	✓8 290

(7)

2.2.3

BRANCH PETTY CASH

Balance b/d	✓2 000	Telephone	✓2 450
Head office	✓10 700	Diesel	✓1 670
		Donation	✓3 100
		Sundry account	✓3 880
		Balance c/d	✓1 600
	12 700		12 700
Balance b/d	✓1 600		

(8)
[40]

QUESTION 3

3.1 **FIFO METHOD**

Date	Receipts		Issued		Balances		
	Units	Totals	Units	Totals	Units	Totals	Totals
01					50 @ R20.	R1 000	✓R 1000
06			15 @ R20	R300✓	35 @ R20	R700	✓R700
08	35 @ R20,70	✓R724,50			35 @ R20	✓R700	
					35 @ R20.70	✓R724,50	✓R1 424,50
09			10 @ R20	R200✓	25 @ R20	✓R500	
					35 @ R20.70	✓R724,50	✓R1 224,50
14			25 @ R20	R500✓			
			5 @ R20,70	R103,50✓	30 @ R20.70	✓R621,00	✓R621,00
21	43 @ R21,20	✓R911,60			30 @ R20.70	✓R621,00	
					43 @ R21.20	✓R911,60	✓R1 532,60
24			30 @ R20,70	✓R621			
			25 @ R21,20	✓R530	18 @ R21,20	✓R381,60	✓R381,60
31	20 @ R29,60	✓R592			18 @ R21,20	✓R381,60	
					20 @ R29,30	✓R592	✓R973,60

(27)

3.2 3.2.1 Cost price = $\frac{100}{100 - \text{Loss}}$ × SP✓

= 100/95 × R805✓

= R847.37 or 847✓

Loss = R805 – R847.37✓

= R42.37 or R42✓ (5)

3.2.2 Mark-up price = $\frac{100 + 25}{100} \times 100 \times \frac{\text{R80}✓}{100 - 8}$

= 125/100 × 100/92 × R80✓

= R108,70 ✓ (3)

3.2.3 Price code = DOTE/AS✓✓ (2)

3.2.4 Selling price = CP × $\frac{200}{100}$ ✓

= R450 × $\frac{200}{100}$ ✓

= R900✓ (3)

[40]

QUESTION 4

General Ledger of Sony Traders for the year ending 31 December 2017.

4.1 **DEBTORS CONTROL ACCOUNT**

Balance b/d	✓53 100	Bank✓	✓36 200
Sales✓	✓✓28 312	Discount allowed✓	✓1 350
		Bad debts✓	✓✓1 062
		Balance c/d	✓42 800
Totals	✓81 412		✓81 412
Balance b/d	42 800✓		

(15)

4.2 **CREDITORS CONTROL ACCOUNT**

Bank✓	✓14 400	Balance b/d	✓39 000
Discount received✓	✓630	Purchases✓	✓✓8 130
Balance c/d	✓32 100		
Totals	✓47 130		✓47 130
		Balance b/d	✓32 100

(12)

4.3 **VEHICLE ACCOUNT**

Balance b/d	132 000✓	Assets disposal	29 000✓
		Balance c/d	103 000✓
	132 000		132 000
Balance b/d	103 000☑		

(4)

4.4 **ACCUMULATED DEPRECIATION ON VEHICLE**

Assets disposal✓	✓13 850	Balance b/d	✓67 200
Balance c/d	✓53 350		
Totals	67 200		67 200
		Balance b/d	☑53 350

(5)

4.5 **ASSETS DISPOSAL**

Vehicle	✓29 000	Accumulated depreciation on vehicle	✓13 850
Profit on sale of assets	✓4 850	Bank	✓20 000
	33 850		33 850

(4)
[40]

QUESTION 5

5.1 Acid test ratio:

Current asset – Inventory : Current liabilities✓
419 500 – 151 200 : 77 000
268 300 : 77 000✓✓
3.48:1✓✓

Comment: The acceptable ratio is 1 : 1. 3,5 is greater than 1 : 1; therefore, the liquidity position of the business is very good.✓

5.2 Average collection period for debtors:

$$\frac{\text{Average debtors}}{\text{Credit sales}} \times 365$$✓

$$\frac{189\ 400}{1\ 188\ 000} \times 365$$✓✓ (158 000 + 220 800) \ 2

58,19 days✓✓

Comment: The collection of debtors obligations is within 60 days. The faster the money comes in, the better the cash flow.✓

5.3 Gross profit percentage on turnover:

$$\frac{\text{Gross profit}}{\text{Turnover}} \times 100$$✓

$$\frac{1\ 775\ 600}{1\ 980\ 000} \times 100$$✓✓
89,68%✓✓

Comment: The business is doing good. See the gross profit percentage of 89,68% as compared to 70%.

5.4 Stock turnover rate:

Cost of sales✓

Average stock

204 400✓

159 600✓ (188 000 + 151 200) \ 2

1,28 times✓✓

Comment: The stock turnover rate is poor, compared to that of similar businesses. The rate has weakened, compared to 3 times that of similar businesses.✓

5.5 Current ratio:

Current assets : Current liabilities✓
419 500 : 77 000✓✓
5.45 : 1✓✓

Comment: According to bank practice, an acceptable ratio is 2 : 1. The business is doing well, as the 5,45 ratio is above 2 : 1.✓

(5 × 6) **[30]**

TOTAL: 200

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