higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

NOVEMBER EXAMINATION

FINANCIAL ACCOUNTING N5

6 NOVEMBER 2013

This marking guideline consists of 8 pages.

Copyright reserved

QUESTION 1

Income statement of Belladonna for the year ending 31 October 2013

Sales	- 800		6 337 491
Cost of sales	- 600		396 093
Gross profit			237 656
Other operating income			37 645
Rent income	+1870	20 570	
Provision for bad debts adjustment		245	
Interest on fixed deposit		16 830	
Gross income			275 301
Less expenses			124 500
Insurance	- 2 500	1 860	
Water and electricity	+ 1 220	10 740	
Interest on loan		630	
Stationery		1 020	
Trading stock deficit		2 180	
Salaries and wages		52 200	
Salaries: Bella		48 000	
Bad debts		1 670	
Telephone		6 200	
Nett profit			150 801

(29)

Appropriation Statement

		Bella	**Donna**	**Total**
Interest on capital		25 200	12 600	37 800
Interest on current account		7 845	(3 960)	3 885
Interest on drawings		(6 100)	(3 216)	(9 316)
Salaries			30 000	30 000
General reserve	10 000			10 000
Appropriation		52 288	26 144	78 432
				150 801

(21)
[50]

QUESTION 2

BRANCH STOCK

Balance b/d	115 920	Goods to branch	8 890
Goods to branch	869 960	Branch bank	532 140
Branch debtors	20 590	Branch debtors	343 840
		Balance c/d	99 120
		Branch adjustment	22 480
	1 006 470		1 006 470
Balance b/d	99 120		

(8)

BRANCH ADJUSTMENT

Goods to branch	2 540	Balance b/d	33 120
Branch stock	22 480	Goods to branch	248 560
Balance c/d	28 320		
Branch profit & loss	228 340		
	281 680		281 680
		Balance b/d	28 320

(6)

BRANCH DEBTORS

Balance b/d	44 240	Branch stock	20 590
Branch stock	343 840	Branch bank	294 100
		Branch bad debts	2 370
		Balance c/d	71 020
	388 080		388 080
Balance b/d	71 020		

(6)

BRANCH BANK

Balance b/d	42 000	Head office bank	802 680
Branch stock	532 140	Branch telephone	14 560
Branch debtors	294 100	Branch rent	15 000
		Balance c/d	36 000
	868 240		868 240
Balance b/d	36 000		

(7)

Copyright reserved

GOODS TO BRANCH

Branch adjustment	248 560	Branch stock	869 960
Branch stock	8 890	Branch adjustment	2 540
Head office trading account	615 050		
	872 500		872 500

(5)

BRANCH PROFIT & LOSS

Branch bad debts	2 370	Branch adjustment	228 340
Branch salaries	43 000		
Branch insurance	5 040		
Branch telephone	14 560		
Branch rent	15 000		
Head office profit & loss	148 370		
	228 340		228 340

(8)
[40]

QUESTION 3

3.1 L I F O

Date	Receipts		Issues		Balance on hand		
	Units @ R	Total R	Units @ R	Total R	Units @ R	Total R	Total to date
1					168 @ R42.60	R7 156.80	R7 156.80
9	60 @ R43.00	R2 580			168 @ R42.60	R7 156.80	
					60 @ R43.00	R2 580	R9 736.80
11			36 @ R43.00	R1 548	168 @ R42.60	R7 156.80	
					24 @ R43.00	R1 032	R8 188.80
14			24 @ R43.00	R1 032			
			54 @ R42.60	R2 300.40	114 @ R42.60	R4 856.40	R4 856.40
21	53 @ R44.10	R2 337.30			114 @ R42.60	R4 856.40	
					53 @ R44.10	R2 337.30	R7 193.70
27			18 @ R44.10	R793.80	114 @ R42.60	R4 856.40	
					35 @ R44.10	R1 543.50	R6 399.90
30			35 @ R44.10	R1 543.50			
			5 @ R42.60	R213	109 @ R42.60	R4 643.40	R4 643.40

(20)

Copyright reserved

3.2 Average cost price

Date	Receipts		Issues		Balance on hand	
	Units @ R	Total R	Units @ R	Total R	Units @ R	Total to date
1					168 @ R42.60	R7 156.80
9	60 @ R43.00	R2 580			228 @ R42.71	R9 737.88
11			36 @ R42.71	R1 537.56	192 @ R42.71	R8 200.32
14			78 @ R42.71	R3 331.38	114 @ R42.71	R4 868.94
21	53 @ 44.10	R2 337.30			167 @ R43.15	R7 206.05
27			18 @ R43.15	R776.70	149 @ R43.15	R6 429.35
30			40 @ R43.15	R1 726	109 @ R43.15	R4 703.35

(20)
[40]

QUESTION 4

Balance sheet of DM Dealers on 31 August 2013

ASSETS		
NON-CURRENT ASSETS		452 780
Property, equipment and vehicles	452 780	
CURRENT ASSETS		211 164
Stock	123 550	
Trade and other debtors	87 514	
Cash and cash equivalents	100	
TOTAL ASSETS		663 944
EQUITY AND LIABILITIES		
Capital		350 244
NON-CURRENT LIABILITIES		220 000
Interest bearing liabilities	220 000	
CURRENT LIABILITIES		93 700
Trade and other creditors	88 100	
Bank overdraft	5 600	
TOTAL EQUITY AND LIABILITIES		663 944

(10)

Notes to the balance sheet:

Note 1: Property, equipment and vehicles

Copyright reserved

	Gross carrying amount	Accumulated depreciation	Nett carrying amount
Land and buildings	287 000		287 000
Furniture	29 400	6 720	22 680
Vehicles	162 000	18 900	143 100
	478 400	25 620	452 780

(8)

Reconciliation of carrying amount:

	Land and buildings	Furniture	Vehicles
Balance at beginning of year	287 000	25 200	-
Additions at cost price			162 000
Depreciation for the year		(2 520)	(18 900)
Balance at year end	287 000	22 680	143 100

(7)

Note 2: Stock

Stock			123 550
Trading stock		123 200	
Consumable stock on hand		350	
Stationery	350		

(2)

Note 3: Trade and other debtors

Trade and other debtors			87 514
Debtors control	94 000		
Less: Provision for bad debts	(4 700)	89 300	
Less: Provision for discount allowed		(1 786)	

(4)

Note 4: Cash and cash equivalents

Cash and cash equivalents			100
Petty cash	100		

(1)

Note 5: Capital

Balance at beginning	392 420		
Add net profit	11 724		
Less drawings		(53 900)	
Balance at the end			350 244

(4)

Copyright reserved

Note 6: Interest bearing liabilities

Interest bearing loans		220 000	
Loan: BBB Bank (18%)	220 000		

(1)

Note 7: Trade and other creditors

Trade and other creditors			88 100
Creditors control		52 400	
Accrued expenses		33 000	
Interest on loan	33 000		
Prepaid income		2 700	
Rent	2 700		

(3)
[40]

QUESTION 5

5.1 Stock turnover rate

$$\frac{\text{Cost of sales}}{\text{Average stock}}$$

$$\frac{168\,000}{21\,000}$$

8 times

Comments: This business is doing well; similar businesses = 6 times (5)

5.2 Debtors collection period

$$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$$

$$\frac{42\,000}{201\,600} \times \frac{365}{1}$$

76,04 *days*

Comments: Bad; debtors are only allowed 60 days (5)

5.3	5.3.1	C		
	5.3.2	B		
	5.3.3	D		
	5.3.4	A		
	5.3.5	C	(5 × 2)	(10)
5.4	5.4.1	201 600		
	5.4.2	84 000		
	5.4.3	50 400		
	5.4.3	63 000		
	5.4.5	2 900	(5 × 2)	(10)
				[30]
			TOTAL:	**200**

Copyright reserved