higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N5

20 NOVEMBER 2018

This marking guideline consists of 8 pages.

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QUESTION 1

1.1 **INCOME STATEMENT OF HN DEALERS FOR THE YEAR ENDING 31 AUGUST 2016**

Net profit		106 193✓
Less: Operating expenses		(99 500)✓
Interest on loan: Hester	3 500✓✓	
Salary: Nester	96 000✓✓	
Net profit for the year		6 693✓

APPROPRIATION STATEMENT

		HESTER	NESTER	TOTAL
Interest on capital		18 000✓	18 375✓	36 375☑
Interest on current account		(3 120)✓✓	4 360✓✓	1 240☑
Interest on drawings		(6 210)✓	(2 412)✓	(8 622)☑
Salary		-	24 000✓	24 000☑
General reserve	(12 000)✓✓	-	-	(12 000)☑
Employee bonus fund	8 000✓✓	-	-	8 000☑
Profit sharing/current account		(21 150)☑	(21 150)☑	(42 300)☑
TOTALS	(4 000)	(12 480)	23 173	6 693☑

(30)

1.2 **NOTES OF CURRENT ACCOUNT IN THE BALANCE SHEET**

	HESTER	NESTER
Balances	(15 600)✓	21 800✓
Drawings	(34 500)✓	(13 400)✓
Interest on capital	18 000✓✓	18 375✓✓
Interest on current account	(3 120)✓	4 360✓
Interest on drawings	(6 210)✓	(2 412)✓
Interest on loan	3 500✓	-
Salary		19 000✓✓
Loss appropriation✓	(21 150)☑	(21 150)☑
	(59 050) ☑	26 573☑

(20)

NB: ☑ means principal marking (do not penalise twice) **[50]**

QUESTION 2

2.1

BRANCH STOCK

Balance b/d	99 360	Goods to branch	10 080✓
Goods to branch	984 680✓	Branch bank	567 120✓
Branch debtors	23 540✓	Branch debtors	414 720✓
		Branch adjustments (loss)	4000✓
		Balance c/d	99 210
		Branch adjustments (deficit)	12 450✓
TOTALS	1 107 580		1 107 580
Balance b/d	99 120✓		

ALTERNATIVE METHOD
BRANCH STOCK

Balance b/d	99 360	Goods to branch	6 300✓
Goods to branch	615 425✓	Branch adjustment	3 780✓
Branch adjustment	369 255	Branch debtors	414 720✓
Branch debtors	23 540✓	Branch adjustment	4 000✓
		Balance c/d	99 210
		Branch bank	567 120✓
		Branch adjustment (deficit)	12 450
TOTALS	1 107 580		1 107 580
Balance b/d	99 210✓		

(8)

2.2

BRANCH ADJUSTMENT

Goods to branch	3 780✓✓	Balance b/d	37 260✓✓
Balance c/d	37 204✓	Goods to branch	369 255✓✓
Branch stock (loss)	4 000✓		
Branch stock (deficit) ✓	12 450		
Branch profit and loss	349 081☑		
TOTALS	406 515		406 515
		Balance b/d	37 204✓

(11)

2.3

BRANCH BANK

Balance b/d	36 000	Branch stationery	760✓
Branch stock	567 120✓	Branch advertising	6 000✓
Branch debtors	372 000✓	Balance c/d	968 360
TOTALS	975 120		975 120
Balance b/d	968 360✓		

(5)

2.4 **GOODS TO BRANCH**

Branch adjustment	369 255✓	Branch adjustment	3 780✓
Branch stock	10 080✓	Branch stock	984 680✓
Trading account	609 125☑		
TOTALS	988 460		988 460

(5)

2.5 **BRANCH PROFIT AND LOSS**

Branch stationery: 210	7 390✓✓	Branch adjustment	349 081☑
Branch bad debts	400✓		
Branch advertising: 2 000	4 000✓✓		
Branch salaries	41 000✓		
Branch stock	4 000✓		
Branch depreciation on	8 928✓✓		
Head office profit and loss	272 023☑		
TOTALS	349 081		349 081

(11)

NB: ☑ means principal marking (do not penalise twice) **[40]**

QUESTION 3

3.1 **AVERAGE COST METHOD**

Date	Receipts		Issued		Stock on hand	
	Units	Amount	Units	Amount	Units	Amount
1					46 @ R53,40	R2 456,40✓
7	16@R55,80	R892,80✓			62 @ R54,02✓	R3 349,24✓
11			10@R54,02	540,20✓	52 @ R54,02✓	R2 809,04✓
21			22 @R54,02	R1 188,44✓	30 @ R54,02✓	R1 620,60✓
24	14@R65,90	R922,60✓			44 @ R57,80✓	R2 543,20✓
30			20@ R57,80	R1 156✓	24 @ R57,80✓	R1 387,20✓✓

(17)

3.2 **FIFO METHOD**

Date	Receipt		Issued		Stock on hand		Total to date
	Units @ R	Amount	Units @ R	Amount	Units @R	Amount	
1					46@R53,40	R2 456,40	R2 456,60
					46@R53,40	R2 456,40✓	
7	16@R55,80	R892,80✓✓			16@R55,80	R892,80 ✓	R3 349,20✓
11			10@R53,40	R534✓	36@R53,40	R1 922,40✓	
					16@R55,80	R892,80 ✓	R2 815,20✓
21			22@R53,40	R1 174,80✓	14@R53,40	R747,60 ✓	
					16@R55,80	R892,80 ✓	R1 640,40✓
24	14@R65,90	922,60✓✓			14@R53,40	R747,60 ✓	
					16@R55,80	892,80✓	
					14@R65,90	R922,60 ✓	R2 563✓
30			14@R53,40	R747,60✓	10@R55,80	R558✓	
			6@R55,80	R334,80✓	14@R65,90	R922,60	R1480,60✓

(23)
[40]

QUESTION 4

BALANCE SHEET OF SUNNYDAY ON 30 AUGUST 2016

ASSETS	NOTES		
Noncurrent assets			253 686☑
Vehicle and equipment	1	193 686✓	
Financial assets		60 000✓	
CURRENT ASSETS			179 288☑
Inventory	2	97 020✓	
Debtors	3	54 578✓	
Cash and cash equivalent	4	27 690✓	
TOTAL ASSETS			**432 974**☑
EQUITY AND LIABILITIES			
Owners' equity			275 724
Capital	5	275 724☑	
NONCURRENT LIABILITIES			80 000✓
Loan (mortgage bond)	6	80 000	
CURRENT LIABILITIES			77 250✓
Creditors	7	77 250	
TOTAL EQUITY AND LIABILITIES			**432 974**☑

(12)

NOTES FOR BALANCE SHEET

1.

	Gross carrying amount	Accumulated depreciation	Net carrying amount
Equipment	38 880	8 550✓	30 330☑
Vehicles	228 920	65 564✓	163 356☑
	267 800	**74 114**	**193 686**☑

Reconciliation of carrying amount

		Equipment	Vehicles
Balance at the beginning of year		33 700✓	209 140✓
Depreciation for the year		(3 370)✓	(45 784)✓
Balance at the end		**30 330**	**163 356**

(9)

2. Inventory 97 020

Inventory	96 750✓		
Consumable stores		270	
Stationery	270✓		

(2)

3. Trade and other receivables 54 578 ✓

Debtors control	56 760	52 554	
Less: Bad debts	1 440✓		
Less: Provision for bad debts	2 766✓		
Add: Accrued income		800✓	
Interest on investment	800		
Add: Expenses prepaid		1 224✓	
Insurance	800		

(5)

4. Cash and cash equivalent 27 690✓

Bank	27 640✓		
Petty cash	50✓		

(3)

5. Capital 275 724☑

Balance at beginning	221 080✓		
Plus: Net profit	126 004☑		
Less: Drawings		(71 360)✓	

(4)

6. Interest bearing liabilities 80 000✓

Balance	90 000		
Bank (Payment)	(10 000)✓		

(2)

7. Trade and other payables 77 250✓

Creditors control		75 420	
Add: Accrued expenses		1 830	
Rent paid	960✓		
Water and electricity	870✓		

NB: ☑ means principal marking (do not penalise twice) (3)

[40]

QUESTION 5

5.1 Returns on owners' equity

$$= \frac{Net\ profit}{Average\ owners\ equity} \times 100\checkmark$$

$$= \frac{144\ 000}{2/(600\ 000+528\ 000)} \times 100\checkmark\checkmark$$

= 25,53%✓✓

5.2 Gross profit percentage

$$= \frac{Gross\ profit}{Turnover} \times 100\checkmark$$

$$= \frac{576\ 000}{2\ 880\ 000} \times 100\checkmark$$

= 20%

5.3 Turnover rate of creditors

$$= \frac{Credit\ sales}{Average\ debtors}$$

$$= \frac{2\ 160\ 000}{2/(365\ 000+235\ 000}$$

= 7,2 times

5.4 Average payment period

$$= \frac{Average\ creditors}{Credit\ purchases} \times 365$$

$$= \frac{2/(240\ 000+220\ 000)}{480\ 000} \times 365$$

= 174,90 days

5.5. Stock turnover rate

$$= \frac{Cost\ of\ sale}{Credit\ purchases}$$

$$= \frac{2\ 304\ 000}{2/(600\ 000+480\ 000)}$$

= 4,27 times

5.6 Acid-test ratio

= Current Assets – Stock : Current Liabilities✓
= 365 000 + 600 000 + 420 000 – 600 000 : 240 000
= 785 000 : 240 000
= 3,27 : 1

(6 × 5) **[30]**

TOTAL: 200

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