higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N6

7 JUNE 2019

This marking guideline consists of 6 pages.

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QUESTION 1

1.1	1.1.1	B		
	1.1.2	C		
	1.1.3	A		
	1.1.4	B		
	1.1.5	A		
	1.1.6	A		
	1.1.7	C		
	1.1.8	C		
	1.1.9	A		
	1.1.10	D		
			(10 × 2)	(20)
1.2	1.2.1	K		
	1.2.2	G		
	1.2.3	L		
	1.2.4	H		
	1.2.5	J		
	1.2.6	F		
	1.2.7	C		
	1.2.8	B		
	1.2.9	E		
	1.2.10	A		
			(10 × 2)	(20)
				[40]

QUESTION 2

2.1	2.1.1	True		
	2.1.2	False		
	2.1.3	False		
	2.1.4	True		
	2.1.5	False		
	2.1.6	False		
	2.1.7	True		
	2.1.8	True		
	2.1.9	True		
	2.1.10	False		
			(10 × 2)	(20)

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2.2

DIFFERENTIATING POINTS	PUBLIC COMPANY	PRIVATE COMPANY	PERSONAL LIABILITY COMPANY
Name of the company	Must end with limited (Ltd)✓	Must end with Proprietary limited (Pty) Ltd✓	Must end with Incorporated (Inc.)✓
Raising of capital	Issuing shares to the public✓	Issuing shares to its shareholders✓	Issuing shares to its shareholders✓
Liability of owners/directors	Limited to their interest in the company✓	Limited to their interest in the company✓	The directors and past directors are jointly and severally liable together with the company for any debts and liabilities arising during their periods of office✓
Auditing of financial statements	Auditing is compulsory✓	Auditing is done when it is in the public interest or required by the MOI✓	Auditing is done when it is in the public interest or required by the MOI✓
Minimum number of directors	At least THREE directors✓	At least ONE director✓	At least ONE director✓
Distribution of profit	Profit is distributed by declaring a dividend✓	Profit is distributed by declaring a dividend✓	Profit is distributed by declaring a dividend✓

(3 × 6) (18)

2.3 The Companies Act of 2008 (2)

2.4 Memorandum of Incorporation (MOI) (2)

2.5 International Financial Reporting Standards (2)

2.6 Share certificates (2)

2.7 2.7.1

	RETAINED INCOME
Balance at the beginning of the year	✓150 000
Net profit for the year (95 000 – 15 000 – 2 000)✓✓✓	✓78 000
Transfer to general reserve	✓(30 000)
Dividends (40 000✓✓ + 44 000✓✓)	✓(84 000)
Balance at the end of the year	✓**114 000**

(12)

2.7.2

	VEHICLE
Balance as at 1 November 2016	✓**250 000**
Cost price	✓✓320 000
Accumulated depreciation	✓(70 000)
Addition at cost	✓30 000
Disposal at carrying amount	✓✓(10 000)
Depreciation	✓(15 000)
Balance as at 30 October 2017	✓**255 000**
Cost price	✓✓328 000
Accumulated depreciation	✓✓✓(73 000)

(14)
[72]

QUESTION 3

STATEMENT OF COMPREHENSIVE INCOME OF MALAPANE CC
FOR THE YEAR ENDED 30 JUNE 2017

Sales (958 380✓ – 117 696✓ – 15 750✓)		824 934
Less cost of sales		✓(257 850)
Gross profit		✓**567 084**
Plus income		√32 890
Rent income (18 768✓ – 368✓)	18 400	
Bad debts recovered	✓270	
Interest received (13 104 + 1 116)	✓14 220	
Operating income		√599 974
Less expenses		√(329 834)
Water and electricity (28 404✓ + 2 582✓)	30 986	
Bad debts	✓16 470	
Telephone	✓2 418	
Insurance (84 000✓ – 12 000✓)	72 000	
Discount allowed	✓16 404	
Advertising	✓10 776	
Interest on mortgage bond (42 000✓ – 12 300✓)	29 700	
Consumable stores	✓3 204	
Salaries	✓47 040	
Depreciation (80 100✓ + 20 736✓)	100 836	
Net income before tax		**270 140**
Less: income tax expense		√(75 639)
Profit for the period		**194 501**
Other comprehensive income		20 000
Revaluation surplus	✓✓20 000	
Total comprehensive income for the year		√**214 501**

[30]

QUESTION 4

4.1 **STATEMENT OF CASH FLOW OF MAGAXA CC FOR THE YEAR ENDED 31 DECEMBER 2017**

Cash flow from operating activities			
Cash generated from operations		✓111 700	
Interest received		✓4 000	
Interest paid		✓(3 600)	
Taxation paid		✓ (20 000)	
Distribution to members		✓ (25 000)	
Net cash flow from operating activities			✓72 400

(6)

4.2 4.2.1 **TAXATION AND DISTRIBUTION TO MEMBERS**

	TAXATION	**DISTRIBUTION TO MEMBERS**
Amount payable at the beginning of the year	✓(40 000)	✓(40 000)
Amount - statement of comprehensive income		
Taxation expense	✓(21 000)	
Distribution to members		✓(20 000)
Amount payable at the end of the year	✓41 000	✓35 000
	✓(20 000)	**✓(25 000)**

(8)

4.2.2 **RECONCILIATION OF NET PROFIT BEFORE TAX WITH CASH GENERATED FROM OPERATIONS**

Profit before tax		✓✓96 000
Adjusted for:		
Depreciation		✓7 500
Provision for bad debts adjustment		✓1 400
Interest received		✓(4 000)
Interest paid		✓3 600
Loss on sale of asset		✓800
Operating profit before working capital changes		**✓105 300**
Working capital		✓6 400
Decrease in inventory	✓✓15 000	
Decrease in creditors	✓✓(7 000)	
Increase in debtors	✓✓(1 600)	
Cash generated		**✓111 700**

(16)
[30]

QUESTION 5

5.1
5.1.1 External auditor
5.1.2 Internal auditor
5.1.3 Internal auditor
5.1.4 External auditor
5.1.5 Internal auditor
5.1.6 External auditor
5.1.7 Internal auditor
5.1.8 External auditor
5.1.9 External auditor
5.1.10 External auditor

(10 × 2) (20)

5.2 5.2.1
- Independent investigation of activities in an organisation✓✓
- To obtain an overview of activities✓
- As a service to the management of the undertaking✓

5.2.2
- A system of controls, financial or otherwise✓
- Introduced by management to✓
- Safeguard the assets✓
- And to manage the business in an orderly manner✓

(2 × 4) (8)
[28]

TOTAL: 200

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