higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N6

7 June 2021

This marking guideline consists of 6 pages.

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QUESTION 1

1.1 1.1.1 Assets
1.1.2 Current liabilities
1.1.3 Expenses
1.1.4 Income
1.1.5 Equity
(5 × 2) (10)

1.2 1.2.1 1 150 × 15/115✓
= 150✓ (2)

1.2.2 3 250 × 0%✓
= 0✓ (2)

1.2.3 150 – 20✓ = 130
130 × 15/115✓
= 17✓ (3)

1.2.4
- Not charged✓
- Interest is exempt from VAT✓✓ (3)

1.2.5 2 750 × 15/115✓
= 359✓ (2)

1.2.6
- Not charged✓
- Tlokwe Traders is not a registered VAT vendor and as a result cannot charge VAT✓✓ (3)

1.3 To calculate✓ the amount of VAT payable by the business to SARS✓ or refundable by SARS to the business✓ (3)

1.4 A business that is registered with SARS to collect VAT on behalf of SARS✓✓ (2)
[30]

QUESTION 2

2.1 2.1.1 Sole trader
2.1.2 Public company
2.1.3 Public company
2.1.4 Partnership
2.1.5 Close corporation
2.1.6 Nonprofit company
2.1.7 Personal liability company
(7 × 2) (14)

2.2	2.2.1	Dividend		
	2.2.2	Ordinary shares		
	2.2.3	Preference shares		
	2.2.4	Nondistributable reserves		
	2.2.5	Authorised shares		
	2.2.6	Public interest score		
	2.2.7	State-owned company		
	2.2.8	International financial reposting standard/IFRS		
	2.2.9	Statement of profit/loss and other comprehensive income		
	2.2.10	Statement of financial position		
			(10 × 2)	(20)
2.3	2.3.1	Statement of financial position		(2)
	2.3.2	Personal liability company		(2)
	2.3.3	By issuing shares to its shareholders		(2)
	2.3.4	520 000✓– (250 000 + 10 000)✓ = 260 000✓		(3)
	2.3.5	300 000 + 30 000✓ – 15 000✓ – 5 000✓ = 310 000✓		(4)
	2.3.6	520 000✓ – 310 000✓ = 210 000✓		(3)
	2.3.7	Current liabilities		(2)
	2.3.8	Noncurrent assets		(2)
2.4	2.4.1	Statement of changes in equity		(2)
	2.4.2	Money kept separate from the company's profit to meet future unknown and known obligations.		(2)
	2.4.3	Retained income at beginning + net profit [(220 000✓+ 700✓ – 250✓) – 61 726✓✓ (220 450 × 28%)] – General reserve – Retained income at the end	R45 000✓ R158 724✓ ✓✓ (R5 000) R198 724	(10)
	2.4.4	2 000 000 – 800 000✓ = 1 200 000✓ 1 200 000 × R1,50✓ = 1 800 000✓		(4)

2.4.5
- General reserves
- Nondistributable reserves (2)

2.4.6
- Ordinary shares
- Preference shares (2)

2.5 Share certificate (2)

2.6 Memorandum of Incorporation (2)
[80]

QUESTION 3

LETLAVHIMBI CC
STATEMENT OF FINANCIAL POSITION AT 28 FEBRUARY 2018

	NOTE	
ASSETS		
NONCURRENT ASSETS✓		**692 280**
Property, plant and equipment (537 000 + 186 000 - 77 820)✓✓✓		645 180
Other financial assets		✓22 500
Loan to members		✓24 600
CURRENT ASSETS✓		**272 466**
Inventories (177 900 + 1 320)✓✓		179 220
Trade and other receivables (69 450 – 3 474 + 1 140 + 180)✓✓✓✓		67 296
Cash and cash equivalents (24 450 + 1 500)✓✓		25 950
TOTAL ASSETS		**964 746**
EQUITY AND LIABILITIES✓		
Members' contributions and reserves✓		**314 946**
Members' contributions		✓240 000
Reserves (39 946 + 15 000 + 20 000)✓✓✓		74 946
NONCURRENT LIABILITIES✓		**350 100**
Long-term borrowings		✓330 000
Loans from members		✓20 100
CURRENT LIABILITIES✓		**299 700**
Trade and other payables (47 400 + 5 700 + 3 600)✓✓✓		56 700
SARS/taxation payable		✓63 000
Distribution to members		✓180 000
TOTAL EQUITY AND LIABILITIES		**964 746**

[30]

QUESTION 4

4.1

ASNAT LTD
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

Cash flow from operating activities	**NOTES**		
Cash generated from operations		✓25 620	
Interest paid		✓ (4 600)	
Dividends paid		✓ (4 250)	
Taxation paid		✓ (6 950)	
Net cash flow from operating activities			✓9 820
Cash flow from investing activities			
Purchase of land and buildings		✓ (12 500)	
Purchase of equipment (28 000 - 2 400 - 37 350)		✓✓(11 750)	
Proceeds from the sale of equipment		✓2 400	
Net cash flow from investing activities			✓(21 850)
Cash flow from financing activities			
Proceeds from the issue of shares		✓18 000	
Repayment of long-term loan		✓(10 000)	
Net cash flow from financing activities			✓8 000
Net decrease in cash			✓(4 030)
Cash at the beginning of the period			✓9 850
Cash at the end of the period			✓5 820

(16)

4.2 4.2.1 **Reconciliation of net profit before taxation with cash generated from operations**

Net profit before tax		✓15 000
Adjusted for:		
Depreciation		✓6 000
Interest expense/finance cost		✓4 600
Operating profit before working capital changes		✓20
Increase in inventory	✓ (4 000)	
Decrease in debtors	✓2 800	
Increase in creditors	✓1 220	
Cash from operations		✓25 620

(8)

4.2.2 **Dividends and taxation paid**

	TAXATION	**DIVIDENDS**
Amount payable at the beginning of the year	✓ (800)	✓(2 250)
Amounts according to the statement of comprehensive income		
Taxation expense	✓(6 750)	
Dividends paid and proposed		✓(5 000)
Amount payable at the end of the year	✓600	✓3 000
	6 950	4 250

(6)
[30]

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QUESTION 5

5.1

EXTERNAL AUDIT	INTERNAL AUDIT
• Audit performed by an independent contractor • The work is periodical, mostly once or twice a year • The aim is to meet the needs of third parties • Auditor mainly concerned with tracing fraud where it has a material effect on financial statements • The work is divided in relation to balance sheet and income statement accounts (Any 3 × 2)	• Audit performed by an employee of the company • The work is ongoing, yearly • The aim is to meet the needs of management • The auditor is directly involved in tracing and preventing fraud • The work is divided according to business functions (Any 3 × 2)

(2 × 6) (12)

5.2 5.2.1 Qualified opinion is an unfavourable opinion/report issued by the external auditor when the auditor has some reservation with the audit made, i.e. the financial statements were not prepared according to the required standards or where the standards or principles were not applied consistently.

5.2.2 Unqualified opinion is the best/positive/favourable opinion the auditor can issue and does so when there were no restrictions on the scope of the investigation and proper, appropriate and required standards were used when preparing financial statements.

(2 × 2) (4)

5.3
- A system of control,✓ financial and otherwise,✓
- introduced by management✓ as management control✓
- to manage the business in an orderly manner✓
- to secure the assets of the business.✓ (Accept alternate answers) (6)

5.4
- Plan the audit to know exactly what will be audited.
- Examine and evaluate the evidence collected.
- Communicate the result of the audit through an audit report.
- Follow up the findings to determine whether the recommendations of the audit report were implemented. (4 × 2) (8)

[30]

TOTAL: 200

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