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higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

FINANCIAL ACCOUNTING N5

1 June 2021

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QUESTION 1

1.1 **Income Statement of Partners Jonny & Jayson - 30 July 2019**

	R	R
Sales -2 600	✓✓190 000	
Less: Cost of sales	✓ (98 000)	
Gross profit		✓92 000
Add: Other income		✓16 600
Interest income	✓14 700	
Trading stock surplus	✓✓1 900	
Operating income		☑108 600
Less: Operating Expenses		☑ (178 471)
Salary: Jonny	✓90 000	
Bad debt:+300	✓✓9 415	
Auditor's fee	✓9 680	
Administration expenses	2 763✓	
Rates and taxes: -150	✓✓960	
Stationery: -280	✓✓500	
Wages and salary	✓25 400	
Telephone	✓5 363	
Insurance	✓4 979	
Depreciation (15 480✓ + 3 630✓ + 313✓)	19 423	
Provision for bad debt adjustment	✓✓988	
Interest on loan: Jonny	✓✓9 000	
Net loss		☑ (69 871)

Appropriation Statement

DETAILS		JONNY	JAYSON	TOTALS
Interest on capital		✓21 600	✓19 200	✓40 800
Interest on current account		✓ (522)	✓187	✓ (335)
Interest on drawings		✓✓(4 600)	✓✓ (3 000)	✓ (7 600)
Bonus to partner		–	✓5 500	✓5 500
Salary to partner		–	✓85 000	✓85 000
General reserves	✓7000	–	–	✓7 000
Loss appropriation(4:3) RECALCULATE AS THE BUSINESS MADE A LOSS NOT A PROFIT		☑	☑	☑ (200236)
	7 000	(18 090)	80 961	(69 871)

[50]

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QUESTION 2

2.1

BRANCH STOCK

Details	Amount (R)	Details	Amount (R)
Balance b/d	✓88 000	Branch bank	✓690 530
Goods to branch	✓168 000	Branch debtors	✓480 500
Branch profit & loss✓	✓1 028 430	Goods to branch	✓ 68 000
		Balance c/d	45 400
Totals	**1 284 430**		**✓1 284 430**
Balance b/d	45 400✓		

(9)

2.2

BRANCH DEBTORS

Details	Amount (R)	Details	Amount (R)
Balance b/d	✓27 500	Branch bank	✓ 455 000
Branch stock	✓480 500	Branch bad debt	✓2 800
		Branch discount allowed	✓3 620
		Balance c/d	46 580
Totals	**508 000**		**508 000**
Balance b/d	✓46 580		

(6)

2.3

BRANCH EQUIPMENT

Details	Amount (R)	Details	Amount (R)
Balance b/d	✓40 800	Balance c/d	✓59 400
Branch bank	✓18 600		
Totals	**59 400**		**59 400**
Balance b/d	59 400		

(3)

2.4

GOODS TO BRANCH

Details	Amount (R)	Details	Amount (R)
Branch stock	✓68 000	Branch stock	✓168 000
Head office Trading account✓	✓100 000		

(4)

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2.5

BRANCH INSURANCE

Details	Amount (R)	Details	Amount (R)
Branch bank	✓13 200	Branch profit & loss	✓13 750
Expenses payable✓	✓550		
	13 750		**13 750**

(4)

2.6.

BRANCH PROFIT AND LOSS

Details	Amount (R)	Details	Amount (R)
Branch wages	✓62 000	Branch stock✓	☑1 028 430
Branch rent	✓23 700		
Branch salaries	✓100 000		
Branch repairs	✓200		
Branch stationery	✓5 600		
Branch insurance + 550	✓✓13 750		
Branch bad debt	✓2 800		
Branch discount allowed	✓3 620		
Branch depreciation (2 910 + 1 395)	✓✓4 305		
Head office profit & loss	☑812 455		
	1 028 430		**1 028 430**

(14)
[40]

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QUESTION 3

3.1 **STOCK CARD: FIRST-IN-FIRST-OUT METHOD**

Date	Receipts		Issued		Balance on hand		
	Units	Totals (R)	Units	Totals (R)	Units	Totals (R)	
01					900u @R4	3 600	✓3 600
04			300u@R4	✓1 200	600u @R4	2 400	✓2 400
08	200u@R3,20	✓R640			600u@R4 200u@R3,20	2 400 640	✓3 040
09			420u@R4	1 680	180u@R4 200u@R3,20	720 640	✓1360
15	150u @R3,60	✓R540			180u@R4 200u@R3,20 150u@ R3,60	720 640 540	✓1 900
17			180u@R4 70u@R3,20	✓720 ✓224	130u@R3,20 150u @R3,60	416 540	✓956
22	130u@R3,80	R494✓			130u@R3,20 150u@R3,60 130u@R3,80	416 540 494	✓1 450
27			130u@R3,20 50u@R3,60	✓416 ✓180	100u@R3,60 130u@R3,80	360 494	854✓
29	120u@R4	✓R480			100u@R3,60 130u@R3,80 120u@R4	360 494 480	✓1 334
30			100u@R3,60 100u@R3,80	360 ✓380	30u@R3,80 120u@R4	114 480	✓594

(20)

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3.2 **STOCK CARD: LAST-IN-FIRST-OUT METHOD**

Date	Receipts		Issued		Balance on hand		
	Units	Totals (R)	Units	Totals (R)	Units	Totals (R)	
01					900u@R4	3 600	✓3 600
04			300u@R4	✓1 200	600u@R4	2 400	✓2 400
08	200u@R3,20	✓640			600u@R4 200u@R3,20	2 400 640	✓3 040
09			200u@R3.20 220u@R4	✓640 880	380u@R4	1 520	✓1 520
15	150u @R3,60	✓R540			380u@R4 150u@ R3,60	1 520 540	✓2 060
17			150u@R3,60 100u@R4	540 ✓400	280u @R4	1 120	✓1 120
22	130u@R3,80	✓R494			280u@R4 130u@R3,80	1 120 494	✓1 614
27			130u@R3,80 50u@R4	✓494 ✓200	230u@R4	920	✓920
29	120u@R4	✓R480			230u@R4 120u@R4	920 480	✓1 400
30			120u@R4 80u@R4	✓480 320	150u@R4	600	✓600

(20)
[40]

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QUESTION 4

4.1. **Balance sheet of J. Guma – 30 March 2019**

ASSETS	NOTES		
NON-CURRENT ASSETS:			96 970
Equipment and vehicles	1	✓83 970	
Other financial assets			
Fixed deposit: Ugly Bank (7%)		✓13 000	
CURRENT ASSETS:			✓118 763
Trading stock	2	✓60 720	
Bank		✓10 700	
Trade and other receivables	3	✓47 343	
TOTAL ASSETS			✓215 733
EQUITY AND LIABILITIES			
Capital			☑181 283
NON-CURRENT LIABILITIES			✓15 000
Loan: Ugly Bank (15%)		15 000	
CURRENT LIABILITIES			✓19 450
Creditors		✓18 000	
Property tax		✓1 450	
TOTAL EQUITY AND LIABILITIES			☑215 733

(13)

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NOTES:

4.2 4.2.1

	Gross carrying value	Accumulated depreciation	Net carrying value
Vehicles	✓25 000	✓ (9 105)	✓15 895
Equipment	✓86 000	✓ (17 925)	✓68 075
	111 000	(27 030)	83 970

Reconciliation of carrying amount

	Vehicles	Equipment
Balance at the beginning	✓✓18 700	✓✓68 800
Addition at cost	–	✓9 300
Disposal at carrying value	–	✓ (2 200)
Depreciation for the year	✓ (2 805)	✓ (7 825)
Balance at the end	☑15 895	☑68 075

(16)

4.2.2

Stock		R60 720
Trading stock	R60 000✓	
Consumables on hand	720	
Stationery R720✓		

(2)

4.2.3

Trade and other receivables			R47 343
Debtors' control	R56 700✓		
Less: bad debt	(6 700)✓	50 000	
Less: provision for bad debt adjustment		(2000) ✓	
Less: provision for discount allowed		(960)✓	
Add: Accrued income		303	
Interest received (13 000 × 7% × 4/12)		303✓	

(5)

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4.2.4	Capital		R181 283	
	Balance at the beginning	R108 000✓		
	Add: Addition of capital contribution	10 000✓		
	Plus: Net profit	78 963☑		
	Less: Drawings	(15 680) ✓		(4)
				[40]

QUESTION 5

5.1
- Internal users (Managers or internal auditor)
- External users (Investors or bank) (2 × 2) (4)

5.2 5.2.1 Acid test ratio

Current assets – stock✓: current liabilities✓
= (43 5000 – 125 000) : (98 000 + 48 700)
= 125 000✓:146 000✓
= 0,86:1✓✓ (6)

5.2.2 Net profit percentage

Net profit × 100✓
Turnover
= 557 000✓/1 280 000 ✓× 100

(net profit = sales 1 280 000 – cost of sales (95 000 +618 000 – 310 000) – expenses 320 000)
= 43,52%✓✓ (5)

5.2.3 Turnover rate of debtors

Credit sales ✓
Average debtors

= 680 000✓/105 500✓ average debtors = (86 000 +125 000)/2
= 6,45 times✓✓ (5)

5.2.4 Average payment period to creditors in days

Average creditors × 365✓
Credit purchases
= 114 250 ✓/468 000✓ × 365 average creditors = (130 500 + 98 000)/2
= 89,11 days✓✓ (5)

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5.2.5 Solvency ratio

= Total assets : Total liabilities✓
= 655 000 ✓: 201 700✓
= 3,25 : 1✓✓ (5)
[30]

TOTAL: 200

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